



Annual Report
of
The Alabama Department
of Insurance
2008



BOB RILEY
GOVERNOR

STATE OF ALABAMA
DEPARTMENT OF INSURANCE
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September 30, 2008

The Honorable Bob Riley
Governor
State of Alabama
Alabama State Capitol

Dear Governor Riley:

Please accept this annual report of the Alabama Department of Insurance in compliance with Section 27-2-9, Code of Alabama 1975. Statistical information herein is provided by annual statements from companies without audit or verification, and by the National Association of Insurance Commissioners.

Sincerely,

A handwritten signature in cursive script that reads "Jim L. Ridling".

Jim L. Ridling
Commissioner

JLR:GRI

Departmental Revenues/Expenditures

Taxes	\$275,675,972
Fees/Assessments	18,757,042
Penalties	493,364
Total Revenues	\$294,631.592

Total Expenditures **\$18,049,481**

Annual Statement Data

Available for inspection at DOI and at www.aldoi.gov

Examination Overview

No insurers were closed during the year.

No delinquencies were noted.

The Department completed 13 examinations during the year – one financial, four market conduct, and eight combined.

Companies Overview

There were 44 domestic insurers licensed, and 1,787 foreign insurers licensed. They paid the \$275,675, 972 in applicable taxes.

Producer Licensing Overview

There were 89,645 licensed insurance producers – 29,764 resident and 59,881 non-resident.

There were 5,429 licensed business entities – 2,099 resident and 3,330 non-resident

Legislative Report

There were three significant bills that passed in the 2008 Regular Session the Department would like to note.

Senate Bill 4 by Sen. Roger Bedford increased the minimum limits on motor vehicle liability to \$25,000/\$50,000/\$25,000. It was the first change in the law since the early 1980s.

Senate Bill 296, also by Sen. Bedford, codified the Alabama Insurance Underwriting Association, which was created by departmental regulation in the early 1970s, and made participation in the pool mandatory for property and casualty carriers. The bill also gave the pool the authority to retain surplus to prepare for future losses.

Senate Bill 3 by Sen. Ben Brooks created a new form of company to fall under the auspices of the Alabama Captive Insurers Law. The bill allows for the creation of “coastal captives,” which will be allowed to write property insurance in Mobile and Baldwin counties.

The Department notes the failure of a bill by Rep. James Buskey to allow Alabama to join the Insurance Interstate Product Regulatory Compact to facilitate the approval of life insurance products. The Department will continue to seek approval of this bill, as well as a bill to create an insurance fraud law in the future.

There were efforts this year, and will continue in the future, to change regulations to the Pre-Need and life settlements industry. The Department expresses particular concern regarding the Pre-Need industry as it has proven to be a difficult one for the Department to regulate. The current law is weak on consumer protection, but many segments of industry is against increased regulation. The industry is fractured on many important issues, and thus has created a stalemate in achieving improvements to the law.