



**ECONOMIC IMPACT STATEMENT  
FOR APA RULE  
(Section 41-22-23(f))**

Control No. 810 Department or Agency REVENUE

Rule No: 810-8-5-.06

Rule Title: Evidence of Liability Insurance for Motor Vehicle Dealers, Motor Vehicle Reconditioners, Motor Vehicle Rebuilders, or Motor Vehicle Wholesalers, Licensed under Act Number 539.

       New   X   Amend        Repeal        Adopt by Reference

- This rule has no economic impact.
- X   This rule has an economic impact, as explained below:

**1. NEED/EXPECTED BENEFIT OF RULE:**

An amendment to this rule is needed to address the differences between the insurance requirement established by the Alabama Department of Insurance and those currently outlined in the Department of Revenue's rule regarding insurance for automobile dealers.

This language is needed so that insurance agents are able to provide certificates of liability insurance to their insured which meet the current industry requirements.

**2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:**

Same as above.

**3. EFFECT OF THIS RULE ON COMPETITION:**

The amendment to this rule would eliminate the disadvantage that insurance agents had in the past because they were unable to produce a certificate that conformed to both industry and Department of Revenue requirements.

**4. EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:**

N/A

**5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:**

N/A

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**6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:**

N/A

**7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:**

See Item #1 above.

**8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDEN COMPARISON:**

N/A

**9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC HEALTH:**

N/A

**10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE RULE IS NOT IMPLEMENTED:**

N/A

**11. OTHER COMMENTS:**

APA-2  
11/96

**ALABAMA DEPARTMENT OF REVENUE**  
**Sales, Use & Business Tax Division**

**NOTICE OF INTENDED ACTION**

**RULE NO. & TITLE:**

810-8-5-.06

Evidence of Liability Insurance for Motor Vehicle Dealers, Motor Vehicle Reconditioners, Motor Vehicle Rebuilders, or Motor Vehicle Wholesalers, Licensed under Act Number 539

**INTENDED ACTION:**

Amend an existing rule

**SUBSTANCE OF PROPOSED ACTION:**

The department proposes to amend an existing rule to address the differences between the insurance requirement established by the Alabama Department of Insurance and those currently outlined in the Department of Revenue's rule regarding insurance for automobile dealers.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:**

A public hearing will be held at **2:00 p.m.** on **Thursday, October 6, 2011**, in the **Office of the Legal Division, Room 3114**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at [www.revenue.alabama.gov/rulehear.html](http://www.revenue.alabama.gov/rulehear.html).

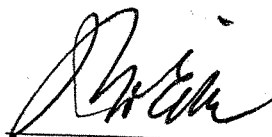
All interested parties may present their views in writing to the **Deputy Commissioner of the Alabama Department of Revenue, Room 4112, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**

Thursday, October 6, 2011

**CONTACT PERSON AT AGENCY:**

Patricia Toles  
Alabama Department of Revenue  
4131 Gordon Persons Building  
Montgomery, Alabama 36132  
(334) 242-1380



Michael E. Mason, Deputy Commissioner  
Alabama Department of Revenue

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810-8-5-.06 Evidence of Liability Insurance for Motor Vehicle Dealers, Motor Vehicle Reconditioners, Motor Vehicle Rebuilders, or Motor Vehicle Wholesalers, Licensed under Act Number 539.

(1) **PURPOSE:** Section 40-12-392(e), Code of Ala. 1975, requires licensed motor vehicle dealers, motor vehicle reconditioners, motor vehicle rebuilders and motor vehicle wholesalers to maintain blanket motor vehicle liability insurance coverage, and to file evidence of such insurance with the application for license. This rule establishes guidelines for the required coverage, and specifies the proof of liability insurance which shall be filed with the application for license.

(2) **PROOF OF INSURANCE:** Each applicant must file an original or facsimile certificate of liability insurance with the license application or upon making changes to the regulatory license during the license year. The certificate must contain the following information:

- (a) The name of the insurance company providing the coverage.
- (b) The name of the agent of the insurance company who produced the certificate.
- (c) The original or facsimile signature of an authorized representative of the insurance company, and his State of Alabama license number.
- (d) The insured party, which must be the true legal name of the party for whom a license is being sought, as follows:
  - (i) If an individual, the applicant's name as well as the business name.
  - (ii) If a partnership, the names of all partners and the name of the partnership.
  - (iii) If a limited liability company, ~~the names of all members and~~ the name of the company.
  - (iv) If a corporation, the corporate name.
- (e) The physical address of each location for which insurance coverage is provided. Coverage must be provided for each location for which a license is sought.
- (f) A description of the vehicles covered by the insurance. (See section 4.)
- (g) The effective date and the expiration date of the insurance coverage. (See section 5.)
- (h) The dollar amount of insurance coverage provided. (See section 6.)

(i) A statement that the insurance company will provide ~~30 days~~ a written notice to the certificate holder in the event the coverage is canceled before the policy expiration date.

(j) The certificate holder must be listed as:  
Alabama Department of Revenue  
Sales, Use, & Business Tax Division  
P.O. Box 327550  
Montgomery, AL 36132-7550.

(3) CERTIFICATE DATE: The insurance certificate must be dated as follows:

(a) For a license holder in good standing on the last day of a license year whose renewal application is received before the end of the normal renewal month for the new year, the certificate must be dated no earlier than the first day of the last month of the expiring license year. For example, renewal applications for licenses expiring September 30, which are received before the end of October, must be accompanied by an insurance certificate dated no earlier than September 1.

(b) For all new applicants, for applicants not in good standing on the last day of the expiring license year, and for any applications received after the normal renewal month for a license year, the certificate must be dated no earlier than ~~15~~ 30 days prior to the date the application is received.

(4) COVERED VEHICLES: Blanket coverage must be provided whether in the form of a garage liability insurance policy or other policy, to include the following:

(a) Any vehicle owned by the dealer, regardless of the party in possession of the vehicle, whether located at a licensed location of the dealer, or operated on any public street or highway within the State of Alabama.

(b) Any non-owned vehicle in the possession of the dealer, its partners, directors, agents, or employees, whether located at a licensed location of the dealer, or operated on any public street or highway within the State of Alabama.

(5) COVERAGE PERIOD: The coverage may not be for a period less than one year. It must not expire prior to the end of 75 days after the certificate date, or the expiration date of the license period.

(6) MINIMUM COVERAGE AMOUNTS: The coverage amounts shown must be no less than the minimum amounts set for bodily injury or death and for destruction of property under Section 32-7-6(c), Code of Ala. 1975.

(7) PENALTY AND REVOCATION FOR MISREPRESENTATION OF INSURANCE COVERAGE AT THE TIME OF APPLICATION: In any case where an

applicant knowingly furnishes an insurance certificate purporting insurance coverage which is false or nonexistent, or which he knows has lapsed prior to the application date, a penalty of \$1,000.00 shall be assessed in accordance with Section 40-12-29, Code of Ala. 1975. Any license issued to said applicant shall be revoked in accordance with Section 40-12-396(b)(1), Code of Ala. 1975, and the applicant will not be considered for another license for a period of two years after the revocation. After the expiration of two years and the payment of all applicable penalties, the applicant may be considered for a license after an investigation as authorized by Section 40-12-392(a), Code of Ala. 1975.

(8) REVOCATION FOR FAILURE TO MAINTAIN INSURANCE COVERAGE:

The license of any dealer who fails to maintain insurance coverage as required shall be revoked in accordance with Section 40-12-396(b)(2), Code of Ala. 1975. If more than three notices of intent to cancel insurance for nonpayment of a premium, are received from the insurance carrier in a 12-month period, the license shall be revoked unless the dealer furnishes proof of payment, in full, of the premium remaining for the coverage year.

Author: Alisa G. Johnson, Curtis E. Stewart  
Authority: Sections 40-2A-7(a)(5) and 40-12-392(a), Code of Alabama 1975  
History: Emergency rule: Filed June 2, 2000, expires September 29, 2000.  
Permanent rule filed: August 30, 2000, effective October 4, 2000.