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**TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION**

Control 482 Department or Agency Department of Insurance\*

Rule No. Chapter 482-1-147

Rule Title: Insurance Producer, Temporary Producer, and Service Representative Requirements Relating  
to Prelicensing Education, Examinations, Licensing, Appointments, and Disciplinary Consequences  
 New  Amend  Repeal  Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A\*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A\*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A\*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A\*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A\*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A\*

\*\*\*\*\*

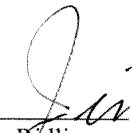
Does the proposed rule have an economic impact? N/A\*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Ala. Code § 41-22-23 (1975).

\*\*\*\*\*

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Ala. Code § 27-2-17 (1975), and that it complies with all applicable filing requirements of the Alabama Insurance Code.\*

Signature of certifying officer   
\_\_\_\_\_  
Jim L. Ridling  
Commissioner of

Date: August 21, 2012

\*Note: The Alabama Department of Insurance is e Act pursuant to Ala. Code § 41-22-2(e) (19

Alabama Department of Insurance

**NOTICE OF INTENDED ACTION**

**AGENCY NAME:** Alabama Department of Insurance

**RULE NO. & TITLE:** Chapter 482-1-147: Insurance Producer, Temporary Producer, and Service Representative Requirements Relating to Prelicensing Education, Examinations, Licensing, Appointments, and Disciplinary Consequences.

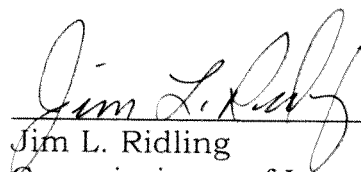
**INTENDED ACTION:** Adopt new chapter.

**SUBSTANCE OF PROPOSED ACTION:** The Commissioner of Insurance is proposing to adopt a new regulation which sets forth the rules and procedural requirements the Commissioner deems necessary to carry out the provisions of Chapter 7 of Ala. Code Tit. 27 relating to the licensing and appointment of insurance producers, temporary producers, and service representatives; the authorization of prelicensing course providers and approval of prelicensing courses; and the various types of disciplinary action concerning licenses and grants of authority.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:** Interested persons may submit data, views, or arguments in writing at any time prior to the date stated below to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, Thursday, October 18, 2012.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**  
October 18, 2012

**CONTACT PERSON AT AGENCY:** Reyn Norman  
General Counsel

  
\_\_\_\_\_  
Jim L. Ridling  
Commissioner of Insurance

ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION

CHAPTER 482-1-147

INSURANCE PRODUCER,  
TEMPORARY PRODUCER,  
AND SERVICE REPRESENTATIVE  
REQUIREMENTS RELATING TO  
PRELICENSING EDUCATION, EXAMINATIONS,  
LICENSING, APPOINTMENTS, AND  
DISCIPLINARY CONSEQUENCES

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1 **482-1-147-.01 Purpose, Scope and Authority.**

2 (1) The purpose of this chapter is to set forth rules and procedural  
3 requirements the Commissioner deems necessary to carry out the provisions  
4 of Chapter 7 of Ala. Code Tit. 27 relating to the licensing and appointment  
5 of insurance producers, temporary producers, and service representatives;  
6 the authorization of prelicensing course providers and approval of  
7 prelicensing courses; and the various types of disciplinary action  
8 concerning licenses and grants of authority.

9 (2) This chapter shall apply to individuals and business entities  
10 applying for an insurance producer license, to individuals applying for a  
11 temporary producer license, to individuals applying for a service  
12 representative license, to persons authorized to provide prelicensing  
13 courses, and to all insurers appointing producers, temporary producers, and  
14 service representatives. This chapter does not apply to title insurance  
15 agents.

16 (3) This chapter is adopted pursuant to Ala. Code §§ 27-2-17, 27-7-  
17 4.3, 27-7-5, 27-7-23, 27-7-24, 27-7-30, and 27-7-43 (1975).

18 **Author:** Commissioner of Insurance

19 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
20 7-24, 27-7-30 & 27-7-43 (1975)

21 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

22 **482-1-147-.02 Definitions.** Unless the context otherwise requires, terms  
23 found in this chapter are used as defined in Ala. Code § 27-7-1 (1975).

24 The following terms are defined for purposes of this chapter:

25 (a) CAPTIVE PRODUCER. An insurance producer under contract to  
26 represent only one insurer or one group of insurers.

1 (b) HEALTH. The line of authority defined in Ala. Code § 27-7-14.1  
2 (1975) as Accident and Health or Sickness, commonly known as disability.

3 (c) NAIC. The National Association of Insurance Commissioners or its  
4 affiliates or subsidiaries.

5 (d) NIPR. The National Insurance Producer Registry.

6 (e) PRELICENSING COURSE. A course of study approved by the  
7 Commissioner as satisfying the prelicensing education requirements of Ala.  
8 Code § 27-7-5(3) (1975) and offered through a prelicensing course provider  
9 authorized by the Commissioner to issue certificates of course completion.

10 (f) PRELICENSING COURSE PROVIDER. Any educational institution,  
11 junior or senior college, technical college, trade school, insurance  
12 company, or insurance trade organization authorized by the Commissioner to  
13 issue certificates of course completion.

14 **Author:** Commissioner of Insurance

15 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
16 7-24, 27-7-30 & 27-7-43 (1975)

17 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

18 **482-1-147-.03 Prelicensing Education.**

19 (1) Except as provided in paragraph (5), an individual intending to  
20 apply for an insurance producer license must complete a prelicensing course  
21 for each line of authority desired in order to take the following insurance  
22 producer examinations:

23 (a) Life.

24 (b) Health.

1 (c) Life and Health.

2 (d) Property.

3 (e) Casualty.

4 (f) Property and Casualty.

5 (g) Personal Lines.

6 (h) Bail Bonds.

7 (2) Except as provided in paragraph (5), an individual intending to  
8 apply for a service representative license must complete a prelicensing  
9 course in order to apply for the license for the following lines of  
10 insurance as applicable:

11 (a) Property.

12 (b) Casualty.

13 (c) Personal Lines.

14 (3) The prelicensing course(s) must have been completed within twelve  
15 (12) months before the date(s) of the related insurance producer  
16 examination(s) or the date of the service representative license  
17 application.

18 (4) An insurance producer or service representative whose license has  
19 expired or otherwise been terminated and has not been in effect for twelve  
20 (12) consecutive calendar months must complete the applicable prelicensing  
21 courses, as required in paragraphs (1) and (2), in order to again become  
22 licensed.

23 (5) Completion of a prelicensing course is not required in the  
24 following instances:

1 (a) Holders of the professional designations CLU, CEBS, ChFC, CIC,  
2 CFP, FLMI, and LUTCF are exempt from completing a prelicensing course for  
3 the life line of authority.

4 (b) Holders of the professional designations RHU, CEBS, REBA, and HIA  
5 are exempt from completing a prelicensing course for the health line of  
6 authority.

7 (c) Holders of the professional designations CPCU, CIC, AAI, and ARM  
8 are exempt from completing a prelicensing course for the personal lines,  
9 property and casualty lines of authority.

10 (d) An individual who has been awarded a bachelor's or advanced  
11 degree in insurance or major in insurance, from an accredited college or  
12 university is exempt from having to complete a prelicensing course for all  
13 lines of authority. The individual shall submit a certified copy of the  
14 college transcript to the Commissioner for verification of the exemption  
15 and will receive a certificate of exemption to provide to the examination  
16 administrator.

17 (e) An individual licensed as an insurance producer in another state  
18 is exempt from completing a prelicensing course in order to apply for an  
19 Alabama producer license with the same lines of authority if, at the time  
20 of application, the individual's out-of-state license is current or was  
21 cancelled within ninety (90) days before the application and the individual  
22 is in good standing in that state or in the state's producer database  
23 records as maintained by the NAIC.

24 (f) An individual currently licensed as an insurance producer or  
25 service representative (or their equivalents) in another state is exempt  
26 from completing a prelicensing course of study in order to apply for a

1 nonresident producer or service representative license in Alabama with the  
2 same line(s) of authority if the individual is in good standing in that  
3 state or in the state's producer database records as maintained by the  
4 NAIC.

5 (6) Unless exempt, an individual is required to present a certificate  
6 of completion of the appropriate prelicensing course(s), together with  
7 photographic identification, as a condition for taking insurance producer  
8 examinations.

9 **Author:** Commissioner of Insurance  
10 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
11 7-24, 27-7-30 & 27-7-43 (1975)  
12 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

13 **482-1-147-.04 Prelicensing Course Providers.**

14 (1) Prelicensing courses can only be provided by educational  
15 institutions, junior and senior colleges, technical colleges, trade  
16 schools, insurance companies, and insurance trade organizations.

17 (2) A prelicensing course provider must be approved by the  
18 Commissioner to issue certificates of prelicensing course completion before  
19 offering or conducting prelicensing courses. Prelicensing courses offered  
20 through, and certificates of course completion issued by, unapproved  
21 providers will not be accepted as valid for purposes of this chapter.

22 (3) The application for approval will be on a form or in a format  
23 prescribed by the Department. Approval is valid for a calendar year,  
24 expiring on December 31 of that year. Beginning on or about October 1, an  
25 approved provider may request approval for the next succeeding calendar  
26 year in accordance with instructions provided by the Department. A



1 provider must have applied for and obtained approval before offering or  
2 conducting courses in the next succeeding calendar year. There is no fee  
3 associated with prelicensing provider or course approval.

4 (4) The provider shall furnish each individual completing a  
5 prelicensing course a certificate of completion, signed by the prelicensing  
6 course provider or instructor, that contains the name of the prelicensing  
7 course provider ,the student's full name, the line(s) of authority covered  
8 by the course, the beginning date, the date of completion, and the number  
9 of course hours completed.

10 (5) Prelicensing course providers shall maintain for a minimum of  
11 three (3) years records that reflect each individual who has successfully  
12 completed a prelicensing course and make such records available for review  
13 by the Commissioner upon request.

14 (6) As a condition for approval of a prelicensing course provider,  
15 the Commissioner may audit any approved provider at any time. An audit may  
16 include, but is not limited to, a review of the attendance and curriculum  
17 records and observation of instructional sessions. The provider shall  
18 furnish such records, data, or information, or provide such other  
19 assistance, as the Commissioner may request incident to the audit.

20 (7) A prelicensing course provider may be placed on probation or its  
21 authority suspended or revoked for any of the following reasons:

22 (a) The provider offered or conducted prelicensing courses during a  
23 time when it was not approved to do so.

24 (b) The provider offered or conducted a prelicensing course not  
25 approved by the Commissioner.

1 (c) The provider issued certificates of completion during a time when  
2 it was not approved to do so or for prelicensing courses not approved by  
3 the Commissioner.

4 (d) The content of an approved prelicensing course was significantly  
5 changed without notice to and prior approval from the Commissioner.

6 (e) A certificate of completion was issued to a person who did not  
7 actually complete the course.

8 (f) A certificate of completion was not issued to a person who had  
9 actually completed the course.

10 (g) The actual instruction of the prelicensing course is inadequate  
11 as demonstrated by an annual passing ratio for the previous year of less  
12 than 70% of the average passing ratio of the said year.

13 (h) Within fifteen (15) days after the date of the Commissioner's  
14 written request (or within such time as the request may provide), the  
15 provider fails to respond or provide the records, data, or information  
16 requested.

17 (8) A decision to place a provider in probationary status will be  
18 made without a preceding hearing, but the provider will be allowed 30 days  
19 from the date of the notice of such action within which to appeal the  
20 action to the Commissioner. An alleged course of conduct or acts or  
21 omissions which the Department believes to justify suspension or revocation  
22 will be made in the form of an administrative complaint on which the  
23 provider may request a hearing before a decision is made. Administrative  
24 proceedings, including hearings, will be conducted in accordance with  
25 Regulation 482-1-065 to the extent applicable to the nature of the  
26 proceeding.

1 (9) Reinstatement of approval of a prelicensing course provider after  
2 a suspension or revocation is at the sole discretion of the Commissioner  
3 and is conditioned upon the receipt of satisfactory proof that the  
4 conditions leading to the suspension or revocation have been corrected and  
5 the possibility of reoccurrence of the violation has been substantially  
6 mitigated or eliminated.

7 **Author:** Commissioner of Insurance  
8 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5 & 27-7-43 (1975)  
9 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

10 **482-1-147-.05 Approval and content of prelicensing courses.**

11 (1) Each prelicensing course must be approved by the Commissioner  
12 before the course is offered or conducted. Approval of a provider to issue  
13 certificates of course completion as provided in the preceding Rule 482-1-  
14 147-.04 is not approval of any particular prelicensing course offered or  
15 proposed to be offered by the provider. A certificate of course completion  
16 for an unapproved course will not be accepted as valid for purposes of this  
17 chapter.

18 (2) Approved courses for each of the following lines of authority  
19 must consist of twenty (20) classroom hours or equivalent individual  
20 instruction:

- 21 (a) Life.
- 22 (b) Health.
- 23 (c) Property.
- 24 (d) Casualty.
- 25 (e) Personal Lines.

1 (f) Bail Bonds.

2 (3) Approved courses for the following combined lines of authority  
3 must consist of forty (40) classroom hours or equivalent individual  
4 instruction:

5 (a) Life and Health.

6 (b) Property and Casualty.

7 (4) To request approval, the provider shall file with the  
8 Commissioner in a format prescribed by the Department all of the following:

9 (a) An outline of the proposed course, including instructional time  
10 for each course major component.

11 (b) A list of instructional materials used.

12 (c) The name or names of the instructors.

13 (d) The category or categories of license for which the course is  
14 intended to prepare applicants for licensing.

15 (e) Such additional or supplemental information as the Commissioner  
16 may request, including, but not limited to, further detail of the proposed  
17 course content or copies of any instructional materials to be used.

18 (5) The provider's submission must show that the subject matter of  
19 the prelicensing course pertains to one or more of the lines of insurance  
20 indicated in the above subsections (2) or (3), the course covers the  
21 general principles of insurance for that line or lines of authority, and  
22 the course addresses all of the following to the extent applicable to the  
23 subject line(s) of insurance:

24 (a) Study and analysis of the fundamentals of insurance.

1 (b) Study and analysis of various kinds of policies, endorsements,  
2 riders, and other policy contract documents.

3 (c) Study and analysis of various rating plans and systems.

4 (d) Study and analysis of the basic licensing requirements set forth  
5 in the statutes and regulations of this state.

6 (e) Such additional material as the Commissioner may from time to  
7 time require by notice to course providers.

8 (6) Instructors must be knowledgeable of the insurance industry and  
9 all aspects of the insurance law applicable to the line(s) of authority  
10 that are the subject of the instructor's course(s).

11 (7) Instructors may receive the same credit for courses as students  
12 when their attendance is certified in the same manner as provided in this  
13 rule.

14 (8) The Commissioner may review any approved course at any time and  
15 may cancel approval of the course with regard to future offerings upon a  
16 finding that the course, as designed, structured, or conducted and/or its  
17 content and materials is not adequate for its stated purpose. Said review  
18 shall include, but not be limited to, the review of curriculum records,  
19 review of attendance records, student evaluation forms or reports, and  
20 observation of instructional sessions in progress.

21 **Author:** Commissioner of Insurance

22 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5 & 27-7-43 (1975)

23 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

1 **482-1-147-.06 Insurance Producer Examination.**

2 (1)(a) Except as provided in paragraph (3), all individuals must  
3 successfully pass an examination prior to becoming licensed as an insurance  
4 producer for the following lines of authority:

- 5 1. Life.
- 6 2. Health.
- 7 3. Property.
- 8 4. Casualty.
- 9 5. Personal Lines.
- 10 6. Bail Bonds.

11 (b) An outline for each examination will be posted on the  
12 Department's Web site setting forth the number of questions on the  
13 examination from each test section and the time allowed within which to  
14 complete the examination.

15 (2) Unless otherwise exempt, an insurance producer whose license has  
16 expired or has otherwise been terminated and has not been in effect for  
17 twelve (12) consecutive calendar months must successfully pass the  
18 applicable examination(s), as required in paragraph (1), in order to again  
19 become licensed.

20 (3) The examination requirements shall not apply as follows:

21 (a) All applicants for a license to transact only the following lines  
22 of authority are exempt from the requirements of this rule:

- 23 1. Variable Life and Variable Annuity Products.
- 24 2. Credit.

- 1           3. Rental Vehicle.
- 2           4. Crop.
- 3           5. Portable Electronics.
- 4           6. Travel.
- 5           7. Legal Services.
- 6           8. Dental Services.
- 7           9. Motor Club.

8           (b) An individual licensed as an insurance producer in another state  
9 is exempt from successfully passing an examination in order to apply for an  
10 Alabama producer license with the same line(s) of authority if, at the time  
11 of application, the individual's out-of-state license is current or was  
12 cancelled within ninety (90) days before the application and the individual  
13 is in good standing in that state or in the state's producer database  
14 records as maintained by the NAIC.

15           (c) An individual currently licensed as an insurance producer (or its  
16 equivalent) in another state is exempt from successfully passing an  
17 examination in order to apply for a nonresident producer license in Alabama  
18 with the same line(s) of authority if the individual is in good standing in  
19 that state or in the state's producer database records as maintained by the  
20 NAIC.

21           (4) Examination Passing Grade.

22           (a) Prior to an examination, each question will be valued with the  
23 sum of the values equaling 100.

1 (b) After an examination, the value of each question answered  
2 correctly will be counted and the sum of the values totaling 70 or more  
3 shall constitute a passing grade.

4 (5) Limitations on Repeat Examinations.

5 (a) If an individual takes and fails to pass two examinations for a  
6 particular line of authority, the individual must wait a minimum of ninety  
7 (90) days after the last failure before the individual can again take the  
8 examination for that line of authority.

9 (b) If an individual thereafter fails the examination two additional  
10 times, the individual must wait a minimum of one hundred eighty (180) days  
11 after the last failure before each subsequent examination for that line of  
12 authority.

13 (c) The waiting periods described in paragraphs (a) and (b) expire  
14 twenty-four (24) months after the date of the last failed examination.

15 (d) For purposes of applying the waiting periods in the context of  
16 examinations on related lines of authority:

17 1. The waiting periods relating to the life examination or the  
18 health examination apply to the combined life and health examination.

19 2. The waiting periods relating to the combined life and health  
20 examination apply to the life examination and to the health examination.

21 3. The waiting periods relating to the property examination apply to  
22 the industrial fire examination, the personal lines examination, and the  
23 combined property and casualty examination.



1           4. The waiting periods relating to the casualty examination apply to  
2 the automobile examination, the personal lines examination, and the  
3 combined property and casualty examination.

4           5. The waiting periods relating to the combined property and  
5 casualty examination apply to the industrial fire examination, the personal  
6 lines examination, the property examination, and the casualty examination.

7           6. The waiting periods for the personal lines examination apply to  
8 the industrial fire examination, the automobile examination, the personal  
9 lines examination, the property examination, the casualty examination, and  
10 the combined property and casualty examination.

11           (6) An individual passing an examination will be furnished an  
12 examination results certificate by the examination administrator. This  
13 certificate must be kept by the individual and presented to Department of  
14 Insurance upon request.

15           (7) Examination results certificates are valid for one year from the  
16 date of issuance.

17 **Author:** Commissioner of Insurance

18 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5 & 27-7-43  
19 (1975)

20 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

21 **482-1-147-.07 Insurance Producer License.**

22           (1) Business Entity Producer. A business entity may be issued an  
23 insurance producer license in accordance with the following:

24           (a) To be licensed as an insurance producer, a business entity must  
25 be a corporation, a limited liability company, a partnership, a limited

1 partnership, a limited liability partnership, or another legally recognized  
2 form of entity distinct from an individual or the individuals or other  
3 entities that may own or hold interests in, or be members of, the entity as  
4 determined by the laws of the entity's state of domicile. A sole  
5 proprietorship can only be licensed as an individual producer. One or more  
6 individuals doing business under a trade name cannot obtain an entity  
7 producer license absent formal organization as an entity.

8 (b) An Alabama-domiciled business entity shall complete the  
9 Department's on-line licensing process to become licensed as an insurance  
10 producer for a particular line or lines of insurance. Instructions for the  
11 on-line licensing process will be provided on the Department's Web page.

12 (c) A foreign-domiciled business entity may use the on-line licensing  
13 process or may submit or transmit a copy of the application that was  
14 submitted to its domiciliary state. Issuance of an Alabama business entity  
15 producer license to a foreign-domiciled business entity does not in itself  
16 satisfy any applicable Alabama constitutional and statutory requirements  
17 that may require the entity to qualify through or register with the Alabama  
18 Secretary of State in order to lawfully do business in Alabama.

19 (d) The business entity license applicant must identify at least one  
20 licensed individual producer designated as responsible for the business  
21 entity's compliance with all applicable laws, rules and regulations for  
22 each line of authority. The licensed individual producer(s) so designated  
23 must have such a degree of affiliation with the entity in terms of an  
24 ownership interest in the entity, a role as an officer or director, by  
25 contract or employment relationship, or otherwise as reasonably assures  
26 that the licensed individual producer can cause or influence the entity's  
27 compliance with all applicable laws, rules, and regulations.

1           (e) Business entity producers must be appointed to act on behalf of  
2 an insurer and must be appointed by each insurer it represents. A business  
3 entity is deemed to be representing or acting on behalf of an insurer upon  
4 entering into an agency contract or agreement with the insurer. Each  
5 individual producer acting as a producer of the insurer on behalf of the  
6 business entity producer must also be appointed to represent the insurer.

7           (2) Individual Producer. An individual may be issued an insurance  
8 producer license in accordance with the following:

9           (a) An Alabama resident shall complete the Department's on-line  
10 licensing process to become licensed as an insurance producer for a  
11 particular line or lines of insurance.

12           (b) A nonresident individual may also use the on-line licensing  
13 process or may submit or transmit a copy of the application that was  
14 submitted to the home state.

15           (c) Individual insurance producers must be appointed to act on behalf  
16 of an insurer and must be appointed by each insurer it represents.

17           (3) Unless exempt, an individual applicant must comply with the  
18 prelicensing education and examination requirements prior to making  
19 application for license as an insurance producer for those lines of  
20 authority requiring an examination.

21           (4) An individual seeking to be licensed for or holding the variable  
22 life and variable annuity products line of authority must also hold the  
23 life line of authority as an insurance producer and must also successfully  
24 complete the appropriate securities examinations and be registered under  
25 the applicable federal and state securities laws.

1           (5) An individual or business entity may apply for an insurance  
2 producer license for any or all of the lines of authority for which  
3 qualified at one time; however, subsequent applications for additional  
4 lines of authority are treated the same as initial applications. All  
5 license and application fees apply for each application submitted or  
6 transmitted.

7           (6) Instructions for the on-line licensing process, as it may change  
8 from time to time, will be provided on the Department's Web page.

9           (7) The initial fees for an individual insurance producer license are  
10 set by statute and are listed on the Department's Web page. Subsequent  
11 changes in the name, mailing address, or electronic mail address of a  
12 producer must be reported within 30 days thereof. While there is no filing  
13 fee for reporting such changes, there is a penalty of \$50 for the failure  
14 to report the changes within 30 days. Instructions for the name, mailing  
15 address, or electronic mail address change process, as it may change from  
16 time to time, will be provided on the Department's Web page.

17           (8)(a) Individual and business entity producers are subject to the  
18 license renewal process set forth in Chapter 482-1-110.

19           (b) If an insurance producer license is not renewed in accordance  
20 with Chapter 482-1-110 the license expires and all insurer appointments are  
21 canceled.

22           (c) Within twelve months of expiration, the former licensee can  
23 reapply for an insurance producer license without having to retake the  
24 prelicensing course or examination by following the instructions for the  
25 on-line license reinstatement process, as it may change from time to time,  
26 as directed on the Department's Web page. Upon receiving the reinstated

1 license, the producer may again be appointed by insurers by following the  
2 on-line appointment process.

3 (d) When former licensees have been without a license for over twelve  
4 months, they must comply with any applicable prelicensing course and  
5 examination requirements before again applying for an insurance producer  
6 license.

7 (9) When an insurance producer's license is suspended or revoked, the  
8 former licensee should contact the Legal Division of the Department to  
9 receive instructions should the former licensee desire to again become  
10 licensed.

11 **Author:** Commissioner of Insurance

12 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5 & 27-7-43  
13 (1975)

14 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

15 **482-1-147-.08 Temporary Producer License.**

16 (1) Temporary License - Pending Examination.

17 (a) An individual otherwise qualified as an insurance producer except  
18 as to having taken and passed the written examination may apply for a  
19 temporary producer license according to the requirements set forth in this  
20 rule for the following lines of insurance:

- 21 1. Life.
- 22 2. Health.
- 23 3. Property.
- 24 4. Casualty.
- 25 5. Personal Lines.

1 (b) The applicant for a temporary producer license must be actively  
2 engaged in a prelicensing course for the line or lines of authority under  
3 the supervision of the appointing insurer or insurers. Evidence of  
4 enrollment in a course by an approved prelicense course provider will be  
5 required during the on-line licensing process.

6 (c) The applicant shall complete the Department's on-line licensing  
7 process to become licensed as a temporary producer for a particular line or  
8 lines of insurance. Instructions for the on-line licensing process, as  
9 they may change from time to time, will be provided on the Department's Web  
10 page.

11 (d) A temporary producer license is valid for a maximum of six  
12 months, during which time the temporary licensee must complete the  
13 prelicensing education and examination requirements to convert the  
14 temporary license to a regular producer license.

15 (e) An individual may only have one temporary producer license for a  
16 particular line of authority in a lifetime, except when the prior license  
17 was canceled before expiration, in which case the remaining time may be  
18 applied to a subsequent temporary producer license.

19 (f) A temporary producer must be appointed by at least one insurer  
20 for each line of authority, but may be appointed to represent more than one  
21 insurer only by affiliated companies.

22 (g) The fees for a temporary producer license are the same as for an  
23 individual producer license as set forth below:

- 24 1. Application fee, Ala. Code § 27-4-2(a)(5)a.1. (1975) ... \$20.00  
25 2. License fee, Ala. Code § 27-4-2(a)(5)a.2. (1975) ..... \$40.00

1           3. Appointment fee, Ala. Code § 27-4-2(a)(6) (1975) ..... \$30.00

2           (2) Temporary License - Death, Disability or Military Service of  
3 Licensed Producer (Type 2).

4           (a) An individual otherwise qualified as an insurance producer except  
5 as to having taken and passed the written examination may apply for a  
6 temporary producer license, herein referred to as a "Type 2" temporary  
7 license, for any line of insurance according to the requirements set forth  
8 in this rule under the following circumstances:

9           1. The individual is the surviving spouse or court-appointed  
10 personal representative of a licensed producer who dies or becomes mentally  
11 or physically disabled.

12           2. The individual is a member or employee of a business entity which  
13 is a licensed insurance producer, upon the death or disability of the  
14 licensed individual producer designated by the business entity to be  
15 responsible for the business entity's compliance with all applicable laws,  
16 rules and regulations.

17           3. The individual is the designee of a licensed producer entering  
18 active service in the Armed Forces of the United States of America.

19           4. Another circumstance determined by the Commissioner on a case by  
20 case basis which best serves the public interest.

21           (b) The applicant shall submit or transmit the forms provided by the  
22 Department to become licensed as a Type 2 temporary insurance producer  
23 under this paragraph. Instructions for the licensing process, as they may  
24 change from time to time, will be provided by the Department.

1 (c) The applicant must be sponsored by a licensed insurance producer  
2 or insurer who will assume responsibility for all acts of the Type 2  
3 temporary producer.

4 (c) A Type 2 temporary producer license is valid for a period not to  
5 exceed six months, except a Type 2 temporary license issued under  
6 circumstances of disabling or confining illness or injury of the producer  
7 may be renewed for one additional six month term.

8 (d) The Type 2 temporary licensee may complete the prelicensing  
9 education and examination requirements and convert the Type 2 temporary  
10 license to an ordinary producer license.

11 (e) In the event an individual is unable to serve for the duration of  
12 the temporary license, a substitute individual may be licensed under the  
13 same requirements and conditions; however, the expiration date of the  
14 substitute licensee will be adjusted to conform to the time period  
15 indicated above in paragraph (c).

16 (f) A Type 2 temporary producer licensed under this paragraph may be  
17 appointed by more than one insurer.

18 (g) The fees for a Type 2 temporary producer license are the same as  
19 for an individual producer as set forth below:

- 20 1. Application fee, Ala. Code § 27-4-2(a)(5)a.1. (1975) ... \$20.00  
21 2. License fee, Ala. Code § 27-4-2(a)(5)a.2. (1975) ..... \$40.00  
22 3. Appointment fee, Ala. Code § 27-4-2(a)(6) (1975) ..... \$30.00

23 (3)(a) Upon successful completion of the required insurance producer  
24 examination, an unexpired temporary producer license under either paragraph  
25 (1) or (2) will be automatically converted to an individual insurance



1 producer license for the same line of authority covered by the examination.  
2 No additional fees are required at that time and the new individual  
3 insurance producer license will be considered to have been first issued on  
4 the date of the conversion from the temporary license for purposes of  
5 determining renewal and continuing education requirements.

6 (b) If the temporary insurance producer license expires prior to  
7 successful completion of the require examination, the individual must  
8 complete the application process for individual insurance producer license  
9 to become licensed.

10 **Author:** Commissioner of Insurance  
11 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5, 27-7-23, 27-7-24 & 27-  
12 7-43 (1975)  
13 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

14 **482-1-147-.09 Service Representative License.**

15 (1) An individual may be licensed as a service representative  
16 according to the requirements set forth in this rule for the following  
17 lines of insurance:

18 (a) Property.

19 (b) Casualty.

20 (c) Personal Lines.

21 (2) Unless exempt, an individual must comply with the prelicensing  
22 education requirements prior to making application for license as a service  
23 representative.

24 (3) A service representative must be employed on salary or at an  
25 hourly rate by an insurer, a managing general agent, or a captive producer.

1           (4) An individual shall complete the Department's on-line licensing  
2 process to become licensed as a service representative for a particular  
3 line or lines of insurance. Instructions for the on-line licensing  
4 process, as they may change from time to time, will be provided on the  
5 Department's Web page.

6           (5) The initial fees for a service representative license are set by  
7 statute and are listed on the Department's Web page. Subsequent changes in  
8 the name, mailing address, or electronic mail address of a service  
9 representative must be reported within 30 days thereof. While there is no  
10 filing fee for reporting such changes, there is a penalty of \$50 for the  
11 failure to report the changes within 30 days. Instructions for the name,  
12 mailing address, or electronic mail address change process, as it may  
13 change from time to time, will be provided on the Department's Web page.

14           (6) A service representative must be appointed by at least one  
15 insurer for each line of authority and may be appointed to represent more  
16 than one insurer.

17           (7) Service representatives must complete the license renewal process  
18 in accordance with Chapter 482-1-110.

19           (8) (a) If a service representative license is not renewed in  
20 accordance with Chapter 482-1-110 the license expires and all insurer  
21 appointments are canceled.

22           (b) Within twelve months of expiration, the former licensee can  
23 reapply for a service representative license without having to retake the  
24 prelicensing course by following the instructions for the on-line license  
25 reinstatement process, as it may change from time to time, as directed on  
26 the Department's Web page. Upon receiving the reinstated license, the

1 service representative may then be reappointed by insurers by following the  
2 on-line appointment process.

3 (c) When former licensees have been without a license for over twelve  
4 months, they must comply with the prelicensing course requirements before  
5 again applying for a service representative license.

6 (9) When a service representative's license is suspended or revoked,  
7 the former licensee should contact the Legal Division of the Department to  
8 receive instructions should the former licensee desire to again become  
9 licensed.

10 **Author:** Commissioner of Insurance  
11 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-7-5 & 27-7-43  
12 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5 & 27-7-43 (1975)  
13 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

14 482-1-147-.10 Appointments.

15 (1) Any producer, including individuals and business entities, acting  
16 on behalf of an insurer must be appointed by the insurer. All temporary  
17 producers and service representatives must be appointed by any and all  
18 insurers they represent.

19 (2) All appointments are handled on-line through NIPR.

20 (3) The notice of appointment shall be completed by the insurer  
21 within 15 days from the date the agency contract is executed or the first  
22 insurance application is submitted, whichever occurs first.

23 (4) Insurers may terminate an appointment at any time, subject to the  
24 appointee's contract rights, if any. If a licensee wishes to cancel an  
25 insurer appointment, the licensee should request the insurer to cancel the

1 appointment. All appointment cancellations are handled on-line through  
2 NIPR.

3 (5) All insurers terminating an appointment for reason of "Request  
4 Regulator Review," "Company Indebtedness," or any other involuntary reason  
5 other than inadequate production, shall provide the Department with a  
6 statement of the facts relative to the termination and cause thereof,  
7 together with any documentation. Any such information provided to the  
8 Department is privileged according to subsection (h) of Ala. Code § 27-7-30  
9 (1975), and confidential according to Ala. Code § 27-7-30.3 (1975).

10 (6) Insurers shall comply with the appointment continuation  
11 requirements set forth in Chapter 482-1-109.

12 (7) The fees associated with initial appointments are as follows:

13 (a) The notice of appointment fee for producers is \$30 per insurer.

14 (b) The notice of appointment fee for temporary producers is \$30 plus  
15 the \$40 license fee and \$20 application fee, for a total of \$90 to be paid  
16 by the insurer at the time of filing the notice of appointment.

17 (c) The notice of appointment fee for service representatives is \$30  
18 plus a \$20 application fee, for a total of \$50 to be paid by the insurer at  
19 the time of filing the notice of appointment.

20 **Author:** Commissioner of Insurance

21 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5, 27-7-23, 27-7-24, 27-7-  
22 30 & 27-7-43 (1975)

23 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

1 **482-1-147-.11 Effect of disciplinary actions.**

2 (1) The willful violation of any material provision of this chapter  
3 may subject a licensee to an administrative proceeding.

4 (2) By means of a settlement agreement and consent order, or by order  
5 issued after other appropriate administrative proceedings, an applicant may  
6 be issued a license on a probationary basis or an existing licensee may be  
7 placed on probation for a specified period of time or until certain  
8 specified conditions are complied with. A licensee on probation is allowed  
9 to become or remain licensed and to renew an existing license, as  
10 applicable, if the licensee has complied or is complying with the  
11 conditions specified in the settlement agreement, consent order, or other  
12 order imposing the probation during the stated term of the probation.  
13 During the term of the probation, the licensee remains subject to all  
14 applicable requirements of the Insurance Code, including, but not limited  
15 to, requirements concerning continuing education and license renewal. If  
16 so stated in the settlement agreement and consent order or in the order  
17 imposing the probation, failure to comply with the conditions set forth in  
18 the probation order may result in the immediate suspension or revocation of  
19 the license without further administrative proceedings.

20 (3) By means of a settlement agreement and consent order, or by order  
21 issued after other appropriate administrative proceedings, the license of a  
22 licensee may be suspended for either a specified period of time or until  
23 certain specified conditions are complied with subject to the following:

24 (a) During the term of the suspension, the licensee may not engage in  
25 any actions or activity for which the license is required, but remains

1 subject to all applicable requirements of the Insurance Code, including,  
2 but not limited to, requirements concerning continuing education.

3 (b) A suspended license may not be renewed if the renewal date occurs  
4 during the suspension term.

5 (c) A suspension is lifted upon expiration of its term or, if based  
6 on compliance with specified conditions, by an order issued upon the  
7 licensee's showing that the conditions have been met or complied with, or  
8 by an order issued after consideration of an application to lift the  
9 suspension has been submitted by the licensee. Upon lifting of the  
10 suspension, the license is deemed reinstated unless the license has expired  
11 or has otherwise terminated during the suspension term.

12 (d) If the license has expired or otherwise terminated during the  
13 suspension term less than twelve (12) months before the date on which the  
14 suspension is lifted, the licensee may immediately apply for a license  
15 without complying with any applicable prelicensing course and examination  
16 requirements. If over twelve (12) months have elapsed between the  
17 expiration or other termination of the license and lifting of the  
18 suspension, the licensee must comply with any applicable prelicensing  
19 course and examination requirements prior to applying for the license.

20 (4) By means of a settlement agreement and consent order, or by order  
21 issued after other appropriate administrative proceedings, the license of a  
22 licensee may be revoked subject to the following:

23 (a) The Commissioner's acceptance of a "voluntary surrender" of a  
24 license in lieu of administrative proceedings to revoke the license is  
25 deemed a revocation for purposes of this section irrespective of whether

1 the settlement agreement and consent order or other order, or information  
2 provided by the Department to the NAIC characterizes the action as a  
3 "revocation."

4 (b) From and after the date of revocation, the licensee may not  
5 engage in any actions or activity for which the license is required.

6 (c) A person whose license has been revoked must apply to the  
7 Commissioner for permission to apply for any form of license issued through  
8 the Department. Such application cannot be made before expiration of the  
9 later to occur of two (2) years after the revocation date or such longer  
10 period as may be specified in the revocation order. The application may be  
11 in the form of a letter addressed to the Commissioner with such attachments  
12 as the applicant may deem appropriate. Whether to grant such permission is  
13 at the sole discretion of the Commissioner and is dependent upon the  
14 receipt of satisfactory proof that the applicant has complied with such  
15 conditions for seeking a license, if any, specified in the revocation  
16 order, the conditions which led to the revocation have been corrected, and  
17 the possibility of recurrence of the conditions has been substantially  
18 mitigated or eliminated and should no longer be used to prevent the  
19 reapplication for license.

20 (d) If satisfied that reasons for the revocation are no longer  
21 present and should not be used to prevent the applicant from again becoming  
22 licensed, the Commissioner shall issue an order authorizing the applicant  
23 to again apply for a license. The applicant must comply with any  
24 applicable prelicensing course and examination requirements as if the  
25 applicant is initially applying for a license prior to applying for the  
26 license.

1 **Author:** Commissioner of Insurance  
2 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
3 7-24, 27-7-30 & 27-7-43 (1975)  
4 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

5 **482-1-147-.12 Fingerprinting.**

6 (1) In accordance with subsection (i) of Ala. Code § 27-7-4.4 (2012),  
7 the Commissioner can delay enforcement of the fingerprinting requirement  
8 for up to 24 months following January 1, 2013, to allow for implementation.

9 (2) A separate regulation will be promulgated to provide the  
10 requirements and procedures for fingerprinting.

11 **Author:** Commissioner of Insurance  
12 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
13 7-24, 27-7-30 & 27-7-43 (1975)  
14 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_

15 **482-1-147-.13 Severability and Effective Date.**

16 (1) If any rule or portion of a rule or its applicability to any  
17 person or circumstance is held invalid by a court, the remainder of this  
18 chapter or the applicability of the provision to other persons or  
19 circumstances shall not be affected.

20 (2) This chapter shall become effective \_\_\_\_\_, upon its  
21 approval by the Commissioner of Insurance and upon its having been on file  
22 as a public document in the office of the Secretary of State for ten days.

23 **Author:** Commissioner of Insurance  
24 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-4.3, 27-7-5, 27-7-23, 27-  
25 7-24, 27-7-30 & 27-7-43 (1975)  
26 **History:** New \_\_\_\_\_, Effective \_\_\_\_\_