

APA-1
11/96

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 810 Department or Agency REVENUE

Rule Nos. 810-5-12-.05

Rule Title: Evidence of Blanket Liability Insurance Coverage for Licensed Motor Vehicle Dealers, Motor Vehicle Reconditioners, Motor Vehicle Rebuilders, and Motor Vehicle Wholesalers

New; Amend; Repeal; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?

No

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

Yes

Is there another, less restrictive method of regulation available that could adequately protect the public?

No

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?

No

Is the increase in cost, 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?

Yes

Does the proposed rule have any economic impact?

No

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 Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer _____

Date 7/21/14

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-5-12-.05

Rule Title: Evidence of Blanket Liability Insurance Coverage for Licensed Motor Vehicle Dealers,
Motor Vehicle Rebuilders, and Motor Vehicle Wholesalers. (Amended)

 New X Amend Repeal Adopt by Reference

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

1. NEED/EXPECTED BENEFIT OF RULE:
2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:
3. EFFECT OF THIS RULE ON COMPETITION:
4. EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:
5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA HERE THE RULE IS TO BE IMPLEMENTED:
6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:
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:

8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE BENEFITS AND BURDEN COMPARISON:
9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC HEALTH:
10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE RULE IS NOT IMPLEMENTED:
11. OTHER COMMENTS:

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ALABAMA DEPARTMENT OF REVENUE
Motor Vehicle Division

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-5-12-.05 Evidence of Blanket Liability Insurance Coverage for Licensed
Motor Vehicle Dealers, Motor Vehicle Reconditioners, Motor
Vehicle Rebuilders, and Motor Vehicle Wholesalers

INTENDED ACTION: Amend the above rule.

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule which provides guidelines for required liability insurance coverage, and specifies the methods of proof of liability insurance before the license is issued.

RULE NO. & TITLE

810-5-75-.34 Title Procedure - Title Obtained Under Surety Bond

INTENDED ACTION: Amend the above rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to provide that surety bond form MVT 10-1 may be used to obtain a certificate of title for a motor vehicle or manufactured home. The rule also indemnifies any prior or subsequent owner and lienholder against any expense or loss by reason of a defect or undisclosed security interest in the vehicle for a period of three (3) years.

RULE NO. & TITLE

810-5-75-.52 Designated Agent - Dealer, Financial Institution, Pawnshop and
Insurance Company Appointments

INTENDED ACTION: Repeal and Replace

SUBSTANCE OF PROPOSED ACTION: The department proposes to repeal the existing language in the above rule and replace it with new language to comply with the provisions of Act 2014-158, which passed during the 2014 Regular Legislative Session.

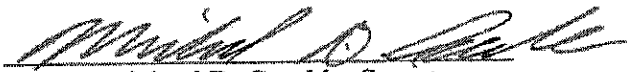
TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at 2:00 p.m. on Wednesday, September 10, 2014, Room 1203, First Floor, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at ww.revenue.alabama.gov/rulehear.html.

All interested parties may present their views in writing to the Secretary of the Alabama Department of Revenue, Room 4131, 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:
Wednesday, September 10, 2014

CONTACT PERSON AT AGENCY:

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



Michael D. Gamble, Secretary
Alabama Department of Revenue

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810-5-12-.05 Evidence of Blanket Liability Insurance Coverage for Licensed Motor Vehicle Dealers, ~~Motor Vehicle Reconditioners~~, Motor Vehicle Rebuilders, and Motor Vehicle Wholesalers.

(1) **PURPOSE:** Section 40-12-392(e), Code of Alabama 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 methods of proof for liability insurance before the license is issued.

(2) **CERTIFICATION OF INSURANCE:** Each applicant for a motor vehicle dealer, motor vehicle wholesaler, ~~motor vehicle reconditioner~~ and or motor vehicle rebuilder license(s) must provide and certify the following information:

(a) The insurance policy is in the legal name of the business as provided on the license application.

(b) The name, address and NAIC (National Association of Insurance Commissioners) number of the insurance company providing the coverage for the license year.

(c) The policy number of the insurance company providing the coverage for the license year.

(d) Certification that applicant's insurance will be in effect in the form of a **blanket** motor vehicle liability insurance policy or commercial automobile liability insurance policy, covering all vehicles held in inventory by the licensee, whether located at a licensed location of the licensee, or operated on any public street or highway within the State of Alabama.

(e) The coverage amounts are 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 Alabama 1975.

(f) The certificate holder shall be listed as:

Alabama Department of Revenue
Motor Vehicle Division
P.O. Box 327643
Montgomery, AL 36132-7643

(3) ~~VERIFICATION OF INSURANCE:~~ The insurance company, or its licensed agent, as disclosed by the applicant in Section 2 of this rule, shall verify the insurance coverage electronically or by completion and submission of an insurance certification form, generated from the department's license application and renewal system prior to the issuance of a motor vehicle dealer, motor vehicle wholesaler, ~~motor vehicle reconditioner~~ or motor vehicle rebuilder license.

(4) ~~NOTIFICATION OF CANCELLATION OF INSURANCE COVERAGE:~~ The insurance company or insurance company's licensed agent that previously verified coverage, as required in section 3 of this rule, shall provide the Department with notice of cancellation, if the policy is cancelled.

(5) ~~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 Alabama 1975. Any license issued to said applicant shall be revoked in accordance with Section 40-12-396(b)(1), Code of Alabama 1975, and the applicant shall not be considered for another license. In the event that the licensee is a designated agent and the license is revoked, the licensee's designated agent status will also be revoked.

(6) ~~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 ~~a more than one~~ notice of cancellation of insurance is received from the insurance carrier during the license year and the licensee does not provide proof of insurance coverage prior to the date of cancellation, the license shall be revoked and the licensee must apply for a new license rather than re-instating the previous license. The application for a new license must be accompanied by new surety bond, evidence of insurance as provided for in this rule and the required license fee(s).

Author: Don Clemons, Mike Gamble
Authority: Sections 40-2A-7(a)(5), and 40-12-392(a), and 40-12-392(e) Code of Alabama 1975
History: New rule: Filed August 22, 2012, effective September 26, 2012.
Amended: Filed December 19, 2012, effective January 23, 2013.