

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 482 Department or Agency Department of Insurance*

Rule No. Chapter 482-1-160

Rule Title: Adjustment of Service Contract Provider and Premium Finance Company Fees

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? Yes, 20%

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? No

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 an economic impact? Yes

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 complies with all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer Jim L. Ridling
Jim L. Ridling
Commissioner of Insurance

Date: October 20, 2015

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Chapter 482-1-160: Adjustment of Service
Contract Provider and Premium Finance
Company Fees.

INTENDED ACTION: Adopt new chapter.

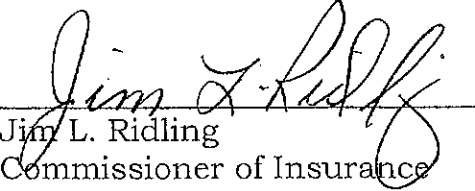
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to adopt a new regulation to increase the fees for service contract provider registration, initial and annual renewal, initially set in 1997 in Section 8-32-3, Code of Alabama 1975, and the premium finance company annual license fee, as initially set in 1975 in Section 27-40-7, Code of Alabama 1975, by 20% as authorized in Ala. Act No. 2015-441. The proposed effective date of the new regulation is April 1, 2016.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to December 1, 2015, 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 2:00 PM, December 8, 2015.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

December 4, 2015

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel


Jim L. Ridling
Commissioner of Insurance

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

Control 482 Department or Agency Department of Insurance

Rule No. Chapter 482-1-160

Rule Title: Adjustment of Service Contract Provider and Premium Finance Company Fees

New Amend Repeal Adopt by Reference

This rule has no economic impact.

This rule has an economic impact, as explained below:

1. NEED/EXPECTED BENEFIT OF RULE:

Registration and licensing fees are intended to defray the expense of regulating the licensees. Proposed changes are expected to more closely approximate the actual expense to the agency of regulating the licensees.

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

Registration and licensing fees are intended to defray the expense of regulating the licensees. Proposed changes are expected to more closely approximate the actual expense to the agency of regulating the licensees.

3. EFFECT OF THIS RULE ON COMPETITION:

Applicable to all licensees, thus should have no effect 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:

Fees are increasing according to changes in the Consumer Price Index, limited to 2% per year for 10 years (a total of 20%), as authorized in Act 2015-441.

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

Should have no effect.

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

Initial applicants and annual renewal for registration as service contract provider and premium finance company.

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 THIS RULE:

Increases the initial applicant fee and annual renewal fee of service contract providers and premium finance companies by 20%, from \$200 to \$240, or \$50 to \$60.

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

None known.

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

None.

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

None.

****Additional pages may be used if needed.**

**ALABAMA DEPARTMENT OF INSURANCE
INSURANCE REGULATION**

CHAPTER 482-1-160

**ADJUSTMENT OF SERVICE CONTRACT PROVIDER
AND PREMIUM FINANCE COMPANY FEES**

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1 **482-1-160-.01 Purpose and Authority.**

2 (1) The purpose of this chapter is to set forth rules the
3 Commissioner deems necessary to carry out the provisions of
4 Ala. Act No. 2015-441, permitting the increase of certain fees
5 by the percentage increase in the Consumer Price Index for all
6 urban consumers as published by the U.S. Department of Labor,
7 Bureau of Labor Statistics. Initially, the increase is to be
8 calculated from the end of December in the tenth year
9 preceding the year in which the fee increase is to be
10 effective, or from the end of December in the last year the
11 fee was increased, whichever period is shorter, to the end of
12 the month preceding the month in which the fee increase is to
13 be effective, rounded down to the nearest dollar. Thereafter,
14 every five years this process may be repeated for the previous
15 five years forward to the date of the requested change. The
16 change may not exceed an increase of two percent per year.

17 (2) This chapter is adopted pursuant to Ala. Code §§ 27-
18 2-17 (1975) and Ala. Act No. 2015-441.

19 (3) This chapter shall become effective April 1, 2016,
20 upon its approval by the Commissioner of Insurance and upon
21 its having been on file with the Legislative Reference Service

1 for 35 days, subject to review by the Joint Committee on
2 Administrative Regulation Review.

3 Author: Commissioner of Insurance
4 Statutory Authority: Ala. Code § 27-2-17 & Ala. Act No. 2015-
5 4412
6 History: New _____, Effective April 1, 2016

7 **482-1-160-.02 Service Contract Provider Fee.** The
8 Commissioner of Insurance hereby sets the following fee as is
9 declared necessary for the administration and enforcement of
10 Chapter 32 of Title 8, Code of Alabama 1975, relating to the
11 regulation of service contracts sold to consumers in this
12 state, adjusted according to Alabama Act No. 2015-441:

13 (a) Service Contract Provider registration
14 fee, initial and annual renewal. \$240.00

15 **Author:** Commissioner of Insurance
16 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 8-32-
17 3, & 8-32-11, & Ala. Act No. 2015-441
18 **History:** New _____, Effective April 1, 2016

19 **482-1-160-.03 Premium Finance Company Fees.** The Commissioner
20 of Insurance hereby sets the following fees as are declared
21 necessary for the administration and enforcement of Chapter 40
22 of Title 27, Code of Alabama 1975, relating to the regulation

1 of premium finance companies, adjusted according to Alabama
2 Act No. 2015-441:

3 (a) Annual license fee, generally. \$240.00

4 (b) Annual license fee, for an insurance
5 agency which finances its own business of less
6 than \$150,000.00 in premiums annually. \$60.00

7 **Author:** Commissioner of Insurance
8 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-40-
9 3, & 27-40-7, & Ala. Act No. 2015-441
10 **History:** New _____, Effective April 1, 2016