

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

(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 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 motor vehicle dealer, motor vehicle wholesaler, motor vehicle reconditioner and motor vehicle rebuilder license 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 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 Ala. 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 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.

(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 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 shall not be considered for another license.

(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 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).

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Authority: Sections 40-2A-7(a)(5) and 40-12-392(a), Code of Alabama 1975.

History: New rule: Filed August 22, 2012, effective September 26, 2012.

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