

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. 482-1-054-03

Rule Title: Notice Requirement.

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*

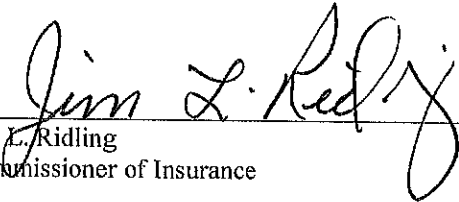
Does the proposed rule have an economic impact? N/A*

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 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 Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer



Jim L. Ridling
Commissioner of Insurance

Date: April 20, 2018

*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-054-.03: Notice Requirement.

INTENDED ACTION: Amend rule.


SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the regulation which requires certain licensees to provide notice to the commissioner under certain circumstances. The amendment removes the requirement for notice from a foreign insurer of the imposition of a monetary penalty by another state or federal agency. The amendment will become effective June 24, 2018.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to June 7, 2018, 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, on June 14, 2018.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

June 7, 2018

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel



Jim L. Ridling
Commissioner of Insurance

1 **482-1-054-.03 Notice Requirement.**

2 (1) The Commissioner of Insurance shall be notified
3 within thirty days of the happening of any one or more of the
4 following:

5 (a) The suspension or revocation of a licensee's license,
6 certificate of authority, or right to transact business in
7 another state.

8 (b) The receipt by a licensee of an order or complaint to
9 show why the licensee's license or certificate of authority in
10 another state should not be suspended or revoked, or charges
11 of any type filed against a licensee by a state or federal
12 agency which, if substantiated, could result in the suspension
13 or revocation of a licensee's license or certificate of
14 authority in another state.

15 (c) The imposition of a monetary penalty against a
16 licensee domestic insurer or any insurance producer by any
17 other state or federal agency for any violation of the
18 insurance or insurance related laws of such other state or
19 federal agency, other than the imposition of a monetary
20 penalty imposed merely due to the untimely filing of reports,
21 statements or notices, which does not also include suspension
22 or revocation of the license.

1 (d) The arrest, indictment or conviction of a licensee
2 for the commission of any felony.

3 (e) The filing of a civil lawsuit, the rendering of a
4 verdict, or the finding of a court against a producer, where
5 such lawsuit, verdict, or finding of a court alleges or
6 charges the producer with committing any of the following acts
7 in the State of Alabama: intentional misrepresentation,
8 fraud, dishonesty, misappropriation or conversion of funds, a
9 breach of a fiduciary duty, or any other offense involving a
10 breach of trust.

11 (f) A final judgment entered by a court of competent
12 jurisdiction in a civil lawsuit against a domestic insurer,
13 wherein the domestic insurer was found to have committed any
14 of the following acts: intentional misrepresentation, fraud,
15 dishonesty, misappropriation or conversion of funds, a breach
16 of a fiduciary duty, or any other offense involving a breach
17 of trust.

18 (g) Failing to comply with an administrative or court
19 order imposing a child support obligation.

20 (h) Failing to pay state income tax or failing to comply
21 with any administrative or court order directing payment of
22 state income tax.

1 (i) The certification of a class action lawsuit by a
2 court of competent jurisdiction against a licensee,
3 irrespective of the underlying charges or claims against the
4 licensee, that substantially affects residents of the State of
5 Alabama. A class action lawsuit will be deemed to
6 substantially affect residents of the State of Alabama in any
7 of the following instances:

8 1. The products that are the subject of the lawsuit are
9 or have been offered for sale by the licensee within the State
10 of Alabama.

11 2. The practices that are the subject of the lawsuit are
12 or have been engaged in by the licensee within the State of
13 Alabama.

14 3. The licensee knows of class members or potential class
15 members that reside in the State of Alabama, even if the
16 policy was originally sold in another state.

17 (2) The notice required in this rule shall be provided by
18 the licensee directly involved in any such event.

19 **Author:** Commissioner of Insurance

20 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-3-
21 26(e), 27-7-39

22 **History:** New February 22, 1973, effective March 5, 1973;
23 Amended April 20, 1990, effective May 4, 1990; Revised
24 September 22, 2000, effective October 2, 2000; Revised April

1 21, 2003, effective May 1, 2003; Revised June 14, 2018,
2 Effective June 24, 2018