

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance\*

Rule No. 482-1-110-.07

Rule Title: Compliance.

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\*

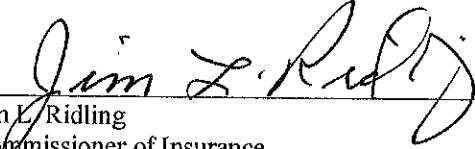
If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

\*\*\*\*\*

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 482-1-110-.07: Compliance.

**INTENDED ACTION:** Amend rule.

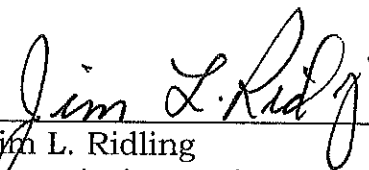
**SUBSTANCE OF PROPOSED ACTION:** The Commissioner of Insurance is proposing to amend the regulation which implements the continuing education requirements for producers and service representatives. The amendments make the changes necessary to implement the changes set forth in Alabama Act No. 2018-196, to remove the provisions allowing for extensions for complying with the continuing education requirement, and to recognize the commissioner's fining authority in lieu of suspension of license for licensees submitting a false or fraudulent certificate of compliance with the continuing education requirements. The amendments will become effective January 1, 2019, and will apply to licensees whose licenses expire January 31, 2019, and thereafter.

**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

1 482-1-110-.07 Compliance.

2 (1) (a) Every producer and service representative subject to this  
3 chapter shall complete an application for license renewal in accordance  
4 with Rule 482-1-110-.04.

5 ~~(a)~~ (b) The license of any individual ~~producer~~ or service  
6 ~~representative~~ business entity failing to complete the application for  
7 license renewal within the time specified in Paragraph (2) of Rule 482-1-  
8 110-.04 will expire but there is a 30-day grace period following the  
9 expiration during which time the licensee can renew with payment of the  
10 late fee plus the renewal fee. If the ~~individual producer or service~~  
11 ~~representative~~ licensee shall complete the application for license renewal  
12 prior to the end of said 30-day grace period, along with the payment of the  
13 applicable fees, the license will not expire.

14 ~~(b) Any business entity producer failing to file the application for~~  
15 ~~license renewal form with the Department within the time specified in~~  
16 ~~Paragraph (c) of Rule 482-1-110-.04 can still renew the license with~~  
17 ~~payment of the late fee plus the renewal fee. The license of any business~~  
18 ~~entity producer not renewed by December 31 of the renewal year shall be~~  
19 ~~deemed to have expired at midnight on December 31 of that year.~~

20 (2) Any licensee completing an application for license renewal in  
21 accordance with Paragraph (1) above but failing to meet the educational  
22 requirements imposed by this chapter within the times set forth in this  
23 chapter ~~shall, after a hearing thereon, which hearing may be waived by the~~  
24 ~~licensee, be subjected to the suspension of all licenses issued for any~~

1 ~~kind or kinds of insurance, and no further license shall be issued to the~~  
2 ~~licensee for any kind or kinds of insurance~~ will not be renewed until the  
3 licensee shall have complied with the educational requirements of this  
4 chapter.

5 (3) If the licensee has complied with the educational requirements of  
6 Rule 482-1-110-.05 and has otherwise complied with this chapter, ~~his or her~~  
7 the license will be renewed.

8 ~~(4) Upon a showing of good cause, the Commissioner may grant an~~  
9 ~~extension of up to three months for complying with the educational~~  
10 ~~requirements of this chapter. The request for such extension shall be~~  
11 ~~indicated upon the application for renewal form filed in accordance with~~  
12 ~~Rule 482-1-110-.04 and shall be deemed granted if not denied by the~~  
13 ~~Commissioner within thirty days. The license shall remain in effect until~~  
14 ~~the Commissioner makes a decision on the request. If the request is~~  
15 ~~denied, the licensee shall have thirty days from notice of the denial to~~  
16 ~~complete the educational requirements of this chapter.~~

17 ~~(5)(a) The Commissioner may grant an extension for complying with the~~  
18 ~~educational requirements of this chapter of more than three months upon a~~  
19 ~~showing that the licensee is unable to perform the normal duties of an~~  
20 ~~insurance producer or service representative and should be temporarily~~  
21 ~~excused from attending continuing education courses or programs. The~~  
22 ~~request for such extension shall be indicated upon the application for~~  
23 ~~renewal completed in accordance with Rule 482-1-110-.04.~~

24 ~~(b) If the request is for medical reasons, a statement by the~~  
25 ~~attending physician shall be mailed to the department within ten (10) days~~  
26 ~~of completing the application, indicating that the licensee is, in the~~

1 ~~physician's opinion, unable to perform the normal duties of an insurance~~  
2 ~~producer or service representative due to a medical disability and should~~  
3 ~~be temporarily excused from attending continuing education courses or~~  
4 ~~programs. If the request is for reason of call to active duty in the armed~~  
5 ~~forces, military assignment forms shall be mailed to the department within~~  
6 ~~ten (10) days of completing the application. Requests based on any other~~  
7 ~~reason will be handled on a case by case basis.~~

8 ~~(c) Producers and service representatives who are granted an~~  
9 ~~extension pursuant to this paragraph shall not be allowed to receive any~~  
10 ~~additional company appointments until they have complied with the~~  
11 ~~educational requirements of this chapter. The only exception to this is in~~  
12 ~~the case of one company merging with another and all producers appointed~~  
13 ~~with one company are to be appointed with the other.~~

14 ~~(6)(4)~~ The Commissioner may, after notice and hearing as provided in  
15 Ala. Code § 27-7-20 (1975), which hearing may be waived by the licensee,  
16 suspend or revoke the license of any producer or service representative who  
17 does any of the following:

18 (a) Submits to the Commissioner a false or fraudulent application for  
19 renewal of license, as a violation of Ala. Code § 27-7-19(a)(2) (1975).

20 (b) Submits to the Commissioner a false or fraudulent certificate of  
21 compliance with the educational requirements of this chapter, as a  
22 violation of Ala. Code § 27-8A-2 (1975).

23 (c) Otherwise files a false statement required by Chapter 8A of the  
24 Insurance Code in accordance with this chapter, with knowledge of the  
25 falsity of the statement, as a violation of Ala. Code § 27-8A-8 (1975).

1           ~~(7)~~(5) Any action taken pursuant to Paragraph ~~(6)~~(4) subjects the  
2 licensee to the suspension or revocation of all licenses issued to the  
3 licensee for any kind or kinds of insurance, and no further license shall be  
4 issued to the licensee for any kind or kinds of insurance until the licensee  
5 shall have complied with the educational requirements of this chapter.

6           (6) In lieu of suspension of license pursuant to Paragraph (4), and  
7 in the sole discretion of the Commissioner, for violations of subparagraph  
8 (b) of paragraph (4), the licensee may be subject to a civil fine in an  
9 amount not to exceed ten thousand dollars (\$10,000).

10 **Author:** Commissioner of Insurance

11 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-2-17.1, 27-7-43 & 27-8A-1,  
12 et seq. (1975)

13 **History:** New September 15, 1994, Effective October 1, 1994; Revised  
14 September 23, 1996, Effective October 3, 1996; Revised December 16, 1998,  
15 Effective January 1, 1999; Revised August 19, 2002, Effective August 29,  
16 2002; Revised November 29, 2006, Effective December 9, 2006; Revised  
17 October 18, 2012, Effective October 28, 2012; Revised June 14, 2018,  
18 Effective January 1, 2019