

1 HB162  
2 98757-3  
3 By Representatives Hubbard, Allen, Ward, Wood, McCutcheon,  
4 Gipson, Davis, Clouse, Canfield, Love, McClurkin, Sanderford,  
5 Ball, Grimes and Hammon  
6 RFD: Banking and Insurance  
7 First Read: 05-FEB-08  
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1 ENGROSSED

2  
3  
4 A BILL  
5 TO BE ENTITLED  
6 AN ACT  
7

8 To amend Sections 32-7A-2 through 32-7A-8, Code of  
9 Alabama 1975, to repeal Sections 32-7A-9 through 32-7A-22,  
10 Code of Alabama 1975, and to add Sections 32-7A-9 through  
11 32-7A-25 to the Code of Alabama 1975, relating to mandatory  
12 motor vehicle liability insurance, to require the confirmation  
13 of motor vehicle liability insurance coverage prior to motor  
14 vehicle registration and reregistration and to allow the  
15 Department of Revenue to electronically verify motor vehicle  
16 liability insurance coverage with an online verification  
17 system using web services.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Sections 32-7A-2 through 32-7A-8, Code of  
20 Alabama 1975, are amended to read as follows:

21 "§32-7A-2.

22 "For the purposes of this chapter, the following  
23 terms shall have the following meanings respectively ascribed  
24 to them in this section, except in those instances where the  
25 context clearly indicates a different meaning:

26 "(1) CERTIFICATE OF INSURANCE. A document issued by  
27 an insurer or its authorized representative showing that a

1 specific vehicle is insured ~~for liability~~ for no less than the  
2 minimum limits of liability coverage for bodily injury or  
3 death and for destruction of property under Section 32-7-6(c).

4 "(2) COMMERCIAL VEHICLE. Any self-propelled or towed  
5 motor vehicle used on a highway in interstate commerce to  
6 transport passengers or property as defined in the Federal  
7 Motor Carrier Safety Administration Code 49 CFR Part 390.

8 "(3) COMMISSIONER. The Commissioner of the  
9 Department of Revenue or his or her designee.

10 "~~(2)~~(4) DEALER. Any person dealing in, buying,  
11 selling, exchanging, advertising, or negotiating the sale of  
12 motor vehicles and licensed under the provisions of Section  
13 40-12-391.

14 "~~(3)~~(5) DECLARATIONS PAGE. That part of an insurance  
15 policy showing ~~all of the pertinent information,~~ the current  
16 name of insured, insuring company, the vehicle make, the year  
17 model, the vehicle identification number (VIN), the policy  
18 number, the amount of coverage or coverages, and the effective  
19 and expiration dates of the policy.

20 "~~(4)~~(6) DEPARTMENT. The Department of Revenue.

21 "~~(5)~~(7) DEPOSIT OF CASH. Funds deposited with and  
22 held by the State Treasurer as security for payment by the  
23 depositor, or by any person responsible for the depositor's  
24 motor vehicle with his or her express or implied consent, of  
25 all judgments rendered against the depositor or other  
26 authorized operator of the depositor's motor vehicle arising  
27 from injury, death, or damage sustained through use,

1 operation, maintenance, or control of the motor vehicle within  
2 the State of Alabama.

3 ~~"(6)(8)~~ DIRECTOR. The Director of Public Safety of  
4 the State of Alabama.

5 ~~"(7)(9)~~ DISPLAY. The ~~temporary manual surrender~~  
6 presentation of the evidence of insurance ~~into the hands of~~  
7 ~~the~~ to a law enforcement officer making the request ~~for the~~  
8 ~~officer's inspection thereof~~ as provided in Section 32-7A-6.

9 "(10) FLEET POLICY. A commercial vehicle policy that  
10 insures two or more vehicles that are not identified  
11 individually by vehicle identification numbers in the policy.

12 ~~"(8)(11)~~ INSURANCE BINDER. A document issued by an  
13 insurer or its authorized representative showing that a  
14 specific vehicle is insured for liability coverage for bodily  
15 injury or death and for destruction of property under Section  
16 32-7-6(c).

17 "(12) INSURANCE COMMISSIONER. The Commissioner of  
18 the Alabama Department of Insurance or his or her delegate.

19 ~~"(9)~~ (13) LIABILITY INSURANCE POLICY. An owner's or  
20 an operator's policy of liability insurance, issued by an  
21 insurance carrier duly authorized to transact business in this  
22 state, ~~to or for the benefit of the person or vehicle~~  
23 ~~identified in the policy as insured.~~

24 ~~"(10)~~ (14) MOTOR VEHICLE. Every vehicle that is  
25 designed and manufactured to be operated on the streets and  
26 highways of Alabama, but not operated upon rails.

1           "~~(11)~~(15) MOTOR VEHICLE LIABILITY BOND. A bond of a  
2 surety company duly authorized to transact business in this  
3 state, which is conditioned for payments in amounts and under  
4 the same circumstances as would be required in a motor vehicle  
5 liability insurance policy.

6           "(16) NAIC NUMBER. This is a unique identification  
7 number assigned to the insurance company by the National  
8 Association of Insurance Commissioners.

9           "(17) NON-ADMITTED COMPANY. An insurance company not  
10 licensed to conduct business in this state which sells  
11 coverage that is unavailable from licensed insurers within  
12 this state.

13           "(18) NON-OWNER POLICY. An insurance policy issued  
14 for persons who drive but do not own the insured vehicle.

15           "(19) ONLINE VERIFICATION SYSTEM. The online  
16 verification system using web services application.

17           "~~(12)~~(20) OPERATOR. Every person who is in actual  
18 physical control of a motor vehicle.

19           "~~(13)~~(21) OWNER. Any of the following persons:

20           "a. A person or persons holding the legal title to a  
21 motor vehicle, unless paragraph b. or c. is applicable.

22           "b. The mortgagor, debtor, conditional vendee, or  
23 lessee of a vehicle that is the subject of a chattel mortgage,  
24 lien, agreement for the conditional sale thereof, lease or  
25 other like agreement with the right of purchase upon  
26 performance of the conditions stated in the agreement and with  
27 the immediate right of possession vested in the mortgagor,

1 debtor, conditional vendee, or lessee, in which event the  
2 mortgagor, debtor, conditional vendee, or lessee shall be  
3 deemed the owner for purposes of this chapter.

4 "c. The lessee of a vehicle owned by the United  
5 States of America or any of its agencies or instrumentalities.

6 "~~(14)~~ (22) PERSON. Every natural person, firm,  
7 partnership, association, estate, trust, corporation, limited  
8 liability partnership, limited liability company, or other  
9 entity.

10 "(23) REGISTRANT. Vehicle owner or operator, who is  
11 issued a registration for a motor vehicle.

12 "~~(15)~~ (24) REGISTRATION. Certificate or certificates  
13 and license plates issued under the laws of this state  
14 pertaining to the registration of motor vehicles.

15 "~~(16)~~ (25) SIGNATURE. A unique mark, process, or  
16 verification in a manner prescribed by the department, as  
17 provided in Section 40-1-1.

18 "~~(17)~~ (26) STATE. Any state, territory or possession  
19 of the United States, the District of Columbia, any province  
20 or territory of the Dominion of Canada, or a state of the  
21 Republic of Mexico.

22 "~~(18)~~ (27) SUSPENSION. The ~~temporary~~ withdrawal by  
23 formal action of the department of a vehicle's registration  
24 ~~for a period~~ as specified by this chapter.

25 "The terms "liability insurance policy," "deposit of  
26 cash," and a "motor vehicle liability bond" are used  
27 interchangeably throughout this chapter.

1           "§32-7A-3.

2           "(a) The department shall administer and enforce the  
3 provisions of this chapter and shall make such reasonable  
4 rules and regulations concerning any matter administered in  
5 this chapter and shall provide for hearings upon the request  
6 of persons aggrieved by orders or acts of the department under  
7 the provisions of this chapter.

8           "(b) The department may prescribe and provide  
9 suitable ~~forms, notices, and all other~~ notices and forms  
10 necessary to carry out the provisions of this chapter.

11           "(c) The department may:

12           "(1) Make necessary investigations to procure  
13 information required to carry out the provisions of this  
14 chapter.

15           "(2) Suspend the motor vehicle registrations  
16 pursuant to the provisions of this chapter.

17           "(d) At any time within 30 calendar days after the  
18 rendition of any suspension, or decision under the provisions  
19 of this chapter, any person may appeal to the administrative  
20 law judge pursuant to Section 40-2A-8. After exhausting his or  
21 her appeal rights provided under Section 40-2A-8, and, upon  
22 providing evidence of payment of the reinstatement fee  
23 provided in this chapter, the person may appeal to the circuit  
24 court. The appeals to the administrative law judge or circuit  
25 court shall be as provided in Section 40-2A-9.

26           "(e) The department shall establish an online  
27 verification system using web services in cooperation with

1 insurers. The department shall protect data or information  
2 transmitted within the system established herein in accordance  
3 with federal and state privacy laws, rules, and regulations  
4 applicable to or affecting such data or information and in  
5 cooperation with insurers.

6 "(f) In establishing the online verification system  
7 using web services, the department shall consult regularly  
8 with representatives of insurers in determining the  
9 objectives, details, and deadlines of the system; provide for  
10 a testing period sufficiently in advance of the deadline for  
11 implementation to assure an efficiently functioning system;  
12 allow a sufficient period of comment before issuing guidelines  
13 or regulations for insurers providing data fields and other  
14 information necessary for compliance; and maintain a contact  
15 person for insurers during the establishment and  
16 implementation of the system.

17 "(g) The department will coordinate with law  
18 enforcement to provide information regarding the verification  
19 of motor vehicle liability insurance coverage.

20 "(h) Any insurer that is unable to deploy an online  
21 web services interface may instead periodically, as specified  
22 by the department, provide its data for inclusion in an  
23 electronic system maintained by the department.

24 "§32-7A-4.

25 "(a) No person shall operate, register, or maintain  
26 registration of, and no owner shall permit another person to  
27 operate, register, or maintain registration of, a motor

1 vehicle designed to be used on a public highway unless the  
2 motor vehicle is covered by a liability insurance policy,  
3 motor vehicle liability bond, or deposit of cash.

4 "(b) (1) The insurance policy shall be issued in  
5 amounts no less than the minimum amounts set for bodily injury  
6 or death and for destruction of property under Section  
7 32-7-6(c).

8 "(2) The motor vehicle liability bond shall be in  
9 the amount of not less than ~~fifty thousand dollars (\$50,000)~~  
10 the minimum amounts of liability coverage for bodily injury or  
11 death and for destruction of property under Section 32-7-6(c).

12 The bond shall be conditioned on the payment of the amount of  
13 any judgment rendered against the principal in the bond or any  
14 person responsible for the operation of the principal's motor  
15 vehicle with his or her express or implied consent, arising  
16 from injury, death, or damage sustained through the use,  
17 operation, maintenance, or control of the motor vehicle within  
18 the State of Alabama.

19 "(3) The deposit of cash with the State Treasurer  
20 shall be ~~a sum of not less than fifty thousand dollars~~  
21 ~~(\$50,000)~~ in the amount of not less than the minimum amounts  
22 set for bodily injury or death and for destruction of property  
23 under Section 32-7-6(c).

24 "(c) Only an insurer authorized to do business in  
25 this state shall issue a policy pursuant to this section for  
26 any vehicle subject to registration under Chapter 12 of Title

1 40. Nothing herein shall deprive an insurer of any policy  
2 defense available at common law.

3 "(d) Notwithstanding the provisions in subsection  
4 (c) of this section, any insurance policies issued by  
5 non-admitted insurance companies procured through Alabama  
6 licensed surplus lines insurance brokers, pursuant to the  
7 provisions of Section 27-10-20 for the amounts prescribed  
8 under Section 32-7-6(c), shall be deemed to be in compliance  
9 with this chapter provided such brokers are registered with  
10 the department and transfer all required insurance information  
11 electronically in the manner and frequency as prescribed by  
12 the department.

13 "§32-7A-5.

14 "This chapter shall not apply to any of the  
15 following vehicles or operators:

16 "(1) Trailers as defined in Section 40-12-240,  
17 including, but not limited to, semitrailers, travel trailers,  
18 boat trailers, pole trailers, and utility trailers.

19 "(2) Motor vehicles owned and operated by the United  
20 States or any agency thereof, the State of Alabama, or any  
21 political or governmental subdivision thereof.

22 "(3) Any motor vehicle which is subject to the  
23 supervision and regulation of the Alabama Public Service  
24 Commission and for which the owner and/or operator has filed  
25 with the commission a bond or insurance policy, the liability  
26 under which is not less than that required of the operator of  
27 a motor vehicle under the terms of this chapter.

1           "(4) Motor vehicles covered by a certificate of  
2 self-insurance issued by the director under the provisions of  
3 Section 32-7-34.

4           "(5) Other motor vehicles complying with laws which  
5 require the vehicles to be insured in amounts meeting or  
6 exceeding the minimum amounts required under Section  
7 32-7-6(c).

8           "(6) Implements of husbandry as defined in Section  
9 32-8-2(5).

10          "(7) Any vehicle moved solely by animal power.

11          "(8) Special mobile equipment, as defined in Section  
12 32-8-2(20).

13          "(9) Inoperable or stored motor vehicles that are  
14 not operated, as defined by rules and regulations of the  
15 department and not subject to the provisions of Section  
16 32-7A-7.

17          "(10) Motor vehicles owned by a licensed motor  
18 vehicle dealer displaying dealer distinctive license plates  
19 and held for sale that are covered by a blanket liability  
20 insurance policy.

21          "(11) Vehicles properly registered in another  
22 jurisdiction and not legally required to be registered  
23 pursuant to Chapter 12 of Title 40.

24          "(12) Vehicles owned by a bank, a subsidiary or  
25 affiliate of a bank, or finance company, acquired as an  
26 incident to their regular business, that are covered by a  
27 blanket liability insurance policy.

1           "(13) All vehicles other than motorcycles,  
2           recreational vehicles, and pickup trucks, assessed under  
3           Section 40-8-1(a) as ad valorem tax Class II.

4           "(14) Commercial vehicles as prescribed by the  
5           commissioner.

6           "§32-7A-6.

7           "(a) Every operator of a motor vehicle subject to  
8           the provisions of Section 32-7A-4 shall carry within the  
9           vehicle evidence of insurance. The evidence shall be legible  
10          and sufficient to demonstrate that the motor vehicle currently  
11          is covered by a liability insurance policy as required under  
12          Section 32-7A-4 and may include, but is not limited to, the  
13          following:

14                 "(1) An insurance card, or temporary insurance card,  
15                 provided by the insurer under this section.

16                 "(2) The combination of proof of purchase of the  
17                 motor vehicle within the previous 60 calendar days and a  
18                 current and valid insurance card issued for the motor vehicle  
19                 replaced by such purchase.

20                 "(3) The current declarations page of a liability  
21                 insurance policy.

22                 "(4) A liability insurance binder, or legible copy  
23                 thereof, certificate of liability insurance, or legible copy  
24                 thereof, ~~or receipt for payment to an insurer or its~~  
25                 ~~authorized representative for a liability insurance premium,~~  
26                 ~~or legible copy thereof,~~ provided such document contains all  
27                 information required in this chapter.

1           "(5) A current motor vehicle rental agreement for  
2 the vehicle, which specifies insurance coverage by the rental  
3 company or the operator in the minimum amounts, provided in  
4 Section 32-7-6(c).

5           "(b) The insurer issuing the liability insurance  
6 policy shall provide an insurance card for each motor vehicle  
7 insured that shall contain the following information:

8           "(1) The vehicle year model.

9           "(2) The vehicle make.

10          "(3) The vehicle identification number (VIN).

11          "(4) The name of the insured(s).

12          "(5) The name of the insurance company.

13          "(6) The policy number. (Not required on temporary  
14 ID card).

15          "(7) The effective date and expiration date, which  
16 shall cover a period of time not to exceed 12 months.

17          "(8) Insurance company's NAIC number.

18          "(c) Notwithstanding the foregoing, if the insurance  
19 card is issued for a fleet policy, the card may state "FLEET"  
20 in lieu of vehicle years, makes, and VIN's; and further  
21 provided that if the insurance card is issued for a nonowner  
22 policy, the card may state "NONOWNER POLICY" in lieu of the  
23 vehicle year, make, and VIN.

24          "(d) The minimum size of the insurance card shall be  
25 3" by 2 1/8", ~~with a minimum 20 pound paper stock required or~~  
26 ~~the equivalent.~~ All required information shall be displayed on  
27 the front of the card. The insurance card may include other

1 information at the discretion of the insurer. Insurance  
2 companies may allow authorized representatives to issue  
3 temporary insurance cards to satisfy the requirements of this  
4 chapter. Temporary insurance cards are not required to have  
5 the policy number but shall contain all other required  
6 information.

7 "(e) No insurer shall issue a card, similar in  
8 appearance, form, and content to the insurance card required  
9 under this section, in connection with an insurance policy  
10 that does not provide the liability insurance coverage  
11 required under Section 32-7A-4.

12 "(f) Insurance binders, certificates of liability  
13 insurance, and ~~premium receipts, in order to qualify as proof~~  
14 other evidence of insurance as required under this section,  
15 must meet the following requirements (except where noted):

16 "(1) Insurance company name and NAIC number.

17 "(2) Policy number - not required on a binder or  
18 ~~premium receipt~~ temporary ID card.

19 "(3) Effective date.

20 "(4) Expiration date.

21 "(5) Name of insured(s).

22 "(6) Vehicle year model - not required if issued for  
23 a fleet policy or for a nonowner policy.

24 "(7) Vehicle make - not required if issued for a  
25 fleet policy or for a nonowner policy.

26 "(8) Vehicle identification number - not required if  
27 issued for a fleet policy or for a nonowner policy.

1           "~~(9) Date of premium payment - required only on a~~  
2 ~~premium receipt.~~

3           "~~(10)~~ (9) Signature of authorized representative.

4           "(g) The combination proof of purchase of a motor  
5 vehicle, as provided in subsection (a) above, shall consist of  
6 a legible copy of the legal bill of sale if the motor vehicle  
7 is not subject to the provisions of the Alabama Uniform  
8 Certificate of Title and Antitheft Act, or the owner's permit  
9 copy of the application for certificate of title for a 1975  
10 and subsequent year model vehicle, or an ~~official copy of a~~  
11 ~~current and valid Alabama temporary registration receipt as~~  
12 ~~authorized under Section 32-6-210 to Section 32-6-219,~~  
13 ~~inclusive, assigned to the vehicle being operated~~ Alabama  
14 Certificate of Title issued in the name of the vehicle owner  
15 or operator.

16           "(h) The evidence of insurance shall be displayed  
17 upon request made by any law enforcement officer wearing a  
18 uniform or ~~displaying~~ presenting a badge or other sign of  
19 authority. Any person who fails or refuses to comply with such  
20 request is in violation of Section 32-7A-16 unless a law  
21 enforcement officer verifies motor vehicle liability insurance  
22 coverage through an electronic system. Any person who displays  
23 evidence of insurance, knowing there is no valid liability  
24 insurance in effect on the motor vehicle as required under  
25 Section 32-7A-4 or knowing the evidence of insurance is  
26 illegally altered, counterfeit, or otherwise invalid, is in  
27 violation of Section 32-7A-16.

1           "§32-7A-7.

2           "(a) ~~The~~ Effective January 1, 2010, the department  
3 may select ~~random samples of~~ registrations of motor vehicles  
4 subject to Section 32-7A-4, or owners thereof, for the purpose  
5 of verifying whether or not the motor vehicles are insured  
6 through an online verification system using web services. If  
7 the department cannot verify whether vehicles are insured  
8 through the online verification system using web services or  
9 other such method for deposits of cash or motor vehicle  
10 insurance liability bonds, the department shall send owners  
11 request for information about their motor vehicles and  
12 liability insurance coverage in accordance with subsections  
13 (d) and (e) of this section.

14           "(b) In addition to such ~~general random~~ samples of  
15 motor vehicle registrations, the department may effective  
16 January 1, 2009, select for verification other ~~random~~ samples  
17 including, but not limited to, registrations of motor vehicles  
18 owned by persons:

19           "(1) Whose motor vehicle registrations during the  
20 preceding four years have been suspended pursuant to Section  
21 ~~32-7A-9~~ 32-7A-12 or ~~32-7A-11~~ other provisions of this chapter.

22           "(2) Who during the preceding four years have been  
23 convicted of violating Section 32-7A-16 while operating  
24 vehicles owned by other persons.

25           "(3) Whose driving privileges have been suspended or  
26 revoked during the preceding four years.

1           "(4) Who during the preceding four years have  
2 received a disposition of supervision by the courts of this  
3 state for a violation of the provisions of this chapter.

4           "(c) The director shall provide to the department,  
5 in a manner designated by the department, the name of an owner  
6 or operator of any motor vehicle involved in an accident  
7 without liability insurance who is determined not to be  
8 subject to the suspension by the director pursuant to the  
9 provisions of Section 32-7-6. The director shall also provide  
10 to the department, in a manner designated by the department,  
11 the name of an owner or operator of any motor vehicle that has  
12 been found in violation of Section 32-7A-16.

13           "The department may then verify whether or not at  
14 the time of the accident such motor vehicle was covered by a  
15 liability insurance policy in accordance with Section 32-7A-4.

16           "(d) The department may send to owners of ~~randomly~~  
17 selected motor vehicles or to ~~randomly~~ selected motor vehicle  
18 owners, requests for information about their motor vehicles  
19 and liability insurance coverage. The request shall require  
20 the owner to state:

21           "(1) Whether or not the motor vehicle was insured on  
22 the verification date stated in the department's request, and  
23 the reason no insurance existed for the vehicle if not  
24 insured.

25           "(2) The name, address, NAIC number, and telephone  
26 number of the insurance company that insures the motor  
27 vehicle.

1           "(3) The effective date of the policy and the  
2 expiration date of the policy.

3           "(4) The owner's signature.

4           "(5) The policy number.

5           "(e) Within 30 calendar days after the department  
6 mails a request, the owner to whom it is sent shall furnish  
7 the requested information to the department ~~with the owner's~~  
8 ~~signed and dated affirmation that such information is true and~~  
9 ~~correct~~ in a manner as prescribed by the department. Proof of  
10 insurance in effect on the verification date, as prescribed by  
11 the department, may be considered by the department to be a  
12 satisfactory response to the request for information.

13           "(f) Any owner whose response indicates that his or  
14 her vehicle was not covered by a liability insurance policy in  
15 accordance with Section 32-7A-4 shall be deemed to have  
16 registered or maintained registration of a motor vehicle in  
17 violation of that section. Any owner who fails to respond to  
18 such a request shall be deemed to have registered or  
19 maintained registration of a motor vehicle in violation of  
20 Section 32-7A-4.

21           "(g) If the owner responds to the request for  
22 information by asserting that his or her vehicle was covered  
23 by a liability insurance policy on the verification date  
24 stated in the department's request, the department may conduct  
25 a verification of the response by furnishing necessary  
26 information to the insurer named in the response. The insurer  
27 shall within 30 calendar days inform the department if on the

1 verification date stated the motor vehicle was not insured by  
2 the insurer in accordance with Section 32-7A-4.

3 "(h) No ~~random~~ sample selected under this section  
4 shall be categorized on the basis of race, color, religion,  
5 sex, national origin, ancestry, age, marital status, physical  
6 or mental disability, economic status, or geography.

7 "§32-7A-8.

8 "If the department determines that an owner has  
9 registered or maintained the registration of a motor vehicle  
10 without a liability insurance policy in accordance with  
11 Section 32-7A-4, the department shall notify the owner that  
12 such owner's vehicle registration shall be suspended ~~45~~ 30  
13 calendar days after the date of the mailing of the notice  
14 unless the owner ~~within 30 calendar days~~ furnishes proof of  
15 insurance in effect on the verification date, as prescribed by  
16 the department. The notice shall be in writing and shall be  
17 mailed by ~~first class~~ the U.S. Postal Service ~~or by certified~~  
18 ~~mail, return receipt requested,~~ to the ~~owner's~~ registrant's  
19 last known address as reflected on the department's motor  
20 vehicle registration records."

21 Section 2. Sections 32-7A-9 through 32-7A-22, Code  
22 of Alabama 1975, are hereby repealed.

23 Section 3. Sections 32-7A-9 through 32-7A-25 are  
24 hereby added to the Code of Alabama 1975, to read as follows:

25 §32-7A-9.

26 Notice Required. An insurer effective January 1,  
27 2010, shall, unless otherwise directed by the commissioner,

1 allow access through an online verification system to verify  
2 motor vehicle liability insurance coverage.

3 §32-7A-10.

4 (a) Effective January 1, 2010, if any insurance  
5 company shall fail to consistently allow access through an  
6 online verification system to verify coverage of motor vehicle  
7 liability insurance coverage, the department shall notify the  
8 Insurance Commissioner of any and all violations of Section  
9 32-7A-9 by an insurer, and the Insurance Commissioner may take  
10 appropriate action against such insurer.

11 (b) The department shall prescribe the form and  
12 manner of transmission for the purposes of notifying the  
13 Insurance Commissioner of insurers who have violated this  
14 chapter.

15 §32-7A-11.

16 (a) Effective January 1, 2010, when department  
17 records do not indicate liability insurance coverage existing  
18 for a motor vehicle registered or required to be registered in  
19 this state, the department shall send the registrant notice  
20 via USPS mail at the last known address as reflected on the  
21 department's motor vehicle registration records. The notice  
22 shall require that the registrant within 30 calendar days of  
23 the date of the notice, provide evidence of continuous  
24 liability insurance coverage for the vehicle for the period  
25 specified by the department. The registration will be  
26 suspended unless either:

1           (1) The registrant responds within the required time  
2 frame and the response establishes that the registrant has not  
3 had a lapse in liability insurance coverage. The department  
4 shall then correct its records to reflect that the insured is  
5 in compliance with this chapter or

6           (2) The registrant responds within the required time  
7 frame that, after the registration date, he or she did not  
8 operate the vehicle during the lapse in coverage. The  
9 registration shall then be revoked and the department shall  
10 update its records to reflect that the registration is  
11 revoked.

12           (b) If the registrant subsequently provides, in a  
13 manner as prescribed by the department, proof of subsequent  
14 liability insurance for the vehicle during the current  
15 registration period then the registration shall be reinstated.

16           (c) Any operator of a motor vehicle for which the  
17 registration has been revoked shall be subject to citation by  
18 law enforcement.

19           §32-7A-12.

20           (a) The department shall suspend the vehicle  
21 registration of any motor vehicle determined to be in  
22 violation of Section 32-7A-4, including any motor vehicle  
23 operated in violation of Section 32-7A-16 by an operator other  
24 than the owner of the vehicle. Neither the fact that,  
25 subsequent to the date of verification or violation, the  
26 registrant acquired the required liability insurance policy  
27 nor the fact that the registrant terminated ownership of the

1 motor vehicle shall have any bearing upon the required  
2 suspension.

3 (b) The registration of any motor vehicle registered  
4 in this state shall be suspended upon the department receiving  
5 notice of the conviction of the operator of the motor vehicle  
6 in another state of an offense which, if committed in this  
7 state, would constitute a violation of Section 32-7A-4. Until  
8 it is terminated, any suspension under this chapter shall  
9 remain in force even if the registration is renewed or a new  
10 registration is acquired for the motor vehicle contrary to  
11 Section 32-7A-13.

12 (c) In the case of a first violation, the department  
13 shall terminate the suspension upon payment by the registrant  
14 of a reinstatement fee of five hundred dollars (\$500) in  
15 certified funds and submission of proof of insurance as  
16 prescribed by the department to either the department or to  
17 the vehicle registrant's license plate issuing official. Upon  
18 a first violation, the registrant's name and identifying  
19 information shall be provided to the director by the  
20 department, for the purpose of requiring the registrant to  
21 purchase and maintain insurance pursuant to Section 32-7-13 or  
22 Section 32-7-31, or both, for a period of one year or an  
23 additional period as prescribed by the director.

24 (d) In the case of a second violation by a  
25 registrant having ownership interest of a motor vehicle or  
26 vehicles within the preceding four years, or a violation of  
27 Section 32-7A-16(b) (3), the department shall terminate the

1 suspension upon payment by the registrant of a reinstatement  
2 fee of seven hundred fifty dollars (\$750) in certified funds  
3 and submission of proof of insurance as prescribed by the  
4 department to either the department or to the vehicle  
5 registrant's license plate issuing official. In the case of a  
6 second or subsequent violation, the registrant's name and  
7 identifying information shall be provided to the director by  
8 the department, for the purpose of the director requiring the  
9 registrant to purchase and maintain insurance pursuant to  
10 Section 32-7-13 or Section 32-7-31, or both, for a minimum  
11 period of three years or an additional period as prescribed by  
12 the director. Upon conviction of a second or subsequent  
13 offense, the violator shall be guilty of a Class B  
14 misdemeanor.

15 (e) In the case of a third or subsequent violation  
16 by a registrant of a motor vehicle or vehicles within the  
17 preceding four years, the department shall terminate the  
18 suspension upon payment by the registrant of a reinstatement  
19 fee of one thousand dollars (\$1,000) in certified funds and  
20 submission of proof of insurance as prescribed by the  
21 department to either the department or to the vehicle  
22 registrant's license plate issuing official.

23 (f) A license plate may not be transferred from a  
24 vehicle for which the registration is suspended, pursuant to  
25 this chapter, to another vehicle until after such time that  
26 the vehicle registration is reinstated pursuant to this  
27 chapter. Furthermore, no new tag or registration shall be

1 issued for the registrant's newly acquired vehicle if the  
2 registrant has sold a vehicle for which a motor vehicle  
3 registration has been suspended pursuant to this chapter.

4 (g) In accepting the reinstatement fee and proof of  
5 insurance, the registrant's license plate issuing official  
6 shall be responsible for notifying and forwarding any required  
7 documentation concerning the reinstatement of motor vehicle  
8 registration or registrations to the department in the manner  
9 prescribed by the department.

10 ~~(h) Except as provided in subsection (g), all fees~~  
11 ~~collected under this section shall be retained by the~~  
12 ~~department for use in the administration of this chapter;~~  
13 ~~provided, if the fees are collected by the registrant's county~~

14 (h) The total proceeds of the fees collected under  
15 this section, less the distributions provided for in  
16 subsection (i), shall be deposited in the State Treasury;  
17 provided that after the distribution in subsection (i), and  
18 payment to the department for the expenses incurred in the  
19 administration of this article, the remaining balance of the  
20 deposited fees shall be distributed to the State General Fund.

21 (i) If the fees are collected by the registrant's  
22 county license plate issuing official, the official shall  
23 remit the fee to the department, except for 10 percent of the  
24 fee, which shall be retained by the official and distributed  
25 50 percent to the county license plate issuing official and 50  
26 percent to the county general fund. The fee retained by the  
27 county license plate issuing official shall be deposited into

1 a special fund designated as the "Special County Licensing  
2 Officials' Fund." Moneys in the special fund shall be expended  
3 for the improvement of the equipment and operations in the  
4 office of the county licensing official charged with motor  
5 vehicle registration and titling responsibilities and shall be  
6 in addition to the amount budgeted for the office of the  
7 official. Fees deposited into the special fund shall be  
8 dispersed at the sole discretion of the county license plate  
9 issuing official and shall be audited by the Examiners of  
10 Public Accounts. Such moneys in the special funds shall not  
11 accumulate in excess of ten thousand dollars (\$10,000) during  
12 any fiscal year (October 1 through September 30). Any excess  
13 moneys shall accrue to the county general fund. License plate  
14 issuing officials shall remit the balance of the funds to the  
15 department in the manner prescribed by the department by the  
16 20th day of the month following the month of collection.  
17 Refunds of reinstatement fees, less the retained fees, shall  
18 be granted in cases of duplicate payment, or as approved by  
19 the department. Anyone who is denied a refund of the  
20 reinstatement fee may appeal the denial to the administrative  
21 law judge pursuant to Section 40-2A-8.

22 ~~(i)~~ (j) Notwithstanding the provisions of subsection  
23 ~~(f)~~ (h), 10 percent of each reinstatement fee collected shall  
24 be deposited by the department into the Alabama Peace  
25 Officers' Annuity and Benefit Fund, as authorized by Section  
26 36-21-66.

27 §32-7A-13.

1 All officials authorized by law to register motor  
2 vehicles, issue motor vehicle license plates, and to perform  
3 other duties in connection with the issuance of motor vehicle  
4 license plates shall refuse to register or reregister a motor  
5 vehicle or refuse to transfer the license plates if the  
6 registration is suspended pursuant to Section 32-7A-12.

7 §32-7A-14.

8 A person who, whether present or absent, aids,  
9 abets, induces, procures or causes the commission of an act  
10 which, if done directly by him, would be a felony or a  
11 misdemeanor under a provision of this chapter, is guilty of  
12 the same felony or misdemeanor.

13 §32-7A-15.

14 A person is guilty of a Class C felony who, with  
15 fraudulent intent:

16 (1) Alters, forges or counterfeits an insurance card  
17 to make it appear valid.

18 (2) Makes, sells or otherwise makes available an  
19 invalid or counterfeit insurance card, or other evidence of  
20 insurance.

21 §32-7A-16.

22 (a) A person is guilty of a Class C misdemeanor who:

23 (1) Operates a motor vehicle without a liability  
24 insurance policy, a motor vehicle liability insurance bond or  
25 deposit of cash in accordance with this chapter.

26 (2) With notice of cancellation of insurance,  
27 registers, or attempts to register a motor vehicle.

1 (b) A person shall be guilty of a traffic violation  
2 who:

3 (1) Operates a motor vehicle and upon demand of a  
4 law enforcement officer, fails or refuses to display or  
5 present satisfactory evidence of liability insurance unless a  
6 law enforcement officer verifies motor vehicle liability  
7 insurance coverage through an online system.

8 (2) Operates a vehicle when the registration of  
9 which is suspended pursuant to the provisions of this chapter.

10 (3) Operates a motor vehicle and displays evidence  
11 of insurance when there is no valid insurance in effect on the  
12 motor vehicle as required by this chapter.

13 (c) A motor vehicle may be impounded at the  
14 discretion of a law enforcement officer if the operator fails  
15 to provide evidence of registration and insurance as required  
16 by this chapter.

17 (d) For the purposes of this chapter, the reference  
18 herein to operating a motor vehicle shall be satisfied  
19 whenever it is apparent that the vehicle has traveled any  
20 distance upon a public road or highway and a law enforcement  
21 officer may have only observed the results of finding the  
22 vehicle stopped either on or off the public road or highway,  
23 as for example when the vehicle has come to a stop after an  
24 accident. Witnessing the operation of the vehicle is not  
25 required for a citation to be issued under this chapter.

26 §32-7A-17.

1 (a) License plate issuing officials shall not  
2 register or reregister a motor vehicle or transfer the license  
3 plates if the registration is suspended pursuant to Section  
4 32-7A-12.

5 (b) Notwithstanding the provisions of subsection  
6 (a), upon the request of the vehicle registrant, the license  
7 plate issuing official shall reinstate a vehicle registrant's  
8 suspended vehicle registration at such time the vehicle  
9 registrant meets the provisions of vehicle reinstatement  
10 provided for by this chapter.

11 (c) No vehicle registration or renewal thereof shall  
12 be issued to any motor vehicle unless the license plate  
13 issuing official receives satisfactory evidence of insurance  
14 or verification of motor vehicle liability insurance coverage  
15 through an electronic system, liability insurance bond or  
16 deposit of cash that provides the minimum motor vehicle  
17 insurance coverage required by Section 32-7-6 or is exempted  
18 under Section 32-7A-5. Verification by the license plate  
19 issuing official shall be made in a manner as prescribed by  
20 the department.

21 (d) All officials authorized by law to issue motor  
22 vehicle license plates shall obtain, when issuing or  
23 transferring motor vehicle registrations, the registrant's  
24 state issued driver's license or identification card number as  
25 provided under Section 32-6-4, a department approved federal  
26 identifying number, national driver's license, or for a  
27 company or other entity, the federal employer identification

1 number, for inclusion within the motor vehicle registration  
2 records in the state and county databases. Provided, these  
3 numbers shall not be included on the motor vehicle  
4 registration receipts. The department has the additional  
5 authority to assign an identifying number to vehicle  
6 registrants in order to document compliance with this chapter.  
7 This information shall be used by the department in the  
8 administration of the provisions of this chapter.

9 §32-7A-18.

10 No verification procedure established under this  
11 chapter shall include individual inspections of vehicles on  
12 the public streets or highways solely for the purpose of  
13 verifying the existence of an insurance policy. No law  
14 enforcement officer shall stop a vehicle solely for the  
15 purpose of verifying the existence of a valid insurance  
16 policy.

17 §32-7A-19.

18 No state or local governmental unit and no  
19 government official or employee acting in the course of his or  
20 her official duties in the administration or enforcement of  
21 Section 32-7A-4 and related provisions of this chapter shall  
22 be liable for any damages, brought directly or indirectly by  
23 the injured party or a third party, except for damages  
24 resulting from willful and wanton misconduct or gross  
25 negligence on the part of the governmental unit, official, or  
26 employee.

27 §32-7A-20.

1           Whenever a court convicts a person of a violation of  
2 Section 32-7A-15 or Section 32-7A-16, the clerk of the court  
3 within 10 calendar days shall forward a report of the  
4 conviction to the department in a form prescribed by the  
5 department. The department shall keep records of such reports.

6           §32-7A-21.

7           The following penalties are applicable to violations  
8 of this chapter:

9           (1) FELONIES. A person convicted of a felony for the  
10 violation of a provision of this chapter is guilty of a Class  
11 C felony and is subject to punishment by a fine of not less  
12 than five hundred dollars (\$500) nor more than five thousand  
13 dollars (\$5,000), or by imprisonment for not less than one  
14 year and one day or not more than 10 years, or both the fine  
15 and imprisonment.

16           (2) MISDEMEANORS. A person convicted of a  
17 misdemeanor for the violation of a provision of this chapter  
18 is guilty of a Class C misdemeanor and is subject to  
19 punishment by a fine not to exceed five hundred dollars (\$500)  
20 for the first conviction. Upon each subsequent conviction, the  
21 fine shall not exceed one thousand dollars (\$1,000) or  
22 suspension of the person's driver's license for a period not  
23 to exceed six months, or both fine and suspension.

24           (3) TRAFFIC VIOLATION. A person convicted of a  
25 traffic offense for violation of this chapter is subject to a  
26 punishment by a fine not to exceed two hundred dollars (\$200)

1 for the first conviction. Upon each subsequent conviction, the  
2 fine shall be twice the amount of the last fine.

3 §32-7A-22.

4 No person shall display evidence of insurance to a  
5 law enforcement officer, court, or officer of the court,  
6 knowing there is no valid liability insurance in effect on the  
7 motor vehicle as required under Section 32-7A-4 or knowing the  
8 evidence of insurance is altered, counterfeit, or otherwise  
9 invalid as evidence of insurance required under Section  
10 32-7A-4. If the law enforcement officer issues a citation to a  
11 motor vehicle operator for displaying invalid evidence of  
12 insurance, the officer shall confiscate the evidence for  
13 presentation in court.

14 §32-7A-23.

15 No person charged with violating the requirements of  
16 this chapter to maintain or display, or both, evidence of  
17 insurance shall be convicted of a Class C misdemeanor in  
18 accordance with Section 32-7A-16(a) if such person produces in  
19 court satisfactory evidence that at the time of the citation  
20 the motor vehicle was covered by a liability insurance policy  
21 or liability insurance bond in accordance with Section  
22 32-7A-4. However, such person may be convicted of a traffic  
23 violation as set forth in Section 32-7A-16(b).

24 §32-7A-24.

25 Information regarding the motor vehicle registration  
26 suspension or reinstatement status of any person is  
27 confidential and shall be released only to the person who is

1 the subject of a suspension or possible suspension, or to law  
2 enforcement agencies, courts, and other governmental entities,  
3 including officials responsible for the issuance of license  
4 plates, as necessary in the administration of the provisions  
5 of this chapter.

6 §32-7A-25.

7 This chapter is supplemental to other laws relative  
8 to motor vehicles and a mandatory liability insurance policy  
9 or liability insurance bond, and insofar as possible shall be  
10 construed in pari materia with such laws.

11 Section 4. Enforcement and investigative activities  
12 as they relate to the provisions of this act shall not be  
13 based on an individual's race, color, religion, sex, national  
14 origin, ancestry, age, marital status, physical or mental  
15 disability, economic status, or geography.

16 Section 5. This act shall become effective on  
17 January 1, 2009, following its passage and approval by the  
18 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Banking and In-  
surance ..... 05-FEB-08

Read for the second time and placed  
on the calendar with 1 substitute  
and ..... 04-MAR-08

Read for the third time and passed  
as amended ..... 11-MAR-08

Yeas 96, Nays 0, Abstains 0

Greg Pappas  
Clerk