

**ALABAMA DEPARTMENT OF WORKFORCE  
WORKERS' COMPENSATION  
ADMINISTRATIVE CODE**

**CHAPTER 480-5-4  
SERVICE ORGANIZATIONS**

**TABLE OF CONTENTS**

**480-5-4-.01      Self-Insurance Service Company**

**480-5-4-.01      Self-Insurance Service Company.**

An individual, partnership, or corporation engaged in the business of servicing a fund shall have a full-time office in the State of Alabama which has full authority to investigate and pay claims under the provisions of the law. Service companies shall make application to the Director prior to entering into a contract and shall satisfy the Director that they have adequate facilities and competent personnel to service a fund or self-insured employer in such a manner to fulfill the employer's obligations under the Law and rules. Prerequisites to approval being granted by the Director for engaging in this type of business are:

(a) The owners of the business, including members of a partnership and the officers of a corporation, shall be persons of good moral character with reputations for honesty and fair dealings, and in the case of an individual ownership, the owner shall have had at least five (5) years of satisfactory experience and training in underwriting and claims adjusting in the field of workers' compensation. In the case of a partnership or corporation, at least one member of the firm shall have had the experience and training mentioned above. However, the owner of the business or any member of the firm not having the required experience and training in claims underwriting and adjusting may in lieu thereof employ personnel or contract with persons meeting such qualifications. The Director shall be furnished with the names of such employees and/or persons under contract prior to their performing such services.

(b) The service company shall file with the Department copies of all contracts entered into with the self-insured employers or fund. The contract shall include those services necessary to fulfill the employers' obligations under the Alabama Workers' Compensation Law and rules.

(c) Upon compliance to the satisfaction of the Director with the above provisions, a certificate of approval as a

recognized and authorized service organization shall be issued to the applicant.

(d) Failure to comply with any of the foregoing rules or any order of the Department within the time prescribed shall be considered good cause for withdrawal of the certificate of approval. The Department shall give prior written notice of such withdrawal. The service company shall have fifteen (15) days from the date of mailing to request a hearing. Failure to request a hearing within the time prescribed shall result in withdrawal becoming effective thirty (30) days from the date of mailing of the original notice. In no event shall withdrawal of the certificate of approval be effective prior to the date that the hearing on the question is scheduled. Such notice shall be served personally or by certified or registered mail, upon all interested parties.

(e) In the event the Department shall withdraw the Certificate of Approval and said withdrawal become effective, then the service company shall have the right to appeal the final withdrawal of certificate to the Circuit Court of Montgomery County, Alabama, within thirty (30) days of the withdrawal becoming effective.

**Author:** Wilbon S. Spates, Chief, Workers' Compensation Division

**Statutory Authority:** Code of Ala. 1975, §25-2-2(6).

**History:** Previous Rule Number 109; Previous Rule Number 480-3-2-.10; Effective February 16, 1993. **Amended:** Filed October 9, 1997; effective November 13, 1997.