ALABAMA DEPARTMENT OF INSURANCE INSURANCE REGULATION ADMINISTRATIVE CODE

CHAPTER 482-1-106
MANAGING GENERAL AGENTS

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482-1-106-.01 Authority.

This chapter is promulgated by the Commissioner of Insurance pursuant to Section 27-2-17, Code of Ala. 1975, and Section 20 of Act No. 93-675 (Senate Bill 14, 1993 Regular Legislative Session).
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: New Rule: August 1, 1994; effective August 11, 1994.
Amended: August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.02 Purpose.

This chapter provides the procedures to be followed in the implementation and administration of the Alabama Managing General Agents Act, found at Sections 27-6A-2 through 27-6A-8, Code of Ala. 1975, regarding who must file, when to file, what must be certified and filed annually, what to do in case of termination, and the applicable forms and fees.
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: New Rule: August 1, 1994; effective August 11, 1994.
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LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.03 Who Must File.

An insurer must file the documents required under Rule 482-1-106-.04 for appointment of a managing general agent (MGA), if the insurer is either of the following:

(a) A foreign insurer holding a certificate of authority to transact insurance business in this state and has any person, firm, association or corporation who does either of the following:

1. Produces, directly or indirectly, and underwrites an amount of gross premium equal to or more than five percent (5%) of the policyholder surplus as reported in any one (1) quarter or year together with one (1) or both of the following:

(i) Adjusts or pays claims in excess of ten thousand dollars ($10,000) per claim.

(ii) Negotiates reinsurance on behalf of the insurer.

2. With respect to any risk located in this state, produces, directly or indirectly, and underwrites, and either or both of the following:

(i) Adjusts or pays claims in excess of ten thousand dollars ($10,000) per claim or five percent (5%) of the insurer's policyholder surplus in the aggregate per year.

(ii) Negotiates reinsurance on behalf of the insurer.

(b) Domiciled in this state and has any person, firm, association or corporation who produces, directly or indirectly, and underwrites an amount of gross premium equal to more than five percent (5%) of the policyholder surplus as reported in any one (1) quarter or year together with one (1) or both of the following:

1. Adjusts or pays claims.

2. Negotiates reinsurance on behalf of the insurer.

(2) Exceptions. Notwithstanding the provisions of Paragraph (1) of this rule, no insurer need file for appointment as an MGA any of the following persons:

(a) An employee of the insurer.

(b) A manager of the United States branch of an alien insurer.

(c) An underwriting manager which, pursuant to contract, manages all the insurance operations of the insurer, is under common control with the insurer and has its transactions with the insurer subject to the provisions of Chapter 29 of the Alabama Insurance Code, known as the Alabama Insurance Holding Company System Regulatory Act.

(d) The authorized attorney-in-fact acting on behalf of subscribers of a reciprocal or inter-insurance exchange.

Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: **New Rule:** August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.04 Filings Required Within 30 Days Of Appointment Of An MGA.

(1) Any insurer who is required under Rule 482-1-106-.03 to file for appointment of a managing general agent (MGA) must complete and file all of the following within thirty (30) days of that appointment:

(a) The appointment Form AL-MGA-1. This form must list all information requested, including, but not limited to, the name and Alabama insurance producer license number of the MGA. Attached to Form AL-MGA-1 shall be both of the following exhibits, unless the insurer has obtained an express waiver from the Commissioner:

1. A copy of a fidelity bond for the protection of the insurer in the minimum amount of one hundred thousand dollars ($100,000) with no deductible.

2. A copy of the MGA's errors and omissions liability policy with coverage limits in the minimum amount of one million dollars ($1,000,000) or 25% of the gross amount of direct written premium received by an insurer for the previous calendar year that is attributable to the MGA, whichever is greater.

(b) A duplicate copy of the executed contract between the MGA and the insurer. Form AL-MGA-2 is the form which must be used by all insurers domiciled in this state as the contract. An insurer not domiciled in this state must also use Form AL-

MGA-2, unless the insurer is domiciled in a state having a law substantially similar to the Alabama Managing General Agents Act and the insurer files a contract which complies with the provisions of the MGA Act.

(c) A nonresident MGA must appoint the Alabama Commissioner of Insurance as the MGA's agent for service of process, which is included on the Form AL-MGA-1.

(d) If the MGA is a business entity, it shall also file a certificate of existence, if a domestic business entity, or a certificate of authority, if a foreign business entity [either of which can be obtained from the Alabama Secretary of State], at the time of filing the original application.

(e) If the insurer did business with the MGA in the previous year, it shall also file a copy of the annual independent financial examination of the MGA as required in Section 27-6A-5(1) and described further in Rule 482-1-106-.05.

(2) The fidelity bond or commercial crime policy and errors and omissions liability policy referred to in Subparagraph (a) of Paragraph (1) above shall have been issued by an insurer authorized in this state and otherwise acceptable to the Commissioner, and shall not be written by the insurer or an affiliate of the insurer contracting with the MGA. The errors and omissions policy coverage limits [set at $1,000,000 or 25% of the gross amount of direct written premium received by the insurer for the previous calendar year that is attributable to the MGA, whichever is greater] and the fidelity bond or commercial crime policy coverage limits [set at the greater of $100,000 or 25% of the premium written by the MGA on behalf of the appointing insurer in Alabama for the previous calendar year, whichever is greater] shall be adjusted accordingly on or before April 1st of each year.

(3) The contract referred to in Subparagraph (b) of Paragraph (1) above shall contain all of the statutorily required provisions, including a requirement that the MGA provide the insurer with a copy of any claim file at its request or as soon as it becomes known to the MGA that the claim has the potential to exceed $10,000 or exceeds the amount set by the insurer, whichever is less, or that the claim is closed by payment of an amount in excess of $10,000 or an amount set by the insurer, whichever is less.

Author: Commissioner of Insurance
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: **New Rule:** August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act. **Amended:** October 9, 2013; effective October 199, 2013. Filed with LRS October 9, 2013. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.05 What Must Be Certified And Filed Annually.

(1) Each insurer which has appointed a managing general agent (MGA) shall annually file, for each appointed managing general agent, each of the following, as applicable:

(a) A completed certification on Form AL-MGA-4, whereby the insurer will certify the existence or performance of the continued obligations imposed by Section 27-6A-5, Code of Ala. 1975.

(b) A copy of the report issued at the conclusion of the annual independent financial examination of the MGA as of the end of the prior fiscal or calendar year. The independent financial examination shall be an audit by a certified public accountant, as required by Section 27-6A-5(1), Code of Ala. 1975, and should be filed even if the MGA appointment is terminated prior to year-end or is allowed to expire at year-end.

(c) If the MGA establishes loss reserves, a copy of the most recent annual opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the MGA, as required by Section 27-6A-5(2), Code of Ala. 1975.

(2)(a) Each year, on or about October 1, the Department will send to every insurer with an appointed Managing General Agent (MGA) a copy of the MGA Certification Form (Form AL-MGA-4), along with the instructions for renewing the MGA appointment for the next year.

(b) It is the insurer's responsibility to correctly complete and file this annual certification prior to December 31. Any incomplete or incorrect Certification Form (Form AL-MGA-4) will not be considered filed until in compliance with all instructions.

(c) Any MGA appointment not renewed as required above shall be deemed to have expired at midnight on December 31.

(3) If the independent financial examination report submitted reflects the MGA has a negative shareholder’s equity, the insurer must also submit a statement acknowledging this along with a copy of the insurer’s supervision plan for the MGA.

Author: Commissioner of Insurance
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: **New Rule:** August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama

Administrative Procedure Act. **Amended:** October 9, 2013; effective October 199, 2013. Filed with LRS October 9, 2013. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.06 Termination Of Appointment.

Within thirty (30) days after the termination of appointment of a managing general agent (MGA), an insurer shall complete and file Form MGA-3.
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: New Rule: August 1, 1994; effective August 11, 1994.
Amended: August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.07 Forms And Fees.

(1) Forms. The forms referred to in this chapter (AL-MGA-1, AL-MGA-2, AL-MGA-3 and AL-MGA-4) are attached hereto as Exhibits 1, 2, 3 and 4, respectively, may be freely copied or may be obtained from the Department of Insurance, Producer Licensing Division.

(2) Fees. Documents filed pursuant to this chapter shall be accompanied by the fees set forth in Section 27-4-2, Code of Ala. 1975, as follows:

(a) These fees will be charged for the filing of the appointment form (AL-MGA-1): $155.00, representing an application fee of $30.00 and a license (appointment) fee of $125. An application will be returned without processing if not accompanied by the fees as indicated above.

(b) These fees will be charged for the filing of the certification form (AL-MGA-4): $75.00, representing the annual continuation of license (appointment) fee of $75.00. The certification will be returned without processing if not accompanied by the fees as indicated above, which may result in the cancellation of the license.

(c) No fee is charged for the filing of the termination form (AL-MGA-3).

(d) All checks and money orders should be made payable to "Commissioner of Insurance, State of Alabama."
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.

History: New Rule: August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.08 Retaliatory Provisions.

Pursuant to Section 27-3-29, Code of Ala. 1975, if an applicant's state of domicile imposes any taxes, licenses or other fees, in the aggregate, or deposit requirements or other material obligations, prohibitions or restrictions in excess of the licenses or other fees, in the aggregate, or other material obligations set forth in this state, the same taxes, licenses or other fees, deposit requirements and other material obligations, prohibitions and restrictions shall be imposed on the applicant.
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: New Rule: August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-.09 Effective Date.

This chapter shall become effective upon its approval by the Commissioner of Insurance, and upon its having been on file as a public document in the office of the Secretary of State for ten days.
Author: Reyn Norman, Associate Counsel
Statutory Authority: Code of Ala. 1975, §27-2-17 & §20, Act 93-675.
History: New Rule: August 1, 1994; effective August 11, 1994. **Amended:** August 19, 2002; effective August 29, 2002. Filed with LRS August 19, 2002. Rule is not subject to the Alabama Administrative Procedure Act.

482-1-106-A Appendix A Forms.

APPENDIX A

FORMS

Form AL-MGA-1	Application for Managing General Agent (MGA) Appointment
Form AL-MGA-2	Managing General Agents Contract
Form AL-MGA-3	Managing General Agent (MGA) Termination
Form AL-MGA-4	Managing General Agent (MGA) Certification

FORM AL-MGA-1

STATE OF ALABAMA --- DEPARTMENT OF INSURANCE TOTAL FEES: $155

APPLICATION FOR MANAGING GENERAL AGENT (MGA) APPOINTMENT

INSTRUCTIONS:

1. Section I of this form is to be completed by an authorized representative of the insurance company and Section II is to be completed by the Managing General Agent (MGA). Non-resident MGAs must also complete Section III. If currently licensed as an MGA in this state, the Alabama MGA license number must be shown in Section I. If not currently licensed, the Department will assign a number upon filing.

2. Filing of this application does not give authority to the MGA. This authority does not exist until all required items are filed and a license is issued by the Alabama Department of Insurance.

3. This application must be accompanied by a check or money order in the amount of $155.00, representing an application fee of $30.00 and a license (appointment) fee of $125.00. [Retaliatory fees may also apply. See Section III of application.] An application will be returned without processing if not accompanied by the fees as indicated above. Make check or money order payable to "**Commissioner of Insurance, State of Alabama.**"

4. In addition to the fees mentioned above, the following items **MUST** be submitted with this application:
   - If applicant is a business entity, a certificate of good standing from the Alabama Secretary of State.
   - Original copy of fidelity bond [in the minimum amount of $100,000].
   - Copy of MGA's errors and omissions policy [in the minimum amount of $1,000,000 or 25% of gross amount of direct premium, whichever is greater].
   - Duplicate copy of the executed contract between the MGA and the insurer. All Alabama insurers must use Form AL-MGA-2, which can be obtained from the Alabama Department of Insurance and may be freely copied. Other insurers must also use Form AL-MGA-2, unless the insurer is domiciled in a state having a law substantially similar to the Alabama MGA Act, in which case the insurer must file a copy of a contract which complies with the Alabama MGA Act with this application.

5. A separate application must be completed for each MGA and each insurer.

6. PLEASE TYPE. Deliver this completed application to: Producer Licensing Division
   Alabama Department of Insurance
   201 Monroe Street, Suite 1700
   P. O. Box 303351
   Montgomery, Alabama 36130-3351

SECTION I [TO BE COMPLETED BY THE INSURER]

NAME OF INSURER: _____

INSURER NAIC NO.: _____

NAME OF MGA: _____

ALA. MGA LICENSE NO.: _____ MGA's FEDERAL TAXPAYER ID NO.: _____

The above-named insurer requests that the above-named MGA, who is otherwise described in Section II of this application, be licensed and appointed as a Managing General Agent (MGA) for the following line(s) of insurance (mark ☒ as many as required):

☐ **V** - Variable Life/Variable Annuity	☐ **L** - Life	☐ **P** - Property	☐ **C** - Casualty	☐ **CR** - Credit
☐ **H** - Accident & Health or Sickness (Disability)	☐ **PL** - Personal Lines	☐ **A** - Automobile	☐ **BB** - Bail Bond	☐ **MC** - Motor Club
☐ **IF** - Industrial (debit) Fire	☐ **RV** - Rental Vehicle	☐ **DS** - Dental Services	☐ **LS** - Legal Services	

By the signature of an authorized company official, the above-named insurer requests that the applicant described in this application be licensed and appointed as MGA for the above indicated line(s) of insurance (mark as many as required). We have investigated the character and background of this applicant and are satisfied that the applicant is trustworthy and qualified to act as our MGA, we endorse the applicant as being of good business standing and character and we desire that the applicant be licensed and appointed as our MGA as indicated above. We are familiar with the federal law (18 U.S.C. § 1033) which prohibits anyone who has been convicted of a felony involving dishonesty or a breach of trust from conducting the business of insurance and understand it is a violation of this law to willfully permit a prohibited person from conducting the business of insurance.

Dated: _____

_____
(original signature of authorized company official)

DO NOT WRITE IN THIS SPACE

_____
(typed name of authorized company official)

_____
(address)

_____
(city/state/zip)

_____
(telephone)

SECTION II [TO BE COMPLETED BY THE MGA]

1. EXACT NAME OF MGA: _____

   Please indicate any other name by which MGA may have been known (e.g.: alias, maiden name, d/b/a, etc.):

   _____

2. BUSINESS ADDRESS: _____
   P.O. Box or Street City State Zip County

3. MAILING ADDRESS: _____
   (if different) P.O. Box or Street City State Zip

4. Mark ☒ legal status of applicant (a partnership, corporation, etc., **MUST** submit with this application a certificate of good standing from the Alabama Secretary of State):

   ☐ Individual ☐ Corporation ☐ Partnership ☐ Unincorporated firm or association ☐ Limited Liability Company

QUESTIONS 5 THROUGH 9 APPLY ONLY TO INDIVIDUALS (All other applicants skip to Question 10).

5. HOME ADDRESS: _____
   P.O. Box or Street City State Zip County

6. Date of Birth: ____/____/_____ Place of Birth: _____ Social Security Number _____-____-_____

7. Are you a citizen of the USA, or of Canada, or a permanent resident under U.S. immigration laws? ..... (Yes / No) _____

8. Are you a resident of the state of Alabama and, if so, for how long? [_____ years] ..... (Yes / No) _____
   If different than above, give home address (city & state) for the past five years (attach supplemental sheet if necessary):

   _____

9. If you are going to be associated with an agency, give its name and address and mark ☒ your status with the agency.

   _____
   Name of Agency P.O. Box or Street City State Zip

   STATUS: ☐ Owner or Partner ☐ Corporate Officer ☐ Representative (Agent)

ALL APPLICANTS MUST ANSWER THE FOLLOWING QUESTIONS [Corporations, partnerships, etc., must answer these questions as to each officer, director, stockholder, partner, etc., and as to every employee personally engaged in soliciting or negotiating policies of insurance.]

PLEASE read very carefully and answer every question:

10. Have you **EVER** been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld? Yes ___ No___

    "Crime" includes a misdemeanor, felony or a military offense. You may exclude misdemeanor traffic citations and juvenile offenses. "Convicted" includes, but is not limited to, having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendre, or having been given probation, a suspended sentence or a fine.

    If you answer yes, you must attach to this application:
    a) a written statement explaining the circumstances of each incident,
    b) a copy of the charging document, and
    c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

11. I am familiar with the federal law (18 U.S.C. 1033) which prohibits anyone who has been convicted of a felony involving dishonesty or a breach of trust from conducting the business of insurance and understand that it is a violation of this statute to willfully permit a prohibited person from conducting the business of insurance. Yes ___ No___

12. Have you or any business in which you are or were an owner, partner, officer or director ever been involved in an administrative proceeding regarding any professional or occupational license? Yes ___ No___

    "Involved" means having a license censured, suspended, revoked, canceled, terminated; or, being assessed a fine, placed on probation or surrendering a license to resolve an administrative action. "Involved" also means being named as a party to an administrative or arbitration proceeding which is related to a professional or occupational license. "Involved" also means having a license application denied or the act of withdrawing an application to avoid a denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

    If you answer yes, you must attach to this application:
    a) a written statement identifying the type of license and explaining the circumstances of each incident,
    b) a copy of the Notice of Hearing or other document that states the charges and allegations, and
    c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

13. Has any demand been made or judgment rendered against you for overdue monies by an insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding? Yes ___ No___

    If you answer yes, you must submit a statement summarizing the details of the indebtedness and arrangements for repayment, and/or type and location of bankruptcy, including in your statement whether the judgment, lien or bankruptcy involves the business of insurance and also attach your sworn affidavit confirming that your bankruptcy was not insurance related.

14. Have you been notified by any jurisdiction to which you are applying of any delinquent tax obligation that is not the subject of a repayment agreement? Yes ___ No___

    If you answer yes, identify the jurisdiction(s): _____

15. Are you currently a party to, or have you ever been found liable in, any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty? Yes ___ No___

    If you answer yes, you must attach to this application:
    a) a written statement summarizing the details of each incident,
    b) a copy of the Petition, Complaint or other document that commenced the lawsuit or arbitration, and
    c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

16. Have you or any business in which you are or were an owner, partner, officer or director ever had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct? Yes ___ No___

    If you answer yes, you must attach to this application:
    a) a written statement summarizing the details of each incident and explaining why you feel this incident should not prevent you from receiving an insurance license, and
    b) copies of all relevant documents.

NOTE: If the answer to any part of Questions 10-16 is "yes", you must attach a supplementary statement explaining in full each such occurrence.

ALL APPLICANTS MUST COMPLETE THIS PORTION IN THE PRESENCE OF A NOTARY PUBLIC

I, _____, under penalty of perjury as set
(Typed name of Applicant (MGA) or of Duly Authorized Representative of MGA)
out in the Criminal Chapter of the Code of Alabama, 1975, hereby swear or affirm that all answers and responses to questions and inquiries contained in this application are true and correct and complete answers and responses herein are to be considered by the Commissioner of Insurance as material to the execution of his or her duties under the Alabama Insurance Code in his or her decision upon this application and that I have read and am familiar with the sections of the Alabama Insurance Code setting forth the qualifications for the license for which I am making this application and that I am withholding no information which would affect my qualifications for this license for which I am making application.

If not signed by individual Applicant, complete the following as to the duly authorized representative:

_____
Original signature of Applicant (if an individual) or of Duly Authorized Representative (if not an individual)

_____
Title

_____
Typed Name of Applicant or of Duly Authorized Representative

_____
Mailing Address

_____
City, State, Zip

_____
Telephone

STATE OF _____)

COUNTY OF _____)

Before me, the undersigned authority, personally appeared _____
(Name of Individual or of Duly Authorized Representative)
who is known to me and who acknowledged before me that he/she signed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, this _____ day of _____, 20_____.

(NOTARY SEAL)

_____
Notary Public (Original Signature)
My Commission Expires: _____

SECTION III [TO BE COMPLETED BY ALL NON-RESIDENT APPLICANTS]

RETALIATORY FEES AND OBLIGATIONS

A.	Aggregate Fees an Alabama MGA would owe in MGA's State of Domicile:	Initial Application Fees	$ _____
B.	Aggregate Fees in Alabama:	Initial Application Fees	- 155.00
C.	Difference (if less than Zero enter "0"):		$ _____

If the total taxes and fees an Alabama MGA would owe in the MGA's state of domicile is greater than the aggregate taxes and fees in Alabama, the same aggregate amount is to be paid in Alabama. In such case, the amount shown above on line A should be attached to this application in lieu of the total amount shown above on line B.

Additionally, in Alabama an MGA must obtain and provide a copy of a fidelity bond for the protection of the insurer in the minimum amount of $100,000 with no deductible, and must provide a copy of the MGA's errors and omissions liability policy with coverage limits in the minimum amount of $1,000,000 or 25% of the gross amount of direct written premium received by an insurer for the previous year that is attributable to the MGA, whichever is greater. If an Alabama MGA would be subject to requirements or obligations in your state of domicile in excess of these requirements, you will be subject to the same requirements and obligations in this state.

Requirements in your state of domicile:	D.	Fidelity Bond Minimum Limits:	_____
	E.	Errors & Omissions policy coverage limits:	_____
	F.	Other requirements (list):	_____

APPOINTMENT OF ALABAMA COMMISSIONER OF INSURANCE AS AGENT FOR SERVICE OF PROCESS

The undersigned, _____, (a corporation), (a partnership),
Name of Managing General Agent
(a _____), duly organized under the laws of the State of _____, or (an individual)
(indicate other legal entity) (state of domicile)
[strike our inapplicable nomenclature], a Managing General Agent, for purposes of complying with the laws of the State of Alabama, hereby irrevocably appoints the Alabama Commissioner of Insurance, and his or her successors in office, to be its lawful attorney upon whom all legal process in any action or proceeding against it shall be served and further agrees that any lawful process against it which is served upon this attorney shall have the same legal validity as if served personally upon the Managing General Agent. The Managing General Agent gives the Alabama Commissioner of Insurance, and his or her successors, full authority to do every act necessary to be done under this appointment as fully as the Managing General Agent could do if personally present and ratifies all that lawfully done under the power granted by this appointment. This authority may be withdrawn only upon a written notice of revocation and in any case shall continue in effect so long as any liability arising out of this appointment remains outstanding in this state. This instrument is executed pursuant to and shall be construed to constitute full compliance with Section 27-10-50, et seq., Code of Alabama 1975.

The Managing General Agent designates _____

who is a resident of the state of Alabama and whose address is _____

as the person upon whom process against the Managing General Agent served upon the Commissioner shall be forwarded. The undersigned agrees to promptly notify the Alabama Commissioner of Insurance in writing of every change in this designated agent, and no such change shall become effective until acknowledged by the Commissioner.

DATED, this _____ day of _____, 20_____.

_____
Typed Name of Managing General Agent

_____
Original signature of (individual) or (Officer of Corporation)

_____
Title of Corporate Officer

STATE OF _____)

COUNTY OF _____)

Before me, the undersigned authority, personally appeared _____
(Name of Individual or of Duly Authorized Representative)
who is known to me and who acknowledged before me that he/she signed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, this _____ day of _____, 20_____.

(NOTARY SEAL)

_____
Notary Public (Original Signature)
My Commission Expires:

AFFIDAVIT REGARDING BANKRUPTCY, JUDGMENTS OR LIENS
(Attach to application only if required in response to Question 13.)

STATE OF _____

COUNTY OF _____

I, _____, under penalty of perjury, do hereby swear or
(Applicant's Name)

affirm the following facts:

1. I declared bankruptcy or had a judgment or lien entered against me in the State of

_____ in the year of _____.
(State) (Year)

2. None of the debts were monies owed to insurance companies or policyholders or consumers related to the business of insurance.

_____
Signature of Applicant

_____
Date

Subscribed and sworn to before me this _____ day of _____, 20____.

_____
Notary Public

My Commission Expires: _____

FORM AL-MGA-2

MANAGING GENERAL AGENT'S CONTRACT

ARTICLE I -- PREAMBLE

(a) The parties to this agreement are:

(1) _____,
hereafter referred to as the insurer, and

(2) _____,
hereafter referred to as the managing general agent or MGA.

(b) The promises and agreements made by the insurer in this managing general agent's contract are made in consideration of the promises and agreements made by the managing general agent. The promises and agreements made by the managing general agent in this managing general agent's contract are made in consideration of the promises and agreements made by the insurer.

(c) This written managing general agent's contract contains the entire agreement of the insurer and the managing general agent.

(d) This managing general agent's contract will not become effective until signed by the insurer and the managing general agent, and is filed with and approved by the Commissioner of Insurance of the State of Alabama.

ARTICLE II -- MANDATORY PROVISIONS

Notwithstanding any provision in the managing general agent's contract or any other written, oral or parole agreement to the contrary, the following provisions are binding upon the insurer and the managing general agent:

(1) The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of any dispute regarding the cause for termination. Nothing in this section is intended to relieve the managing general agent or insurer of any other contractual obligation;

(2) The managing general agent shall render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis;

(3) All funds collected for the account of an insurer will be held by the managing general agent in a fiduciary capacity **in a segregated account** in a bank that is a member of the Federal Reserve System. This account shall be used for all payments on behalf of the insurer **and for no other purpose**. The managing general agent may retain no more than three months estimated claims payments and allocated loss adjustment expenses;

(4) Separate records of business written by the managing general agent shall be maintained. The insurer shall have access and right to copy all accounts and records related to its business in a form usable by the insurer and the Alabama Commissioner of Insurance shall have access to all books, bank accounts, and records of the managing general agent in a form usable to the commissioner. Such records shall be retained for a minimum of three years following the transactions to which the records relate.

(5) This contract may not be assigned in whole or part by the managing general agent.

(6) Appropriate underwriting guidelines are established in Article III of this managing general agent's agreement.

(7) The insurer shall have the right to cancel or not renew any policy of insurance subject to the applicable laws and regulations concerning the cancellation and non-renewal of insurance policies.

(8) This contract **(does/does not)** permit the managing general agent to settle claims on behalf of the insurer. If this managing general agent's contract permits the managing general agent to settle claims on behalf of the insurer:

a. All claims shall be reported to the company in a timely manner.

b. A copy of the claim file shall be sent to the insurer at its request or as soon as it becomes known to the managing general agent that the claim:

1. Has the potential to exceed $10,000 or exceeds the limit set by the company ($_____), whichever is less;

2. Involves a coverage dispute;

3. May exceed the managing general agent's claims settlement authority;

4. Has been open for more than six months; or

5. Is closed by payment of $10,000 or an amount set by the company ($_____), whichever is less;

c. All claim files will be the joint property of the insurer and managing general agent. However, upon an order of liquidation of the insurer, such files shall become the sole property of the insurer or its estate, but the managing general agent shall have reasonable access to and the right to copy the files on a timely basis;

d. Any settlement authority granted to the managing general agent may be terminated for cause upon the insurer's written notice to the managing general agent or upon the termination of this contract. The insurer may suspend the settlement authority during the pendency of any dispute regarding the cause for termination. Nothing in this paragraph is intended to relieve the managing general agent or insurer of any other contractual obligation; and

e. Article III contains other provisions relating to the settlement of claims by the managing general agent on behalf of the insurer.

(9) Electronic claims files **(are/are not)** in existence. If such files are in existence, Article III of this managing general agent's contract will contain provisions which govern the timely transmission of the data by the managing general agent to the insurer.

(10) This contract **(does/does not)** provide for a sharing of interim profits by the managing general agent. If this contract does provide for such sharing, then:

a. Provisions for such sharing are described in Article III of this managing general agent's contract; and

b. If the managing general agent has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments, or in any other manner, interim profits will not be paid to the managing general agent until one year after they are earned for property insurance business and five years after they are earned on casualty business and not until the profits have been verified pursuant to the Alabama Managing General Agents Act.

(11) The managing general agent shall not:

a. Bind reinsurance or retrocessions on behalf of the insurer. The managing general agent (however, may/may not) bind facultative reinsurance contracts pursuant to

obligatory facultative agreements. If the managing general agent is permitted to bind facultative reinsurance contracts, this managing general agent's contract will contain in Article III reinsurance underwriting guidelines, including, for both reinsurance assumed and ceded, a list of reinsurers with which such automatic agreements are in effect, the coverages and amounts or percentages that may be reinsured and commission schedules;

b. Commit the insurer to participate in insurance or reinsurance syndicates;

c. Appoint any agent without assuring that the agent is lawfully licensed to transact the type of insurance for which he or she is appointed;

d. Without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, which shall not exceed one percent of the insurer's policyholder's surplus as of December 31 of the last completed calendar year;

e. Collect any payment from a reinsurer or commit the insurer to any claim settlement with a reinsurer without prior approval of the insurer. If prior approval is given, a report shall be promptly forwarded to the insurer;

f. Permit its subagent to serve on the insurer's board of directors;

g. Jointly employ an individual who is employed by the insurer; or

h. Appoint a subordinate managing general agent.

ARTICLE III -- OPTIONAL PROVISIONS

(a) The following are underwriting guidelines for the managing general agent (see Article II (6)):

(1) The maximum annual premium volume:

_____

_____

(2) The basis of the rates to be charged:

_____

_____

(3) The types of risks which may be written:

_____

_____

(4) Maximum limits of liability:

_____

_____

(5) Applicable exclusions:

_____

_____

(6) Territorial limitations:

_____

_____

(7) Policy cancellation provisions:

_____

_____

(8) The maximum policy period:

_____

_____

(9) Other underwriting guidelines:

_____

_____

_____

_____

_____

_____

(b) The following provisions govern the settlement of claims by the managing general agent on behalf of the insurer (see Article II (8)(e)):

_____

_____

_____

(c) The following provisions govern the timely transmission of data in electronic claims files by the managing general agent to the insurer (see Article II (9)):

_____

_____

_____

(d) The following provisions govern the sharing of interim profits by the managing general agent (see Article II (10)):

_____

_____

_____

(e) The following provisions govern reinsurance underwriting guidelines, for both reinsurance assumed and ceded, for the binding by the managing general agent of facultative contracts (see Article II (11)b):

(1) List of reinsurers with which obligatory facultative reinsurance agreements are in effect:

_____

_____

(2) The coverages and amounts or percentages that may be reinsured:

_____

_____

(3) Commission schedules:

_____

_____

(4) Other provisions relating to underwriting guidelines for facultative reinsurance:

_____

_____

ARTICLE IV -- OTHER PROVISIONS

(a) The provisions of this Article IV are in addition to and not in lieu of the provisions of Articles I, II and III. The provisions of Articles I, II and III shall be construed wherever possible as not in conflict and not in place of this Article IV, but as minimum requirements in addition to this Article IV. Only in the event of irreconcilable conflict, the provisions of Articles I, II and III will prevail over the provisions of this Article IV.

_____

_____

_____

_____

_____

_____

Dated: _____ Signed: _____
Name:
Title:
Insurer:

Dated: _____ Signed: _____
Name:
Title:
MGA:

FORM AL-MGA-3

MANAGING GENERAL AGENT (MGA) TERMINATION

FILE WITH: Alabama Department of Insurance
Producer Licensing Division
P.O. Box 303351
Montgomery, Alabama 36130-3351

INSTRUCTIONS:

1. Please type.
2. This form must be RECEIVED by the Department of Insurance no later than thirty (30) days after notification of termination is provided to all of the parties of the contract.
3. No fee is required for terminations.
4. A separate termination form must be completed for each termination.

NAME OF INSURER: _____

INSURER NAIC NO.: ☐☐☐☐☐

NAME OF MGA: _____

ALA. MGA LICENSE NO.: ☐☐☐☐☐☐☐ DATE OF TERMINATION: __ / __ / ___

On behalf of the above-named insurer, I certify that the MGA contract with the above-named MGA has been terminated by our company.

Dated: _____

_____
(original signature of authorized company official)

DO NOT WRITE IN THIS SPACE

_____
(typed name of authorized company official)

_____
(title of authorized company official)

_____
(address)

_____
(city/state/zip)

_____
(telephone)

STATE OF ALABAMA – DEPARTMENT OF INSURANCE

MANAGING GENERAL AGENT (MGA) CERTIFICATION

INSTRUCTIONS:

1. This form is to be completed by an authorized representative of the insurance company.
2. This form is due on or before December 31 of each year following the appointment of a managing general agent.
3. This form must be accompanied by a check or money order in the following amount:

   This form will be returned without processing if not accompanied by the fees indicated, which may result in the cancellation of the license. Make checks payable to "Commissioner of Insurance, State of Alabama."

   License Fee 75.00
   Retaliatory Fee
   Total Due $

4. In addition to the fees mentioned above, the following items **MUST** be submitted with this form:
   - The MGA's most recent annual audit conducted by a Certified Public Accountant.
   - If the MGA establishes loss reserves, an actuarial opinion attesting to the adequacy of the loss reserves established by said MGA.
5. PLEASE TYPE. Deliver this completed form to:

   Alabama Department of Insurance
   Producer Licensing Division
   P.O. Box 303351
   Montgomery, Alabama 36130-3351

****

NAME OF INSURER: _____

INSURER NAIC NO.: ☐☐☐☐☐

NAME OF MGA: _____

ALA. MGA LICENSE NO.: ☐☐☐☐☐☐☐ ADDRESS: _____

MGA FEIN: _____ _____

On behalf of the above-named insurer, I certify that, to the best of my knowledge of the facts of which I am presently aware, the above-named MGA has honored the Managing General Agent's Contract in full.

Mark ☒ one of the following:

☐ The MGA <u>DOES NOT</u> establish loss reserves for this insurer.

☐ The MGA establishes loss reserves for this insurer. Attached is the most recent annual actuarial opinion attesting to the adequacy of the loss reserves established by said MGA.

The MGA has also submitted their most recent annual audit conducted by a Certified Public Accountant, which is also attached hereto.

Dated: _____

_____
(original signature of authorized company official)

_____
(typed name of authorized company official)

_____
(title of authorized company official)

_____
(address)

_____
(city/state/zip)

_____
(telephone)

DO NOT WRITE IN THIS SPACE

Author:
Statutory Authority:
History: