

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION  
ADMINISTRATIVE CODE**

**CHAPTER 482-1-119  
RESTRICTIONS ON LOANS OBTAINED BY INSURANCE PRODUCERS FROM THEIR  
CLIENTS**

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**482-1-119-.01      Authority And Short Title.**

This chapter is adopted pursuant to Sections 27-2-17 and 27-12-21, Code of Ala. 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

**Amended:** December 21, 2005; effective December 31, 2005. Filed with LRS December 21, 2005. Rule is not subject to the Alabama Administrative Procedure Act.

**482-1-119-.02      Purpose.**

The purpose of this chapter is to place certain restrictions on loans obtained by insurance producers from their clients.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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**482-1-119-.03      Restrictions On Loans Obtained By Insurance Producers From Their Clients.**

No licensed insurance producer or broker may solicit, obtain or accept a loan from a person who is an existing or former client, except in the case of one of the following:

(a) The person is acting in the capacity as an employee of a lending institution authorized by state or federal law.

(b) The person is individually licensed as a lender according to state or federal law.

(c) There is a written contract establishing the terms for repayment of the loan and the contract is filed with the Legal Division of the Department of Insurance within thirty (30) days of its effective date.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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**482-1-119-.04      Definition Of Client.**

CLIENT. For the purposes of this chapter, "client" means any person who has purchased insurance from the producer or broker or who has been solicited for the purchase of insurance from the producer or broker, but does not include the relatives of the producer or broker, by blood or marriage, to the third degree of kinship.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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**482-1-119-.05      Violations.**

A violation of this chapter shall be considered by the Commissioner to be a deceptive practice and the Commissioner may commence a proceeding pursuant to Section 27-12-21, Code of Ala. 1975. A violation of this chapter may also support an action for

the suspension or revocation of the license of producer or broker in accordance with Section 27-7-19, Code of Ala. 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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#### 482-1-119-.06      Separability.

If any provision of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the chapter and the application of its provisions to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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#### 482-1-119-.07      Effective Date.

This chapter shall be 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 (10) days.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-12-21

**History: New Rule:** February 18, 2000; effective July 1, 2000.

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