

APA-1

TRANSMITTAL SHEET FOR NOTICE  
OF INTENDED ACTION

Control: 20

Department or Agency: Alabama Alcoholic Beverage Control Board

Rule No.: 20-X-5-.14

Rule Title: Requirements Of Financial Responsibility By Licensees

Intended Action Amend

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? Yes

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved? No

To what degree?: N/A

Is the increase in cost more harmful to the public than the harm that might result from the absence of the proposed rule? NA

Are all facets of the rule-making process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed action relate to or affect in any manner any litigation which the agency is a party to concerning the subject matter of the proposed rule? No

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Does the proposed rule have an economic impact? No

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

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency.

Signature of certifying officer

Curtis E. Stewart  
Curtis Stewart

Date

Wednesday, February 12, 2025

REC'D & FILED  
FEB 12, 2025  
LEGISLATIVE SVC AGENCY

ALABAMA ALCOHOLIC BEVERAGE CONTROL BOARD

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Alcoholic Beverage Control Board

RULE NO. & TITLE: 20-X-5-.14 Requirements Of Financial Responsibility  
By Licensees

INTENDED ACTION: Amend

SUBSTANCE OF PROPOSED ACTION:

This chapter is being amended to reflect updated procedures of the Board, and to conform with statutory changes. Please see the ABC Board website [www.alabcboard.gov](http://www.alabcboard.gov) for the full text of proposed changes and additions.

TIME, PLACE AND MANNER OF PRESENTING VIEWS:

Interested persons may present their views in writing to the Administrative Procedures Secretary, Angela Flowers, Alabama ABC Board, 2715 Gunter Park Drive West, Montgomery, AL 36109, or email to [legal@abc.alabama.gov](mailto:legal@abc.alabama.gov).  
Deadline to present views: 04/04/2025

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Friday, April 4, 2025

CONTACT PERSON AT AGENCY:

Angela Flowers  
Administrative Procedures  
Secretary  
2715 Gunter Park Drive West  
Montgomery, AL 36109

*Curtis E. Stewart*

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Curtis Stewart

(Signature of officer authorized  
to promulgate and adopt  
rules or his or her deputy)

**Requirements Of Financial Responsibility By Licensees.**

(1) All retail licensees of the ABC Board shall maintain, at all times, liquor liability (dram shop) insurance described below and shall comply with the following conditions of requirements of financial responsibility.

(a) Prior to the issuance or renewal of any retail alcoholic beverage license, each applicant must provide the ABC Board with sufficient information that it has liquor liability (dram shop) insurance coverage in the amount of at least one hundred thousand dollars (\$100,000.00) per occurrence, exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured.

(b) Retail alcohol beverage licensees may also provide coverage through joining a Group Captive, or Captive Insurance Program, that has been approved by the Alabama Department of Insurance. Coverage shall be in the amount of at least one hundred thousand dollars (\$100,000.00) per occurrence, exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured.

(c) This information may be provided as follows:

1. A certificate of liquor liability insurance from a reputable insurance company showing that the applicant has liquor liability (dram shop) insurance of at least one hundred thousand dollars (\$100,000.00) for each occurrence, that the certificate is for liability coverage only exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured and that coverage is valid for the license year for which the application is being submitted; or
2. Other method as may be required by the ABC Board.

~~(e)~~ (d) A certificate of liquor liability insurance also will show that the insurer will advise the Alabama ABC Board immediately in the event the policy is cancelled before the expiration date thereof.

(2) It shall be unlawful to represent to the ABC Board or to any other person that current insurance coverage exists when the policy has been cancelled or otherwise is not in force for any reason.

(a) A copy of a certificate of liquor liability insurance showing the current coverage shall be retained on the licensed premises and readily available for inspection by personnel of the Board or law enforcement officers.

(b) The Board may verify the liquor liability insurance coverage of any licensee at any time.

(3) No application for a new retail license shall be approved unless the application shows affirmatively that the requirements contained herein are met. All online renewal applications shall meet all insurance requirements. All information on the renewal application must be accurate and include a copy of the licensee's current liquor liability insurance certificate. Failure to comply with the requirements contained herein shall be cause for suspension or revocation of the license.

(4) A retail licensee shall notify the ABC Board immediately at any time that its liquor liability insurance is canceled.

(5) In the event of cancellation, termination or other invalidation of its liquor liability insurance, the licensee must comply with the requirement of this financial responsibility regulation within fifteen (15) days from the date of the cancellation, termination or other invalidation. After the fifteenth day, if the licensee has not complied, the subject license shall be suspended immediately. Any license which has been suspended for failure to abide by this regulation shall not be reinstated until compliance with section (1) is met.

(6) A licensee may be cited administratively for violation of this regulation if proper insurance coverage is not maintained throughout the license year.

(7) This regulation shall not apply to licensees exempted by Title 28-3A-1.5 Code of Ala. 1975.

**Author:** ABC Board

**Statutory Authority:** Code of Ala. 1975, §§28-3-2; 28-3-49.

**History: Repealed and New Rule:** Filed August 21, 1998; effective October 16, 1998. **Amended:** Filed January 13, 2010; effective February 17, 2010. **Amended:** Published August 31, 2021; effective October 15, 2021. **Amended: Published** ; **effective** .