

ALABAMA DEPARTMENT OF INSURANCE INSURANCE REGULATION  
ADMINISTRATIVE CODE

CHAPTER 482-1-106  
MANAGING GENERAL AGENTS

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
APPLICATION FOR MANAGING GENERAL AGENT (MGA) APPOINTMENT

TOTAL FEES: \$155

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).
2. Filing of this application does not give authority to the MGA.
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.
4. In addition to the fees mentioned above, the following items MUST be submitted 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

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 X as many as required):

- 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.

Dated: \_\_\_\_\_

DO NOT WRITE IN THIS SPACE

(original signature of authorized company official)
(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 contendere, 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)



Insurance

Rule 482-1-106-A

Author:  
Statutory Authority:  
History: