

ALABAMA DEPARTMENT OF REVENUE
ADMINISTRATIVE CODE

CHAPTER 810-5-12
DEALER LICENSE

810-5-12.-05 Evidence Of Blanket Liability Insurance Coverage
For Licensed Motor Vehicle Dealers.

(1) Section 40-12-392, Code of Ala. 1975, requires licensed motor vehicle dealers to maintain blanket motor vehicle liability insurance coverage. The required insurance coverage must be issued in the legal name of an applicant for a motor vehicle master dealer license and evidence of this insurance coverage must be submitted with an application for a motor vehicle master dealer license.

(2) Each applicant for a motor vehicle master dealer license must provide the following information:

(a) Evidence that the insurance policy is in the legal name of the business identified on the license application.

(b) The name, address and NAIC (National Association of Insurance Commissioners) number of the insurance company providing the coverage for the license year.

(c) The policy number of the insurance company providing the coverage for the license year.

(d) Certification that applicant's insurance will be in effect in the form of a blanket motor vehicle liability insurance policy or commercial automobile liability insurance policy, covering all vehicles held in inventory by the licensee, whether located at a licensed location of the licensee, or operated on any public street or highway within the State of Alabama.

(e) Evidence that the coverage amounts are no less than the minimum amounts set for bodily injury or death and for destruction of property under §32-7-6(c), Code of Ala. 1975.

(3) (a) Prior to the issuance of a motor vehicle master dealer license, the insurance coverage certified by the applicant pursuant to paragraph 2 must be verified by the insurance company providing coverage for the license year, or its licensed agent, either electronically or by completion and submission of an insurance certification form MVD-1, generated from the department's system.

(b) If the verified insurance coverage policy is later cancelled, the insurance company or its licensed agent must provide the department with notice of the cancellation.

(4) If an applicant for a motor vehicle master dealer license knowingly furnishes an insurance certificate purporting insurance coverage which is false or nonexistent, or which the applicant knows has lapsed prior to the application date, a penalty of \$1,000.00 shall be assessed in accordance with §40-12-29, Code of Ala. 1975. Further any license issued pursuant to an application for which this penalty has been assessed shall be revoked in accordance with §40-12-396, Code of Ala. 1975, and the licensee shall not be considered for another license. In the event that the licensee is a designated agent and the license is revoked pursuant to this paragraph, the licensee's designated agent status will also be revoked.

(5) If a notice of cancellation of insurance is received from the insurance company or its license agent during the license year and the licensee does not provide proof of insurance coverage prior to the date of cancellation, the license shall be revoked. To reinstate the license, the licensee must submit evidence of insurance as provided in this rule and a new surety bond.

Author: Don Clemons, Mike Gamble

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-12-392(a).

History: New Rule: Filed July 30, 2012; effective September 3, 2012. **Amended:** Filed December 19, 2012; effective January 23, 2013. **Amended:** Filed December 5, 2014; effective January 9, 2015. **Amended:** Published July 31, 2020; effective September 14, 2020.