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# State of Alabama Department of Revenue

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## MEMORANDUM

TO: All License Plate Issuing Officials

FROM: Charles Tice, Revenue Examiner II  
Motor Vehicle Division

RE: **Mandatory Liability Insurance (MLI)**

The following information provides a summary of the recent changes in Alabama mandatory liability insurance requirements. Please provide this information to all personnel associated with the registering, titling, and taxing of motor vehicles in your office, and to others as needed. Contact the *Mandatory Liability Insurance Section* at (334) 353-2000 if you have any questions or comments.

### ***Act 2000-554: A General Overview***

The Governor signed House Bill 134 on May 15, 2000, officially known as the ***Mandatory Liability Insurance Act*** (Act 2000-554). The importance of this new legislation can only be appreciated by first reviewing what *would have been* in existence had Act 2000-554 not been approved. Beginning January 1, 2001, county license plate issuing officials ***would have been required to obtain from each registrant documentation*** showing evidence of minimum liability insurance as a prerequisite to registration. County officials ***would also have been required to have each registrant sign an affidavit*** stating that he/she had the minimum liability insurance. County officials ***would have been required to maintain both of these documents in their offices*** for review. These requirements basically would have prevented all registration renewals by mail, Internet, phone, etc., flooding your offices with increased traffic and increasing the probability of having irritable taxpayers at your counters.

The ***Mandatory Liability Insurance (MLI) Act*** takes the “front-end” enforcement (proof of MLI as a prerequisite to registration) off of county license plate issuing officials and creates “back-end” enforcement by providing for a sampling process. Convictions resulting from tickets issued by law enforcement for MLI violations will also be a part of the enforcement. ***There are several substantial changes provided for in the new law, which include (see later sections for effective dates):***

- Repeal of Section 32-7-6.1 of Act 99-430;

- Requirement for minimum liability insurance coverage on self-propelled motor vehicles;
- Requirement for evidence of MLI to be carried in the vehicle when operated;
- Provision for the Department of Revenue to randomly select registered vehicles to be sampled for MLI;
- Requirement for the suspension of registrations by the Department of Revenue for vehicles found to be in violation of the MLI law;
- Provision for a \$100 reinstatement fee for first time suspensions;
- Provision for a \$200 reinstatement fee and *4 month minimum suspension* for second and subsequent suspensions;
- Provision for the Department of Revenue to provide county offices with a monthly list of suspended registrations;
- Requirement for county license plate issuing officials to refuse to register or renew motor vehicles with suspended registrations;
- Requirement for driver's license numbers to be captured and sent to the state with other registration information;
- Requirement for an affirmation from registrants or their authorized representatives stating that they are in compliance with the MLI law;
- Provision for a fine of up to \$500 for the first conviction; and a
- Provision for a fine of up to \$1000 for the second and subsequent convictions and/or suspension of the driver's license for up to six months.

***Act 2000-554: Provisions Effective June 1, 2000***

Beginning June 1, 2000, "...no person shall operate, register or maintain registration of...a motor vehicle...unless the motor vehicle is covered by a liability insurance policy, ...bond, or deposit of cash." This requirement affects automobiles, pickups, trucks, motorcycles, motor homes, and other self-propelled vehicles. Persons operating motor vehicles must also carry evidence of liability insurance coverage. Anyone

failing or refusing to provide proof of insurance upon the request of law enforcement will be subject to a Class C misdemeanor, with a fine of up to \$500 for the first conviction and \$1000 *and/or suspension of the driver's license for up to six months* for each subsequent conviction.

**Trailers of all types and motor vehicles owned by government agencies are excluded from the MLI provisions.** Other exclusions include: implements of husbandry, vehicles moved by animal power, special mobile equipment, and inoperable or stored motor vehicles.

### ***Act 2000-554: Provisions Effective January 1, 2001***

**Beginning January 1, 2001, the Department of Revenue will randomly select registered vehicles to sample and verify MLI coverage.** The registrations for vehicles found to be in noncompliance will be **suspended**. The Department of Revenue will also be notified of court convictions for MLI violations and will suspend registrations on the associated vehicles. Each vehicle and/or person receiving a suspension will be rechecked by the Department of Revenue annually for four years after reinstatement.

For first time reinstatements, registrants will be required to pay a \$100 fee and provide proof of insurance to the Department of Revenue. For subsequent reinstatements within four years, registrants must pay a \$200 fee, *undergo a 4 month minimum registration suspension*, and provide evidence **of SR-22 insurance for three years**. The required SR-22 insurance is to be administered and monitored by the Department of Public Safety.

**The Department of Revenue will begin sending a list of suspended registrations to county license plate issuing officials on a monthly basis. County license plate issuing officials must refuse to transfer or renew license plate registrations shown on the list.** Registrants with suspended registrations must be reinstated by the Department of Revenue before the license plate can be transferred or renewed.

**County license plate issuing officials must obtain the driver's license number of the vehicle owner(s) when processing registrations.** A non-driver identification number is to be obtained for vehicles privately owned by persons who do not drive, and a Federal Employer Identification Number (FEIN) is to be obtained for commercially owned vehicles. This information should then be sent to the Department of Revenue along with all other registration information sent monthly. Several counties are already capturing this information, and we recommend to everyone else to start as soon as you can. Note that once the number is captured it should be on the database year after year. ***Do not print***

*the driver's license number on the registration receipt (specifically mentioned in the law).*

*is true and correct and that the vehicle described above is insured as required by Alabama law."*

**Acceptable "Evidence Of Insurance" Documentation To Law Enforcement Upon Request**

8-1-00

The best proof of liability insurance to be carried when a vehicle is the insurance card issued by the insurer. The insurance cards are issued by companies qualified to issue motor vehicle liability insurance in Alabama. Information printed on the cards includes the year model, make, VIN, name of insured, name of insurance company, the policy number, and the period of coverage. **Other acceptable documents include:**

- A temporary insurance card issued by the insurer.
- A premium receipt or insurance binder issued by the motorist's insurance agent.
- The current declarations page of a liability insurance policy.
- The actual liability insurance policy issued for the vehicle.
- A certificate of liability insurance issued by either the insurer or an authorized agent.
- Proof of purchase of a motor vehicle within the previous 60 days and a valid insurance card issued for the motor vehicle replaced by such purchase. The proof of purchase is to be a copy of the bill of sale if the

vehicle is a pre-1975 year model, or the owner's permit (yellow) copy of the application for certificate of title for a 1975 and subsequent year model vehicle.

- A copy of the rental agreement, when renting a motor vehicle, which specifies the insurance coverage.

### ***Q/A's - General***

- **If I am stopped by law enforcement and ticketed for not having proof of insurance in the vehicle, even though I actually do have insurance, will I be convicted and fined?** *No, §32-7A-20 provides that if evidence is presented to the court that the vehicle was covered by a liability insurance policy on the specified date, there will be no conviction.*
- **What will happen if I am sampled by the state and do not return my insurance questionnaire or I do return it and show no insurance?** *A "45 Day Notice Of Suspension" letter will be generated and sent to you. On the 46th day following the date of the letter, your registration will be suspended. While suspended, the vehicle cannot legally be operated on the streets or highways; if operated, the owner may be cited for a Class C misdemeanor.*
- **Do the mandatory liability insurance requirements apply to motorcycles and vintage vehicles?** *Yes, the MLI requirements apply to all self-propelled motor vehicles operated on the streets and highways.*

### ***Final Note***

While the Alabama law will be tough on violators, it is not designed to impact those who are insured. **We need the assistance of county officials to ensure that this law does not negatively impact the insured.** If you receive inquiries from insured individuals who were erroneously suspended or have received suspension notices in error, please have them contact the *Mandatory Liability Insurance Section* at (334) 353-2000. Additional information will be sent to your offices in the future. Thanks for your cooperation.