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***History of the Mandatory Liability Insurance Law***

**Purpose of the Law:**

This manual was developed as a reference and training guide for Alabama's *Mandatory Liability Insurance (MLI) Act*. The law was established to effectively administer and enforce minimum motor vehicle liability insurance requirements in our state.

**The Law, Summary of 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.

**The Law, Summary of Provisions Effective January 1, 2001:**

**Beginning January 1, 2001, the Alabama Department of Revenue (the department) 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 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 after reinstatement.

**The department will begin sending a list of suspended registrations to county license plate issuing officials. *The 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 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 will then be sent to the Alabama Department of Revenue.

**The Law, Summary of Provisions Effective June 14, 2011:**

For first time reinstatements, registrants will be required to pay a \$200 fee and provide proof of current insurance. For subsequent reinstatements, registrants must pay a \$400 fee and *undergo a 4 month registration suspension.*

The department is to convene an advisory council to facilitate the implementation of the online insurance verification system on motor vehicles which is to be fully operational January 1, 2013.

**The Law, Summary of Provisions Effective January 1, 2013:**

Act 2011-688 establishes an online insurance verification system. The online insurance verification system shall use web services to verify insurance as recommended by the Insurance Industry Committee for Motor Vehicle Administrators (IICMVA). The online insurance verification system shall be developed by the Advisory Council convened by the department. The online insurance verification system shall use multiple keys, including, but not limited to insurer NAIC number, VIN and policy number. The online insurance verification system (OIVS) shall be accessible to the department, licensing officials, and law enforcement. If OIVS does not return a "confirmed" response to the department, licensing officials, or law enforcement, the registrant will be required to present the evidence of insurance document.

**Responsibilities of the Alabama Department of Revenue:**

The department is designated by Section 32-7A-3 as the agency responsible for administering and enforcing the provisions of the MLI Act. The Department must establish necessary rules, regulations, forms and notices concerning MLI, and provide for hearings upon the request of persons aggrieved by orders or acts of the department. The

department may conduct investigations for MLI information and may suspend motor vehicle registrations as provided for in Chapter 7A of Title 32.

The department is to provide a current list of suspended registrations to any official authorized to collect MLI reinstatement fees, as provided in Section 32-7A-12. Refer to the Revenue Regulation 810-5-1-.237 entitled *Mandatory Liability Insurance (MLI) Registration Reinstatement Procedures* for further information. The list is sent electronically.

A portion of the reinstatement fees are to be retained by the department for use in the administration of Chapter 7A of Title 32. After the payment of the expenses, the remaining funds shall be deposited into the General Fund. Refunds of reinstatement fees collected under Section 32-7A-12, less fees retained by the official authorized to collect the MLI reinstatement fees, are authorized only in cases of duplicate payment, or as otherwise approved by the department. Refer to the Revenue Regulation 810-5-8-.08 entitled *Refunds of Mandatory Liability Insurance (MLI) Reinstatement Fees* for further information.

### **Can the Department Provide Insurance Information to an authorized requestor?**

Form DPPA1 entitled *Request for Motor Vehicle Records* (<http://revenue.alabama.gov/motorvehicle/mvforms/mvdppa1.pdf>) must be completed by an authorized requestor and submitted to the Motor Vehicle Division Records Unit along with the required fees in order to obtain registration record information which includes the insurance policy and NAIC numbers for personal automobiles.

***Mandatory Liability Insurance Requirements*****Liability Insurance Required, or Bond or Deposit of Cash and Amounts:**

No person shall operate, register, or maintain registration of, and no owner shall permit another person to operate, register, or maintain registration of, a motor vehicle designed to be used on a public highway unless it is covered by a liability insurance policy, a commercial automobile liability insurance policy, motor vehicle liability bond, or deposit of cash. (Section 32-7A-4). Anyone convicted of violating this provision will be subject to a maximum fine of \$500 for the first offense. Subsequent offenses carry a maximum fine of \$1,000 and/or suspension of the person's driver's license for up to six months.

Liability insurance policies are required to be issued for amounts not less than the minimums set under Section 32-7-6. The current minimums are: \$25,000 for death or bodily injury to one person; \$50,000 for death or bodily injury to two or more persons; and \$25,000 for damage or destruction of property of others.

Motor vehicle liability bonds are required to be issued for amounts not less than the minimums set under Section 32-7-6. As a condition of the bond, any judgment against the principal in the bond or any person responsible for operating the principal's motor vehicle must be fully satisfied. A surety business authorized to do business in Alabama must complete a Form MV-MLI-004 "Motor Vehicle Liability Bond" and submit it to the department. Once approved, a "Motor Vehicle Liability Bond Certificate" will be issued by the department. The certificate must be presented to law enforcement upon request. Refer to the Revenue Regulation 810-5-8-.01 entitled *Issuance of Certificate of Motor Vehicle Liability Bond* for further information.

Deposits of cash with the Alabama Department of Revenue, as authorized for MLI purposes and held by the State Treasurer's office, are required to be for amounts not less than the minimums set under Section 32-7-6. The owner must complete a Form MV-MLI-001 "Application for Cash Bond Certificate" and submit it to the department. Once the form is approved and the deposit is made, a "Cash Bond Certificate" will be issued by the department. The certificate must be presented to law enforcement upon request. If an owner wishes to withdraw a deposit of cash, he/she must complete a Form MV-MLI-003 "Cash Bond Withdrawal Request" and submit it to the department. There will be a sixty day delay in the release of the funds to ensure there are no judgments pending against them. If during that time a judgment is rendered, the funds will be held until all pending claims have been resolved. Refer to the Revenue Regulation 810-5-8-.02 entitled *Issuance of Certificate of Cash Bond and Satisfaction of Judgements* for further information.

**Insurance Company Must be Alabama Licensed:**

For MLI purposes, acceptable insurance policies are those issued by insurers authorized to do business in Alabama or non-admitted insurance companies procured through AL licensed surplus lines insurance brokers in accordance with Section 27-10-20. Refer to the inquiry link located at the Alabama Department of Insurance Internet site, <http://www.aldoi.gov> to verify a specific insurance company. Policies issued by insurance businesses not authorized in Alabama will be considered invalid and treated as if no insurance is in effect for the subject vehicle.

***Vehicles Exempt from MLI Law***

There are several types of vehicles in Alabama which are exempt from the MLI laws as detailed in Section 32-7A-5. These vehicles are discussed in the following list and owners are not subject to the requirements listed in the previous section. *They are also not subject to driver license validations or insurance questionnaire/verification provisions.*

- ! *Trailers:* Every vehicle without motive power designed to carry persons or property wholly on its own structure and to be drawn by another motor vehicle. For MLI purposes, this includes semitrailers, travel trailers, boat trailers, pole trailers and utility trailers.
  
- ! *Governmental vehicles:* Motor vehicles owned and operated by the United States or any agency thereof, the State of Alabama, or any political or governmental subdivision thereof.
  
- ! *Federal Motor Carrier Safety Administration (FMCSA) or AL Public Service Commission (PSC) regulated vehicles:* Any motor vehicle which is subject to the supervision and regulation of the FMCSA or PSC and for which the owner and/or operator has filed evidence of financial responsibility, the liability under which is not less than that required of the operator of a motor vehicle under the terms of the MLI provisions.
  
- ! *Self-insured vehicles:* Motor vehicles covered by a certificate of self-insurance issued by the director of the Department of Public Safety. Available only to owners of **more than** 25 motor vehicles who have applied to the director and been approved.
  
- ! *Implements of husbandry:* Every vehicle designed and adapted exclusively for agricultural, horticultural or livestock raising operations or for lifting or carrying an implement of husbandry and in either case not subject to licensing or registration if used upon the highways.
  
- ! *Animal powered vehicles:* Any vehicle moved solely by animal power.
  
- ! *Special mobile equipment:* Every vehicle not designed or used primarily for the transportation of persons or property and only incidentally operated or moved over the highway, including but not limited to: ditch-digging apparatus; well-boring apparatus; road construction and maintenance machinery such as asphalt spreaders, bituminous mixers, bucket loaders, tractors other than truck tractors, ditchers, leveling

graders, finishing machines, motor graders, road rollers, scarifiers, earth-moving carryalls and scrapers, power shovels and draglines, and self-propelled cranes; and earth-moving equipment. The term does not include manufactured homes, dump trucks, truck-mounted transit mixers, cranes or shovels or other vehicles designed for the transportation of persons or property to which machinery has been attached.

- ! *Inoperable or stored vehicles:* Motor vehicles that are not operated on public highways, defined in Section 40-12-240 as “Every highway, road, street, alley, lane, court, place, trail, drive, bridge, viaduct, or trestle, located either within a municipality or in unincorporated territory, and laid out or erected by the public or dedicated or abandoned to the public or intended for use by or for the public. The term “public highway” shall apply to and include driveways upon the grounds of universities, colleges, schools, and institutions, but shall not include private driveways, private roads, or private places not intended for use by the public.”
- ! *Dealer owned vehicles:* Motor vehicles owned by a licensed motor vehicle dealer, wholesaler, or rebuilder and held in inventory that are covered by a blanket liability insurance policy or commercial automobile liability insurance policy.
- ! *Repossessed or “End-of-lease surrendered” vehicles:* Motor vehicles owned by a bank, a subsidiary or affiliate of a bank, or finance company acquired as an incident to their regular business that are covered by a blanket liability insurance policy or commercial automobile liability insurance policy.
- ! *Other complying vehicles:* All other motor vehicles complying with laws which require the vehicles to be insured in amounts meeting or exceeding the minimum amounts required by the MLI provisions.
- ! *Vehicles as prescribed by the commissioner that are covered by a blanket liability insurance policy or commercial automobile liability insurance policy:* Administrative rule 810-5-8-.07 entitled Vehicles Exempt from the Mandatory Liability Insurance Law provides further guidance.

***Evidence of Insurance***

**Evidence of Insurance Required When Operating a Vehicle and Acceptable Proof of Insurance Documentation:**

Anyone driving a motor vehicle that is subject to the MLI provisions must carry evidence of insurance within the vehicle to be presented to a law enforcement officer in accordance with Section 32-7A-6. The proof documentation must be legible and sufficient to demonstrate that the vehicle is currently covered by a MLI policy. Acceptable proof documentation includes:

- ! An insurance card or temporary insurance card issued by the insurer or an authorized representative;
- ! Proof of purchase of a motor vehicle within 20 calendar days AND a current and valid insurance card issued for the motor vehicle being replaced;
- ! The current declarations page of a liability insurance policy;
- ! A liability insurance binder or certificate of liability insurance. Legible copies of these documents are also acceptable; or
- ! A current motor vehicle rental agreement for the vehicle which specifies that the rental company or the operator has the required insurance.

**Required Elements for Insurance Cards:**

Insurance companies which issue liability insurance policies or commercial automobile liability insurance policies are required to provide an insurance card for each motor vehicle that is insured. The insurance cards are required to be a minimum size of 3”X 2 1/8”. The following information must be printed on the front side of each card:

- ! The vehicle year model;
- ! The vehicle make;
- ! The vehicle identification number (VIN);

- ! The name of the insured(s);
- ! The name of the insurance company;
- ! The National Association of Insurance Commissioners (NAIC) code;
- ! The policy number (not required on temporary insurance cards); and
- ! The effective date and expiration date (not to exceed 12 months).

*Exceptions:* Insurance cards issued for a commercial automobile liability insurance policy may have the word "FLEET", "COMMERCIAL", "COMMERCIAL POLICY", OR "COMMERCIAL EXEMPT" printed on them in place of the vehicle year model, make and VIN information. For nonowner policies, the words "NONOWNER POLICY" may be printed on the insurance cards in place of the vehicle year model, make and VIN information.

Insurance companies are allowed to issue temporary insurance cards without the policy number, but they must have all the other required information. Insurance cards that are similar in appearance, form and content for policies that do not meet the MLI requirements as specifically prohibited. Refer to the Revenue Regulation 810-5-8-.05 entitled *Evidence of Insurance Requirements* for further information.

### **Required Evidence for Newly Purchased Vehicles:**

Operators of motor vehicles purchased within the previous 20 days must carry proof of purchase and a current/valid insurance card issued for the motor vehicle which was replaced. Acceptable documentation for proof of purchase includes:

- ! A legible copy of the legal bill of sale if the motor vehicle is not subject to the provisions of the Alabama Uniform Certificate of Title and Antitheft Act;
- ! The application for certificate of title for a motor vehicle subject to the provisions of the Alabama Uniform Certificate of Title and Antitheft Act; or
- ! An Alabama certificate of title issued in the name of the vehicle owner or operator.

**Required Elements for Other Acceptable Proof of Insurance Documents:**

In order to qualify as acceptable proof documentation, insurance binders, certificates of liability insurance and other evidence of insurance as required must contain the following information:

- ! The insurance company name;
- ! The policy number (not required for binders and temporary insurance cards);
- ! The effective date;
- ! The expiration date;
- ! The name of the insured(s);
- ! The vehicle year model (not required for commercial automobile liability or nonowner policies);
- ! The vehicle make (not required for commercial automobile liability or nonowner policies);
- ! The vehicle identification number (not required for commercial automobile liability or nonowner policies); and
- ! The signature of the insurer's authorized representative.

Evidence of insurance may be presented electronically.

**Enforcement****Evidence of Insurance Presented to Law Enforcement Upon Request:**

Motor vehicle operators must present evidence of insurance to law enforcement upon request. Anyone unable or refusing to comply with such request is guilty of a Class C misdemeanor. Law enforcement personnel are specifically prohibited from stopping a vehicle solely for the purpose of verifying insurance.

Displaying evidence knowing there is no valid liability insurance policy and/or knowing that the evidence has been illegally altered or counterfeited is also classified as a Class C misdemeanor. If a law enforcement officer issues a citation to a motor vehicle operator for displaying invalid evidence, the officer is also required to confiscate the evidence for presentation in court.

**Driver's License Number and Confirmation/Evidence of Insurance Required for Registration:**

**All license plate issuing officials are required to obtain the Alabama driver's license number of each owner when processing an initial motor vehicle registration or transfer of registration. When renewing a motor vehicle registration that contains more than one individual or entity listed as a registrant for a motor vehicle, a valid driver's license or other identification document as listed below, is required for only one of the individuals or entities listed as a registrant (change effective May 24, 2013 with enactment of Act 2013-398).** If an owner does not have a driver's license number, a non-driver identification card number must be obtained (*Note: Only the non-driver identification card provided for in Section 32-6-4 is acceptable*). A Revenue Department (RD) number can be assigned in accordance with Revenue Regulation 810-5-8-.09 *Identification Numbers* for individuals unable to obtain a driver license or non-driver identification number. If the vehicle being registered is owned by a company or other entity, the Federal Employer Identification Number (FEIN) must be captured in place of the driver's license number. When an owner is unable or unwilling to provide the appropriate number as described above, the license plate issuing official must refuse to process the registration. Refusal must also be applied to renewals by mail and Internet when the appropriate number has not been provided.

Driver's license, non-driver identification card, RD and FEIN numbers are not to be printed on motor vehicle registration tag and tax receipts. This information should be sent to the department with all other registration data and will be used for administering the MLI

provisions.

Section 32-7A-17 provides that no registration or renewal shall be issued unless the licensing official receives satisfactory evidence of insurance or verification of liability insurance through the OIVS. This includes the issuance of temporary tags unless the vehicle is being transported to another state to be titled and registered. Disability access parking placards are not vehicle registrations and therefore are not subject to verification of insurance prior to issuance. Insurance is required to be verified prior to all registration transactions, regardless if the transaction is processed by mail, online or face to face. If the OIVS is down or returns an unconfirmed response, the evidence of insurance document will be needed to complete the registration transaction. The county registration system should be updated to reflect any changes in the vehicle insurance information. If insurance information is incorrect or missing, it must be obtained, recorded and verified.

Remember that the vehicle types discussed in the *Exemptions* section of this manual are exempt from the driver's license number and confirmation of insurance provisions. License plate issuing officials should not refuse to register exempt motor vehicles (ex. Trailers, vehicles covered by commercial or blanket liability policies, FMCSA/PSC regulated vehicles, self-insured vehicles, and implements of husbandry) based on registrants not providing the driver's license number or their failure to provide evidence of insurance.

### **Can the Purchaser of a Motor Vehicle Use Insurance in the Seller's Name to Obtain a License Plate?**

No. The vehicle owner is responsible for insuring the vehicle. 32-7A-6 states if the insurance card is issued for a non-owner policy, the card may state "non-owner policy" in lieu of vehicle year, make, and model.

### **Suspended Registrations Are Prohibited From Being Transferred or Renewed:**

All license plate issuing officials must refuse to process transfers or renewals for registrations which have been suspended. The department will provide a current list of suspended registrations to license plate issuing officials. *A registration shown on the suspension list may not be transferred or renewed until **the state registration database displays the registration to be reinstated**.* Suspended registrations that are transferred or renewed in error will be marked as suspended by the department. License plate issuing officials that process transfers or renewals for suspended registrations will subject them to

losing the immunity provided in Section 32-7A-19. Refer to the Revenue Regulation 810-5-8-.04 entitled *Registration Denial – Mandatory Liability Insurance Law* for further information.

## **How Does the State Verify Liability Insurance Coverage?**

The online insurance verification system (OIVS) uses web services for real time verification of policy information with insurers. The OIVS is accessible to the department, licensing officials, and law enforcement. If OIVS does not return a “confirmed” response to the department, licensing officials, or law enforcement, the registrant will be required to present the evidence of insurance document. The Alabama Department of Revenue (ADOR) continues to attempt to verify the policy information submitted and will follow-up on any unconfirmed responses received from the insurer by sending a questionnaire to the registrant.

## **How Insurance Coverage is Confirmed - Questionnaires:**

The Department of Revenue selects registrations of motor vehicles for which insurance could not be confirmed (verified) using OIVS to determine if the owners are maintaining liability insurance in accordance with the MLI law by the following methods:

1. The department reviews motor vehicle registrations using a real time verification process directly with the insurance companies on every vehicle registered in the state that is subject to the MLI law.
2. The department receives notice that the Alabama driver’s license associated with the vehicle registration has been suspended or revoked by the Department of Public Safety.
3. The department receives notice that there was a ticket issued for failure or refusal to comply with a request by a law enforcement officer for display of evidence of insurance coverage on the vehicle.

ADOR will follow-up on any unconfirmed responses received from the insurer by sending a questionnaire to the registrant in an attempt to obtain updated policy information. (The department also has asked insurers to provide a monthly file of active policies to ensure registration records are updated for confirmation of coverage.) A sample questionnaire document is available from the Motor Vehicle Division website at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

**Doesn't The Insurance Company Provide You With My Policy Information?**

Insurers provide policy information for their customers on a voluntary basis. Registrants are required to provide licensing officials with any updated policy information. This information will be transmitted to the department by the licensing officials.

**I Have Had Insurance With My Insurance Company for Many Years, Why Would They Not Confirm Coverage on My Vehicle?**

Variances in the Vehicle Identification Number (VIN) and/ or insurance policy number provided for confirmation of coverage could result in the insurer responding "unconfirmed". To determine a possible VIN discrepancy, check the VIN listed on your insurance card and registration receipt against the VIN plate on the vehicle to find any discrepancies which could result in a false unconfirmed response from the insurer. If you have provided the policy number as shown on your insurance card and an "unconfirmed" response is returned, you should contact your insurance agent to determine any discrepancies.

**What If I Determine There Was a VIN or Policy Number Discrepancy Which Cannot Be Resolved To Where My Insurer Will Return a Correct "Confirmed" Response Through The Online System?**

The insurer should be asked to email or fax to the department confirmation of coverage on the vehicle for the requested verification date as shown on the postcard questionnaire. The confirmation should be provided on the insurer letterhead or included with a fax cover sheet clearly indicating the response is being provided directly from the insurer. This confirmation should be faxed to (334) 353-8105 or emailed to [mli@registration.alabama.gov](mailto:mli@registration.alabama.gov).

**I Have an Out of State (OOS) Policy in Effect on My Vehicle, Can I Register My Vehicle in Alabama?**

No. In accordance with Section 32-7A-4, only an insurer authorized to do business in Alabama shall issue a liability insurance policy for any vehicle registered in Alabama.

Contact your insurance company to convert the OOS policy to an Alabama policy in order to maintain registration in Alabama. If you have received an insurance questionnaire, please contact the department to provide the OOS policy in effect on the vehicle for the requested verification date and also provide the current Alabama policy information along with phone numbers for each insurer. Both policies will need to be confirmed with the insurer in order to prevent suspension of registration on the vehicle.

### **I Received a Request for Insurance Verification on One of My Vehicles, Should I Expect to Receive a Request for Insurance Verification for All My Vehicles?**

On a continuous basis, all motor vehicle registrations subject to the law are reviewed to verify if they are insured. The Department will attempt to confirm insurance through OIVS and if confirmation is not received, then the Department will mail the registrant a postcard questionnaire asking for updated insurance information on each vehicle the coverage could not be confirmed for.

### **What Do I Do if I Sold the Vehicle I Received the Insurance Verification Request For Prior to the Date for Verification?**

On the Questionnaire and Notice of Suspension in the Insurance Verification section, you should select the Sold response listed by "EXEMPT". The current registration would then be revoked and the owner must obtain a new license plate/registration before operating any subsequently acquired vehicle. This will not affect the current registration related to license plates properly transferred already.

### **I Received a Request for Insurance Verification on a Vehicle that Was Stored or Not Working and Thus Was Uninsured. How Do I Respond to the Questionnaire?**

On the Questionnaire and Notice of Suspension in the Insurance Verification section, you should select the proper response listed by "EXEMPT". The current registration would then be revoked and the owner must obtain a new license plate/registration before operating the vehicle again.

**How Insurance Coverage is Confirmed – Notice of Suspension:**

In accordance with the MLI law, [Section 32-7A-8, Code of Alabama 1975](#), a Notice of Suspension is sent out to verify liability insurance coverage for one of the following reasons:

1. The Department did not receive a timely response to a questionnaire that was sent to verify the MLI coverage on the vehicle.
2. The insurer identified in the response to the questionnaire has failed to confirm or has denied coverage on the vehicle for the insurance verification date as requested.

Note: A Notice of Suspension informs you of the pending date that the registration will be suspended if the matter is not resolved with the department. This notice does not indicate that the registration is already suspended upon receipt of the notice.

A sample Notice of Suspension document is available from the Motor Vehicle Division website at [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

**Why Did I Receive a Questionnaire/Notice of Suspension Requiring a Reinstatement Fee When the Ticket has Already Been Paid for No Insurance?**

The vehicle registration reinstatement fee provided for in the MLI law is a separate fee from the ticket fines related to tickets issued by law enforcement and assessed by the Administrative Office of Courts (AOC) or the local court system. In accordance with [Section 32-7A-12, Code of Alabama 1975](#), the department will suspend the vehicle registration of any motor vehicle determined to be in violation of [Section 32-7A-4, Code of Alabama 1975](#). In the case of a first violation, the department shall terminate the suspension upon payment of a reinstatement fee of \$200 and the submission of proof of current insurance coverage on the vehicle. In the case of the second or subsequent violation, the department shall terminate the suspension four (4) months after the effective date of the suspension upon payment of a reinstatement fee of \$400 and submission of proof of current insurance coverage on the vehicle.

**Required Information and Deadline for Questionnaire/Notice of Suspension Response:**

Owners of motor vehicles who receive an insurance questionnaire or Notice of Suspension are required to respond and provide insurance information in effect on the verification date. The response must be received by the department within 30 calendar days of the date of the correspondence and must include:

! If *“Yes, I had insurance,”* the owner must provide:

1. The name, NAIC number, address and telephone number of the insurance company;
2. The policy number, effective date and expiration date; and
3. The owner’s signature and date, affirming that all information is true and correct.

! If *“NO”* I did not have insurance, the owner must provide:

1. If the vehicle was operated without insurance on the insurance verification date, provide evidence of current insurance and pay the reinstatement fee.
2. The owner’s signature and date, affirming that all information is true and correct as provided.

! If *“EXEMPT”* I did not have insurance because the vehicle was stored, inoperable or sold, the owner must provide:

1. The owner’s signature and date, affirming that all information is true and correct as provided.
2. The department provides instruction and appeal rights to the registrant detailing how and what to do when ready to register the vehicle again.

A response which indicates proper insurance coverage and includes all required information will be considered satisfactory. Satisfactory responses will be further processed to verify policy information with insurance companies. Any owner who fails to

respond will be considered in violation of Section 32-7A-4.

### **What Number is Used for the Insurance Policy Number? Are Dashes and Spaces Included in the Number?**

The insurance policy number should be reflected on the insurance card, temporary insurance card, declarations page, etc. Dashes or spaces should not be used when entering the insurance policy information, although the insurance document may include dashes and/or spaces.

### **What Does the State Do With the Insurance Information I Provide For Verification of Insurance Coverage Information?**

The Department will use OIVS to attempt to “Confirm” the insurance policy information provided. Refer to the Revenue Regulation 810-5-8-.10 entitled Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension for further information.

***Suspensions***

**Notice of Suspension:**

**Before** suspending motor vehicle registrations, the department sends a *Notice of Suspension* letter to owners acknowledging that the registrations will be suspended 30 calendar days after the date of the mailing of the notice. This procedure is followed prior to all suspensions, including those resulting from court convictions. Owners whose vehicles were properly insured on the verification date may avoid suspension by responding to the department within 30 calendar days. Proof of insurance must be included in the response and will be verified with the insurer. Refer to the Revenue Regulation 810-5-8-.10 entitled Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension for further information.

**Registration Suspensions:**

The department suspends motor vehicle registrations as of the effective date printed on the *Notice of Suspension* letters. Registration suspensions are processed for motor vehicles operated in violation of the MLI provisions, including violations resulting in court convictions in Alabama or other jurisdictions. If the Questionnaire or Notice of Suspension is returned by the Postal System as undeliverable then the registration will be suspended to ensure the license plate issuing official obtains the insurance verification information prior to processing any registration transaction. Violations stemming from unverifiable insurance information collected from questionnaires, notices of suspension, and reinstatements will also generate registration suspensions. Decisions by owners **after the verification date** to purchase the required insurance or sell the motor vehicles will not prevent the required registration suspensions. Registration suspensions remain in effect, even when license plate issuing officials erroneously process transfers and/or renewals after the suspension date. Refer to the Revenue Regulation 810-5-8-.10 entitled Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension for further information.

### ***Reinstatement of Registration***

#### **When Does the Department Suspend My Vehicle Registration?**

The department suspends motor vehicle registrations as of the effective date printed on the *Notice of Suspension* letters. Registration suspensions are processed for motor vehicles operated in violation of the MLI provisions, including violations resulting in court convictions in Alabama or other jurisdictions in accordance with Section 32-7A-12. If the Questionnaire or Notice of Suspension is returned by the Postal System as undeliverable, the registration will be suspended to ensure the license plate issuing official obtains the insurance verification information prior to processing any registration transaction. Violations stemming from unverifiable insurance information collected from questionnaires, notices of suspension, and reinstatements will also generate registration suspensions. Decisions by owners **after the verification date** to purchase the required insurance or sell the motor vehicles will not prevent the required registration suspensions. Registration suspensions remain in effect, even when license plate issuing officials erroneously process transfers and/or renewals after the suspension date. Refer to the Revenue Regulation 810-5-8-.10 entitled *Procedures for Random Sampling, Questionnaire Form, and Notice of Suspension* (<http://revenue.alabama.gov/motorvehicle/mvrules/5810.pdf>) for further information.

#### **When Are Proof of Insurance and Payment of Fees Required?**

An owner with a suspended vehicle registration may apply to have the vehicle registration **reinstated by the license plate issuing official in the vehicle owner's county of residence or at any one of the Taxpayer Service Centers located in Alabama**. Reinstatements may also be processed through the mail, but may take up to 30 days. Reinstatement fees are only due when a violation of the law has occurred.

To reinstate a registration with a first time violation/suspension, the owner must pay a reinstatement fee of \$200 in certified funds and submit proof of current insurance. First time suspensions may be reinstated at any time, with no minimum suspension period.

To reinstate a registration with a second or subsequent violation/suspension, the owner must pay a reinstatement fee of \$400 in certified funds and submit proof of current insurance. Second and subsequent suspensions are required to serve a mandatory four month suspension period.

**I Had Insurance on the Questionnaire Verification Date, Do I Still Need to Pay the Reinstatement Fee?**

If the vehicle was insured on the verification date, the REINSTATEMENT FEE WOULD NOT BE DUE. You can submit your “YES” response to that inquiry, providing the insurance information for the verification date, which we will submit to your insurer to confirm the coverage.

**If the Vehicle Was Stored or Not Working on the Insurance Verification Date, Do I Still Need to Pay the Reinstatement Fee?**

If the vehicle is exempt from the MLI laws (refer to Section - Vehicles Exempt from MLI Law on page 6), the REINSTATEMENT FEE WOULD NOT BE DUE. You should submit your “Exempt” response to that inquiry. Upon providing a stored or inoperable response, the department will revoke the current registration. **A new tag/ registration must be obtained before operating the vehicle again.** In accordance with Rule 810-5-1-.234, a personalized message plate can be reissued upon payment of the standard and additional registration fees before operating the vehicle again.

**Am I Required to Pay the Registration and Annual Additional (\$50.00) Fee if I am Attempting to Register a Vehicle for Which the Registration Has Been Revoked?**

Yes. Code Section 32-7A-11 requires the vehicle owner to purchase a new registration. All applicable registration fees will apply. The registrant does have the option to purchase a standard or God Bless America license plate for the remainder of the registration year so that the additional \$50 registration fee would not be due. The registrant’s personalized message will be available again at the time of renewal.

**Am I Required to Pay the Registration Fees For the Entire Year if My Registration Has Been Revoked?**

Yes. The registrant must pay a full year’s registration fees, including issuance fees. Section 40-12-258 does not permit the proration of license fees except for new vehicles, farm vehicles and recreational vehicles. Ad valorem tax is not required to be paid again.

**Am I Required to Surrender the License Plate upon Revocation of the Registration?**

No. The law requires the department to update its records to reflect that the registration is revoked for the remainder of the registration period.

**If the Registration is Revoked and I Do Not Purchase a New Vehicle During the Registration Period, Can the Ad Valorem Tax Be Refunded?**

The Property Tax Division should be contacted to answer this question at (334) 242-1525.

**What Do I Do if I Did Not Have Insurance on the Verification Date?**

If the vehicle was operated without insurance on the insurance verification date, you must do all of the following:

1. Provide your “**NO**” response.
2. **Purchase liability insurance for your vehicle.** Liability insurance must be purchased from an insurance company qualified to do business in Alabama.
3. **Provide evidence of insurance coverage to the department or licensing official.** Evidence of insurance coverage must include the insurance company’s name, address, NAIC number, telephone number, vehicle year model, vehicle make, vehicle identification number (VIN), name of insured, insurance policy number, effective date and expiration date of the insurance policy. Examples of evidence of insurance include an insurance card, policy declarations page, liability insurance binder, or certificate of insurance.
4. **Pay the reinstatement fee.** The reinstatement fee for the 1<sup>st</sup> violation is \$200. The reinstatement fee for a 2<sup>nd</sup> or subsequent violation is \$400 and a 4 month suspension period must be served. **Payment must be made by cashier’s check, money order or other certified funds. Personal checks will not be accepted.** Your driver’s license number and/or license plate number must be included on your payment.

**Where Do I Pay the Reinstatement Fee?**

The evidence of insurance coverage and the reinstatement fee may be provided by one of the following means:

1. **IN PERSON** - The vehicle registration may be reinstated by the license plate issuing official in the vehicle owner's county of residence, or at any one of the Alabama Department of Revenue Taxpayer Service Centers located throughout Alabama. Please visit [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for Taxpayer Service Center locations.
  
2. **BY MAIL** - Your payment and evidence of insurance may be mailed to the following address:

Alabama Department of Revenue  
Motor Vehicle Division  
P.O. Box 327650  
Montgomery, AL 36132-7650

If you are mailing the fee and evidence of insurance, please allow 30 days for processing.

***Violations and Penalties***

**Felony Violations:**

Convictions which result from an MLI violation are punishable at several levels, depending on the violation. The most severe level is a Class C Felony. A person is guilty of a Class C felony who, with fraudulent intent:

1. Alters, forges or counterfeits an insurance card to make it appear valid; or
2. Makes, sells or otherwise makes available an invalid or counterfeit insurance card, or other evidence of insurance.

A person convicted of a Class C Felony for a violation of the MLI laws is subject to a fine of \$500 to \$5,000, or imprisonment of one to ten years, or both the fine and imprisonment.

**Misdemeanor Violations:**

Convictions for a misdemeanor are also punishable at several levels, depending on the violation. The most severe level is a Class C Misdemeanor. A person is guilty of a Class C Misdemeanor who, with fraudulent intent:

1. Operates an uninsured motor vehicle.
2. Fail/refuses to present proof to law enforcement.
3. Operates a motor vehicle with a suspended registration.
4. Displays evidence knowing no insurance is in effect.
5. With notice, registers or attempts to register a vehicle.

A person convicted of a Class C Misdemeanor for a violation of the MLI laws is subject to a fine of up to \$500 for first conviction; up to \$1000 fine for second and subsequent, or suspension of driver's license for up to six months, or both fine and suspension.

**Penalty for Giving False Proof of Insurance:**

If the department determines that the proof of insurance submitted under Sections 32-7A-7 thru 8 and 12, Code of Alabama, 1975, is false, the department shall suspend the owner's vehicle registration. Penalty for false proof will include:

1. Suspension of registration; six months suspension and \$200 reinstatement fee
2. Violation of these sections will require SR22 insurance for 3 years.

**Penalty for Aiding and Abetting:**

Anyone aiding and abetting to the commission of an act which, if done directly by the person, would be a violation of this chapter is guilty of the same felony or misdemeanor. The punishment is a fine, or imprisonment, or suspension of driver's license.

**No Conviction if Evidence of Compliance is Presented:**

There will be no conviction if evidence is produced showing valid insurance is being maintained or there was liability insurance coverage at the time of the citation.

## **Hearings/Appeals**

The department will administer and enforce the provisions subject to MLI laws and will make reasonable rules and regulations concerning any matter administered in accordance with the law. Hearings will be held upon request of persons aggrieved by orders or acts of the department under the provisions of Section 32-7A-1. Accordingly, the department:

- May provide all notices and forms necessary to carry out provisions.
- May conduct necessary investigations to acquire pertinent information.
- Shall suspend motor vehicle registrations.

### ***Refusing to Process Registrations***

All license plate issuing officials are required to refuse processing registrations, transfers and/or renewals of registration when:

- The owner is unable or unwilling to provide the driver's license number, non-driver identification card number, or FEIN number (does not apply to exempt vehicles)
- The owner is unable or unwilling to provide evidence of insurance upon request to aid in determining MLI compliance (does not apply to exempt vehicles)
- The registration is suspended. If an exempt vehicle has a suspended registration, the owner must have the suspension cleared before the registration can be transferred or renewed.

Refer to the Revenue Regulation 810-5-8-.04 entitled *Registration Denial – Mandatory Liability Insurance Law* for further information.

At any time within 30 calendar days after a suspension has been rendered, a person may appeal in accordance with Section 40-2A-8. Detailed instructions for appeal are provided from the MVD webpage at: <http://revenue.alabama.gov/motorvehicle/mvforms/MLIQuestionnaireNoticeofSuspensionInstructions%202014.pdf>. Once an appeal has been made and upon providing evidence of payment of the reinstatement fee, he or she may appeal to the circuit court.

## **Confidentiality of MLI Information**

Information regarding the motor vehicle registration suspension or reinstatement status of any person is confidential and shall be released only to:

- The person who is the subject of suspension or possible suspension.
- Law enforcement agencies.
- Courts and other governmental agencies.
- Officials responsible for the issuance of license plates, as necessary in the administration of the MLI provisions.

## Regulations

These regulations can be accessed by visiting the following website address:  
<http://www.revenue.alabama.gov>

- 810-5-8-.01 **Issuance of Certificate of Motor Vehicle Liability Bond** – A bond executed by a company qualified to conduct surety business in AL
- 810-5-8-.02 **Issuance of Certificate of Cash Bond and Satisfaction of Judgments**– A deposit of cash with the State Treasurer
- 810-5-8-.03 **Use of Motor Numbers on Insurance Cards and Other Proof of Liability Insurance in Lieu of VIN** – May be used if the insured vehicle does not have a VIN and the vehicle is not subject to provisions
- 810-5-8-.04 **Registration Denial – Mandatory Liability Insurance Law** – Any official authorized to register a motor vehicle shall refuse if registration is suspended
- 810-5-8-.05 **Evidence of Insurance Requirements** – Evidence shall state the vehicle currently is covered by a liability insurance policy
- 810-5-8-.07 **Vehicles Exempt from the Mandatory Liability Insurance Law**– Vehicles covered by blanket or commercial automobile liability policy are exempt from the MLI law
- 810-5-8-.08 **Refunds of Mandatory Liability Insurance (MLI) Reinstatement Fees** – Refunds of reinstatement fees shall be granted in cases of duplicate payment, or as approved by the department
- 810-5-8-.09 **Identification Numbers** – Revenue Department may assign identifying number to vehicle registrants to document compliance with MLI law requirement to obtain current driver license information in order to document compliance with the MLI law
- 810-5-8-.10 **Mandatory Liability Insurance (MLI) Questionnaire and Notice of Suspension**– The Department may review registrations for the purpose of verifying whether or not the motor vehicles are insured
- 810-5-8-.237 **Mandatory Liability Insurance (MLI) Registration Reinstatement Procedures** – procedures for officials in issuing reinstatements for suspended registrations.

## **Definitions**

**Certificate of Insurance** – A document issued by an insurer or its authorized representative showing that a specific vehicle is insured for no less than the minimum limits of liability coverage for bodily injury or death and for destruction of property under Section 32-7-6.

**Commercial Automobile Liability Insurance Policy** – An insurance policy that:

- a. Is written on either a commercial coverage or other commercially rated personal policy form, including, but not limited to, a commercial auto, garage, or truckers form, and is not dependent on the type, number, or ownership of vehicle or entity covered or insured.
- b. Insures vehicle that are not identified individually by vehicle identification number on the policy.

**Commissioner** – The Commissioner of the Department of Revenue or his or her designee.

**Dealer** – Any person dealing in, buying, selling, exchanging, advertising, or negotiating the sale of motor vehicles and licensed under the provisions of Section 40-12-391, Code of Alabama 1975.

**Declarations Page** – That part of an insurance policy showing the name of the insured, insuring company, the vehicle make, the year model, the vehicle identification number (VIN), the policy number, the amount of coverage or coverages, and the effective and expiration dates of the policy.

**Department** – The Department of Revenue.

**Deposit of Cash** – Funds deposited with and held by the State Treasurer as security for payment by the depositor, or by any person responsible for the depositor's motor vehicle with his or her express or implied consent, of all judgments rendered against the depositor or authorized operator of the depositor's motor vehicle arising from injury, death, or damage sustained through use, operation, maintenance, or control of the motor vehicle within the State of Alabama.

**Director** – The Director of Public Safety of the State of Alabama, or his or her designee.

**Insurance Binder** – A document issued by an insurer or its authorized representative showing that a specific vehicle is insured for no less than the minimum limits of liability coverage for bodily injury or death and for destruction of property under Section 32-7-6.

**Insurance Commissioner** – The Commissioner of the Department of Insurance, or his or her designee.

**Liability Insurance Policy** – An owner's or an operator's personal automobile liability insurance policy, issued by an insurance carrier duly authorized to transact business in this state.

**Motor Vehicle** – Every self-propelled vehicle that is designed to be operated on the streets and highways of Alabama, but not operated upon rails.

**Motor Vehicle Liability Bond** – A bond of a surety company duly authorized to transact business in this state, which is conditioned for payments in amounts and under the same circumstances as would be required in a motor vehicle liability insurance policy.

**NAIC Number** – This is a unique identification number assigned to the insurance company by the National Association of Insurance Commissioners.

**Non- Admitted Company** – An insurance company not licensed to conduct business in this state which sells coverage that is unavailable from licensed insurers within this state.

**Non- Owner Policy** – An insurance policy issued for persons who drive but do not own the insured vehicle.

**Online Insurance Verification System** – An online insurance verification system using web services as defined in Section 32-7B-2.

**Operator** – Every person who is in actual physical control of a motor vehicle.

**Owner** – Any of the following persons:

- a. A person or persons holding the legal title to motor vehicle, unless paragraph b. or c. is applicable.
- b. The mortgagor, debtor, conditional vendee, or lessee of a vehicle that is the subject to a chattel mortgage, lien, agreement for the conditional sale thereof, lease or other like agreement with the right of purchase upon performance of the conditions stated in the agreement and with the immediate right of possession vested in the mortgagor, debtor, conditional vendee, or lessee, in which event the mortgagor, debtor, conditional vendee, or lessee shall be deemed the owner for purposes of this chapter.
- c. The lessee of a vehicle owned by the United States of America or any of its agencies or instrumentalities.

**Person** – Every natural person, firm, partnership, association, estate, trust, corporation, limited liability partnership, limited liability company, or other entity.

**Registrant** – Vehicle owner or operator, who is issued a registration for a motor vehicle.

**Registration** – Certificate or certificates and license plates issued under the laws of this state pertaining to the registration of motor vehicles.

**Signature** – A unique mark, process, or verification in a manner prescribed by the department, as provided in Section 40-1-1, Code of Alabama 1975.

**State** – Any state, territory or possession of the United States, the District of Columbia, any province or territory of the Dominion of Canada, or a state of the Republic of Mexico.

**Suspension** – The withdrawal by formal action of the department of a vehicle's registration as specified by this chapter.

The terms "liability insurance policy," "deposit of cash," and a "motor vehicle liability bond" are used interchangeably throughout this chapter.