

810-5-8-.01 Certificate of Motor Vehicle Liability Bond, Certificate of Cash Bond, and Satisfaction of Judgements

(1) §32-7A-4, Code of Ala. 1975, provides alternatives to satisfy motor vehicle liability insurance requirements. The motor vehicle may be covered by a motor vehicle liability bond or a deposit of cash with the State Treasurer. The bond or deposit of cash "shall be in the amount of not less than the minimum amounts of liability coverage for bodily injury or death and for destruction of property under subsection (c) of §32-7-6, Code of Ala. 1975".

(2) Motor Vehicle Liability Bond. The Motor Vehicle Liability Bond (Form MV-MLI-004) shall be filed with the department. The bond must be executed by a company qualified to conduct a surety business in Alabama, and shall be conditioned on the payment of the amount of any judgment rendered against the principal in the bond or any person responsible for the operation of the principal's motor vehicle with his or her express or implied consent, arising from injury, death, or damage sustained through the use, operation, maintenance, or control of the motor vehicle within the State of Alabama.

(3) Certificate of Cash Bond.

(a) The Application For Deposits of Cash Bond Certificate (Form MV-MLI-001) must be submitted to the department specifying the registrant's name, Alabama certificate of title number, if applicable, vehicle identification number and include a cash deposit as provided in paragraph (1) of this rule.

(b) In the event that the minimum principal on deposit is drawn upon and the principal is reduced to an amount less than the minimum amount required by § 32-7A-4, Code of Ala. 1975, the registrant will, within 30 calendar days, deposit cash with the department in an amount sufficient to meet the requirements of § 32-7A-4, Code of Ala. 1975.

(c) A Cash Bond Withdrawal Request (Form MV-MLI-003) must be submitted to withdraw the funds deposited with the department. The funds will be held for sixty (60) calendar days prior to the release. If during this sixty (60) days, the department is notified of pending litigation, or judgment rendered against the principal in the cash bond, or any person responsible for the operation of the principal's motor vehicle with his or her express or implied consent, arising from injury, death, or damage sustained through the use, operation, maintenance, or control of the motor vehicle, the funds will be held until all pending claims against the fund has been resolved.

(4) Bond Cancellation. If a bond issued under paragraph (2) or (3) is canceled, terminated, invalidated, or withdrawn the registrant is required to obtain liability insurance coverage pursuant to Chapter 7A of Title 32, Code of Ala. 1975. A person displaying a cancelled bond, or illegally altered or counterfeit bond, is in violation of § 32-7A-16, Code of Ala. 1975.

(5) Proof of Insurance. The Motor Vehicle Liability Bond Certificate and Cash Bond Certificate issued by the department must be carried within the vehicle as proof of liability insurance coverage required under §32-7-6, Code of Ala. 1975. The certificate must be displayed upon request by any law enforcement officer as provided under § 32-7A-6, Code of Ala. 1975, in order for the officer to ascertain that the registrant or operator is covered under the provisions of Chapter 7A of Title 32, Code of Ala. 1975. If the owner refuses or fails to provide proof of exemption as provided in this rule, the person shall be in violation of § 32-7A-16, Code of Ala. 1975.

Author: Sherry Helms, Robert McCain, Troy Thigpen

Authority: §§ 40-2A-7(a)(5), 32-7-6 and Chapter 7A of Title 32, Code of Ala. 1975.

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