

**State of Alabama**

**Department of Revenue**

**Online Insurance Verification System**

**2018 Annual Report**

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## INTRODUCTION

This report was prepared in accordance with Section 32-7B-3, Code of Alabama 1975, which provides that the insurance advisory council will issue a written report to the Alabama Department of Revenue (DOR), Alabama Law Enforcement Agency (ALEA) and Department of Insurance (DOI) twelve (12) months after the Online Insurance Verification System (OIVS) is implemented and annually thereafter. The purpose of this report is to outline the system's effectiveness in identifying uninsured motorists.

### Background

The DOR is responsible for administering the Mandatory Liability Insurance (MLI) law (Act 2000-554). The law was established to effectively administer and enforce minimum motor vehicle liability insurance requirements in Alabama. Alabama registrants are required to maintain motor vehicle liability insurance coverage as a prerequisite to registering vehicles.

Legislative Act 2011-688 required the DOR to create an OIVS to be used to verify a registrant's compliance with the MLI law (§32-7A-1 et seq.) of Alabama. The OIVS was fully implemented and in production on January 1, 2013.

As detailed in the [IICMVA Model User Guide for Implementing Online Insurance Verification \(version 4.0\)](#), the purpose of the OIVS is to assist in the administration and enforcement of motor vehicle liability insurance requirements. It allows requesting parties to go directly to the source of insurance information – the insurance companies. It allows a real time response to be provided to an insurance inquiry that contains standardized request information. It is utilized to verify a minimum liability insurance policy is in effect on a vehicle prior to the issuance of a motor vehicle registration by a license plate issuing official, by law enforcement officers during traffic stops or accidents, and by the DOR to ensure insurance policies are being maintained on vehicles registered in Alabama.

### Advisory Council

The legislative act created an insurance advisory council for the purpose of facilitating the implementation of an OIVS in Alabama using the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) specifications and standards. The thirteen (13) member council includes the following persons:

- Two (2) representatives of the DOR
- One (1) representative of the ALEA
- One (1) representative of the DOI
- Three (3) insurance company representatives appointed by the Commissioner of Insurance

- One (1) representative of the AIA
- One (1) representative of the NAMIC
- One (1) representative of the PCIAA
- One (1) representative of the AIIA
- One (1) representative of the APJA
- One (1) representative of the AATA

The council is chaired by the DOR Commissioner or his/her designee. The council held its first meeting July 20, 2011, to begin development and implementation of the OIVS. The DOR is responsible for keeping the advisory council informed on the operational status of the OIVS. DOR maintains information relating to the implementation of OIVS on the motor vehicle division webpage labeled “Insurance Advisory Council” at <https://revenue.alabama.gov/motor-vehicle/insurance-advisory-council/>. Initially, the council met every month in person. As the OIVS progressed, the council began meeting bi-monthly via teleconference call. In 2016, the council began meeting quarterly.

See Appendix D for a list of MLI Advisory Council Members.

### **Insurance Questionnaire and Notice of Suspension**

Prior to November 2017, Notices of Suspension (NOS) were mailed to registrants via a 3<sup>rd</sup> party printing and mailing vendor. During November 2017, the NOS began being printed and mailed by the State Central Mailroom. An issue occurred with the Central Mail Room that resulted in a backlog of approximately 200,000 NOS not being mailed. All affected records were placed in Deferred Suspension (DS) status until registrants were properly notified regarding a possible registration suspension. In May 2018, the DOR began working with a new printing and mailing vendor to resolve the issue. During September 2018, the new vendor began printing and mailing NOS to registrants, with an additional 10,000 to 20,000 included each week, to catch up on the accumulated backlog. As of late November 2018, the DOR was caught up on the accumulated backlog of NOS and only current NOS were being mailed out. All DS records were subsequently changed to the appropriate suspension status after proper notification was mailed.

### **MLI Task Force**

Beginning September 2018, a task force comprised of select licensing officials, the DOR’s Tax Policy Division, and the DOR’s Motor Vehicle Division (MVD) began examining ways the Mandatory Liability Insurance (MLI) law could be changed to improve the overall process for both registrants and licensing officials. The task force met during September and October 2018 to discuss potential changes. On October 17, 2018 and December 5, 2018, potential changes were also discussed with the Insurance Advisory Council via conference call. To date, legislation has not been proposed.

## Email Initiative

The DOR collects email addresses from county licensing officials and their vendors to allow the DOR to send MLI questionnaires via email instead of mailing insurance questionnaire postcards. The email initiative allowed over 64,000 questionnaires to be emailed to registrants during 2018. This resulted in a printing and mailing cost savings of over \$36,000.00 for calendar year 2018.

## Reducing the 2<sup>nd</sup> Unconfirmed Response Reverification to 21 Days

The DOR attempts to verify insurance with insurers using OIVS each month. As directed by the Advisory Council, if the first attempt results in an unconfirmed response, a second attempt is made thirty (30) after the first unconfirmed response. If two (2) unconfirmed responses are received from the identified insurer, a MLI questionnaire is sent to the registrant. The DOR proposed reducing the 2<sup>nd</sup> unconfirmed response verification from 30 days to 15 days. However, some of the insurance representatives on the council stated that 21 days would be better to allow enough time for new policies to be entered into insurers' databases. Representatives of the DOR attended the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) conference in Clearwater, Florida on October 23, 2018. At the conference, the DOR representatives presented the idea of reducing the 2<sup>nd</sup> unconfirmed response reverification to 21 days and the industry present did not oppose the change. This was reported to the council in December 2018 and there were no objections to the change. Therefore, the Advisory Council approved the change and the DOR implemented the change in late December 2018.

## Alabama Law Enforcement Mandatory Liability Insurances Citations

On May 11, 2016 a law change took effect that allowed ALEA to issue a citation to uninsured motorists who were involved in accidents. ALEA utilizes the OIVS to verify insurance during the accident and later sends citation notices to uninsured motorists. During May 2018, prior to implementation of the law, the DOR met with representatives of ALEA to discuss the process of electronically verifying insurance via OIVS.

## Insurer Information Form

Prior to utilizing the OIVS, each insurer is required to submit an Insurer Information Form (see Appendix A or pg. 23 of the OIVS User Guide: [OIVS User Guide](#)) for each insurer's NAIC number. Within ten (10) calendar days of any contact or company information changes, insurers should submit a revised Insurer Information Form to DOR.

## OIVS Requests, Responses, and MLI Statistics

Appendix B reflects OIVS and MLI statistics from the 2018 calendar year. As detailed in the report, over 62M insurance verification requests were submitted to insurers through OIVS. Nearly 60M of these requests were “first requests” received from license plate issuing officials, law enforcement, and the DOR reverification process. Over 2M of the remaining requests were “second requests” by DOR thirty (30) days after the “first request” in an attempt to verify insurance before an MLI questionnaire postcard was mailed to the registrant.

In 2018, 818,525 insurance questionnaires and notices of suspension were sent to registrants via mail or email. 754,659 (92%) of this correspondence was mailed, and the remaining 63,866 (8%) correspondence was emailed to registrants. During 2018, 147,224 registrant responses to insurance questionnaires were received. 46,269 (31%) of the registrant responses were received electronically via the registrant response system, and the remaining 100,955 (69%) registrant responses were received via mail, fax or in person.

In 2018, 355,373 MLI record responses/updates were processed. Of that total, 84,427 (24%) were registration reinstatements. 44,844 of the registration reinstatements (R1 or R2) occurred after the registration had been suspended, the registrant presented current proof of insurance and paid the reinstatement fees due. The remaining 58,005 reinstatements did not require the payment of reinstatement fees because the registrant had valid insurance on the insurance verification date (R3). 58,136 (16%) of MLI records were closed (CL) because the vehicle was insured on the verification date, and 103,864 (29%) registration revocations (VR) were processed because the registrant responded that the vehicle was sold, inoperable, or stored on the insurance verification date. The remaining 108,946 (31%) updates processed resulted in registration suspensions (S1 or S2) because the registrant failed to respond to correspondence or could not provide evidence of insurance on the insurance verification date.

### Reinstatement Fees

Reinstatement fees of over \$8.1M were collected for the 2018 fiscal year. Over \$7.6M was collected for the 2017 fiscal year, and \$3.4M was collected for the 2016 fiscal year. Please see Appendix C for a comparison of reinstatement fees collected over previous fiscal years.

In accordance with Section 32-7A-12 (f), Code of Alabama, 1975, licensing officials retain 10% of the reinstatement fee that is collected by them. Fifty (50) percent of this fee is distributed to county general fund and fifty (50) percent is distributed to a special registration/titling technology fund. Fifteen (15) percent of the reinstatement fees received by the department are distributed to the peace officers annuity fund. Any remaining funds are used by DOR to pay for the operation of the MLI program.

## Department Outreach

DOR representatives attended the IICMVA meetings held in April and October 2018. DOR representatives also attended the Alabama Licensing Officials (AATA) Conference (January 2018), Probate Judges' Summer Conference (June 2018), AATA Summer Conference (June 2018), and the Probate Judges' Meeting (September 2018) to provide information on MLI system updates and Administrative Rules.

## ACRONYMS

AATA – Alabama Association of Tax Administrators  
AIA – American Insurance Association  
AIAA – Alabama Independent Agents Association  
ALEA – Alabama Law Enforcement Agency  
ANSI – American National Standards Institute  
APJA – Alabama Probate Judges Association  
BOB – Book of Business  
DOR – Department of Revenue  
DOI – Department of Insurance  
IICMVA – Insurance Industry Committee on Motor Vehicle Administration  
IRC – Insurance Research Council  
MLI – Mandatory Liability Insurance  
NAIC – National Association of Insurance Commissioners  
NAMIC – National Association of Mutual Insurance Companies  
PCIAA – Property and Casualty Insurers Association of America  
OIVS – Online Insurance Verification System



## **PROGRAM CONTACTS**

### **Mandatory Liability Insurance**

Alabama Department of Revenue  
Motor Vehicle Division  
Mandatory Liability Insurance Unit  
P O Box 327650  
2545 Taylor Road  
Montgomery, AL 36117  
Telephone: (334) 242-9000  
Email: [mvd@revenue.alabama.gov](mailto:mvd@revenue.alabama.gov)  
Website: [www.besuretoinsureal.com](http://www.besuretoinsureal.com)

### **Financial/Safety Responsibility**

Alabama Law Enforcement Agency  
Driver License Division  
Safety Responsibility Section  
P.O. Box 1471  
Montgomery, AL 36102  
Telephone: (334) 242-4222  
Website: [www.alea.alabama.gov](http://www.alea.alabama.gov)

APPENDIX A



ALABAMA DEPARTMENT OF REVENUE  
 MOTOR VEHICLE DIVISION  
 P.O. Box 327650 · Montgomery, AL 36132-7650 · (334) 242-3000  
 www.revenue.alabama.gov

MV-MLI-C  
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**Mandatory Liability Insurance  
 Insurer Information Form**

Please complete for each NAIC code and submit via email to [mli@revenue.alabama.gov](mailto:mli@revenue.alabama.gov).

**Insurer Name** \_\_\_\_\_ **NAIC Code** \_\_\_\_\_

**Mailing Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State** \_\_\_\_\_ **Zip** \_\_\_\_\_

Contact Type	Contact Name	Email Address	Phone Number
<b>Business Practices (BP)</b>			
<b>Alternate BP</b>			
<b>Information Technology (IT)</b>			
<b>Alternate IT</b>			

Please place a check by each report method that can be used to provide insurance information.

\_\_\_\_\_ **Web Services:** \_\_\_\_\_ **2005 ANSI Schema** \_\_\_\_\_ **2008 ANSI Schema**

\_\_\_\_\_ **Alternative** – only allowed for companies that insure 500 or less vehicles in Alabama

APPENDIX B

**State of Alabama  
OIVS and MLI Statistics  
2018 Calendar Year**

OIVS Summary	
First Request OIVS Totals	59,775,279
Second Request OIVS Totals	2,378,812
Other OIVS Request Totals	179,137
<b>Total OIVS Requests</b>	<b>62,333,228</b>

Correspondence Sent		
Questionnaires Via Mail	482,711	59.0%
Questionnaires Via E-Mail	63,866	7.8%
NOS Via Mail	271,948	33.2%
<b>Total Correspondence Sent</b>	<b>818,525</b>	<b>100%</b>

Responses Received		
Questionnaires-MLI System-clerk entry (mail, fax, or walk in)	100,724	68.4%
Questionnaires - Registrant Response System	46,265	31.4%
NOS-MLI System-clerk entry (mail, fax, or walk in)	231	0.2%
NOS-Registrant Response System	4	0.0%
<b>Total Responses</b>	<b>147,224</b>	<b>100%</b>

MLI Summary		
R1 (\$200 fee paid)- 1st Violation	41,062	11.6%
R2 (\$400 fee paid)- 2nd Violation	3,782	1.1%
R3 (No fee paid) -Valid Insurance	39,583	11.1%
CL-Closed Record Prior to Suspension	58,136	16.4%
VR-Revoked Registration	103,864	29.2%
1st Suspension (S1)	75,576	21.3%
2nd Suspension (S2)	33,370	9.4%
<b>Total Responses</b>	<b>355,373</b>	<b>100%</b>

APPENDIX C

Mandatory Liability Insurance Program

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
<u>1 MLI Reinstatement Fees</u>	\$1,662,916.97	\$893,243.82	\$1,129,269.47	\$2,198,301.12	\$3,471,852.73	\$7,600,553.88	\$8,143,822.14

<sup>1</sup> This amount is per the Revenue Abstract. Amount received from the licensing officials less commissions per section 32-7A-12(f), Code of Alabama 1975.

**APPENDIX D****MLI Advisory Council Members  
Established by Section 32-7B-2, Code of Alabama 1975****Alabama Department of Revenue (2)**

Jay Starling, Motor Vehicle Division, Chair  
(334) 242-9078  
[jay.starling@revenue.alabama.gov](mailto:jay.starling@revenue.alabama.gov)

Troy Thigpen, Motor Vehicle Division  
(334) 242-9671  
[termaine.thigpen@revenue.alabama.gov](mailto:termaine.thigpen@revenue.alabama.gov)

**Alabama Law Enforcement Agency (1)**

Michael Robinson  
(334) 353-8216  
[michael.robinson@dps.alabama.gov](mailto:michael.robinson@dps.alabama.gov)

**Alabama Department of Insurance (1)**

Ken Williamson  
(334) 240-7583  
[ken.williamson@insurance.alabama.gov](mailto:ken.williamson@insurance.alabama.gov)

**Assoc. of Alabama Tax Administrators (1)**

Greg Tucker, License Commissioner  
Limestone County  
(256) 233-6430  
[gtucker@limestonecounty.net](mailto:gtucker@limestonecounty.net)

**Alabama Probate Judges Association (1)**

Sheila Moore, Probate Judge  
Winston County  
(205) 489-5219  
[pjwinston@hotmail.com](mailto:pjwinston@hotmail.com)

**Insurance Reps. (3) - selected by DOI  
Commissioner**

Dustin Wilson, ALFA  
(334) 613-4795  
[dwilson2@alfains.com](mailto:dwilson2@alfains.com)

Ken Needham, Allstate  
(205) 981-5991  
[Ken.needham@allstate.com](mailto:Ken.needham@allstate.com)

John Morales, USAA  
(210) 296-7753  
[John.morales@usaa.com](mailto:John.morales@usaa.com)

**American Insurance Association (AIA) (1)**

Kim Decker  
Director of State Legislative Affairs  
Farmers Insurance  
7340 W. Memorial Road  
Oklahoma City, OK 73142  
(405) 823-2638  
[kim.decker@farmersinsurance.com](mailto:kim.decker@farmersinsurance.com)

**National Association of Mutual Insurance  
Companies (NAMIC) (1)**

Todd Feltman  
State Farm Insurance  
(309) 763-5792  
[todd.feltmanc0hu@StateFarm.com](mailto:todd.feltmanc0hu@StateFarm.com)

**Property and Casualty Insurers Association of  
America (PCI) (1)**

Alex M. Hageli  
Director, Personal Lines Policy  
Property Casualty Insurers Assoc. of America  
2600 South River Road  
Des Plaines, IL 60018-3286  
(847) 553-3656 Direct  
(847) 759-4313 Direct Fax  
[Alex.Hageli@apci.org](mailto:Alex.Hageli@apci.org)

**Alabama Independent Insurance Agents (AIIA)  
(1)**

Ken McFeeters  
PAC Insurance  
518 North 19th Street  
Bessemer, Alabama 35020  
(205) 426-9885  
[Ken35216@yahoo.com](mailto:Ken35216@yahoo.com)

**Total members: 13**