

== Alabama Department of Revenue ==

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Proof of Liability Insurance Requirement for Automobile Dealers', Reconditioners', Rebuilders' and Wholesalers' Licenses

Montgomery, July 6, 2000—Alabama's new mandatory liability insurance law which became effective June 1, 2000, adds a new requirement for the state license for motor vehicle dealers, reconditioners, rebuilders and wholesalers beginning with the Oct. 1, 2000, license year, but some businesses may be affected by the new law before the start of the new license year, advises Alabama Commissioner of Revenue Michael L. Patterson.

The new law requires motor vehicle dealers, reconditioners, rebuilders, and wholesalers to provide proof of a blanket liability insurance policy for all business and inventory vehicles when filing their state license application with the Alabama Department of Revenue. Proof of liability insurance must be provided before the department can issue any one or more of the state licenses associated with motor vehicle dealers, reconditioners, rebuilders, and wholesalers. But some businesses may find that they are already affected by the new law before October 1. Specifically, those businesses which apply for part-year 1999-2000 dealers', reconditioners', rebuilders', and/or wholesalers' licenses after June 1, 2000, must provide proof of a blanket insurance policy in effect after June 1, 2000. The June 1 effective date applies to automobile dealerships which add a new retail location after June 1, 2000, or to businesses or individuals who apply for a 1999-2000 year replacement license for a lost or destroyed license after June 1, 2000, or to new dealers, reconditioners, rebuilders, or wholesalers who established a business after June 1, 2000.

The law requires that each license applicant must file an original certificate of liability insurance with the license application. The certificate must contain the following information:

- The name of the insurance company providing the coverage.

—MORE—

Proof of Insurance Required to Obtain Motor Vehicle Regulatory License

Add One

July 6, 2000

- The name of the agent of the insurance company who produced the certificate.
- The original signature of an authorized representative of the insurance company, and his or her State of Alabama license number.
- The insured party's name (must be the true legal name of the party for whom a license is being sought). If an individual, must include the applicant's name, as well as the business name. If a partnership, must include the names of all partners and the name of the partnership. If a limited liability company, must include the names of all members and the name of the company. If a corporation, must include the corporate name.
- The physical address of each location for which insurance coverage is provided. Coverage must be provided for each location for which a license is sought.
- Stated coverage for any owned and non-owned vehicles. (Typically, insurance coverage Codes 22 and 29.)
- The effective date and the expiration date of the insurance coverage.
- Stated minimum coverage amounts of \$20,000 bodily injury per person per accident; \$40,000 bodily injury per accident; and \$10,000 property damage per accident; or a combined single limit of \$50,000 per accident.
- A statement that the insurance company will provide the Alabama Department of Revenue with a 30-day written notice prior to cancellation of coverage before the policy expiration date.
- List the insurance certificate holder as being the Alabama Department of Revenue, Sales, Use & Business Tax Division, P.O. Box 327550, Montgomery, AL 36132-7550.

The blanket liability insurance requirement applies to new and/or used vehicles offered for sale that may be test-driven by customers or non-owned vehicles which may be test-driven following service maintenance, repair, or reconditioning by the business or individual.

The Motor Vehicle Dealers', Reconditioners', Rebuilders' and Wholesalers' License is a four-category annual regulatory license issued by the Revenue Department. Businesses or individuals purchase the applicable license each October for the following license year. The license year runs from October 1 through September 30. The 1999-00 license will expire Sept. 30, 2000.

—MORE—

Proof of Insurance Required to Obtain Motor Vehicle Regulatory License

Add Two

July 6, 2000

License applications are mailed during August each year to all record license holders. This year's mailing will include notices of the new liability insurance requirement and what documents will be required. **Under requirements set out in the new mandatory liability insurance law, the department cannot issue the 2000-2001 year Motor Vehicle Dealers', Reconditioners', Rebuilders', and Wholesalers' License or the Motor Vehicle Regulatory License unless acceptable blanket liability insurance proof documents are provided along with the completed license application(s).**

For more information concerning Alabama's licensing provisions related to motor vehicle dealers, rebuilders, reconditioners, or wholesalers and related mandatory liability insurance requirements, contact the department's Business and License Section at (334) 353-7827, or visit the department's Web site at www.ador.state.al.us.