

State of Alabama

Department of Revenue

Online Insurance Verification System

2019 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 AIAA
- 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 via conference call.

During 2019, Captain Jonathan Archer became the new ALEA representative on the council.

Also, during 2019, two (2) of the insurance industry groups that provide representation on the advisory council merged. The American Insurance Association (AIA) and the Property and Casualty Insurers Association of American (PCI) merged to form the American Property Casualty Insurance Association (APCIA). The council decided that the language in the law should be amended to require one (1) representative from AIPCA and four (4) representatives appointed by the Department of Insurance (DOI) to serve on the council; however, in the meantime, Alex Hageli stayed on the council as the new rep for AIPCA and Kim Decker stayed on as the 4th additional DOI rep.

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

MLI Legislation

During 2019, Legislative Act 2019-446 amended sections 32-7A-2, 32-7A-5, 32-7A-8, 32-7A-11, and 32-7A-12 of the Code of Alabama, 1975. The act became effective January 1, 2020 and the following changes resulted:

- Eliminated the four (4) month suspension period on 2nd or subsequent MLI violations.
- Reduced the lookback period for 2nd and subsequent violations (S2) to three (3) years.
- Required that reinstatement fees can only be collected by the licensing official.

- Increased licensing official's retained fees from 10% to 15%.
- Required that reinstatement fees be distributed to Comptroller on 20th of each month.
- Increased the FY end amount carried over in Special Licensing Officials' Fund from \$10K to \$25K.
- Replaced the postcard insurance questionnaire with the MLI Verification Notice (letter format).
- Changed the Notice of Suspension to advise registrants that vehicle registration is suspended as of date of notice instead of thirty (30) days as previously provided. The MLI Verification Notice now provides the notice that the registration will be suspended if not resolved 30 days from the date of the MLI verification notice.

The legislative act also changed the process by which registrants claim that their vehicle was in exempt (stored, inoperable, or otherwise unused) status. Registrants may voluntarily surrender their tag at any time prior to a lapse in insurance coverage or within 30 days of the MLI Verification Notice by completing the Registration Revocation Request Form (MV 32-7A-5) and providing the form and/or license plate to their licensing official's office. Exempt status can only be claimed once per registration year/vehicle. Exempt status cannot be claimed if vehicle was involved in a crash or if the registrant received a citation on or after the insurance verification date. An extension of time to claim the stored/inoperable exemption may be provided by the licensing official for "good cause" as outlined on the MLI Affidavit (form MV 32-7A-11) and by providing the completed form along with acceptable documentation as detailed on the form. The good cause reasons on form MV 32-7A-11 include the vehicle being impounded, the registrant being away on military orders, the registrant being incarcerated, and the registrant being hospitalized or otherwise medically incapacitated.

Administrative Rules

Several Motor Vehicle Division (MVD) Administrative Rules were updated due to Legislative Act 2019-446. Administrative rule 810-5-8-.01 (Issuance of Certificate Motor Vehicle Liability Bond) and 810-5-8-.02 (Issuance of Certificate of Cash Bond and Satisfaction of Judgments) were combined to create administrative rule 810-5-8-.01 (Issuance Certificate of Motor Vehicle Liability Bond, Certificate of Cash Bond and Satisfaction of Judgements). Rule 810-5-8-.07 (Vehicles Exempt From the Mandatory Liability Law) was amended to provide more accurate guidance to taxpayers on the exemption of certain vehicles from online insurance verification. Rule 810-5-8-.06 was repealed and replaced with a new rule entitled "MLI Registration Suspension, Reinstatement, and Revocation Procedures." Due to redundant language present in other rules which duplicated existing language in the law, several Administrative Rules (810-5-8.02 through 810-5-8-.05, 810-5-8-.08, and 810-5-8-.10) were repealed.

Administrative Rules can be viewed on the DOR's webpage at <https://revenue.alabama.gov/legal/administrative-rules/>

Media Campaign

To increase awareness about Legislative Act 2019-446, posters noting the law change were provided to licensing officials to display in their offices. Also, DOR's Tax Policy Division made a social media post and prepared a press release that contained information about the new act. Information about the law change has since been picked up by various news outlets. Also, changes were made to www.besuretoinsureal.com to reflect processes (reinstatement instructions, etc.) related to the new law. The MLI brochure located on the DOR's webpage will also be changed to reflect the new law.

Email Initiative

The DOR continues to encourage licensing officials and their vendors to collect registrant email addresses to allow the DOR to send MLI Verification Notices via email instead of mailing the notices. The email initiative allowed over 64,000 questionnaires to be emailed to registrants during 2019. This resulted in a printing and mailing cost savings of over \$31,000.00 for calendar year 2019.

MLI Source

Insurance for all private passenger vehicles is verified at the time of vehicle registration by licensing officials, during traffic stops or accidents by law enforcement, and by the Department of Revenue every month using the OIVS. Any "unconfirmed" responses to OIVS queries by the department lead to the creation of a MLI record.

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 notices to uninsured motorists. Due to the DOR and ALEA both utilizing OIVS for insurance queries, registrants would sometimes receive MLI questionnaires (source: law enforcement) and notices from ALEA and DOR concerning the same insurance verification date. Although, the notices are from two (2) different agencies and sections of the law, registrants claim double jeopardy. The DOR made the decision in November 2019 to eliminate "law enforcement" OIVS queries as a verification source under the law as administered by the DOR. Monthly reverifications made by the DOR are now the only source for MLI records created by the DOR.

Insurer Information Form

Prior to utilizing the OIVS, each insurer is required to submit an Insurer Information Form (see Appendix A or pg. 11 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. The most recent security certificate expired on January 2, 2020. During December 2019, the DOR worked with insurers to get their certificates updated.

OIVS Requests, Responses, and MLI Statistics

Appendix B reflects OIVS and MLI statistics from the 2019 calendar year. As detailed in the report, nearly 62M insurance verification requests were submitted to insurers through OIVS. Nearly 59M of these requests were "first requests" received from licensing officials, law enforcement, and the DOR reverification process. Over 3M of the remaining requests were "second requests" by DOR twenty-one (21) days after the "first request" in an attempt to verify insurance before an MLI questionnaire postcard was mailed to the registrant.

In 2019, 847,111 insurance questionnaires and notices of suspension were sent to registrants via mail or email. 782,895 (92%) of this correspondence was mailed, and the remaining 64,216 (8%) correspondence was emailed to registrants. During 2019, 128,202 registrant responses to insurance questionnaires were received. 65,434 (51%) of the registrant responses were received electronically via the registrant response system, and the remaining 62,768 (49%) registrant responses were received via mail or in person.

In 2019, 2,957,975 MLI record responses/updates were processed. Of that total, 60,694 (2%) were registration reinstatements. 38,115(63%) of the registration reinstatements (R1 or R2) occurred after the registration had been suspended and the registrant presented current proof of insurance and paid the reinstatement fees due. The remaining 22,579(37%) reinstatements did not require the payment of reinstatement fees because the registrant had valid insurance on the insurance verification date (R3). 2,569,162 (87%) of MLI records were closed (CL); note: during June 2019, over 2 million records that were older than 3 years old were closed. 104,056 (4%) registration revocations (VR) were processed because the registrant responded that the vehicle was sold, inoperable, or stored on the insurance verification date. The remaining 224,063 (7%) 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 nearly \$5.7M were collected for the 2019 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. As noted on pg 4, Act 2019-446 increased the licensing official's percentage of retained fees to 15% effective January 1, 2020. 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 for the licensing official's office. Act 2019-446 specified that the special fund shall be used for taxpayer education of the requirements of Title 32, Chapter 7A, the improvement of the equipment and operations in the licensing official office and shall be in addition to the amount budgeted for the office of the official. Fifteen (15) percent of the reinstatement fees received by the department are distributed to the peace officers' annuity fund. The remaining funds are used by DOR to pay for the operation of the MLI program and any remaining funds are then distributed to the General Fund.

Department Outreach

DOR representatives attended the IICMVA meetings held in March and October 2019. DOR representatives also attended the Alabama Licensing Officials (AATA) Conference (January 2019), Probate Judges' Summer Conference (June 2019), AATA Summer Conference (June 2019), and the Probate Judges' Meeting (September 2019) to provide information on MLI law changes and Administrative Rules. DOR representatives also hosted a meeting with licensing officials on December 11, 2019 to explain upcoming MLI law changes 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
APCIA-American Property Casualty Insurance Association
APJA – Alabama Probate Judges Association
DOR – Department of Revenue
DOI – Department of Insurance
IICMVA – Insurance Industry Committee on Motor Vehicle Administration
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
Website: 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

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.

Insurer Name _____ **NAIC Code** _____

Mailing Address _____

City _____ **State** _____ **Zip** _____

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

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
2019 Calendar Year

OIVS Summary	
First Request OIVS Totals	58,750,679
Second Request OIVS Totals	3,006,778
Other OIVS Request Totals	194,575
Total OIVS Requests	61,952,032

Correspondence Sent		
Questionnaires Via Mail	413,546	48.8%
Questionnaires Via E-Mail	64,216	7.6%
NOS Via Mail	369,349	43.6%
Total Correspondence Sent	847,111	100%

Responses Received		
Questionnaires-MLI System-clerk entry (mail, fax, or walk in)	62,625	48.8%
Questionnaires - Registrant Response System	65,429	51.0%
NOS-MLI System-clerk entry (mail, fax, or walk in)	143	0.1%
NOS-Registrant Response System	5	0.0%
Total Responses	128,202	100%

MLI Summary		
R1 (\$200 fee paid)- 1st Violation	35,366	1.2%
R2 (\$400 fee paid)- 2nd Violation	2,749	0.1%
R3 (No fee paid) -Valid Insurance	22,579	0.8%
CL-Closed Record Prior to Suspension	2,569,162	86.9%
VR-Revoked Registration	104,056	3.5%
1st Suspension (S1)	207,772	7.0%
2nd Suspension (S2)	16,291	0.6%
Total Responses	2,957,975	100%

APPENDIX C

Mandatory Liability Insurance Program

	<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>FY 19</u>
1 MLI Reinstatement Fees	\$893,243.82	\$1,129,269.47	\$2,198,301.12	\$3,471,852.73	\$7,600,553.88	\$8,143,822.14	\$5,694,946.99

¹This 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

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

Alabama Law Enforcement Agency (1)

Captain Jonathan Archer
(334) 243-1377
Jon.Archer@alea.gov

Alabama Department of Insurance (1)

Ken Williamson
(334) 240-7583
ken.williamson@insurance.alabama.gov

Assoc. of Alabama Tax Administrators (1)

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

Alabama Probate Judges Association (1)

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

Insurance Reps. (4) - selected by DOI Commissioner

Dustin Wilson, ALFA
(334) 613-4975
dwilson2@alfains.com

Ken Needham, Allstate
(205) 981-5991
Ken.needham@allstate.com

John Morales, USAA
(210) 296-7753
John.morales@usaa.com

Kim Decker, Farmers Insurance
(405) 823-2638
kim.decker@farmersinsurance.com

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

Todd Feltman
State Farm Insurance
(309) 763-5792
Todd.feltmanc0hu@statefarm.com

American Property Casualty Insurance Association (APCIA) (1)

Alex M. Hageli
Director: Policy, Research & International
(847) 553-3656
Alex.Hageli@apci.org

Alabama Independent Insurance Agents (AIIA) (1)

Ken McFeeters
PAC Insurance
(205) 426-9885
Ken35216@yahoo.com

Total members: 13