

State of Alabama

Department of Revenue

Online Insurance Verification System

2020 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 (4) insurance company representatives appointed by the Commissioner of Insurance

- One (1) representative of the NAMIC
- One (1) representative of the APCIA
- 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 via conference call. During 2020, the council members elected to begin having council meetings on an “as needed” basis.

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

Delay of Suspensions

Due to the COVID-19 pandemic, and the resulting closure of many licensing offices throughout the state, several executive orders were issued by the DOR Commissioner which extended registration deadlines and allowed licensing officials to waive late penalties. The order also granted registrants an extension of time to surrender license plates of vehicles that were not insured due to being exempt from insurance as a result of the vehicle being stored, operable or otherwise unused. The initial executive order was effective on March 16th and was subsequently extended through July 31st. In accordance with the executive orders, no registrations were suspended during this time period. Over 120,000 vehicle registrations were suspended from August 1st to the end of September.

Notice and Form Updates

On December 18, 2019, the MLI postcard questionnaire was replaced with the MLI Verification Notice. The verification notice informs registrants that insurance coverage could not be verified on the insurance verification date in question and directs registrants to respond to an insurance questionnaire on the www.besuretoinsureal.com portal or visit their local licensing office. The notice also lists the new requirements, which were effective January 1, 2020 (Act 2019-446) for registrants to claim an insurance exemption (vehicle was not operated during the lapse in coverage due to the vehicle being stored, inoperable, or otherwise unused). The registrant is required to surrender the license plate to the local licensing official within 30 calendar days from the date of the notice if the vehicle was not involved in accident or issued a citation during

the lapse in coverage, and the exemption was not previously claimed during the current registration period for the vehicle. The notice also informs the registrant that if proof of insurance for the verification date is not provided or if the plate is not surrendered within thirty (30) calendar days from the date of the notice, the registration will be suspended, and provides appeal provisions.

On December 18, 2019, changes were also made to the Notice of Suspension. The notice was revised to inform the registrant that the vehicle's registration had been suspended effectively immediately due to the department being unable to verify proof of coverage for the insurance verification date in question.

MLI affidavit (form MV 32-7A-11) and administrative rule 810-5-8-.06 were amended to allow registrants to request an extension to claim an insurance exemption due to licensing office closures related to the COVID-19 pandemic. In order to qualify for the exemption, the applicant must surrender the license plate and submit the form to their local licensing official within thirty (30) calendar days from the date the "good cause" event ceased.

System Updates

In June 2020, the MLI system was updated to better comply with Act 2019-446. The system was specifically updated to address the new plate surrender process required for registrants to claim exempt status. Other system updates include access to crash data, changing the suspension lookback period to a 3-year time period, and an improved user interface.

MLI Training

Webinars for licensing officials and their staff were scheduled during November and December 2020. The primary purpose of the webinars was to provide training to licensing officials and their staff on the 2020 law changes and updated MLI system. The webinars were recorded and posted on the MVD website for review by anyone who was unable to attend. On December 8, 2020, the DOR call center also received MLI training. Nearly 400 participants attended the webinars.

Administrative Rules

The following Motor Vehicle Division (MVD) Administrative Rules were amended due to Legislative Act 2019-446. Please note that the rules were referenced in the 2019 annual report but are being provided again due to the rules becoming effective in 2020.

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.” The new rule provides guidance to licensing officials on reinstating suspended registrations, procedures for revoking registrations, and allowing extensions to claiming exemptions.

The following administrative rules were repealed due to the existence of redundant language present in other rules (above) or the law, 810-5-8-.02, 810-5-8-.03, 810-5-8-.03, 810-5-8-.04 through 810-5-8-.05, 810-5-8-.08, and 810-5-8-.10.

Administrative Rules can be viewed on the DOR’s webpage at:

<https://revenue.alabama.gov/legal/administrative-rules/>

Email Initiative

Over 34,000 verification notices and over 40,000 Notices of Suspension were emailed to registrants during 2020. MLI notices are mailed in addition to being emailed.

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. Insurers should also use the form to submit any changes.

OIVS Requests, Responses, and MLI Statistics

Appendix B reflects OIVS and MLI statistics from the 2020 calendar year. As detailed in the report, over 63M insurance verification requests were submitted to insurers through OIVS. Over 59M of these requests were “first requests” received from licensing officials, and the DOR reverification process. Over 3M of the remaining requests were “second requests” by DOR which occurred fourteen (14) days after the “first request” in an attempt to verify insurance before an MLI notice was mailed to the registrant.

In 2020, 850,688 MLI Notification Letters and Notices of Suspension were sent to registrants via mail or email. During 2020, 204,831 registrant responses to MLI Notification Letters were received. 70,433 (34%) of the registrant responses were received electronically via the registrant response system, and the remaining 134,398 (66%) registrant responses were received by local licensing offices.

In 2020, 1,051,894 MLI record responses/updates were processed. Of that total, 103,948 (10%) were registration reinstatements. 255,741 (24%) of MLI records were closed (CL). 179,397 (17%) registration revocations (VR) were processed because the vehicle was sold, inoperable, or stored on the insurance verification date. The remaining 512,808 (49%) resulted in registration suspensions (S1 or S2) because the registrant failed to respond to the MLI notice, failed to surrender the plate within 30 calendar days (if claiming insurance exemption) or failed to provide evidence of insurance on the insurance verification date.

Reinstatement Fees

Nearly \$8.5M in reinstatement fees were collected for the 2020 calendar year. Beginning January 2020, and in accordance with Act 2019-446, reinstatement fees can only be collected by licensing officials. See Appendix C for a comparison of reinstatement fees collected over previous fiscal years.

In accordance with Section 32-7A-12 (g), Code of Ala. 1975, licensing officials retain 15% of the reinstatement fee. 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 distributed to the General Fund.

Department Outreach

DOR representatives attended the Alabama Licensing Officials (AATA) Conference (January 2020), the Probate Judges' Meeting (September 2020), and the Annual Licensing Conference (December 2020) to provide updates regarding the MLI program.

ACRONYMS

AATA – Alabama Association of Tax Administrators
AIIA – Alabama Independent Insurance Agents
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
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) 242-9000
 www.revenue.alabama.gov

MV-MLI-C
 02/21

**Mandatory Liability Insurance
 Insurer Information Form**

Please complete for each NAIC code and submit via document upload to: <https://revenue.alabama.gov/contact/>. Once on the page, click "Submit a Request".
 Note if you are a new user, an account will need to be created to submit the document.

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
2020 Calendar Year**

OIVS Summary

First Request OIVS Totals	59,867,039
Second Request OIVS Totals	3,273,514
Other OIVS Request Totals	176,051
Total OIVS Requests	63,316,604

Correspondence Sent

Mailed Verification Notices	361,705
Emailed Verification Notices	54,902
Mailed Notices of Suspension	406,151
Emailed Notices of Suspension	27,930
Total Correspondence Sent	850,688

Responses Received

Registrant Response System	70,433
ADOR/Licensing Officials	134,398
Total Responses	204,831

MLI Summary

R1 (\$200 fee paid)- 1st Violation	39,864
R2 (\$400 fee paid)- 2nd Violation	64,084
CL-Closed Record	255,741
VR-Revoked Registration	179,397
1st Suspension (S1)	480,301
2nd Suspension (S2)	32,507
Total Responses	1,051,894

APPENDIX C

	<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>	<u>FY 20</u>
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	\$8,516,822.47

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.feltman@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