

State of Alabama

Department of Revenue

Online Insurance Verification System

2021 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 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, during 2020, 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. Such an order was also issued on January 5, 2021, and it expired on June 30, 2021.

Notice Updates

Prior to May 2021, the MLI Verification Notice and Notice of Suspension were sent out via a 3rd party vendor. During May 2021, the MVD began sending out the MLI Verification Notice and the Notice of Suspension via the Department’s Central Mail room. This was part of a project to bring all division mailings within the Department. Also, the notices were changed so that the licensing official’s contact numbers were included on the back of the notices. Revised language on the notices directed the registrant to either the Department’s response site (www.besuretoinsureal.com) or the local licensing officials to respond to the notice. To facilitate this, the notices were updated to list the telephone numbers of each licensing official on the back of the notices.

MLI Insurer Response

Currently, only insurers who write less than 500 Alabama policies can directly respond via the MLI system on their customer's behalf. The Department has begun preliminary discussions on expanding this functionally, so that it is available to all insurers. The insurer would login (via an assigned a userid/password) to the MLI system to directly confirm coverage for their customers. Expanding the capability for direct response to all insurers will allow insurers to quickly resolve MLI inquires, thus reducing the burden on their customers. This feature is expected to be available in 2022.

OIVS Certificate Update

The OIVS security certificate expired on December 4, 2021. In preparation for this expiration, the Center for Advanced Public Safety (CAPS) first installed the certificate into OIVS and then hosted it on MVD's website. Next Caps, tested the new certificate against all production insurers who utilize the certificate to ensure that the insurance verification request did not fail with the insurer when the new certificate was in place. During this testing, some issues were identified where some insurers testing failed with the new certificate in place. The MVD and CAPS then worked with those insurers to ensure that their service would work with the new certificate. All issues were resolved as of December 10, 2021

Administrative Rules

The following Motor Vehicle Division (MVD) Administrative Rule was amended due to Legislative Act 2019-446. Please note that the rule was referenced in the 2020 annual report but is being provided again due to the amendment of the rule becoming effective in 2021.

Rule 810-5-8-.06 entitled "MLI Registration Suspension, Reinstatement, and Revocation Procedures." The rule was amended November 18, 2020, and the amendment became effective January 14, 2021. The new rule provides guidance to licensing officials on reinstating suspended registrations, procedures for revoking registrations, and allowing extensions to claiming exemptions.

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

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

Email Initiative

Over 120,000 verification notices and over 80,000 Notices of Suspension were emailed to registrants during 2021. MLI notices are mailed in addition to being emailed to registrants that have provided their email address to their licensing official's office for inclusion in the state database.

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 2021 calendar year. As detailed in the report, over 65M insurance verification requests were submitted to insurers through OIVS. Over 61M 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. Over 170,000 were "other requests" by DOR and licensing officials attempting to confirm provided insurance information.

In 2021, 893,785 MLI Notification Letters and Notices of Suspension were sent to registrants via mail or email. During 2021, 257,847 registrant responses to MLI Notification Letters were received. 84,835 (33%) of the registrant responses were received electronically via the registrant response system, and the remaining 173,012 (67%) registrant responses were received by local licensing offices.

In 2021, 1,314,097 MLI record responses/updates were processed. Of that total, 152,733 (12%) were registration reinstatements (which are payments of either a \$200 fee (for the first violation) or a \$400 fee (for second or subsequent violations) for when a registrant's vehicle was not insured on the insurance verification date). 148,658 (11%) of MLI records were closed (CL). 468,257 (36%) registration revocations (VR) were processed because the vehicle was sold, inoperable, or stored on the insurance verification date. The remaining 544,449 (41%) 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

Over \$13M in reinstatement fees were collected for the 2021 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 or participated virtually in the AATA Mid-Winter Conference (February 2021), the AATA Summer Conference (June 2021), the IICMVA Virtual Fall Conference (October 2021), and the Alabama Licensing Officials (AATA) Conference (December 8, 2021) 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
2021 Calendar Year**

OIVS Summary	Total
First Request OIVS Totals	61,461,668
Second Request OIVS Totals	3,823,781
Other OIVS Request Totals	170,856
Total OIVS Requests	65,456,305

Correspondence Sent	
Mailed Verification Notices	392,514
Emailed Verification Notices	120,531
Mailed Notices of Suspension	300,215
Emailed Notices of Suspension	80,525
Total Correspondence Sent	893,785

Responses Received	
Registrant Response System	84,835
ADOR/Licensing Officials	173,012
Total Responses	257,847

MLI Summary	
R1 (\$200 fee paid)- 1st Violation	79,010
R2 (\$400 fee paid)- 2nd Violation	73,723
CL-Closed Record	148,658
VR-Revoked Registration	468,257
1st Suspension (S1)	516,158
2nd Suspension (S2)	28,291
Total Responses	1,314,097

APPENDIX C

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
Reinstatement Fees	\$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	\$13,078,084.90

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