

**State of Alabama**

**Department of Revenue**

**Online Insurance Verification System**

**2022 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
- Four (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.

### Notice Updates

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 practice continued during 2022. Also, during 2022, a department wide rebranding campaign of all communications from the Department took place. Part of the rebranding was that all emails, presentations, forms, and letters from the Department be made consistent in their design and formatting. As part of this change, the MLI Verification Notice and the MLI Notice of Suspensions were placed on the new Department approved standard letterhead. The letterhead included the new Department logo and Department website address.

### 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. During 2021, the Department began 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. During late 2022, internal testing of the new feature began taking place, and the feature is scheduled to be implemented during March 2023.

## OIVS Certificate Update

The OIVS security certificate expired on November 19, 2022. 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 November 18, 2022.

## Email Initiative

Over 172,000 MLI Verification Notices and over 137,000 Notices of Suspension were emailed to registrants during 2022. 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 2022 calendar year. As detailed in the report, over 56M insurance verification requests were submitted to insurers through OIVS. Over 54M of these requests were "first requests" received from licensing officials, and the DOR reverification process. Over 2M 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 100,000 were "other requests" by DOR and licensing officials attempting to confirm provided insurance information.

In 2022, 902,839 MLI Notification Letters and Notices of Suspension were sent to registrants via mail or email. During 2022, 198,549 registrant responses to MLI Notification Letters were received. 60,171 (31%) of the registrant responses were received electronically via the registrant response system, and the remaining 138,378 (69%) registrant responses were received by local licensing offices.

In 2022, 1,093,878 MLI record responses/updates were processed. Of that total, 135,116 (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). 92,068 (8%) of MLI records were closed (CL). 377,104(35%) registration revocations (VR) were processed because the vehicle was sold, inoperable, or stored on the insurance verification date. The remaining 489,590 (45%) 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 \$10M in reinstatement fees were collected for the 2022 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 AATA Mid-Winter Conference (February 2022), the AATA Summer Conference (June 2022), and the Alabama Licensing Officials (AATA) Conference (December 8, 2022) 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](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) 242-9000  
 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

**OIVS and MLI Statistics  
2022 Calendar Year**

<b>OIVS Summary</b>	<b>Total</b>
First Request OIVS Totals	54,295,820
Second Request OIVS Totals	2,389,519
Other OIVS Request Totals	109,606
<b>Total OIVS Requests</b>	<b>56,794,945</b>

<b>Correspondence Sent</b>	
Mailed Verification Notices	332,653
Emailed Verification Notices	172,955
Mailed Notices of Suspension	259,558
Emailed Notices of Suspension	137,673
<b>Total Correspondence Sent</b>	<b>902,839</b>

<b>Responses Received</b>	
Registrant Response System	60,171
ADOR/Licensing Officials	138,378
<b>Total Responses</b>	<b>198,549</b>

<b>MLI Summary</b>	
R1 (\$200 fee paid)- 1st Violation	69,726
R2 (\$400 fee paid)- 2nd Violation	65,390
CL-Closed Record	92,068
VR-Revoked Registration	377,104
1st Suspension (S1)	459,870
2nd Suspension (S2)	29,720
<b>Total Responses</b>	<b>1,093,878</b>

APPENDIX C

	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
MLI Reinstatement Fees	\$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	\$10,718,074.09

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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)**

Captain Jonathan Archer  
 (334) 243-1377  
[Jon.Archer@alea.gov](mailto:Jon.Archer@alea.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. (4) - selected by DOI Commissioner**

Dustin Wilson, ALFA  
 (334) 613-4975  
[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)

Kim Decker, Farmers Insurance  
 (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)

**American Property Casualty Insurance Association (APCIA) (1)**

Michael Richmond-Crum  
 Manager, Personal Lines & Counsel  
 (202) 813-2304  
[Michael.richmond-crum@apci.org](mailto:Michael.richmond-crum@apci.org)

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

Ken McFeeters  
 PAC Insurance  
 (205) 426-9885  
[Ken35216@yahoo.com](mailto:Ken35216@yahoo.com)

**Total members: 13**