



Alabama Department of Examiners of Public Accounts

Report on the **Department of Insurance** **Montgomery, Alabama**

October 1, 2018 through September 30, 2022

AUDEMUS JURA NOSTRA DEFENDERE
ALABAMA STATE HOUSE

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September 27, 2023

Senator Will Barfoot
Chairman, Sunset Committee
Alabama State House
Montgomery, Alabama 36130

Dear Senator Barfoot:

This report was prepared to provide information for use by the Sunset Committee in conducting its review and evaluation of the operations of the Alabama Department of Insurance in accordance with the *Code of Alabama 1975*, Section 41-20-9.

The report contains unaudited information obtained from the management, staff, and records of the Alabama Department of Insurance in addition to information obtained from other sources.

Please contact me if you have any questions concerning this report.

Sincerely,

Rachel Laurie Riddle
Chief Examiner

Examiners

Charles Bass
Daniel Dupree
Rodney Wagstaff

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PROFILE

Purpose/Authority

Act Number 1951-234, Acts of Alabama, reorganized the agency and renamed it the Department of Insurance. This newly created department absorbed the functions of the Bureau of Insurance, the Bureau of Rates of the Department of Commerce, and the Office of the Fire Marshal. The Alabama Department of Insurance (the “Department”) administers the laws of the state that regulate or otherwise relate to insurance, the insurance business, and the insurance companies, associations, exchanges, societies, and their agents and representatives doing business in the state. The Department is responsible, under the circuit courts’ supervision, for determining if the agency can rehabilitate an insolvent insurance company, and if not, for beginning liquidation proceedings. During the Sunset period, the Department regulated the sale of pre-need funeral or cemetery merchandise and services, however, on October 1, 2023, the regulation of pre-need services will be transferred to the Funeral Services Board per Act Number 2023-94, Acts of Alabama. The Department also regulates service contracts; vehicle protection products, dental services corporations, and health care service plans sold in Alabama. The Department operates under the authority of the *Code of Alabama 1975*, Title 27; Section 8-32-1 through 8-32-12; Section 8-33-1 through 8-33-14; Section 10A-20-6.01 through 6.16; and Section 22-21-360 through 22-21-391.

The Department also has the authority, through the State Fire Marshal, to inspect buildings; to investigate fires or explosions; to supervise fire protection sprinkler industries; and to regulate the manufacture, sale, and use of combustibles and explosives. The State Fire Marshal’s Office operates under the authority of the *Code of Alabama 1975*, Section 36-19-1 through 36-19-44; Section 34-33-1 through 34-33-14; Section 34-33A-1 through 34-33A-1 through 34-33A-13; Section 8-17-210 through 8-17-226; Section 8-17-230 through 8-17-239; Section 8-17-239 through 8-17-240 through 8-17-256; and Section 8-17-270 through 8-17-281.

The following Acts passed since the last sunset review have been codified in the current statutory authority.

Act Number 2019-97, Acts of Alabama, relating to insurance, to add Chapter 29B to Title 27, *Code of Alabama 1975*, to require insurers domiciled in this state to provide information to the Commissioner of Insurance on an annual basis regarding the corporate governance practices of the insurer, to provide that the information would be confidential and privileged under certain conditions, and to amend Sections 27-29-1 and 27-29-7, *Code of Alabama 1975*, relating to insurance holding company systems, to provide a definition of internationally active insurance groups and to specify that documents, materials, and other information filed with the Commissioner of Insurance relative to the group-wide supervision of an internationally active insurance group are confidential and privileged.

Act Number 2019-098, Acts of Alabama, relating to insurance; to require insurers and other entities licensed by the Department of Insurance to develop, implement, and maintain an information security program; to provide for reporting to the Commissioner of Insurance, including the reporting of cybersecurity events; to provide that information provided to the commissioner pursuant to this act would be confidential and privileged under certain conditions; to provide for civil penalties under certain conditions; and for this purpose to amend Sections 10A-20-6.16, as corrected by Act Number 2018-406, Acts of Alabama, the Codification Act, relating to certain nonprofit corporations, and 27-21A-23, *Code of Alabama 1975*, relating to health maintenance organizations.

Act Number 2019-177, Acts of Alabama, relating to insurance; to amend Sections 27-2-7 and 27-22-21, *Code of Alabama 1975*, to authorize the Commissioner of Insurance to create educational and informational programs and presentations for consumers; and to add hurricanes and nonhurricane wind and hail within the list of perils that insurers writing homeowners insurance are required to provide information regarding to the department pursuant to the Property Insurance Clarity Act.

Act Number 2019-240, Acts of Alabama, relating to insurance; to add Section 27-31D-2.1 to the *Code of Alabama 1975*; to require all insurance companies writing homeowners insurance to offer an endorsement that upgrades a home to a fortified standard adopted by the Institute for Business and Home Safety (IBHS) when the insured incurs damage covered by the policy that will require the roof to be replaced; to specify when the endorsement offer shall be made; to require insurance companies to file the endorsement form and accompanying rates at least 90 days before the effective date of this bill; to authorize the Commissioner of Insurance to adopt rules to implement this bill; and to provide an effective date.

Act Number 2019-242, Acts of Alabama, relating to insurance; to amend Section 27-31E-3, *Code of Alabama 1975*, to require the Strengthen Alabama Homes Program within the Department of Insurance to maintain as confidential all documents, materials, and other information submitted by property owners and insurance companies in support of grant applications.

Act Number 2019-280, Acts of Alabama, relating to certified registered nurse anesthetists; to amend Section 27-46-3 of the *Code of Alabama 1975*, providing for direct reimbursement for the services of a certified registered nurse anesthetist by insurers, to further provide for the definition of a certified registered nurse anesthetist for the purposes of the law.

Act Number 2019-392, Acts of Alabama, to make legislative findings; to amend Sections 27-4A-3, 40-18-376, 40-18-376.1, 40-18-410, 40-18-411, 40-18-412, 40-18-413, and 40-18-414, *Code of Alabama 1975*; to add new Sections 40-18-6.1, 40-18-8.1 and 40-18-376.3, *Code of Alabama 1975*; to add a new Article 2C to Chapter 10 of Title 41, *Code of Alabama 1975*; to add new tools for the attraction of new and expanding businesses in rural Alabama; to attract high-tech companies to Alabama; to add new tools for the attraction of new and expanding technology companies to Alabama; to make various enhancements to Alabama's incentives laws; to enhance Alabama's participation in the opportunity zone program; to provide for the repeal of conflicting laws; to provide further for the distribution of proceeds from the insurance premium tax; and to provide for an effective date.

Act Number 2019-457, Acts of Alabama, to prohibit pharmacy benefit managers from preventing pharmacies and pharmacists from disclosing information on the amount an individual would pay for a prescription drug if he or she does not have an insurance plan, benefits, discounts, or if an individual paid for a prescription without using their pharmacy benefits; and to require pharmacy benefit managers to register with the Department of Insurance.

Act Number 2019-460, Acts of Alabama, relating to insurance; to require a lender to provide notice to an insured when an insurance payment is withheld and the conditions for release of the insurance payment; to require a lender to release an insurance payment or provide the detailed conditions for release of the payment upon request of the payment by an insured; and to charge a lender interest on the insurance payment for failure to properly release an insurance payment or provide the detailed conditions for release.

Act Number 2019-533, Acts of Alabama, Relating to public K-12 education and school safety plans; to amend Sections 16-1-44 and 36-19-10 of the *Code of Alabama 1975*; to redesignate comprehensive school safety plans as school emergency operations plans; to redesignate code red school safety plans and code red drills as school lockdown safety plans and school lockdown drills; and to require that each school lockdown safety plan include additional four-tiered specific plans of action for school personnel to follow in case of an alert.

Act Number 2020-73, Acts of Alabama, relating to the Alabama Business and Nonprofit Entities Code; to allow business corporations to elect to become benefit corporations; to allow electronic filing of all entity filings; to update definitions to include terms applicable to the allowance of electronic and digital transactions and transmissions of filings, notices, and data; to establish certain basic standards for all filing instruments; to provide a mechanism to allow the Secretary of State to reject certain filing instruments which are not accompanied by full payment; to clarify the requirements of certificates of existence for entities; to remove certain outdated definitions and matters; and to clarify that volunteer partners, managers, members, governing persons, and other members of a governing authority are considered officers of a qualifying nonprofit entity, thereby recognizing that there are nonprofit partnerships, nonprofit limited partnerships, and non-profit limited liability companies.

Act Number 2021-162, Acts of Alabama, relating to captive insurance companies; to amend Sections 27-31B-2, 37-31B-3, 37-31B-6, 27-31B-12, and 27-31B-13, *Code of Alabama 1975*, to revise certain definitions; to authorize insurance to be placed on risks in alien jurisdictions under certain conditions; to revise certain security requirements for the payment of liabilities attributable to branch operations; to revise certain requirements relating to an Alabama Coastal Captive Insurance Company; to provide for the issuance of certificates of dormancy for captive insurance companies that meet certain requirements; to require dormant captive insurance companies to take certain action; to add Sections 27-31B-26, 27-31B-27, and 27-31B-28 to the *Code of Alabama 1975*.

Act Number 2021-163, Acts of Alabama, Relating to the Commissioner of Insurance; to add Section 8-33-14 to the *Code of Alabama 1975*, to specify that any person being examined by the commissioner in the enforcement of Chapter 33 of Title 8, *Code of Alabama 1975*, the Vehicle Protection Product Act, would be liable for the expenses of the examination; and to specify that all fees collected by the commissioner in the enforcement of the Vehicle Protection Product Act would be deposited in the Insurance Department Fund.

Act Number 2021-172, Acts of Alabama, relating to insurance, to amend Section 27-3-26.1, *Code of Alabama 1975*; to provide for an opinion of an appointed actuary; and to permit an insurer to apply for an exception to the requirement for property and casualty insurers to annually file an actuarial opinion based on exemptions set forth in the annual statement instructions provided by the National Association of Insurance Commissioners.

Act Number 2021-174, Acts of Alabama, relating to insurance, to amend Section 27-13-21, *Code of Alabama 1975*; to exempt flood insurance from the rate filing and approval requirement.

Act Number 2021-235, Acts of Alabama, relating to insurance; to implement the reinsurance collateral provisions of the covered agreements that were entered into between the United States and the European Union and the United Kingdom, and for those purposes to amend Sections 27-5B-3, and 27-5B-9, 27-5B-11, 27-5B-14, and 27-5B-19 *Code of Alabama 1975*, and to add Sections 27-5B-8.1 and 27-5B-20 to the *Code of Alabama 1975*.

Act Number 2021-236, Acts of Alabama, to require a health benefit plan that provides coverage for prescription insulin drugs to cap the amount of any cost-sharing or co-pay that an insured or a beneficiary under the plan is required to pay for a covered prescription insulin drug; and to amend Sections 10A-20-6.16 and 27-21A-23, *Code of Alabama 1975*, as amended by Act Number 2019-98, Acts of Alabama, of the 2019 Regular Session, relating to health care service plans and health maintenance organizations.

Act Number 2021-237, Acts of Alabama, relating to insurance; to amend Section 27-13-3, *Code of Alabama 1975*, to specify that certain data and information filed by property and casualty insurers is to be considered confidential as trade secrets and held by the Commissioner of Insurance as separate and distinct from public records.

Act Number 2021-341, Acts of Alabama, relating to health care; to amend Sections 3 through 7 of Act Number 2019-457, Acts of Alabama, 2019 Regular Session, now appearing as Sections 27-45A-3, 27-45A-4, 27-45A-5, 27-45A-6, and 27-45A-7, *Code of Alabama 1975*; and to add Sections 27-45A-8, 27-45A-9, 27-45A-10, 27-45A-11, and 27-45A-12 to the *Code of Alabama 1975*; to prohibit a pharmacy benefits manager from limiting or incentivizing a patient's choice in pharmacies; to prohibit a pharmacy benefits manager from denying a pharmacy from participating as a contract provider of pharmacy services for a health benefit plan if the pharmacy meets the terms and conditions of the pharmacy benefits manager's contract; to prohibit pharmacy benefits managers from steering an insured to use a mail-order pharmacy or a pharmacy benefits manager affiliate, with certain exceptions; to prohibit a pharmacy benefits manager from limiting certain powers of a pharmacy or pharmacist; to require certain annual reporting; to revise definitions; to provide further for the Commissioner of Insurance to administer and enforce laws relating to pharmacy benefits managers; to provide further for the licensure of pharmacy benefits managers; to require rulemaking; to provide civil penalties for certain violations; and to amend Sections 10A-20-6.16 and 27-21A-23, *Code of Alabama 1975*, to subject certain health insurers to the pharmacy benefits manager laws.

Act Number 2021-379, Acts of Alabama, relating to health insurance and health care payors for health care services; to amend Section 35-11-371 of the *Code of Alabama 1975*, as amended by Act Number 2019-273, Acts of Alabama, 2019 Regular Session, providing for the circumstances under which a hospital may perfect a lien against an injured person; to delete a provision allowing a contractual agreement between a hospital and the injured person's health insurance or other health care payor to supersede this law; to prohibit an insurer or other health care payor from denying, delaying, or deferring payment on a claim for payment to an injured party based on the injured party being treated for injuries received under circumstances that may give rise to a claim against a third party; and to provide that this act would be prospective in operation.

Act Number 2021-397, Acts of Alabama, relating to insurance; to amend Section 27-36A-20 of the *Code of Alabama 1975*, the Standard Valuation Law, which requires the Commissioner of Insurance to annually value the reserves for outstanding life insurance policies and other contracts of life insurance companies doing business in this state; and to revise the small company alternative valuation.

Act Number 2021-399, Acts of Alabama, relating to fireworks and pyrotechnics; to amend Sections 8-17-210, 8-17-211, 8-17-216.1, 8-17-217, 8-17-218, 8-17-219, 8-17-220, 8-17-225, 8-17-226, 8-17-237, 8-17-255, 34-33-11, 34-33A-12, and 36-19-29, *Code of Alabama 1975*; and to add Section 36-19-31 to the *Code of Alabama 1975*; to redesignate common fireworks as consumer fireworks and to provide for the regulation of consumer fireworks; to increase the fees collected by the State Fire Marshal for issuing permits in the regulation of the manufacturing, sale, and display of fireworks and for the use of pyrotechnics before a proximate audience; to further provide for the operation of the State Fire Marshal's Fund and to provide retroactive effect; to provide for a transfer of five percent of the permit fees collected by the State Fire Marshal in the regulation of fireworks and pyrotechnics to the Alabama Firefighters Annuity and Benefit Fund; and to specify that the fees may be increased at certain intervals according to increases in the Consumer Price Index.

Act Number 2021-476, Acts of Alabama, relating to state property; to amend Sections 41-4-400 and 41-4-353, *Code of Alabama 1975*, to further provide for the authority of the Division of Construction Management; to provide that the governing boards of certain educational institutions and state educational institutions have authority to manage the construction and renovation of property as it relates to each institution; to require the 10 Division of Construction Management to provide for the electronic submission and signing of documents; to require the Division of Construction Management to make annual reports to the Legislature; and to amend Section 16-1-2.2, *Code of Alabama 1975*, to provide that safe spaces or hallways at higher education institutions be rated for tornadoes. Section 6. Nothing in this act shall eliminate or otherwise diminish the authority of the State Fire Marshal or his or her assistants, as defined by Section 36-19-3, *Code of Alabama 1975*, or a local fire marshal to conduct property inspections.

Act Number 2022-147, Acts of Alabama, relating to the Department of Insurance; to direct the Commissioner of Insurance to transfer from the Insurance Department Fund to the Strengthen Alabama Homes Fund any amount remaining in the Insurance Department Fund on September 30, 2022, which exceeded 25 percent of the amount appropriated for the Insurance Department Fund for the fiscal year ending September 30, 2022; to authorize the Commissioner of Insurance to transfer up to 50 percent of the amount appropriated each fiscal year from the Insurance Department Fund; and to add Section 27-31E-4 to the *Code of Alabama 1975*, to provide additional qualifications for contractors who perform retrofitting work to the Strengthen Alabama Homes Fund.

Act Number 2022-148, Acts of Alabama, relating to insurance; to require the Commissioner of Insurance to establish and support the Center for Risk and Insurance Research connected with a state university to carry out research, education, and outreach regarding risk management and insurance issues; to create a fund in the State Treasury to be known as the Center for Risk and Insurance Research Fund to be used to fund the center; to amend Section 27-2-39, *Code of Alabama 1975*, to credit a portion of certain fees, licenses, and taxes collected by the Commissioner of Insurance to the fund; and to make technical changes to Section 27-2-39, *Code of Alabama 1975*, to conform with existing law.

Act Number 2022-151 Acts of Alabama, relating to insurance; to amend Section 27-15-28.2, *Code of Alabama 1975*, relating to the standard nonforfeiture law for individual deferred annuities, to decrease the minimum interest rate to 15 basis points (0.15%); and to exempt contingent deferred annuities from the standard nonforfeiture law and to authorize the Commissioner of Insurance to adopt by rule the nonforfeiture benefits for contingent deferred annuities; to amend Sections 27-29-1, 27-29-3, 27-29-4, and 27-29-7 of the *Code of Alabama 1975*, to revise the Alabama Insurance Holding Company System Regulatory Act and the regulation of insurance holding company systems by the Commissioner of Insurance; to provide for a group capital calculation and a liquidity stress test within the insurance holding company system; to further provide for the confidentiality of information in the possession of the Commissioner of Insurance and third party consultants designated by the commissioner relating to insurance holding company regulation and would include the group capital calculation and resulting group capital ratio and for the liquidity stress test and its results and supporting documentation as filed with the commissioner within the confidentiality provisions; and to amend Section 27-36A-20, *Code of Alabama 1975*, as amended by Act Number 2021-397, Acts of Alabama, 2021 Regular Session, the Standard Valuation Law, which requires the Commissioner of Insurance to annually value the reserves for outstanding life insurance policies and other contracts of life insurance companies doing business in this state; and to revise the small company alternative valuation provisions.

Act Number 2022-152, Acts of Alabama, relating to travel insurance; to add Chapter 64 to Title 27 of the *Code of Alabama 1975* and to repeal Section 27-7-5.2, *Code of Alabama 1975*, relating to travel insurance, and replace the section with new Section 27-64-4, *Code of Alabama 1975*; to create the Travel Insurance Act; to revise licensing and registration requirements for limited lines travel insurance; to provide standards for premium taxes on travel insurance; to provide for the sale of travel insurance as part of a travel protection plan; to establish sales practices standards for the sale of travel insurance; to provide standards for travel administrators; to classify travel insurance for purposes of rates and forms; and to further provide for the commissioner's authority to adopt rules and implement the act.

The following Acts passed since the last sunset review have not been codified in the current statutory authority. Copies of the Acts can be found in Appendix II of this report.

Act Number 2023-94, Acts of Alabama, relating to the Alabama Board of Funeral Service; to amend Section 34-13-1, as amended by Act Number 2022-339, Acts of Alabama, 2022 Regular Session, Sections 34-13-20, 34-13-21, and 34-13-22, and 34-13-22, Sections 34-13-23 and 34-13-27, as amended by Act Number 2022-339, Acts of Alabama, 2022 Regular Session, *Code of Alabama 1975*, to rename the Alabama Board of Funeral Service as the Alabama Board of Funeral Services and to provide further for definitions and the membership of the board; to add Article 5 to Chapter 13, Title 34, *Code of Alabama 1975*, by amending and renumbering Sections 27-17A-1, 27-17A-3, 27-17A-4, 27-17A-10 to 27-17A-25, inclusive. 27-17A-30 to 27-17A-34, inclusive, and 27-17A-40 to 27-17A-57 inclusive, as Sections 34-13-170 to 34-13-172, inclusive, 34-13-190 to 34-13-206, inclusive. 34-13-230 to 34-13-234, inclusive, and 34-13-260 to 34-13-277, inclusive, *Code of Alabama 1975*; to establish the Alabama Preneed Funeral and Cemetery Act of 2023; to transfer the existing Preneed Funeral and Cemetery Act, and the regulation of preneed contracts, from the Commissioner and Department of Insurance to the Alabama Board of Funeral Service; to authorize the Department of Insurance to temporarily transfer certain funds to the board to defray costs associated with the administration and operation of the Alabama Preneed Funeral and Cemetery Act of 2023; and in connection therewith would have as its purpose or effect the requirement of a new or increased expenditure of local funds within the meaning of Section 111.05 of the *Constitution of Alabama* of 2022. This Act shall become effective on October 1, 2023. This Act is presented in Appendix II of this report.

Act Number 2023-104, Acts of Alabama, relating to the Alabama Department of Insurance; to amend Sections 27-7-5, 27-7-14.1, 27-9A-6, 27-9A-8, 27-9A-9, 27-9A-11, 27-25-4.1, and 27-25-4.3, *Code of Alabama 1975*, to delete the requirement for insurance producers, independent adjusters, apprentice independent adjusters, and title insurance agents to complete a pre-licensing course of study approved by the Commissioner of Insurance prior to licensure by the department; and to eliminate the issuance of new service representative licenses prospectively and to authorize a current license to renew his or her license. This act shall become effective January 1, 2024. This Act is presented in Appendix II of this report.

Act Number 2023-202, Acts of Alabama, relating to the Insurance Department; to amend Section 27-2-29 of the *Code of Alabama 1975*, to authorize the department to post notice of hearings for the consideration of matters which would otherwise require separate notices to more than 50 persons on a website maintained by the department; and to require the department to post notices of hearings held for consideration of rules of the commissioner on a website maintained by the department and to publish the notices in the Alabama Administrative Monthly. This Act became effective May 16, 2023. This Act is presented in Appendix II of this report.

<u>Operations</u>	
Administrator	<p>The Governor appointed Mark Fowler to serve as Commissioner of Insurance effective January 13, 2023 and set his annual salary at \$161,928.00.</p> <p><i>Code of Alabama 1975</i>, Sections 27-2-2(a) and 27-2-4(a)</p>
Location	<p>201 Monroe Street, Suite 502 Montgomery, AL 36130-3351 Office Hours: Monday – Friday 8:00 a.m. – 5:00 p.m.</p> <p><i>Code of Alabama 1975</i>, Section 27-2-6</p>
Employees	155
Legal Counsel	<ul style="list-style-type: none"> • Ralph R. (Reyn) Norman, III, General Counsel, Assistant Attorney General. • J. Fairley McDonald, III, Chief Counsel, Deputy Attorney General. • Erin Dunagan, Associate Counsel, Assistant Attorney General. <p>All are employees of the Department of Insurance.</p>
Subpoena Power	<p>The Commissioner may subpoena witnesses and administer oaths or affirmations and examine any individual under oath or take depositions and, by subpoena duces tecum, may require and compel the production of records, books, files, documents, and other evidence.</p> <p><i>Code of Alabama 1975</i>, Section 27-2-26</p>
Internet Presence	www.aldoi.gov
Attended Board Member Training	<p>Former Chief Financial Officer Former Account Clerk State Fire Marshal General Counsel Accounting Director Accounting Technician</p>

<u>Financial</u>	
Source of Funds	Insurance licensing and regulatory fees; fees for audits and examinations of insurance companies; fees for service contract registrations; fees for permits/certifications issued by the State Fire Marshal; and fines/penalties.
State Treasury	<p>The Department operates from the following funds maintained in the State Treasury:</p> <ul style="list-style-type: none"> • Fund 0341 – Special Examination Revolving Fund • Fund 0342 – State Fire Marshal’s Fund • Fund 0921 – Department of Insurance Fund • Fund 0934 – Service Contract Revolving Fund • Fund 1233 – Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Fund • Fund 1611 – Fraud Unit Fund • Fund 1630 – Strengthen Alabama Homes Fund
Required Distributions	<p>On a semiannual basis, the State Fire Marshal shall transfer from the State Fire Marshal’s Fund to the Alabama Firefighters Annuity and Benefit Fund an amount equal to 5% of the fees collected during the previous six months pursuant to Sections 8-17-211 and 8-17-216.1.</p> <p><i>Code of Alabama 1975, Section 36-19-32(a)</i></p>
Unused Funds	<p>All funds are retained by the Department except for funds in Special Revenue Fund 0921 (Insurance Department Fund). The unencumbered and unexpended balance at the end of each fiscal year in excess of 25% of the amount appropriated for that fiscal year must be transferred to the State General Fund.</p> <p><i>Code of Alabama 1975, Section 27-2-39(a)</i></p> <p>Act Number 2022-147, Acts of Alabama, codified as the <i>Code of Alabama 1975</i>, Section 27-31E-4, required the Department to transfer to the Strengthen Alabama Homes Fund any amount remaining in the Insurance Department Fund (Special Revenue Fund 0921) on September 30, 2022, which exceeded 25% of the amount appropriated for the Insurance Department Fund for fiscal year 2022.</p>

Licensure

Licensees

Insurance licensees as of May 17, 2023:

Individual License Type	
Adjuster	35,950
Apprentice Adjuster	9
Insurance Producer	196,710
Portable Electronic Ins. – Large	20
Portable Electronic Ins. – Small	26
Preneed Sales Agent	920
Reinsurance Intermediary	6
Service Representative	30
Surplus Line Broker	2,499
Title Insurance Agent	498
Temporary Insurance Producer	1,265
Total	237,933

Business Entity License Type	
Adjuster	286
Insurance Producer	12,087
Managing General Agent	34
Pharmacy Benefits Manager	53
Portable Electronic Ins. – Large	14
Portable Electronic Ins. – Small	14
Reinsurance Intermediary	15
Surplus Line Broker	874
Title Insurance Agent	270
Total	13,647

Source: Insurance Licensing Supervisor

Permits/Certifications

Fire Marshal Permits as of May 31, 2023:

Fire Marshal Permits/Certifications	
Fireworks	452
Sprinkler	29
Fire Pump	90
Fire Alarm	29
Blaster – Contractor	17
Blaster – Individual	82
Cigarette Ignition	1
Total	700

Source: State Fire Marshal

<p>Licensure Qualifications</p>	<p>Insurance Producer/Service Representative</p> <ul style="list-style-type: none"> • At least 18 years of age. • Has not committed any act that is grounds for denial, suspension, or revocation as set forth in the <i>Code of Alabama 1975</i>, Section 27-7-19. • Complete a pre-licensing course of study for the lines of authority being applied for, consisting of 20 classroom hours per line of authority, or equivalent individual instruction, on the general principles of insurance for that line of authority. The course to be taught only by those educational institutions, junior or senior colleges, technical colleges, trade schools, insurance companies, or insurance trade organizations which hold written authority from the Commissioner to issue certificates of completion. • Successfully pass the examination for the lines of authority for which the individual has applied. <p><i>Code of Alabama 1975</i>, Section 27-7-5(a)</p> <p>Independent Adjusters</p> <ul style="list-style-type: none"> • At least 18 years of age. • Eligible to designate this state as his or her home state. • Has not committed any act that is grounds for probation, suspension, revocation, or refusal of licensure as set forth in the <i>Code of Alabama 1975</i>, Section 27-9A-12. • Has completed a pre-licensing course of study and successfully passed the examination for the line of authority for which the individual has applied. <p><i>Code of Alabama 1975</i>, Section 27-9A-6(a)</p> <p>Preneed Sales Agent</p> <ul style="list-style-type: none"> • At least 18 years of age. • In good standing with the Commissioner. • Must not have any felony or misdemeanor convictions that relate to any activity regulated by the <i>Code of Alabama 1975</i>, Title 27 Chapter 17A. <p><i>Code of Alabama 1975</i>, Section 27-17A-18(f)</p>
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Title Insurance Agent

- At least 19 years of age.
- Bona fide resident and citizen of Alabama or is a full-time employee of a duly licensed title insurance agent whose principal place of business is physically located in Alabama.
- Has not committed any act that is grounds for probation, suspension, revocation, or refusal of license as set forth in the *Code of Alabama 1975*, Section 27-25-4.5.
- Has completed the pre-licensing course of study for title insurance and successfully passed the examination for title insurance.

Code of Alabama 1975, Section 27-25-4.1(b)

Surplus Line Broker

Any person, while licensed as a resident insurance producer in this state for the property lines of authority and who is deemed by the Commissioner to have had sufficient experience in the insurance business to be competent for the purpose may be licensed as a surplus line broker for the types and kinds of insurance that he or she as a resident producer is licensed to handle.

Code of Alabama 1975, Section 27-10-24(a)

Act Number 2023-104, Acts of Alabama, effective January 1, 2024, (a) removed the requirement for insurance producers, independent adjusters, and title insurance agents to complete a prelicensure course of study prior to licensure and (b) eliminated the issuance of new service representative licenses prospectively and authorize a current licensee to renew licensure. This Act is presented in Appendix III of this report.

Blaster Certification

- 21 years of age or older.
- Two or more years of experience as a blaster.
- Passing a written comprehensive examination given by the office relating to the use of explosives.

Code of Alabama 1975, Section 8-17-243

Examinations

Persons applying for an insurance producer, independent adjuster, or title insurance agent license must pass an examination on the lines of insurance for which they wish to be licensed. The examination is administered by the University of Alabama College of Continuing Studies. Examinations are computerized and applicants receive the results immediately upon completion. Fees for the examination are paid directly to the University of Alabama.

The examination is administered at the following locations:

- Jefferson State Community College – Birmingham
- University of Alabama in Huntsville – Huntsville
- Bishop State Community College – Mobile
- Color Copy Shop/The Exam Center – Millbrook
- University of Alabama – Tuscaloosa

Examination Statistics			
Year	# Taken	# Passed	% Pass
2022	6,979	4,254	61%
2021	7,301	4,556	62%
2020	4,627	2,964	64%
2019	7,197	4,516	63%

Separate pass/fail statistics for students from Alabama educational institutions were not available. The Department does not collect this information.

Code of Alabama 1975, Sections 27-7-4.3; 27-9A-6(a)(5); 27-25-4.1(b)(5)

Source: Securities/Insurance Registration Manager

Blaster Certification Examination

The State Fire Marshal’s Office prepares, administers, and grades the examination. Examinations are given at the State Fire Marshal’s Office in Montgomery by request. There is no fee to take the examination.

Examination Statistics			
Year	# Taken	# Passed	% Pass
2022	3	3	100%
2021	3	3	100%
2020	10	10	100%
2019	*	*	0%

*No records found.

Code of Alabama 1975, Section 8-17-243

Source: State Fire Marshal

<p>Reciprocity</p>	<p>Insurance Producers</p> <p>An individual who applies for an insurance producer license in this state who was previously licensed for the same lines of authority in another state shall not be required to complete any prelicensing education or examination. This exemption is only available if the person is currently licensed in that state or if the application is received within 90 days of the cancellation of the applicant's previous license and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the National Association of Insurance Commissioners (NAIC), its affiliates or subsidiaries, indicate that the producer is or was licensed in good standing for the line of authority requested.</p> <p>A person licensed as an insurance producer in another state who moves to this state shall, within 90 days of establishing legal residence, make application to become a resident licensee pursuant to <i>Code of Alabama 1975</i>, Section 27-7-5. No prelicensing education or examination shall be required of that person to obtain any line of authority previously held in the prior state except where the commissioner determines otherwise by regulation.</p> <p><i>Code of Alabama 1975</i>, Section 27-7-29.1</p> <p>Independent Adjusters</p> <p>An individual applicant for an independent adjuster license in this state shall not be required to complete any prelicensing course or examination if the person is currently licensed in another state for the same line or lines of authority based on an independent adjuster examination or if such state license has expired and the application is received by this state within 90 days of expiration. The applicant shall either provide certification from the other state that the applicant's license is currently in good standing or was in good standing at the time of expiration or the state's producer database records maintained by the NAIC must indicate that the applicant is or was licensed in good standing. The certification must be of a license with the same line of authority for which the individual has applied.</p> <p>A person licensed as an independent adjuster in another state based on an independent adjuster examination who, within 90 days of establishing legal residency in this state, applies to become a resident independent adjuster licensee pursuant to <i>Code of Alabama 1975</i>, Section 27-9A-6 shall not be required to complete a prelicensing course or an examination.</p> <p><i>Code of Alabama 1975</i>, Section 27-9A-9(a) and (b)</p>
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Pyrotechnic Display Operators

- 21 years of age.
- Proof of current Employer Possessor Letter of Clearance issued to the individual by the Bureau of Alcohol, Tobacco, and Firearms or consent to criminal history background check by the State Fire Marshal.
- Proof of successful completion of an eight-hour training program approved by the State Fire Marshal.
- Verifiable evidence of safe performances as an operator for at least six firework displays.
- Copy of license of the applicant issued by the other state.
- \$120.00 reciprocal license fee.

Code of Alabama 1975, Section 8-17-233(a) and (b)

Pyrotechnic Special Effects Operators

- 21 years of age.
- Proof of current Employer Possessor Letter of Clearance issued to the individual by the Bureau of Alcohol, Tobacco, and Firearms or consent to criminal history background check by the State Fire Marshal.
- Proof of successful completion of a 16-hour proximate pyrotechnics training program approved by the State Fire Marshal.
- Verifiable evidence of safe performances as an operator for at least six proximate audience displays.
- Copy of license of the applicant issued by the other state.
- \$120.00 reciprocal license fee.

Code of Alabama 1975, Section 8-17-233(a) and (c)

Blaster Certifications

Certifications may be granted by the office to any person holding a certification from another state, provided that the requirements for a certification in that state are equivalent to, or more stringent than, those of the State of Alabama, as determined by the State Fire Marshal.

Code of Alabama 1975, Section 8-17-243(b)(4)

Fire Alarm Contractors

The State Fire Marshal, upon receipt of the application and fee, shall issue a State Fire Marshal's permit to a fire alarm contractor who has a current State Fire Marshal's Permit, or who produces evidence of having a current state permit from another state, if the state has entered into an agreement of reciprocity with the State of Alabama.

Code of Alabama 1975, Section 34-33A-5(a)

<p>Renewals</p>	<p>Insurance</p> <ul style="list-style-type: none"> • Individual Insurance Producer, Service Representative, Individual Independent Adjuster, and Individual Title Insurance Agent licenses expire biennially at the end of the licensee’s birth month. • Business Entity Insurance Producer and Business Entity Title Insurance Agent licenses expire December 31 every even numbered year. • Business Entity Adjuster expires December 31 every odd numbered year. • Managing General Agent licenses, Surplus Line Broker licenses (Individual and Business), Pharmacy Benefits Manager licenses, Insurance Producer/Service Representative, and Title Insurance Agent Appointments expire annually on December 31. • Reinsurance Intermediary expires annually on January 1. • Certificates of Authority expire annually on May 31. • Preneed Certificates of Authority expire annually on September 1. • Preneed Sales Agent expires annually on July 1. <p><i>Code of Alabama 1975</i>, Sections 27-2-17.1; 27-3-19(b); 27-4-2(a)(6), (a)(8), (a)(9)(b); 27-5A-3(d); 27-6A-3(a), (b); 27-7-30(d); 27-7-41(d); 27-10-24(a)(2), (b); 27-17A-11(f); 27-17A-18(j); 27-25-4(b); 27-25-4.2(b); 27-25-4.7(a)(b); 27-45A-4(g)</p> <p><i>Administrative Rules</i> 482-1-036-.03(3); 482-1-106-.05(2)(b); 482-1-107-.04(2); 482-1-109-.05(2); 482-1-110-.04(2)(a)(1), (3)(a); 482-1-148-.08(2)(a)(1), (3)(a); 482-1-151-.10(2)(a)(1), (3)(a); 482-1-164-.04(6); 482-3-003-.09(3) and (6); 482-3-003-.14(2)</p> <p>State Fire Marshal</p> <ul style="list-style-type: none"> • Pyrotechnic Display Operator and Pyrotechnic Special Effects Operator licenses expire biennially from the date of issuance. • Blaster Certification and Blaster Contractor license expires annually from the date of issuance. • Fire Sprinkler Skilled Employee Exemption expires annually from the date of issuance or date the employee separates from employment. • Cigarette Ignition Propensity Standards Certification expires three years from the date of issuance. • Fire Sprinkler Contractor and Fire Alarm Contractor licenses expire annually on September 30. • Fireworks Manufacturer, Distributor, Wholesaler, Retail permits expire annually on December 31. <p><i>Code of Alabama 1975</i>, Sections 34-33-7; 34-33A-8; 8-17-211(d); 8-17-231(d); 8-17-232(c); 8-17-243(e); 8-17-247(b); 8-17-273(d)</p> <p><i>Administrative Rule</i> 482-2-103-.02(5)</p> <p>All licensure/permit renewals are processed online.</p> <p>Source: Staff</p>
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Licensee Demographics	Licensee demographics data is not collected by the Department.
Continuing Education	<p>Insurance Insurance Producers, Service Representatives, Independent Adjusters, and Title Insurance Agents are required to obtain 24 hours of continuing education biennially.</p> <p><i>Code of Alabama 1975</i>, Sections 27-8A-1(a); 27-9A-13(a); 27-25-4.4(a)</p> <p>State Fire Marshal</p> <ul style="list-style-type: none"> • Pyrotechnic Display Operators are required to obtain 8 hours of continuing education biennially. • Pyrotechnic Special Effects Operators are required to obtain 16 hours of continuing education biennially. <p><i>Code of Alabama 1975</i>, Sections 8-17-231(c)(1); 8-17-232(b)(1)</p>

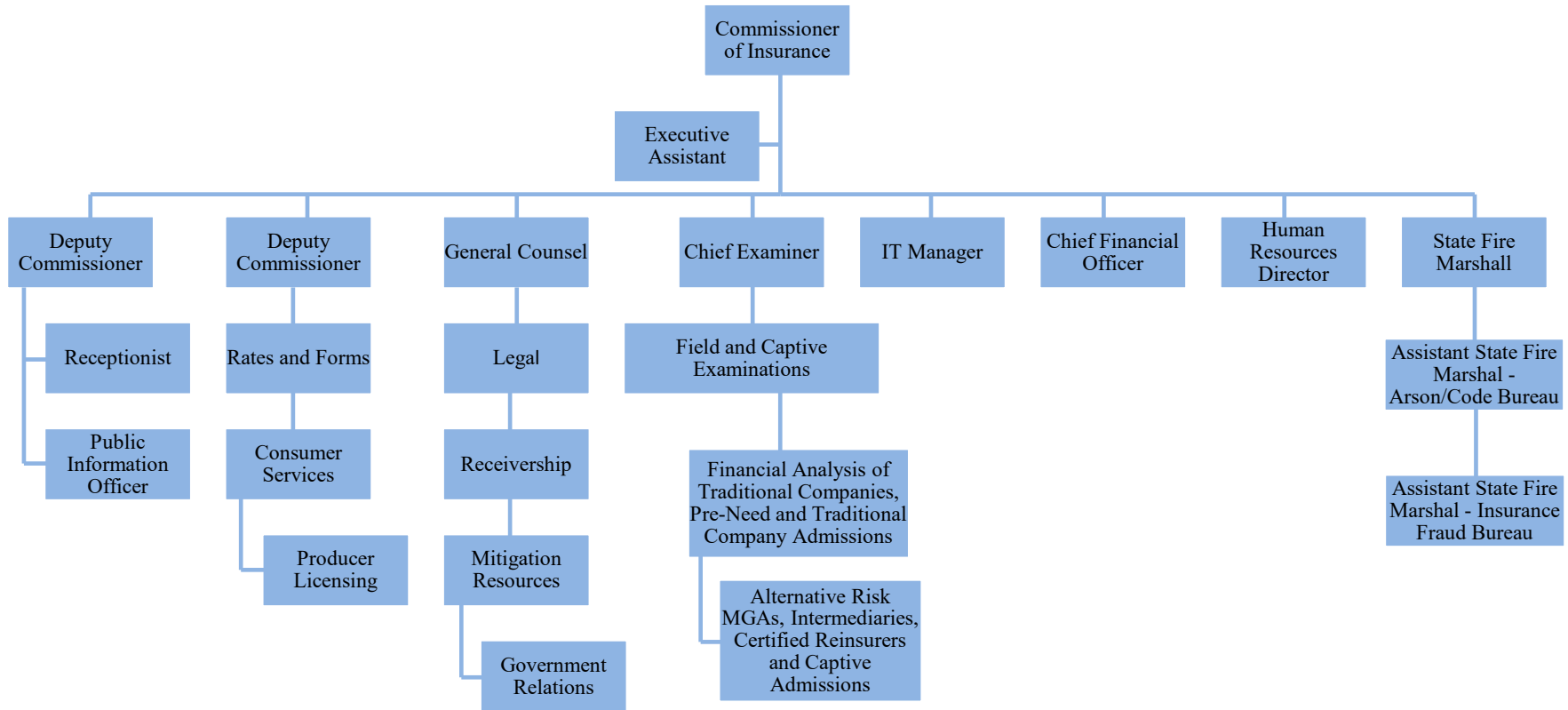
SIGNIFICANT ISSUES

There are no new significant issues.

STATUS OF PRIOR FINDINGS/SIGNIFICANT ISSUES

All prior findings/significant issues have been resolved.

ORGANIZATION



Insurance Department Divisions

Accounting Division: Responsible for providing timely and accurate financial services for the Department of Insurance's 150 employees in accordance with State and Federal guidelines. The Division accounts for receipts and disbursements associated with the general operations of the Department. Additional responsibilities include analyzing and reporting on annual departmental receipts of approximately \$614 million distributed to the General Fund, Special Mental Health Fund, and various Insurance Department funds.

Consumer Services Division: Receives, researches, investigates, and resolves individual consumer complaints against insurance companies, agents, and brokers, referring completed investigations to the Legal Division. The Division performs/provides the following services:

- Provides educational materials and assistance for consumers and senior citizens regarding insurance questions and coverage provisions.
- Responds and deploys staff members to disaster sites to assist victims in expediting their insurance claims.
- Participates in Consumer Outreach programs with staff members speaking to community and consumer groups throughout the state.
- Investigates unlicensed and unauthorized insurance activities.
- Investigates alleged violations and where evidence warrants, forwards charges to the Legal Division.

Examiners Division: This Division is organized into 2 sections:

- Financial Examiners and Analysts: Assists the Commissioner with the regulation of the solvency of insurance companies subject to Alabama insurance laws and regulations through the activities of surveillance, monitoring, analysis, and examination, all performed in accordance with nationally recognized standards promulgated by the NAIC and other regulatory and professional accounting agencies. Through these procedures, the Division provides technical assistance and factual information as a basis for determining regulatory action, thus serving as the first line of defense between Alabama's citizens and potentially troubled insurance companies.
- Market Conduct Examiners and Analysts: Assists the Commissioner in protecting the insurance consumer and ensuring that policyholders and claimants are treated fairly and equitably. The Market Conduct Section conducts examinations in accordance with the guidelines established by the NAIC and other recognized agencies and institutions. The Section prepares reports to the Commissioner disclosing factual findings and making recommendations for corrective action when necessary.

State Fire Marshal's Office (SFMO): Conducts inspections of buildings and properties to ensure the buildings are safe for occupancy for their intended use and provides for adequate exits in the event of fire, disaster, or other emergencies. The SFMO adopts and enforces various Building, Life Safety and Fire Prevention Codes. The State Fire Marshal is charged with the promulgation and enforcement of regulations pertaining to building construction and fire safety for the citizens of Alabama.

The SFMO regulates and permits the fireworks industry, fire sprinkler industry, fire alarm industry, blasting industry, destructive devices, and cigarette manufacturers Fire Safety Compliant Cigarettes (FSC).

The SFMO also investigates fires, explosions, and any related crimes. Assistance is provided to fire departments and other law enforcement agencies in the prevention of arson and explosions and provides support to the courts for prosecution of cases made by its personnel. The office also provides training for the public, courts, fire and law enforcement departments in fire prevention, fire investigation, detection of arson, and education for the interpretation of fire and building codes and life safety regulations.

Fraud Bureau: Protects the public from economic harm by investigating allegations of criminal insurance fraud. Responsibilities include receiving and reviewing reports of fraud, initiating inquiries, and conducting investigations when the Department has reason to believe that insurance fraud may have been or is being committed. The Bureau actively seeks criminal indictments, makes arrests, and assists in prosecutions to deter insurance fraud in Alabama.

Human Resources Division: Supports the Commissioner and Department by providing services related to staffing, performance, leave, classification, training, and employee relations.

Information Technology Division: Assists the Commissioner in providing regulatory insurance oversight through online web-based technology applications. The Division procures and maintains computer hardware and software in accordance with the prevailing standards established within the Department and provides technological infrastructure for networks in the Department.

Legal Division: Provides legal advice to Commissioner and Department divisions; participates in drafting of legislation, regulations, and bulletins; represents the Department in administrative matters and hearings; and represents the Department in court actions.

Mitigation Resources Division: Provides resources and expertise to the insurance industry and consumers in the ever-expanding space of disaster mitigation and disaster preparedness and response. The Mitigation Resources Division is organized into four sections:

- The Strengthen Alabama Homes Program: Designed to aid Alabama homeowners improve their homes with updated building modifications, also known as wind retrofitting, that minimizes property loss due to hurricane or other catastrophic windstorm events. The mission of the program is to provide grants to homeowners in the most cost-effective manner for wind retrofitting their homes against damage in order to improve community resiliency to weather events.
- Private Flood: Promotes the formation and growth of a vibrant private flood market in Alabama.
- Community Resilience: Works to assist communities in the state to develop policies, laws and perform education and outreach to increase awareness to help build stronger communities. Provides resources for communities to grow and thrive in a time of uncertainty when faced with natural disasters.
- Disaster Preparedness and Response: Responsible for ensuring the insurance industry is responding to disasters in Alabama and that claims are being handled timely. Ensures the Alabama Department of Insurance is prepared and is timely and efficient in its response to the citizens of Alabama and the insurance industry in the event of a natural disaster.

Preneed Division: Ensures Preneed Companies and Endowment Care Cemeteries doing business in Alabama meet the requirements of and comply with the preneed laws and regulations.

Producer Licensing Division: Administers the applicable statutes and regulations governing the initial and continued licensure of all resident and non-resident producers, adjusters, service representatives, dental service representatives, legal service representatives, motor club representatives, surplus line brokers, reinsurance intermediaries, managing general agents, and business entities. Maintains files for all individuals and entities licensed through this office so public documents are accessible upon request. Administers statutes and regulations governing the education of licensed individuals. Collects fees from license applicants and issues licenses when approved. Maintains education standards for initial licensing and continuing education of insurance representatives to ensure that only qualified individuals are licensed to transact insurance business with citizens of this state. Initiates regulatory action for the cancellation or suspension of producers and service representatives who have failed to comply with the annual continuing education and license renewal requirements.

Rates and Forms Division: Enforces Alabama Insurance statutes, regulations, and bulletins pertaining to insurance companies, producers, adjusters, and other licensed entities. Reviews rate filings and form filings submitted by insurance companies to determine compliance. Assists consumers with their rating and underwriting complaints. Responds and deploys staff members to disaster sites to assist victims. Participates in consumer outreach programs with staff members speaking to community and consumer groups.

Receivership Division: Primary responsibility is the protection of policyholders and Alabama insurance consumers. When the Commissioner of Insurance institutes delinquency proceedings against any insurer domiciled in Alabama, the proper circuit court having jurisdiction appoints the Chief of the Receivership Division as receiver of the insurer. Typically, these proceedings begin with an Order of Rehabilitation, whereby the Receiver attempts to reorganize the financial affairs of the insurer, during which time the regular insurance operations may or may not be suspended. If it is determined the insurer cannot be rehabilitated, the Receiver will petition the Court for an Order of Liquidation, whereupon the Receiver will suspend all insurance operations that can be stopped and will liquidate the assets of the failed insurer in accordance with the court's direction.

According to information received from Receivership Division staff, as of May 31, 2023, there are 7 insurance companies and 2 funeral home/cemeteries in receivership with total cash balance of \$2,749,105.31.

PERSONNEL

Department of Insurance Employees

Schedule of Employees By Merit System Classification/Sex/Race								
Classification	#	B/M	W/M	B/F	W/F	O/M	Salary	Vehicle Assigned
Insurance Commissioner	1		1				\$161,928.00	4*
Deputy Insurance Commissioner	2		2				\$114,549.60 - \$150,420.00	
Chief Counsel	1		1				\$158,013.60	
Receivership Division Chief Receiver	1	1					\$166,017.60	
Human Resources Director	1			1			\$83,004.00	
Clerk	2		1		1		\$26,740.80 - \$30,991.20	
Executive Secretary	1				1		\$37,785.60	
Administrative Support Assistant II	7	1		1	4	1	\$28,778.40 - \$42,736.80	
Administrative Support Assistant III	10		1	5	4		\$33,381.60 - \$50,712.00	
Programmer Analyst	2			2			\$85,087.20 - \$96,280.80	
Senior Programmer Analyst	2				2		\$114,549.60	
IT Systems Technician	1		1				\$33,381.60	
Senior IT Systems Technician	2	1	1				\$57,259.20 - \$66,331.20	
Associate IT Systems Specialist	2			1	1		\$79,003.20 - \$89,479.20	
IT Systems Specialist	1	1					\$106,276.80	
IT Manager I	1	1					\$123,434.40	
Accounting Technician	1				1		\$47,104.80	
Accountant	1				1		\$50,712.00	
Staff Accountant	3			3			\$60,175.20 - \$69,688.80	
Senior Accountant	4			3	1		\$58,692.00 - \$79,003.20	
Accounting Manager	2			2			\$83,004.00 - \$96,280.80	
Accounting Director I	1		1				\$114,549.60	1
Departmental Procurement Officer I	1				1		\$48,300.00	
Communications & Public Relations Manager	1				1		\$64,735.20	
Actuary	1		1				\$123,434.40	
Chief Actuary	1					1	\$253,159.20	

Classification	#	B/M	W/M	B/F	W/F	O/M	Salary	Vehicle Assigned
Insurance Consumer Complaint Specialist I	1			1			\$50,712.00	
Insurance Consumer Complaint Specialist II	5	1		1	3		\$48,300.00 - \$69,688.80	
Insurance Consumer Complaint Specialist III	3		1	1	1		\$67,972.80 - \$71,412.00	
Insurance Licensing Supervisor	2			1	1		\$54,525.60 - \$77,008.80	
Insurance Rate Analyst II	4	2	1	1			\$53,224.80 - \$67,972.80	
Insurance Rate Analyst III	1		1				\$85,087.20	
Insurance Rate Manager	1			1			\$85,087.20	
Insurance Examiner	2		1	1			\$48,300.00 - \$57,259.20	
Insurance Examiner Specialist	14	2	6	4	2		\$53,224.80 - \$85,087.20	
Insurance Examiner Coordinator	4	1	2		1		\$93,921.60 - \$123,434.40	
Insurance Examinations Supervisor	1					1	\$132,861.60	
Insurance Examiner Manager	1			1			\$139,660.80	
Insurance Consumer Services Manager	1		1				\$87,285.60	
Securities/Insurance Registration Manager	1	1					\$75,086.40	
Legal Research Assistant	2			2			\$58,692.00	
Paralegal	1				1		\$69,688.80	
Attorney III	1				1		\$117,472.80	
Attorney IV	1		1				\$166,017.60	
Retired State Employee	3	1		2			\$21.57/hour - \$36.10/hour	
State Professional Trainee	1		1				\$42,736.80	
Administrative Analyst III	1			1			\$93,921.60	
Administrative Analyst Manager (T)	1		1				\$123,434.40	
Departmental Operations Specialist	2			2			\$42,736.80 - \$43,788.00	
Governmental Relations Manager	1				1		\$98,678.40	
Planning & Economic Development Specialist I	1				1		\$54,525.60	
Planning & Economic Development Specialist II	2		1		1		\$48,300.00 - \$58,692.00	
Totals	111	13	27	37	31	3		5

B/M=black male, W/M=white male, B/F=black female, W/F=white female, O/M=other male

State Fire Marshal's Office Employees

Classification	#	B/M	W/M	B/F	W/F	Salary	Vehicle Assigned
State Fire Marshal	1		1			\$114,549.60	8*
Assistant State Fire Marshal	2		2			\$71,412.00 - \$83,004.00	2
Administrative Support Assistant I	2			2		\$26,740.80 - \$28,084.80	
Administrative Support Assistant II	1			1		\$41,668.80	
Administrative Support Assistant III	3			1	2	\$35,092.80 - \$50,712.00	
Departmental Operations Specialist	1			1		\$47,104.80	
Building Construction Specialist	1	1				\$73,209.60	
Special Agent	14	1	13			\$58,692.00 - \$89,479.20	14
Deputy State Fire Marshal/Insurance Fraud Investigator	19	2	17			\$48,300.00 - \$77,008.80	19
Totals	44	4	33	5	2		43

B/M=black male, W/M=white male, B/F=black female, W/F=white female

*For Departmental Use

Legal Counsel

Chief Counsel J. Fairley McDonald, III, Deputy Attorney General; General Counsel Ralph Reyn Norman, III, Assistant Attorney General; and Associate Counsel Erin Dunagan, Assistant Attorney General; employees of the Department, provide legal services for the Department of Insurance.

PERFORMANCE CHARACTERISTICS

Number of Licensees per Department of Insurance Employee – 2,268

Number of Permits/Certifications per State Fire Marshal’s Office Employee - 46

Number of Licensees for the Past Four Fiscal Years:

Department of Insurance Licensees

Type of Licenses	Calendar Year			
	2019	2020	2021	2022
Individual Licenses				
Adjuster	24,400	27,219	30,645	34,741
Apprentice Adjuster	10	8	10	7
Insurance Producer	145,482	157,144	182,663	196,784
Portable Electronic Insurance – Large	20	22	18	16
Portable Electronic Insurance – Small	9	15	21	20
Preneed Sales Agent	948	901	906	915
Reinsurance Intermediary	8	5	5	8
Service Representative	22	23	36	30
Surplus Line Broker	2,105	2,013	2,063	2,522
Title Insurance Agent	459	455	463	493
Temporary Insurance Producer	1,130	1,502	1,115	1,432
Total	174,593	189,307	217,945	236,968
Business Entity Licenses				
Adjuster	218	228	210	258
Insurance Producer	9,986	11,394	11,537	13,299
Managing General Agent	33	28	29	37
Portable Electronic Insurance – Large	16	13	14	15
Portable Electronic Insurance – Small	6	11	16	17
Reinsurance Intermediary	13	12	9	17
Surplus Line Broker	732	740	756	872
Title Insurance Agent	235	257	259	293
Pharmacy Benefit Manager		39	3	
Total	11,239	12,722	12,833	14,808
Grand Total	185,832	202,029	230,778	251,776

State Fire Marshal’s Permits/Certifications

Type of Permits/Certifications	Calendar Year			
	2019	2020	2021	2022
Fireworks	1,155	944	1,096	1,200
Fire Sprinkler Systems	203	181	206	200
Fire Pump Systems	220	163	185	132
Fire Alarm Systems	256	237	248	263
Blasters	208	223	208	223
Cigarette Ignition Propensity	37	18	19	12
Total	2,079	1,766	1,962	2,030

Operating Disbursements per Department of Insurance Licensee – \$136.23

Operating Disbursements per State Fire Marshal’s Office Licensee – \$366.12

Fines/Penalties as a Percentage of Department of Insurance Operating Receipts

	FY 2019	FY 2020	FY 2021	FY 2022
Total Receipts	\$21,760,381.30	\$23,878,051.86	\$30,207,557.15	\$33,364,671.86
Fines	\$119,950.00	\$123,480.00	\$151,359.99	\$135,150.00
Percentage	0.55%	0.52%	0.50%	0.41%

Fines/Penalties as a Percentage of State Fire Marshal’s Office Operating Receipts

	FY 2019	FY 2020	FY 2021	FY 2022
Total Receipts	\$490,999.54	\$435,862.00	\$462,958.87	\$541,090.99
Fines	\$2,007.00	\$0.00	\$0.00	\$0.00
Percentage	0.41%	0.00%	0.00%	0.00%

Notification of Department Decisions to Amend Administrative Rules

The Department of Insurance is partially exempt from the requirements of the Administrative Procedure Act; however, the Department is required by its statutes to meet the requirements of the Act as it pertains to posting notice of intended action with the Legislative Reference Service (*Code of Alabama 1975*, Section 27-7-43).

Act Number 2023-202, Acts of Alabama, effective May 16, 2023, removed the requirement to publish notice of a hearing in at least two newspapers and substituted publication in the Alabama Administrative Monthly. For regulation hearings, the Act also added a requirement to post on the Department's website for at least 30 days. This Act is included in Appendix II of this report.

Additionally, the Department maintains a list of persons who have asked to receive email notice of regulation hearings.

State Fire Marshal's Office Inspections/Investigations

Fire Hazard Inspections: The State Fire Marshal conducts inspections in accordance with the *Code of Alabama 1975*, Section 36-19-11, which provides that, "The Fire Marshal, his deputies, or assistants, upon the complaint in writing of any citizen, or whenever he or they shall deem it necessary, shall inspect at all reasonable hours any and all buildings or premises within their jurisdiction. When any such officer shall find any building or other structure which, for want of repairs, lack of sufficient fire escapes, automatic or other fire alarm apparatus or fire extinguishing equipment or by reason of age or dilapidated condition or from any other cause, is especially liable to fire and is situated so as to endanger the life or property, and whenever any such officer shall find in any building combustible or explosive matter or inflammable conditions dangerous to the safety of such building, he or they shall order the same removed or remedied, and such order shall be immediately complied with by the owner or occupant of such premises or buildings."

Fireworks Inspections: The *Code of Alabama 1975*, Section 8-17-221(d) states, "No retail permit shall be issued for the sale of fireworks at retail from tents or from or in a motor vehicle or from a trailer towed by a motor vehicle. A permit may be issued for the sale of fireworks from a modular or mobile building when the structure is eight feet or more in width and thirty-two feet or more in length, from which all wheels have been removed and the structure placed on a non-mobile foundation. No permit shall be issued to an applicant for a previously unpermitted location, until the premises where fireworks are to be stored or sold have been inspected by the State Fire Marshal or his designated representative and it shall have been determined that such building and facilities within the building and facilities for storage meet reasonable safety standards for the storage and sale of permissible fireworks. Inspection is not required for renewal of permits at the same location to be operated by the same owner unless there has occurred substantial structure or environmental changes."

Violations found during inspections are scheduled for re-inspection until the violations are corrected. Serious violations which clearly indicate that fire is inevitable and pose a serious threat to life are served with a Fire Marshal Order to abate the violation and are closed until the violation is corrected.
Source: Fire Marshal Staff

Schedule of Inspections Conducted January 1, 2019 through December 31, 2022				
Inspections	CY 2019	CY 2020	CY 2021	CY 2022
Fire Hazard Inspections	628	629	666	680
Fireworks Inspections	1,135	944	1,096	1,155
Total Inspections	1,763	1,573	1,762	1,835
Source: State Fire Marshal's Office Annual Reports				

Fire Investigations: The assistants to the Fire Marshal, under the authority of the *Code of Alabama 1975*, Section 36-19-5, shall investigate the cause, origin and circumstance of every fire occurring in any municipality or place in this state by which property has been destroyed or damaged, to determine, so far as it is possible, whether the fire was the result of carelessness or design.

Fire Investigations by Property Types January 1, 2019 through December 31, 2022				
Investigations	CY 2019	CY 2020	CY 2021	CY 2022
Assembly	22	13	14	16
Business	12	6	6	15
Detention		1	1	
Educational	5	6	4	6
Healthcare		1	2	
Industrial	9	5	8	9
Mercantile	8	10	12	5
Motor Vehicle	36	35	15	22
Other	66	69	61	68
Residential	376	386	405	402
Total Investigations	534	532	528	543
Source: State Fire Marshal's Office Annual Reports				

Fraud Investigations: The Fraud Unit, under the authority of the *Code of Alabama 1975*, Sections 27-12A-1 through 27-12A-42, is intended to permit full utilization of the expertise of the Department of Insurance to investigate, discover, and prosecute insurance fraud and assist and receive assistance from state, local, and federal law enforcement and regulatory agencies in enforcing laws prohibiting insurance fraud.

The *Code of Alabama 1975*, Section 27-12A-7 places the enforcement in the Department of Insurance. It shall be the duty of the Department to see that the provisions of the *Code of Alabama 1975*, Sections 27-12A-1 through 27-12A-42 are at all times obeyed and to take such measures and to make such investigations as will prevent or detect the violation of any provision thereof.

In addition, the *Code of Alabama 1975*, Section 27-12A-40 establishes the Fraud Unit to initiate independent inquiries and conducts independent investigations when the unit has cause to believe that any insurance fraud may be, is being, or has been, committed; review reports or complaints of alleged insurance fraud from federal, state, and local law enforcement and regulatory agencies, persons engaged in the business of insurance, and the public to determine whether the reports or complaints require further investigation and, if so, to conduct these investigations; and conduct independent examinations of alleged insurance fraud and undertake independent studies to determine the extent of insurance fraud.

Schedule of Fraud Cases Resolved

Fiscal Years 2019 through 2022							
Year/Number of Fraud Cases Resolved	Year/Number Resolved						
	2019	2020	2021	2022	2023 ¹	Inactive ²	Pending
2019 / 199	143	39	7	6	4		
2020 / 230		168	40	13	9		
2021 / 242			195	26	6	13	2 ³
2022 / 221				124	49	24	24
2023 / 185 ¹					90	33	62
¹ As of May 31, 2023 ² Inactive cases are considered open pending receipt of additional information for closure. ³ Referred to the State Fire Marshal Source: Assistant Fire Marshal – Fraud Bureau							

Average Time to Resolve Fraud Cases – 83 business days

Disposition of Resolved Fraud Cases October 1, 2018 through September 30, 2022	
Number of Cases	Resolution
211	Unfounded
128	Administrative*
119	Other**
121	Statute of Limitation
99	Charges Filed/Pursued
103	No Prosecution
69	Lack of Information/Resources
39	Presented to Grand Jury
9	Prosecution
9	Referred to Fire Side
5	Referred to Legal Division
3	Civil Matter
1	Referred to AL Board of Medical Examiners
1	Referred to AL Homebuilders Association
1	Referred to Consumer Services
1	Warrant Signed

*Cases assigned for investigations that are not related to a criminal offense, such as a regulatory issue follow-up for other Department of Insurance divisions. Also, cases/tips outside the 2-year statute of limitations, cases/tips that were duplicate submissions, or cases referred to other law enforcement agencies for investigation.

**All other reasons such as lack of cooperation from the victim, the victim is deceased, or civil matter.

Fire Marshal Arrests/Charges: The *Code of Alabama 1975*, Section 36-19-18 states, “If the Fire Marshal shall be of the opinion that there is evidence sufficient to charge any person with an offense, he shall cause such person to be arrested and charged with such an offense as the evidence may warrant and shall furnish to the district attorney of any court having jurisdiction of the offense all the information obtained by him, including a copy of all pertinent and material testimony taken, together with the names of the witnesses.”

Schedule of Arrests/Charges*				
January 1, 2019 through December 31, 2022				
	CY 2019	CY 2020	CY 2021	CY 2022
Arrests/Charges	93	69	75	51
Source: State Fire Marshal’s Office Annual Reports				

*A detailed listing of charges is included in Appendix IV of this report.

COMPLAINT HANDLING

The Department’s procedures for documentation, receipt, and investigations of complaints are prescribed in the *Code of Alabama 1975*, Section 27-7-37 and *Administrative Rule* 482-1-065-.04, Rules 1 through 16. Most complaints concern customer dissatisfaction with insurance companies and preneed insurance.

The Department does not have jurisdiction over persons not licensed with the Department, however, the Department may institute proceedings in equity to enjoin any person or business entity from engaging in any unlawful act enumerated in its enabling statutes. It is unlawful for any person or business entity to engage in a business regulated by the Department’s enabling statutes in Alabama without a current valid license or permit. Such proceedings are brought in the name of the State of Alabama by the Department in the circuit court of the city or county in which the unlawful act occurred or in which the defendant resides. The *Code of Alabama 1975*, Section 27-12A-5(b) states, “Transacting insurance without a license is a Class A misdemeanor.”

Initial Contact/Documentation	Complaints are accepted by mail, email, or directly to the State Based Systems (SBS) online system. Complaints can be brought by Department employees. Complaints must be in writing on a form prescribed by the Department, which is available on the Department’s website. Complaints must be signed but are not required to be notarized. A letter acknowledging receipt of the complaint is either mailed, emailed, or if the complaint comes directly to the SBS online system, the consumer receives a notification of submission.
Anonymous Complaints Accepted	Not accepted.
Investigative Process/Probable Cause Determination	<p>Complaints are assigned to a Consumer Complaint Specialist on the day they are received by the Consumer Division. Consumer Complaint Specialists investigate all complaints. Investigations that lead to possible administrative or court actions are referred to the Legal Division.</p> <p>An attorney in the Legal Division reviews the complaint and determines if further investigation is required to substantiate the complaint. Based on the available evidence, if violations are substantiated the attorney will reach a decision whether to file an administrative action or pursue a criminal charge for violations of the insurance fraud law. If the matter involves merely a violation of the licensing laws, an administrative action is normally the chosen course of action. If after completion of the investigation, the conduct supports a criminal charge, the matter may be presented to the District Attorney with appropriate jurisdiction along with a request to prosecute the case. If the District Attorney does not or cannot prosecute the matter, upon notice to the Office of the Attorney General, the case may be pursued by attorneys within the Department.</p>

	If upon reviewing the complaint, the attorney finds the charges constitute grounds for the revocation or suspension of the license and/or other disciplinary action as provided under Section 27-7-19, <i>Code of Alabama 1975</i> , the licensee is notified by delivering a copy of the complaint to him or her by e-mail, or U. S. Mail, addressed to the licensee as shown in the records of the Department. Within 30 days after such notice of the complaint, the licensee must file with the Commissioner an answer in writing either admitting or denying the allegations of the complaint. If the licensee does not respond in writing, the charges are considered as admitted and the license is suspended or revoked. If the licensee responds seeking to settle the charges, and an agreement can be reached, a consent agreement will be entered. If the licensee responds denying the charges, an evidentiary hearing is scheduled before the Commissioner or a designee to hear testimony and reach a decision on the merits of the complaint.
Negotiated Settlements	Yes.
Notification of Resolution to the Complainant	Yes. <i>Code of Alabama 1975</i> , Section 27-2-31(b) states, “Within 30 days after termination of the hearing, or of any rehearing thereof or re-argument thereon, or within such other period as may be specified in this title as to particular proceedings, the Commissioner shall make his order on hearing, covering matters involved in such hearing and in any such rehearing or re-argument, and shall give a copy of such order to the same persons given notice of the hearing and to all parties to the hearing”.

Source: Insurance Consumer Services Manager

Complaint Data

Insurance Complaints Fiscal Years 2019 through 2022						
Year/Number of Complaints Received	Year/Number Resolved					
	2019	2020	2021	2022	2023*	Pending
2019 / 1,592	1,470	100	3	2	17	
2020 / 1,320		1,187	128	4	1	
2021 / 1,463			1,343	119	1	
2022 / 1,612				1,481	130	1
*As of June 9, 2023						

Average Time to Resolve Insurance Complaints – 28 business days

Disposition of Resolved Insurance Complaints

Number of Complaints	Resolution
3,049	Company Position Substantiated
1,538	Compromised Settlement/Resolution
321	Claim Settled
310	No Jurisdiction
209	Company Position Overturned
170	No Action Requested/Required
164	Insufficient Information
68	Question of Fact/Contract/Provision/Legal Issue
33	Claim Reopened
31	Referred to Outside Agency/Department
24	Referred to Another State’s Department of Insurance
21	State Specific*
20	Referred to Other Division for Possible Disciplinary Action
17	Complaint Withdrawn
7	Changed to Inquiry – Duplicate Case
3	Changed to Inquiry – Case Was Never Assigned
1	Changed to Inquiry – Case Was Not Entered

*State Specific – National Association of Insurance Commissioners (NAIC) coding terminology which does not always mean the same thing. The main categories for State Specific include the following: 1. Underwriting; 2. Claims Handling; 3. Marketing & Sales; 4. Policyholder Services.

Preneed Complaints Fiscal Years 2019 through 2022					
Year/Number of Complaints Received	Year/Number Resolved				
	2019	2020	2021	2022	2023*
2019 / 37	28	7	1	1	
2020 / 26		21	5		
2021 / 67			49	18	
2022 / 15				11	4

*As of May 31, 2023

Average Time to Resolve Preneed Complaints – 60 business days

Disposition of Resolved Preneed Complaints

Number of Complaints	Resolution
44	No Action Taken – Inquiry Related to Funeral Home Closure
23	No Jurisdiction – Pre-Law
19	Complaint Resolved by Parties
19	No Authority to Intervene
7	Cancelled
7	No Action Taken – Civil Matter
5	Closed Pending Future Communication
4	No Action Taken
4	Transferred Policy to New Funeral Home
3	Referred to Fraud Unit
2	New Owner Will Honor Contract
2	Referred to Receivership Division
1	Complaint Withdrawn
1	No Action Taken – Contract Terms Stand
1	No Action Taken – Inquiry Related to Abandoned Cemetery
1	No Action Taken – No Support Documents
1	Referred to County District Attorney
1	Referred to Funeral Services Board

REGULATION IN CONJUNCTION WITH OTHER ENTITIES

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

The Examiners Division of the Alabama Department of Insurance performs analysis and examination of insurance companies in accordance with nationally recognized standards promulgated by the NAIC.

FINANCIAL INFORMATION

Source of Funds

The Department's funds are derived from insurance licensing and regulatory fees; fees for audits and examinations of insurance companies; fees for service contract registrations; fees for permits/certifications issued by the State Fire Marshal; and fines/penalties.

Funds/Accounts

The Department, including the State Fire Marshal's Office, operates from the following funds:

Fund 0341 – Special Examination Revolving Fund: Established by the *Code of Alabama 1975*, Section 27-2-25(b). The fund is maintained in the State Treasury and accounts for the receipts and disbursements associated with the operations of the Insurance Examiners Division and some expenses associated with the administration of insolvent insurers placed under the control of the Receivership Division. Receipts for this fund include:

- Fees charged for statutorily required financial examinations.
- Audits of quarterly and annual financial statements of insurance companies authorized to conduct business in Alabama.
- Other amounts recovered from the assets of the insolvent insurers for reimbursement of departmental expenses incurred in administering the receivership estates.

The unexpended balance in this fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 0342 – State Fire Marshal's Fund: Established by the *Code of Alabama 1975*, Section 36-19-31. The fund is maintained in the State Treasury and accounts for some receipts and disbursements associated with the operations of the State Fire Marshal's Office. Receipts are derived from fees charged for application for and issuance of firework permits, fire protection sprinkler system installer permits, and licenses for commercial users of explosives (blasting contractors). On a semiannual basis, 5 percent of the fees collected during the previous six months pursuant to the *Code of Alabama 1975*, Section 36-19-32, are to be transferred to the Alabama Firefighters Annuity and Benefit Fund. The unexpended balance in this fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 0921 – Department of Insurance Fund: Established by the *Code of Alabama 1975*, Section 27-2-39. The fund is maintained in the State Treasury and accounts for receipts and disbursements associated with the general operations of the Department, including portions of the State Fire Marshal's Office. All monies collected are deposited into the State Treasury with 50 percent credited to the Department of Insurance Fund, \$1,500,000.00 credited to the Center for Risk and Insurance Research Fund, and the remainder credited to the State General Fund, which is not available for use by the Department. The unencumbered and unexpended balance at the end of the fiscal year in excess of 25 percent of the amount appropriated for that fiscal year must be transferred to the State General Fund.

Fund 0934 – Service Contract Revolving Fund: Established by the *Code of Alabama 1975*, Section 8-32-3. The fund is maintained in the State Treasury and accounts for the receipts and disbursements associated with service providers. The unexpended balance in the fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 1233 – Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Fund: Established by the *Code of Alabama 1975*, Section 8-17-278. The fund is maintained in the State Treasury and accounts for the receipts and disbursements associated with fire safety and prevention programs in the State Fire Marshal’s Office. The unexpended balance in the fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 1611 – Fraud Unit Fund: Established by the *Code of Alabama 1975*, Section 27-12A-42. The fund is maintained in the State Treasury and accounts for the receipts and disbursements associated with providing administrative personnel, legal counsel, litigation support, expert witness, and costs of investigations. The unexpended balance in the fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 1630 – Strengthen Alabama Homes Fund: Established by the *Code of Alabama 1975*, Section 27-31E-2(b) and (d). The fund is maintained in the State Treasury and accounts for the receipts and disbursements associated with the Strengthen Alabama Homes Program. The unexpended balance in the fund at the end of the fiscal year remains in the fund for subsequent appropriation and expenditure.

Fund 1784 – Center for Risk and Insurance Research (CRIR) Fund: Created by Act Number 148, Acts of 2022, to amend the *Code of Alabama 1975*, Section 27-2-39 to require \$1,500,000.00 of certain revenues be credited each fiscal year to the CRIR Fund. The Act was effective October 1, 2022, and the funds are maintained in the State Treasury. Per the Act, the Commissioner of Insurance may transfer to a state university up to the amount appropriated from the CRIR Fund each fiscal year. The funds are to be used by the university to carry out research, education, and outreach regarding risk management and insurance issues. The Department transferred a total of \$1,500,000.00 in October 2022 into Fund 1784. In November 2022, the Department transferred the \$1,500,000.00 in the fund to the Board of Trustees of the University of Alabama.

Fund 1804 – Insurance Department Statutory Deposits: Used for reporting purposes. The balances in the fund represents deposits made by insurers and consist of deposits by insurance companies held as one of the licensing requirements for insurance companies to write business in Alabama. Balances are held in trust accounts in various banks. The companies are entitled to collect interest on their deposits, but their deposit principal is held in trust. These deposits would be used to pay policyholders and creditors if a company becomes insolvent. The banks do not release the deposited amounts without approval from the Department of Insurance. Most of the accounts are in U.S. Treasury or agency obligations. The fund balance as of May 26, 2023 was \$42,880,000.00. The statutory deposits reported in Fund 1804 are not available for use by the Department.

Receivership Division Individual Checking and Investment Accounts: In addition to funds maintained in the State Treasury, the Receivership Division Chief controls individual checking and investment accounts reserved for each insurance company estate in receivership (*Code of Alabama 1975*, Section 27-2-54). The monies in the checking and investment accounts come from insurance companies placed into receivership. The funds are used for the administration of the company in receivership (salaries of personnel employed by the company, accountants, actuaries, equipment, etc.). The investments are treated the same. At the end of the receivership, remaining funds go to the applicable guaranty association(s), other creditors, and shareholders. As of May 31, 2023, there are 7 insurance companies and 2 funeral home/cemeteries in receivership with total cash balance of \$2,749,105.31.

Insurance Premium Tax – The Department collects and distributes an insurance premium tax from companies authorized to transact insurance business in Alabama, as provided by the *Code of Alabama 1975*, Section 27-4A-1 through 27-4A-7. No part of the insurance premium tax is available for use by the Department of Insurance. The insurance premium tax is collected and distributed as follows:

- General Fund Receives:
 - ◆ 100% of the tax paid by all health maintenance organizations (HMOs)
 - ◆ 50% of the tax paid by domestic life insurers
 - ◆ 25% of the tax paid by all other domestic life insurers
 - ◆ 100% of the tax paid by foreign life insurers
 - ◆ 62.5% of the tax paid by all foreign property insurers
 - ◆ 75% of the tax paid by all other foreign insurers

- Education Trust Fund Receives:
 - ◆ 50% of the tax paid by domestic life insurers
 - ◆ 75% of the tax paid by all other domestic insurers
 - ◆ 37.5% of the tax paid by foreign property insurers
 - ◆ 25% of the tax paid by all other foreign insurers

The amount distributed to the Education Trust Fund is capped at the amount distributed in fiscal year 1992. Any excess is distributed to the State General Fund (*Code of Alabama 1975*, Sections 27-4A-3(d)(2)(a-e) and 27-4A-3(d)(4)).

- Alabama Special Mental Health Trust Fund Receives:
 - ◆ 100% of the premium taxes paid by nonprofit corporations organized pursuant to Sections 10-4-100 through 10-4-115, inclusive.

The amount distributed to the Alabama Special Mental Health Trust Fund is capped at the amount distributed in fiscal year 1992. Any excess is distributed to the State General Fund (*Code of Alabama 1975*, Sections 27-4A-3(d)(3) and 27-4A-3(d)(4)).

Premium Tax Distribution				
October 1, 2018 through September 30, 2022				
Fund	2019	2020	2021	2022
General Fund	\$368,284,829.89	\$393,254,509.25	\$464,447,654.59	\$527,237,796.77
Education Trust Fund ^{1,2}	\$30,993,296.00	\$30,993,296.01		
Special Mental Health Fund	\$4,525,338.00	\$4,525,338.00	\$4,525,338.00	\$4,525,338.00
Total	\$403,803,463.89	\$428,773,143.26	\$468,972,992.59	\$531,763,134.77

¹The *Code of Alabama 1975*, Section 27-4A-3(d)(4) caps the amounts to the Education Trust Fund and the Special Mental Health Trust Fund to the amounts received in fiscal year 1992.

^{1,2}The *Code of Alabama 1975*, Section 27-4A-3(d)(5) states, “Effective for the fiscal year beginning on October 1, 2020, and for each fiscal year thereafter, the amount credited to the Education Trust Fund under subdivision (4) shall be deposited into the state General Fund.”

Schedule of Fees

Fund 0341 – Special Examination Revolving Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Vehicle Protection Products</i>				
Form Filing Fee	27-2-25	Cost Recovery	Set by Department	\$40.00
<i>Dental Service Plans & Corporations</i>				
Initial License Initial Application Certificate of Authority Seal	27-4-2		\$500.00 \$500.00 \$5.00	\$1,005.00
Annual License Renewal Annual Renewal Seal	27-4-2		\$500.00 \$5.00	\$505.00
Filing Charter Documents & Annual Statement	27-4-2		\$25.00	\$25.00
Premium Tax	27-4A-3(a)(2)		Variable	Variable
Examination Expenses	27-2-25		Variable	Variable
<i>Examination Expenses</i>				
Time & Travel for Examiners/Actuaries/Etc.	27-2-22(b) 27-2-25(a)		Variable	Variable
<i>Mediators</i>				
Mediator's Fee	27-2-25	482-1-135-.07	Set by Department	\$350.00
<i>Audit & Examinations</i>				
Annual Statement – Mutual Aid Associations & Fraternal Benefit Societies	27-2-25	2021-08	Set by Department	\$400.00
Annual Statement – Health Maintenance Organizations	27-2-25 27-21A-16	2021-08	Set by Department	\$500.00
Annual Statement – All other insurers, including Health Care Service Plans	27-2-25	2021-08	Set by Department	\$1,200.00
Quarterly Financial Statement	27-2-25	2021-08	Set by Department	\$100.00
Market Conduct Annual Statement (MCAS)	27-2-25	2021-08	Set by Department	\$200.00
Corporate Governance Annual Disclosure (CGAD)	27-2-25	2021-08	Set by Department	\$100.00
Own Risk & Solvency Certification (ORSC)	27-2-25	2021-08	Set by Department	\$500.00
Insurance Data Security Certification	27-2-25	2021-08	Set by Department	\$250.00
Application for Original Certificate of Authority, other than captive insurers	27-2-25	2021-08	Set by Department	\$2,000.00
Application for Original Certificate of Authority – Captive Insurer	27-2-25	2021-08	Set by Department	\$200.00
Foreign Insurer Examination Reports	27-2-25	2021-08	Set by Department	\$300.00
Application for Accepted, Accredited, Certified, Reciprocal Jurisdiction Reinsurer Status	27-2-25	2021-08	Set by Department	\$350.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Managing General Agent Filings	27-2-25	2021-08	Set by Department	\$250.00
<i>Receivership</i>				
Receivership Expenses Billed at Actual Cost	27-2-52		Variable	Variable
<i>Property & Casualty Filing Fees (P&C)</i>				
P&C Rate Filing – Any Property, Casualty, Marine, & Surety Filing. Each filing. Max. fee of \$5,00.00 per SERFF submission	27-13-27 27-13-65 27-2-25	2021-06	Set by Department	\$100.00
P&C Rule Filing – Any Property, Casualty, Marine, & Surety Filing. Each filing. Max. fee of \$5,00.00 per SERFF submission	27-13-27 27-13-65 27-2-25	2021-06	Set by Department	\$100.00
P&C Combination Rate & Rule Filing – Each filing. Max. fee of \$5,00.00 per SERFF submission	27-13-27 27-13-65 27-2-25	2021-06	Set by Department	\$100.00
P&C Form Filing – Any Property, Casualty, Wet Marine, Marine, & Title Filing. Each form.	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
Rating Organizations – Fire, etc., & Inland Marine: Time & Travel Expenses for Examiners Conducting Audit	27-13-36 27-2-25		Variable	Variable
Rating Organizations – Casualty & Surety: Time & Travel Expenses for Examiners Conducting Audit	27-13-74 27-2-25		Variable	Variable
Insurance Advisory Organizations – Filings & Examinations	27-13-101 27-2-25		Variable	Variable
<i>Life & Disability Advertisements, Riders, and Amendment Filing Fees (L&D)</i>				
L&D Form Filing – Each Individual Policy Contract Including Revisions	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Group Master Policy or Contract Including Revisions	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Individual or Group Certificate Including Revisions	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Rider, Endorsement, Amendment, etc.	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Application, Questionnaire, etc. That is Made Part of Policy	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Separate Advertisement	27-14-8 27-2-25	2021-06	Set by Department	\$100.00
L&D Form Filing – Each Medicare Select Network Certification	27-14-8 27-2-25	2021-06	Set by Department	\$120.00
L&D Form Filing – Each Filing Made for Informational Purposes	27-14-8 27-2-25	2021-06	Set by Department	\$50.00
L&D Rate Filing – Each Medicare Supplement Filing (Includes 1 st Exhibit)	27-19-55 27-2-25	482-1-071-.15(C) 2021-06	Set by Department	\$100.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
L&D Rate Filing – Each Medicare Supplement Filing (Each Additional Exhibit)	27-19-55 27-2-25	482-1-071-.15(C) 2021-06	Set by Department	\$50.00
L&D Rate Filing – Each Long-Term Care Filing (Includes 1 st Exhibit)	27-19-105(e) 27-2-25	482-1-091-.30 2021-06	Set by Department	\$100.00
L&D Rate Filing – Each Long-Term Care Filing (Each Additional Exhibit)	27-19-105(e) 27-2-25	482-1-091-.30 2021-06	Set by Department	\$50.00
L&D Rate Filing – Each HMO Filing (Includes 1 st Exhibit)	27-21A-7(b) 27-21A-16(d) 27-2-25	2021-06	Set by Department	\$100.00
L&D Rate Filing – Each HMO Filing (Each Additional Exhibit)	27-21A-7(b) 27-21A-16(d) 27-2-25	2021-06	Set by Department	\$50.00
L&D Rate Filing – Each Filing Made for Informational Purposes	27-2-25	2021-06	Set by Department	\$100.00
<i>Holding Company</i>				
Form A Filing	27-29-3 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$2,500.00
Form A Amendment Filing	27-29-3 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$1,250.00
Form A Exemption Filing	27-29-3(e)(2) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$1,250.00
Disclaimer of Affiliation	27-29-4(k) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$1,250.00
Joint Filing Disclaimer	27-29-4(k) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$1,250.00
Form B Filing – Annual Registration, also includes Form C	27-29-4 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$650.00
Form B Exemption Filing	27-29-4(j) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$200.00
Form C Filing – Annual Registration, also includes Form B	27-29-4(c) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$650.00
Form D Filing	27-29-5(b) 27-29-5(g)(5) 27-2-25	2021-07	Set by Department	\$650.00
Form E Filing	27-29-3.1 27-29-5(g) 27-2-25	2021-07	Set by Department	\$250.00
Form E Exemption Filing	27-29-3.1 27-29-5(g) 27-2-25	2021-07	Set by Department	\$100.00
Form F Filing	27-29-4(1)(1) 27-29-5(g) 27-2-25	2021-07	Set by Department	\$250.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Examination Expenses	27-29-6(d) 27-2-25		Variable	Variable
Expenses of Participation in Supervisory College	27-29-6.1(b) 27-2-25		Variable	Variable
Expenses of Group-Wide Supervisor	27-29-6.2(i) 27-2-25		Variable	Variable
<i>Fraternal Benefit Societies</i>				
Examination Expenses	27-34-39(d) 27-34-54 27-2-25		Variable	Variable
<i>Motor Clubs</i>				
Form Filing	27-39-6(b)(3) 27-2-25		Set by Department	\$40.00
<i>Premium Finance Companies</i>				
Initial License & Annual Renewal	27-40-3(b)	482-1-160-.03(a)	\$200.00 ²	\$264.00
Initial License & Annual Renewal (Agency Financing Own Premiums of Less Than \$150,000.00 Annually)	27-40-3(b)	482-1-160-.03(b)	\$50.00 ²	\$66.00
<i>Legal Services Insurance Corporations</i>				
Policy Form Filing	27-43-10(b) 27-43-13(a), (b) 27-2-25		Variable	Variable
Contract Approval Filing	27-43-12(a) 27-43-13(a), (b) 27-2-25		Variable	Variable
Premium Tax	27-43-13(a) 27-4A-3(a)(3) 27-43-21		Variable	Variable
Admission	27-43-13(a) 27-43-21			
• Initial Application	27-4-2(a)(1)(a)		\$500.00	
• Certificate of Authority	27-4-2(a)(1)(b)		\$500.00	
• Seal	27-4-2(a)(12)(b)		\$5.00	\$1,005.00
• Annual License Renewal	27-43-13(a) 27-43-21			
• Annual Renewal	27-4-2(a)(1)(c)		\$500.00	
• Seal	27-4-2(a)(12)(b)		\$5.00	\$505.00
Charter Documents Filing Fee	27-43-13(a) 27-43-21 27-4-2(a)(2)		\$25.00	\$25.00

Fund 0342 – State Fire Marshal Revolving Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Fireworks Permits</i>				
Manufacturer	8-17-211(e)(1)	482-2-105-.01(a)	\$3,000.00	\$3,000.00
Distributor	8-17-211(e)(2)	482-2-105-.01(b)	\$3,000.00	\$3,000.00
Wholesaler	8-17-211(e)(3)	482-2-105-.01(c)	\$1,000.00	\$1,000.00
Annual Retailer – All	8-17-211(e)(4)(a)	482-2-105-.01(d)(1)	\$300.00	\$300.00
Annual Retailer – Only Sparkling Devices & Novelties	8-17-211(e)(4)(b)	482-2-105-.01(d)(2)	\$150.00	\$150.00
Annual Retailer – Only Novelties	8-17-211(e)(4)(c)	482-2-105-.01(d)(3)	\$50.00	\$50.00
Seasonal Retailer – All	8-17-211(e)(5)(a)	482-2-105-.01(e)(1)	\$300.00	\$300.00
Seasonal Retailer – Only Sparkling Devices & Novelties	8-17-211(e)(5)(b)	482-2-105-.01(e)(2)	\$150.00	\$150.00
Seasonal Retailer – After July 10, All	8-17-211(e)(6)	482-2-105-.01(f)(1)	\$150.00	\$150.00
Seasonal Retailer – After July 10, Only Sparkling Devices & Novelties	8-17-211(e)(6)	482-2-105-.01(f)(2)	\$75.00	\$75.00
Display – At Least 10 Business Days Before Display Date	8-17-211(e)(7)	482-2-105-.01(g)	\$75.00	\$75.00
Display – Less Than 10 Business Days of Display Date	8-17-211(e)(8) 8-17-216(b)	482-2-105-.01(h)	\$150.00	\$150.00
<i>Pyrotechnic Permits</i>				
Close Proximate – At Least 10 Business Days Before Event	8-17-216.1(b), (d)	482-2-105-.02(a)	\$150.00	\$150.00
Close Proximate – At Least 10 Business Days Before Event, Additional Events Same Day & Location	8-17-216.1(e)	482-2-105-.02(b)	\$75.00	\$75.00
Close Proximate – Within 10 Business Days of Event	8-17-216.1(b), (d)	482-2-105-.02(c)	\$300.00	\$300.00
Close Proximate – Within 10 Business Days of Event, Additional Events Same Day & Location	8-17-216.1(b)	482-2-105-.02(d)	\$150.00	\$150.00
Display Operator – Initial Application & Biennial Renewal ¹	8-17-231(b)(5) 8-17-231(c)(5) 8-17-236(b)(5)	482-2-111-.03	\$120.00	\$120.00
Special Effects Operator – Initial Application & Biennial Renewal ¹	8-17-232(a)(5) 8-17-232(b)(5) 8-17-236(c)(5)	482-2-111-.03	\$120.00	\$120.00
<i>Explosive Permits</i>				
Blaster Certification	8-17-243(d)	482-2-106-.01(a)	\$100.00 ²	\$132.00
Blasting Contractor License	8-17-247(c)	482-2-106-.01(b)	\$2,000.00 ²	\$2,640.00
Explosives Safety Act – Variation Request	8-17-250(b)	482-2-106-.01(c)	Up to \$50.00 ²	\$66.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Explosives Safety Act – Penalty for Each Violation	8-17-253		Up to \$500.00	Up to \$500.00
<i>Fire Protection Sprinkler Permits</i>				
Contractor I – Initial Permit & Annual Renewal	34-33-4(a)	482-2-103-.01(1)(a)	\$120.00	\$120.00
Contractor II – Initial Permit & Annual Renewal	34-33-4(b)	482-2-103-.01(1)(b)	\$120.00	\$120.00
Annual Skilled Worker Exemption Certification – Fire Pump Permit	34-33-2	482-2-103-.01(1)(c)		\$120.00
Civil Penalty – Each Day Violation Exists	34-33-12		Up to \$250.00	Up to \$250.00
<i>Fire Alarm Permits</i>				
Initial Application & Annual Renewal	34-33A-5(a) 34-33A-12	482-2-108-.01(a)	\$100.00 ²	\$121.00
Civil Penalty – Each Day Violation Exists	34-33A-13		Up to \$250.00	Up to \$250.00

Fund 0921 – Insurance Department Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Vehicle Protection Product</i>				
Annual Registration	8-33-4(c) 8-33-14	482-1-162-.01	\$250.00	\$250.00
<i>Continuing Education (CE) Fees</i>				
Producer & Service Representative License Renewal	27-8A-9(a)(1) 27-8A-9(b)	482-1-110-.04(1)(a)	\$70.00	\$70.00
Reinstatement/ Reactivation of Expired Producer License	27-8A-9(a)(1) 27-7-14.1(d) 27-8A-9(b)	482-1-110-.04(1)(a)	\$140.00	\$140.00
Producer & Service Representative Late Filing Fee – Renewal Within 30 Days of License Expiration	27-8A-9(a)(2) 27-8A-9(b)	482-1-110-.04(2)(c)	\$50.00	\$50.00
CE Provider Authority – Initial Filing Fee	27-8A-9(a)(3) 27-8A-9(b)	482-1-110-.06(5)	\$300.00 ²	\$396.00
CE Provider Authority – Annual Renewal Fee	27-8A-9(a)(4) 27-8A-9(b)	482-1-110-.06(5)	\$100.00 ²	\$132.00
CE Course Approval Filing Fee – Each Course	27-8A-9(a)(5) 27-8A-9(b)	482-1-110-.06(6)	\$50.00 ²	\$66.00
<i>Independent Adjuster Fees</i>				
Emergency Adjuster Registration	27-9A-5(e)	482-1-151-.09(3)	≤ \$50.00 ²	\$60.00
Adjuster Pre-licensing Provider – Initial	27-9A-8(a)(4)	482-1-151-.04(2)	≤ \$100.00	\$75.00
Adjuster Pre-licensing Provider – Annual Renewal	27-9A-8(a)(4)	482-1-151-.04(2)	≤ \$100.00	\$50.00
<i>Preneed Fees</i>				
Certificate of Authority – Application	27-17A-11(d)(1) 27-17A-25(a)	482-3-002-.02(a)	≤ \$150.00 ²	\$198.00
Certificate of Authority – Annual Renewal	27-17A-11(d)(1) 27-17A-25(a)	482-3-002-.02(b)	≤ \$75.00 ²	\$99.00
Certificate of Authority – Transfer Application	27-17A-11(j) 27-17A-25(a)	482-3-002-.02(e)	≤ \$100.00 ²	\$132.00
Branch Certificate of Authority – Application & Annual Renewal	27-17A-11(d)(2) 27-17A-25(a)	482-3-002-.02(c)	≤ \$150.00 ²	\$198.00
Sales Agent – Initial Registration & Annual Renewal	27-17A-18(g), (j) 27-17A-25(a)	482-3-002-.02(h)	≤ \$25.00 ²	\$33.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Portable Electronics Vendor Fees				
License Renewal Late Fee – Within 30 Days of License Expiration	27-22A-7(d) 27-8A-9(a)(2) 27-8A-9(b)	482-1-153-.03(6)(c)	\$50.00	\$50.00
Title Insurance Agent Fees				
Individual Filing Application	27-25-4.7(a)(1)(a.1) 27-25-4.7(b)	482-1-148-.07(6)	\$20.00	\$20.00
Individual Initial License & Biennial Renewal	27-25-4.7(a)(1)(a.2) 27-25-4.7(b)	482-1-148-.07(6) 482-1-148-.08(1)(a)	\$40.00	\$40.00
Individual Late Renewal – Within 30 Days After License Expiration	27-25-4.7(a)(1)(a.2) 27-25-4.7(a)(1)(d) 27-25-4.2(c) 27-25-4.7(b)	482-1-148-.08(1)(a)	\$50.00 plus renewal fee	\$50.00 plus renewal fee
Individual Reinstatement – After 30 Days, but Within 12 Months After License Expiration	27-25-4.7(a)(1)(a.2) 27-25-4.2(d) 27-25-4.7(b)	482-1-148-.08(1)(a)	Double renewal fee	\$80.00
Business Entity Filing Application	27-25-4.7(a)(1)(b.1) 27-25-4.7(b)		\$20.00	\$20.00
Business Entity Initial License & Biennial Renewal	27-25-4.7(a)(1)(b.2) 27-25-4.7(b)	482-1-148-.08(1)(b)	\$100.00	\$100.00
Business Entity Late Renewal – Within 30 Days of License Expiration	27-25-4.7(a)(1)(b.2) 27-25-4.7(a)(1)(d) 27-25-4.2(c) 27-25-4.7(b)	482-1-148-.08(1)(b)	\$50.00 plus renewal fee	\$50.00 plus renewal fee
Notice of Appointment	27-25-4.7(a)(2)(a) 27-25-4.7(b)	482-1-148-.11(6)(a)	\$30.00	\$30.00
Annual Continuation of Appointment	27-25-4.7(a)(2)(b) 27-25-4.7(b)	482-1-148-.11(6)(b)	\$10.00	\$10.00
Pre-licensing Provider – Initial Application	27-25-4.7(a)(3) 27-25-4.7(b)	482-1-148-.04(2)	≤ \$100.00	\$75.00
Pre-licensing Provider – Annual Renewal	27-25-4.7(a)(3) 27-25-4.7(b)	482-1-148-.04(2)	≤ \$100.00	\$50.00
Own Risk and Solvency Assessment (ORSA) Fees				
Failure to File Summary Report Penalty – Per Day	27-29A-9(a) 27-29A-9(c)		\$100.00, Max. of \$10,000.00	\$100.00, Max. of \$10,000.00
Captive Insurer Fees				
Filing Application	27-31B-4(a)(1) 27-31B-4(b)	482-1-138-.20(1)(a)	\$200.00 ²	\$240.00
Initial License & Annual Renewal	27-31B-4(a)(2) 27-31B-4(b)	482-1-138-.20(1)(b)	\$300.00 ²	\$360.00
Pharmacy Benefits Manager Fees				
Initial License	27-45A-4(b)(1) 27-45A-4(l)(1)	482-1-164-.03(3)	≤ \$500.00	\$500.00
Annual Renewal	27-45A-4(b)(1) 27-45A-4(l)(1)	482-1-164-.04(1) 482-1-164-.06(3)	≤ \$500.00	\$500.00

Fund 0100 – General Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Returned Checks</i>				
Returned Check Fee	8-8-15(b)	482-1-154-.05	\$30.00	\$30.00
<i>Cigarette Ignition Propensity Standards Certificates Fines</i>				
Civil Penalty for Failure to File Reports Within 60 Days of Written Request – Per Day	8-17-272(d)		≤ \$10,000.00	≤ \$10,000.00
<i>Vehicle Protection Products Violations</i>				
Civil Penalty for Violating Act – Per Violation	8-33-11(g)		≤ \$500.00 per violation / Max. of \$10,000.00	≤ \$500.00 per violation / Max. of \$10,000.00
<i>Insurance Code Violations</i>				
Penalty for Insurance Code Violation – Per Violation	27-1-12		Not more than \$1,000.00	Not more than \$1,000.00
<i>Annual Statement Fines</i>				
Penalty for Late Filing	27-3-26(c)		\$250.00	\$250.00
<i>Life Insurer Organized to Aid Nonprofit Educational & Scientific Institutions Fees</i>				
License Fee – Initial & Annual Renewal	27-4-8		\$5,000.00	\$5,000.00
<i>Premium Tax Return Fines</i>				
Penalty for Late Filing	27-4A-4		\$1,000.00 to \$10,000.00	\$1,000.00 to \$10,000.00
<i>Reinsurance Intermediary Fines</i>				
Penalty for Violating Reinsurance Intermediary Act – Per Violation	27-5A-11(a)(1)		≤ \$5,000.00	≤ \$5,000.00
<i>Managing General Agent (MGA) Fines</i>				
Penalty for Violating MGA Act – Per Violation	27-6A-7(a)(1)		≤ \$5,000.00	≤ \$5,000.00
<i>Producer Fines</i>				
Accepting Business from Person Not Licensed & Appointed by the Insurer	27-7-4(a)		Up to 3 Times Premium Received	Up to 3 Times Premium Received
Producer/Service Representative/Reinsurance Intermediary/MGA/Surplus Line Broker Address or Name Change Penalty (Includes Email Address)	27-7-17(b)		\$50.00	\$50.00
Civil Fine for Violating Producer Licensing Law – Per Violation	27-7-19(c)		≤ \$10,000.00	≤ \$10,000.00
Insurer/Producer Paying Commission to Person Required to be Licensed as Producer	27-7-35.1(e)		Up to 3 Times Commission Paid	Up to 3 Times Commission Paid
Submitting False/Fraudulent CE Certificate of Compliance	27-8A-2		≤ \$10,000.00	≤ \$10,000.00
<i>Surplus Line Broker Taxes & Fines</i>				
Broker Tax	27-10-31(a)		6%	6%
Independently Procured Tax	27-10-35(c)		4%	4%
Penalty for Violating Surplus Line Law – Per Violation	27-10-37(c)		≤ \$1,000.00 1 st Offense, ≤ \$2,000.00 Subsequent Offense	≤ \$1,000.00 1 st Offense, ≤ \$2,000.00 Subsequent Offense

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Mail Order Insurance Fines</i>				
Penalty for Violating Mail Order Insurance Law – Per Offense	27-11-7		\$50.00 to \$500.00	\$50.00 to \$500.00
<i>Insurance Fraud Fines</i>				
Producer/Insurer Civil Penalty for Violating Insurance Fraud Act– Per Violation	27-12A-8(a) 27-12A-8(b)		≤ \$5,000.00	≤ \$5,000.00
<i>Fire, Etc., & Inland Marine Insurance Fines</i>				
Fine for Violation of Rating Laws	27-13-45		\$100.00 to \$500.00	\$100.00 to \$500.00
<i>Casualty & Surety Insurance Fines</i>				
Fine for Violation of Rating Laws	27-13-83		\$100.00 to \$500.00	\$100.00 to \$500.00
<i>Preneed Fines</i>				
Fine for Failure to File Preneed Annual Statement – Per Day	27-17A-11(h) 27-17A-25(b)	482-3-002-.02(d)	≤ \$50.00	\$50.00
Fine for Failure to File Preneed Statement of Activities of Trust – Per Day	27-17A-11(h)	482-3-002-.02(f)	≤ \$50.00	\$50.00
Fines for Violation	27-17A-21(a) 27-17A-25(b)		≤ \$1,000.00 Non-willful Violation, ≤ \$10,000.00 Willful Violation	≤ \$1,000.00 Non-willful Violation, ≤ \$10,000.00 Willful Violation
<i>Health Maintenance Organization (HMO) Taxes & Fines</i>				
Administrative Penalty In Lieu of Suspension or Revocation of Licensure	27-21A-22(a)		\$500.00 to \$5,000.00	\$500.00 to \$5,000.00
Premium Tax	21-21A-28 27-4A-3		Variable	Variable
<i>Portable Electronics Vendor Fees</i>				
Large Vendor Initial License	27-22A-7(e)	482-1-153-.03(6)	≤ \$1,000.00	\$1,000.00
Large Vendor Renewal License	27-22A-7(e)	482-1-153-.03(6)	≤ \$500.00	\$500.00
Small Vendor Initial & Renewal License	27-22A-7(e)	482-1-153-.03(6)	≤ \$100.00	\$100.00
<i>Title Insurance Agent Fines</i>				
Address or Name Change Penalty	27-25-4.2(h)		\$50.00	\$50.00
Fine for Violating Title Insurance Law – Per Violation	27-25-9(c)		≤ \$500.00	≤ \$500.00
Willful/Intentional Deviation from Filed Rates – Per Violation	27-25-9(c)		≤ \$5,000.00	≤ \$5,000.00
<i>Holding Company Fines</i>				
Violation of Cease & Desist Order – Per Day	27-29-3.1(e)(2)(a)		≤ \$10,000.00	≤ \$10,000.00
Failure to Comply with Filing Requirements	27-29-3.1(e)(3)		≤ \$50,000.00	≤ \$50,000.00
Insurer Violating Chapter 29 Registration Requirements – Per Day	27-29-10(a)		≤ \$1,000.00, Max. of \$50,000.00	≤ \$1,000.00, Max. of \$50,000.00
Director/Officer Knowingly Violating Chapter 29 – Per Violation	27-29-10(b)		≤ \$10,000.00	≤ \$10,000.00
Insurer Willful Violation of Chapter 29	27-29-10(d)		≤ \$10,000.00	≤ \$10,000.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Individual Officer, Director, Employee, or Agent of Insurer Willful Violation of Chapter 29	27-29-10(d)		≤ \$1,000.00	≤ \$1,000.00
Officer, Director, or Employee Willful False Statements, Reports, or Filings with Intent to Deceive Commissioner	27-29-10(e)		≤ \$50,000.00	≤ \$50,000.00
<i>Fraternal Benefit Societies Fines</i>				
Penalty for Failure to File Annual Statement – Per Day	27-34-38		\$100.00	\$100.00
<i>Motor Clubs Fines</i>				
Fine for Violation of Provisions of Chapter 39 Upon Conviction	27-39-8		≤ \$500.00	≤ \$500.00
<i>Premium Finance Companies Fines</i>				
Fine for Not Obtaining License	27-40-3(a)		≤ \$1,000.00	≤ \$1,000.00
Fine in Lieu of Suspension or Revocation of License – Per Offense	27-40-5(b)		≤ \$200.00, Max. of \$5,000.00	≤ \$200.00, Max. of \$5,000.00
<i>Pharmacy Benefits Manager Fines</i>				
Fine for Operating Without License – Per Day	27-45A-4(i)	482-1-164-.05(3)	Set by Department	\$1,000.00
Address Change Violation	27-45A-4(h)	482-1-164-.03(4)	\$50.00	\$50.00
<i>Destructive Device Permits</i>				
Initial Application	36-19-2.1(a)(3)	482-2-110-.03(a)	Set by Department	\$360.00
Annual Renewal	36-19-2.1(a)(3)	482-2-110-.03(b)	Set by Department	\$240.00

Fees Split 50/50 with ½ Deposited into Fund 0100 – General Fund and ½ Deposited into Fund 0921 – Insurance Department Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Publications</i>				
Printing & Distributing Publications	27-2-16(b)		Variable	Variable
Copy of CD	27-2-16(b)	482-1-155-.03(3)	Set by Department	\$5.00
Electronic Copy of Manual	27-2-16(b)	482-1-155-.03(2)	Set by Department	\$10.00
Producer Directory CD	27-2-16(a)(4) 27-2-16(b)	482-1-155-.02	Set by Department	\$200.00
<i>Retaliatory Tax</i>				
Tax on License, Fee, Tax, Fine, Penalty, of Deposit Placed Upon AL Business	27-3-29		Variable	Variable
<i>Various Fees & Taxes</i>				
Certificate of Authority (COA) Initial Application	27-4-2(a)(1)(a)		\$500.00	\$500.00
COA Issuance of Original	27-4-2(a)(1)(b)		\$500.00	\$500.00
COA Annual Renewal				
• Renewal Fee	27-4-2(a)(1)(c)		\$500.00	
• Seal Fee	27-4-2(a)(12)(b)		\$5.00	\$505.00
COA Reinstatement				
• Reinstatement Fee	27-4-2(a)(1)(d)		\$500.00	
• Seal Fee	27-4-2(a)(12)(b)		\$5.00	\$505.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Charter Documents or Amendments – Filing	27-4-2(a)(2)		\$25.00	\$25.00
Solicitation Permit – Application & Issuance	27-4-2(a)(3)		\$250.00	\$250.00
Annual Statement of Insurer – Filing	27-4-2(a)(4)		\$25.00	\$25.00
Producer, Individual – Filing Application	27-4-2(a)(5)(a)(1)		\$30.00	\$30.00
Producer, Individual – Initial License	27-4-2(a)(5)(a)(2)		\$50.00	\$50.00
Producer, Business Entity – Filing Application	27-4-2(a)(5)(b)(1)		\$30.00	\$30.00
Producer, Business Entity – Initial & Biennial Renewal License	27-4-2(a)(5)(b)(2)	482-1-110-.04	\$100.00	\$100.00
Producer – Notice of Appointment	27-4-2(a)(6)(a)		\$40.00	\$40.00
Producer – Annual Continuation of Appointment	27-4-2(a)(6)(b)		\$25.00	\$25.00
Producer – Annual Continuation of Appointment Late Fee – Per Month	27-4-2(a)(6)(c)		\$250.00	\$250.00
Reinsurance Intermediary – Filing Application	27-4-2(a)(7)(a)		\$30.00	\$30.00
Reinsurance Intermediary – Initial License	27-4-2(a)(7)(b)		\$140.00	\$140.00
Reinsurance Intermediary – Annual Continuation of License	27-4-2(a)(7)(c)		\$100.00	\$100.00
Managing General Agent (MGA) – Filing Application	27-4-2(a)(8)(a)	482-1-106-.07(2)	\$30.00	\$30.00
Managing General Agent (MGA) – Initial License	27-4-2(a)(8)(b)	482-1-106-.07(2)	\$125.00	\$125.00
Managing General Agent (MGA) – Annual Continuation of License	27-4-2(a)(8)(c)	482-1-106-.07(2)	\$75.00	\$75.00
Service Representative – Filing Application	27-4-2(a)(9)(a)		\$30.00	\$30.00
Service Representative – Appointment Fee, Each Insurer – Initial & Annual Renewal	27-4-2(a)(9)(b)		\$40.00	\$40.00
Surplus Line Broker, Individual & Business Entity – Filing Application	27-4-2(a)(10)(a)		\$30.00	\$30.00
Surplus Line Broker, Individual – Initial & Annual Renewal	27-4-2(a)(10)(b)		\$200.00	\$200.00
Surplus Line Broker, Business Entity – Initial & Annual Renewal	27-4-2(a)(10)(b)		\$500.00	\$500.00
Adjuster, Individual & Business Entity – Filing Application	27-4-2(a)(11)(a)	482-1-151-.07(6)	\$30.00	\$30.00
Adjuster, Individual – Initial & Biennial Renewal License	27-4-2(a)(11)(b)(1)	482-1-151-.07(6) 482-1-151-.10(1)	\$80.00	\$80.00
Adjuster, Individual – Late Renewal (Within 30 Days of Expiration = One and One-half Renewal Fee)	27-4-2(a)(11)(b)(1) 27-9A-7(c)	482-1-151-.10(1)	\$120.00	\$120.00
Adjuster, Individual – Late Renewal (After 30 Days, but Within 12 Months After Expiration = Double Renewal Fee)	27-4-2(a)(11)(b)(1) 27-9A-7(d)	482-1-151-.10(1)	\$160.00	\$160.00
Adjuster, Business Entity – Initial & Biennial Renewal License	27-4-2(a)(11)(b)(2)	482-1-151-.07(6) 482-1-151-.10(1)	\$200.00	\$200.00

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Adjuster, Business Entity – Late Renewal (Within 30 Days of Expiration = One and One-half Renewal Fee)	27-4-2(a)(11)(b)(2) 27-9A-7(c)	482-1-151-.10(1)	\$300.00	\$300.00
Document Copies – Per Page	27-4-2(a)(12)(a)		\$1.00	\$1.00
Certificate Under Seal of the Commissioner	27-4-2(a)(12)(b)		\$5.00	\$5.00
Service of Legal Process on Insurers, Fraternal Benefit Society, etc.	27-4-2(a)(13)		\$50.00	\$50.00
Temporary Producer Fees				
Type 2, Death, Disability, etc. – Application	27-7-23(e) 27-4-2(a)(5)(a)(1)	482-1-147-.08	\$30.00	\$30.00
Type 2, Death, Disability, etc. – License	27-7-23(e) 27-4-2(a)(5)(a)(2)	482-1-147-.08	\$50.00	\$50.00
Type 2, Death, Disability, etc. – Appointment	27-7-23(e) 27-4-2(a)(6)(a)	482-1-147-.08	\$40.00	\$40.00
Type 1, Pending Examination – Application	27-7-24 27-4-2(a)(5)(a)(1)	482-1-147-.08	\$30.00	\$30.00
Type 1, Pending Examination – License	27-7-24 27-4-2(a)(5)(a)(2)	482-1-147-.08	\$50.00	\$50.00
Type 1, Pending Examination – Appointment	27-7-24 27-4-2(a)(6)(a)	482-1-147-.08	\$40.00	\$40.00
Apprentice Adjuster Fees				
Filing Application	27-9A-11(b)(5) 27-4-2(a)(11)(a)	482-1-151-.08	\$30.00	\$30.00
Issuance of License	27-9A-11(b)(5) 27-4-2(a)(11)(b)(1)	482-1-151-.08	\$80.00	\$80.00
Property & Casualty Fees				
Rating Organizations – Fire, etc., Inland Marine Annual License	27-13-24 27-2-39		\$25.00	\$25.00
Rating Organizations – Casualty & Surety Annual License	27-13-62 27-2-39		\$25.00	\$25.00
Health Maintenance Organization Fees				
Application for Certificate of Authority or Amendment Plus Commissioner’s Seal	27-21A-21(a)(1) 27-4-2(a)(12)(b) 27-2-39(b)	482-1-079-.03	\$55.00	\$55.00
Filing Amendment to Organizational Documents	27-21A-21(a)(2) 27-2-39(b)		\$10.00	\$10.00
Filing Annual Report	27-21A-21(a)(3) 27-2-39(b)		\$20.00	\$20.00
Renewal of Certificate of Authority	27-21A-21(a)(4) 27-2-39(b)		\$200.00	\$200.00
Fraternal Benefit Society Fees				
Initial License & Annual Renewal	27-34-6(c) 27-2-39(b)		\$50.00	\$50.00
Annual Statement Filing	27-34-36(b) 27-2-39(b)		\$10.00	\$10.00
Service of Legal Process	27-34-47(b) Superseded by 27-4-2(a)(13)		\$50.00	\$50.00
Motor Club Fees				
Initial License & Annual Renewal Plus Commissioner’s Seal	27-39-6(a) 27-2-39(b)		\$250.00 \$5.00	\$255.00

Fund 0934 – Service Contract Revolving Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Service Contract Fees</i>				
Registration – Initial & Annual Renewal	8-32-3(c)	482-1-160-.02(a)	\$200.00 ²	\$264.00
Provider Form Filing – Contract Review Fees	8-32-10(b)	Cost Recovery	\$40.00	\$40.00
Civil Penalty for Violating Service Contracts Act – Per Violation	8-32-10(f)		≤ \$500.00, Max. of \$10,000.00	≤ \$500.00, Max. of \$10,000.00

Fund 1233 – Reduced Cigarette Ignition Propensity Standards & Firefighter Protection Act Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Cigarette Certification Fees</i>				
Certification – Each Brand Family of Cigarettes Identified	8-17-273(e) 8-17-278	482-2-107-.01(a)	\$1,000.00 ²	\$1,210.00
Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
Civil Penalty for Manufacturer, Wholesale Dealer, or Agent Knowingly Violating Act – Per Pack	8-17-275(a) 8-17-278		≤ \$100.00, Max. of \$100,000.00 in a 30-Day Period	≤ \$100.00, Max. of \$100,000.00 in a 30-Day Period
Civil Penalty for Retail Dealer Knowingly Violating Act – Per Pack	8-17-275(b) 8-17-278		≤ \$100.00, Max. of \$25,000.00 in a 30-Day Period	≤ \$100.00, Max. of \$25,000.00 in a 30-Day Period
Civil Penalty for Manufacturer Knowingly Filing False Certification – Per False Certification	8-17-275(c) 8-17-278		\$75,000.00 to \$250,000.00	\$75,000.00 to \$250,000.00
Civil Penalty for Any Other Violation of Act – Per Violation	8-17-275(d) 8-17-278		≤ \$1,000.00 1 st Offense, ≤ \$5,000.00 Subsequent Offense	≤ \$1,000.00 1 st Offense, ≤ \$5,000.00 Subsequent Offense

Fund 1611 – Insurance Fraud Unit Fund

Fee Type/Purpose	Statutory Authority	Administrative Rule / Bulletin	Amount Authorized	Amount Collected
<i>Insurer Assessment Fees</i>				
Assessment of Insurer Authorized to Write Insurance in Alabama	27-12A-41(a)	482-1-160-.04(a)	\$200.00 ²	\$240.00

¹Reciprocal Licenses are the same amounts.

²The Department of Insurance increased the fees which are set in their statutes and are retained by the Department to fund its operations or programs, by the percentage increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor Statistics during a specified period per Act No. 441, Acts of Alabama 2015.

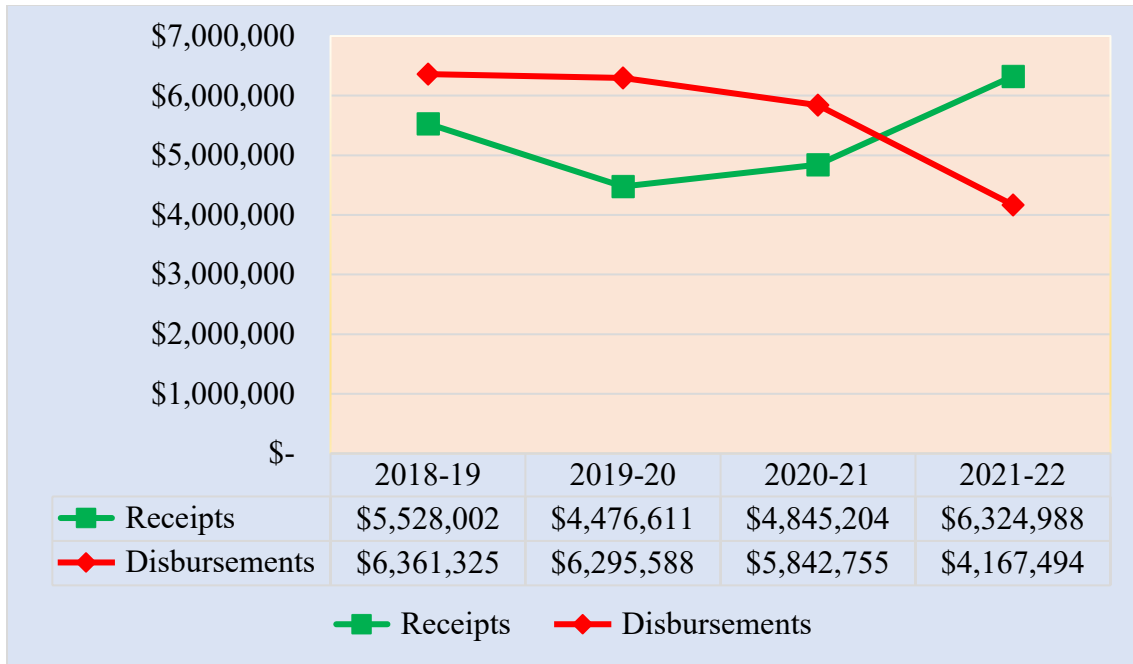
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 0341 – Special Examination Revolving Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Insurance Premium Tax	\$31,497.84	\$47,476.46	\$136,930.84	\$134,062.31
Examiner's Examination Charge	1,744,191.99	1,191,927.43	1,662,721.80	1,567,599.63
Policy Approval Fee	1,599,872.02	1,620,888.23	1,541,097.80	2,464,907.60
Premium Finance License Fee	17,580.00	17,280.00	18,408.00	20,832.00
Examination of Annual Reports	1,525,625.00	1,581,000.00	1,469,775.00	1,980,545.00
Exam of Audit on Foreign Companies	1,250.00			
Receivership Expenses Reimbursement	594,167.48			
Reimbursement Other Expense	950.00			
Examination of Quarterly Reports				119,100.00
Insurance – Corp. Fees & License	4,130.00	9,476.10	3,180.00	26,535.00
Miscellaneous Fees	50.00			
Prior Year Refund	8,637.86	8,512.52	12,832.85	11,406.25
Salvage Equipment			258.17	
Administrative Settlement	50.00	50.00		
Total	<u>5,528,002.19</u>	<u>4,476,610.74</u>	<u>4,845,204.46</u>	<u>6,324,987.79</u>
<u>Disbursements</u>				
Personnel Costs	3,626,221.84	3,544,864.30	3,723,074.80	2,414,578.42
Employee Benefits	1,318,151.91	1,314,916.84	1,296,758.20	860,370.43
Travel, In-State	352,443.46	113,955.06	65,947.37	92,497.43
Travel, Out of State	95,335.78	140,524.36		30,851.16
Repairs & Maintenance	954.55	496.09	2,616.59	117.01
Rentals & Leases	516,889.16	645,448.74	33,822.26	34,550.59
Utilities & Communication	60,039.11	54,359.47	61,563.85	20,822.04
Professional Services	337,902.94	411,695.91	514,593.28	673,540.03
Supplies, Materials, & Operating Expenses	43,810.00	42,126.31	53,792.83	21,523.72
Transportation Equipment Operation	648.16	105.85	29.30	43.25
Other Equipment Purchases	8,928.26	27,094.57	90,556.93	18,600.18
Total	<u>6,361,325.17</u>	<u>6,295,587.50</u>	<u>5,842,755.41</u>	<u>4,167,494.26</u>
Excess (Deficiency) of Receipts over Disbursements	(833,322.98)	(1,818,976.76)	(997,550.95)	2,157,493.53
Cash Balance at Beginning of Year	6,231,700.59	5,398,377.61	3,579,400.85	2,581,849.90
Cash Balance at End of Year	5,398,377.61	3,579,400.85	2,581,849.90	4,739,343.43
Reserved for Year-End Obligations	(1,901,839.30)	(1,892,901.16)	(1,146,891.13)	(1,633,260.77)
Unobligated Cash Balance at End of Year	<u>\$3,496,538.31</u>	<u>\$1,686,499.69</u>	<u>\$1,434,958.77</u>	<u>\$3,106,082.66</u>

Operating Receipts vs. Operating Disbursements – Fund 0341



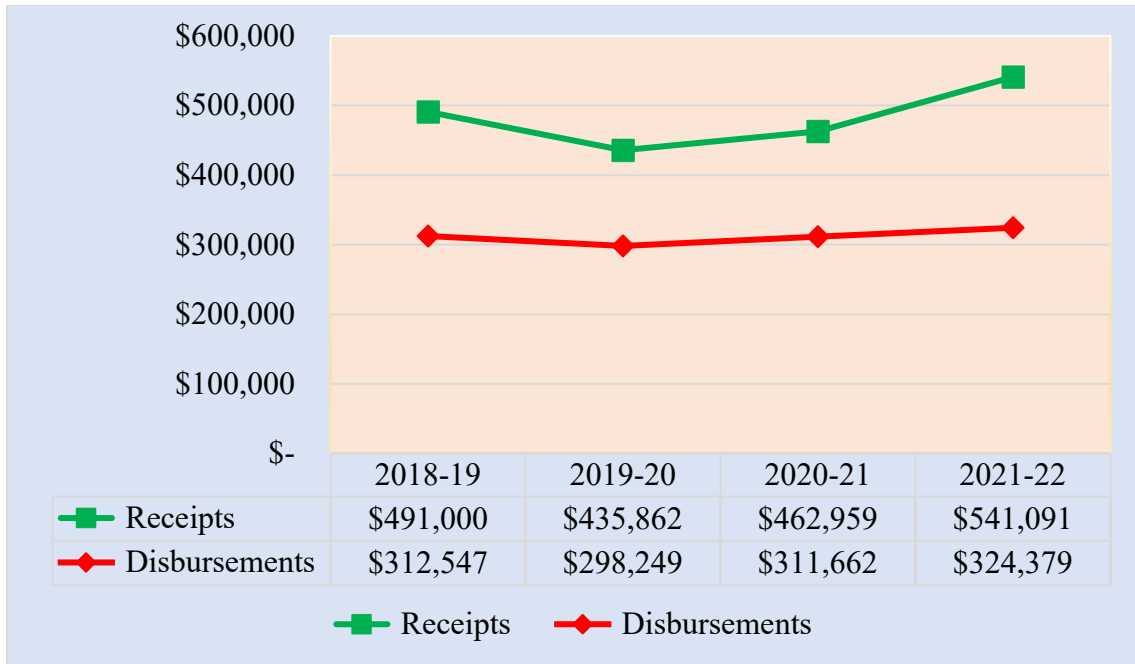
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 0342 – State Fire Marshal’s Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Blasting Permits & Licenses	\$111,600.00	\$103,080.00	\$121,662.00	\$119,328.00
Fireworks Licenses & Permits	297,600.00	259,990.00	261,544.00	340,080.00
Automatic Sprinkler Certification Permits	22,440.00	21,480.00	29,220.00	26,520.00
Crime Victim Compensation Fees	426.54			
Fire Pump Permit	29,400.00	24,540.00	21,840.00	22,080.00
Fees Docket Court		50.00		
Miscellaneous Fees	686.00	872.00	512.00	20.00
Fines	2,007.00			
Salvage Equipment			86.87	29.99
Fire Alarm Contractors Permits	26,840.00	25,850.00	28,094.00	33,033.00
Total	<u>490,999.54</u>	<u>435,862.00</u>	<u>462,958.87</u>	<u>541,090.99</u>
<u>Disbursements</u>				
Personnel Costs	176,736.44	183,191.60	194,630.65	201,103.06
Employee Benefits	71,336.65	74,218.64	75,943.21	77,829.00
Travel, In-State	9,724.75	13,273.25	16,247.00	20,278.25
Travel, Out of State	1,028.91		341.30	
Utilities & Communication	480.05	2,851.18	2,934.30	385.19
Professional Services	53.73	39.85	64.51	5.33
Supplies, Materials, & Operating Expenses	1,748.00	2,669.23	2,136.68	1,108.88
Transportation Equipment Operation	51,438.48	22,004.88	19,364.00	6,215.57
Distributions to Other Organizations				17,454.00
Total	<u>312,547.01</u>	<u>298,248.63</u>	<u>311,661.65</u>	<u>324,379.28</u>
Excess of Receipts over Disbursements	178,452.53	137,613.37	151,297.22	216,711.71
Cash Balance at Beginning of Year	850,416.63	1,028,869.16	1,166,482.53	1,317,779.75
Cash Balance at End of Year	1,028,869.16	1,166,482.53	1,317,779.75	1,534,491.46
Reserved for Year-End Obligations	<u>(24,824.67)</u>	<u>(75,370.01)</u>	<u>(51,296.28)</u>	<u>(14,000.00)</u>
Unobligated Cash Balance at End of Year	<u>\$1,004,044.49</u>	<u>\$1,091,112.52</u>	<u>\$1,266,483.47</u>	<u>\$1,520,491.46</u>

Operating Receipts vs. Operating Disbursements – Fund 0342



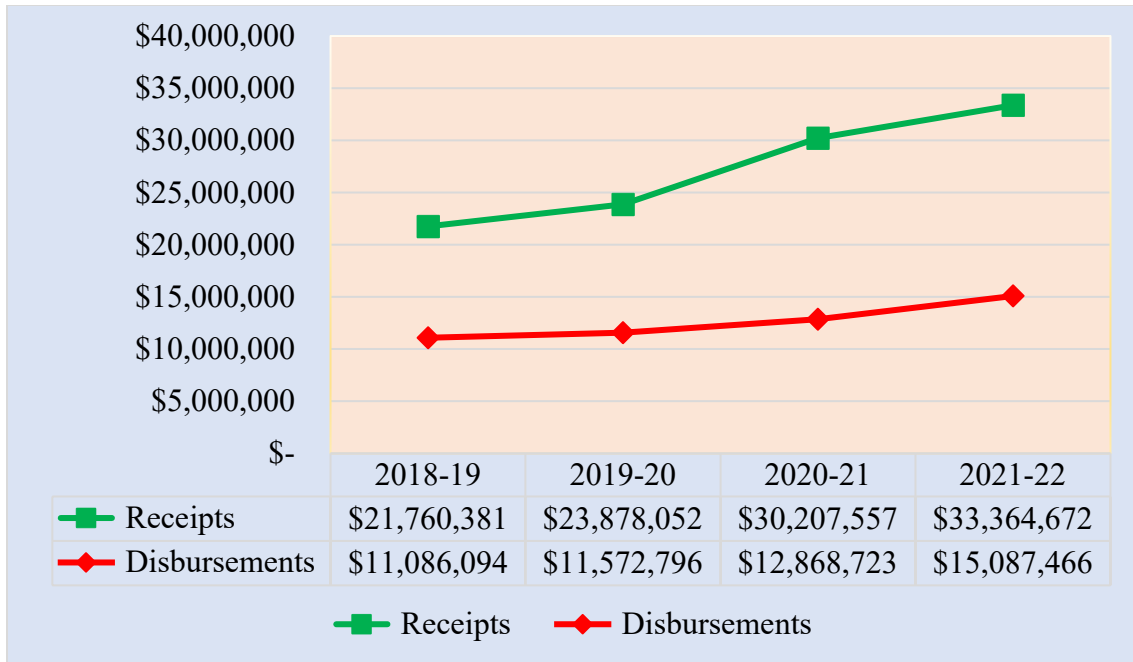
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 0921 – Department of Insurance Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Insurance Premium Tax	\$939,690.89	\$963,337.39	\$876,499.66	\$1,538,407.14
Insurance Brokers & Agents	19,781,584.00	21,863,225.00	28,174,228.25	30,733,620.37
Policy Approval Fee	137.50	112.50	1,437.50	12,976.50
Reimbursement Other Expense	33,000.00	16,250.00	24,457.07	15,775.00
Documents & Records Fees	375.00	750.00	750.00	125.00
Insurance – Corp. Fees & License	626,917.50	633,225.50	667,445.00	682,282.50
Preneed Funeral & Cemetery Fee	75,550.00	44,830.00	61,091.00	67,465.00
Filing or Recording Fees	114,920.00	114,205.00	126,806.00	140,126.00
Professional or Occupational Reg. Fees	34,315.00	45,600.00	31,636.00	33,180.00
Miscellaneous Fees	4,994.12	2,841.00	4,246.69	3,312.00
Fines	119,950.00	123,480.00	151,359.99	135,150.00
Insurance Recoveries	25,309.35	456.90		500.00
Prior Year Refund	2,992.85	12,986.85	2,227.32	1,752.35
Salvage Equipment	645.09	56,343.58	2,541.67	
Interfund Federal Programs		408.14	82,831.00	
Total	<u>21,760,381.30</u>	<u>23,878,051.86</u>	<u>30,207,557.15</u>	<u>33,364,671.86</u>
<u>Disbursements</u>				
Personnel Costs	5,714,263.22	5,911,243.70	6,612,170.34	7,600,363.26
Employee Benefits	2,287,579.64	2,391,440.71	2,596,259.87	2,911,235.94
Travel, In-State	100,059.40	83,111.88	85,879.15	73,354.00
Travel, Out of State	27,181.02	7,375.95	3,457.97	20,315.21
Repairs & Maintenance	9,397.89	25,321.36	7,255.98	3,925.46
Rentals & Leases	1,274,929.51	1,237,679.96	1,935,476.88	2,381,415.59
Utilities & Communication	193,806.33	176,302.13	211,206.87	281,585.03
Professional Services	317,881.53	806,199.14	370,687.57	474,443.53
Supplies, Materials, & Operating Expenses	377,151.69	421,981.41	475,381.86	522,008.57
Transportation Equipment Operation	75,364.58	83,987.21	106,568.31	180,407.96
Grants & Benefits	320.26			15.39
Transportation Equipment Purchases	196,994.09	271,633.45	136,991.21	353,549.44
Other Equipment Purchases	511,164.83	156,519.10	327,386.63	284,846.37
Transfers to General Fund	3,573,368.19	5,237,746.54	3,133,541.97	2,762,879.85
Transfers to Strengthen Alabama Homes Fund	5,000,000.00	7,000,000.00	13,000,000.00	15,000,000.00
Total	<u>19,659,462.18</u>	<u>23,810,542.54</u>	<u>29,002,264.61</u>	<u>32,850,345.60</u>
Excess of Receipts over Disbursements	2,100,919.12	67,509.32	1,205,292.54	514,326.26
Cash Balance at Beginning of Year	<u>9,429,888.71</u>	<u>11,530,807.83</u>	<u>11,598,317.15</u>	<u>12,803,609.69</u>
Cash Balance at End of Year	11,530,807.83	11,598,317.15	12,803,609.69	13,317,935.95
Reserved for Year-End Obligations	<u>(666,810.80)</u>	<u>(928,505.63)</u>	<u>(909,620.41)</u>	<u>(1,079,857.20)</u>
Unobligated Cash Balance at End of Year	<u>\$10,863,997.03</u>	<u>\$10,669,811.52</u>	<u>\$11,893,989.28</u>	<u>\$12,238,078.75</u>

Operating Receipts vs. Operating Disbursements – Fund 0921



Disbursements do not include transfers to the General Fund and the Strengthen Alabama Homes Fund.

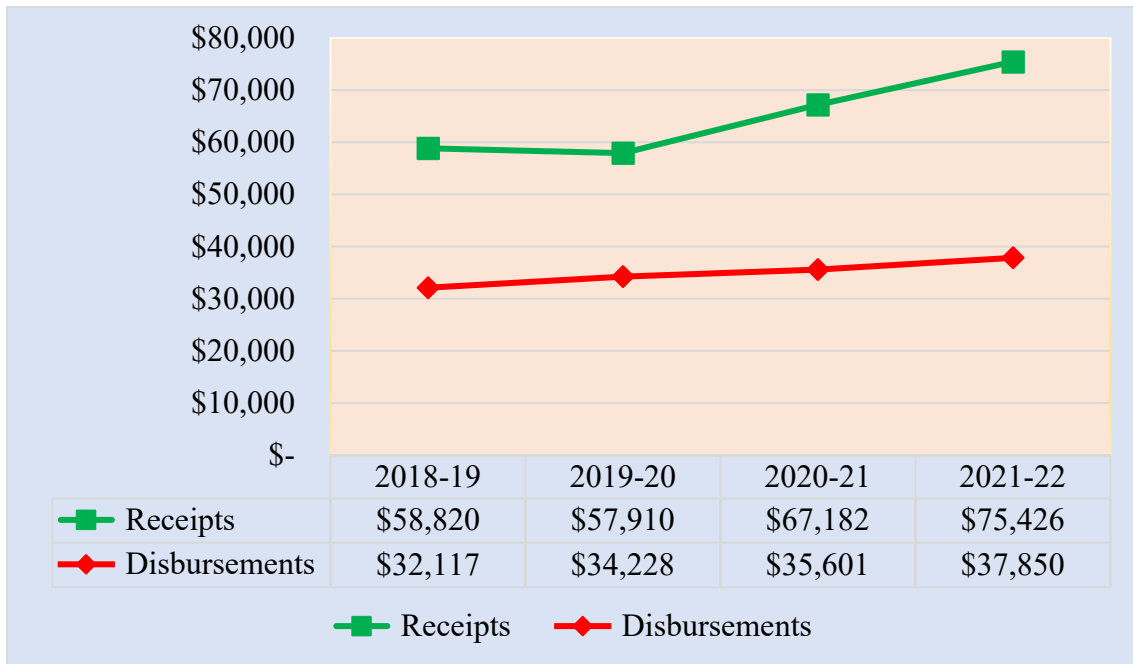
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 0934 – Service Contract Revolving Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Policy Approval Fee	\$0.00	\$1,200.00	\$4,240.00	\$3,810.00
Miscellaneous Fees	58,820.00	56,710.00	62,942.00	71,616.00
Total	<u>58,820.00</u>	<u>57,910.00</u>	<u>67,182.00</u>	<u>75,426.00</u>
<u>Disbursements</u>				
Personnel Costs	22,803.28	24,399.76	25,608.40	27,421.84
Employee Benefits	9,313.46	9,827.87	9,992.88	10,427.77
Total	<u>32,116.74</u>	<u>34,227.63</u>	<u>35,601.28</u>	<u>37,849.61</u>
Excess of Receipts over Disbursements	26,703.26	23,682.37	31,580.72	37,576.39
Cash Balance at Beginning of Year	<u>193,582.78</u>	<u>220,286.04</u>	<u>243,968.41</u>	<u>275,549.13</u>
Cash Balance at End of Year	<u>\$220,286.04</u>	<u>\$243,968.41</u>	<u>\$275,549.13</u>	<u>\$313,125.52</u>

Operating Receipts vs. Operating Disbursements – Fund 0934



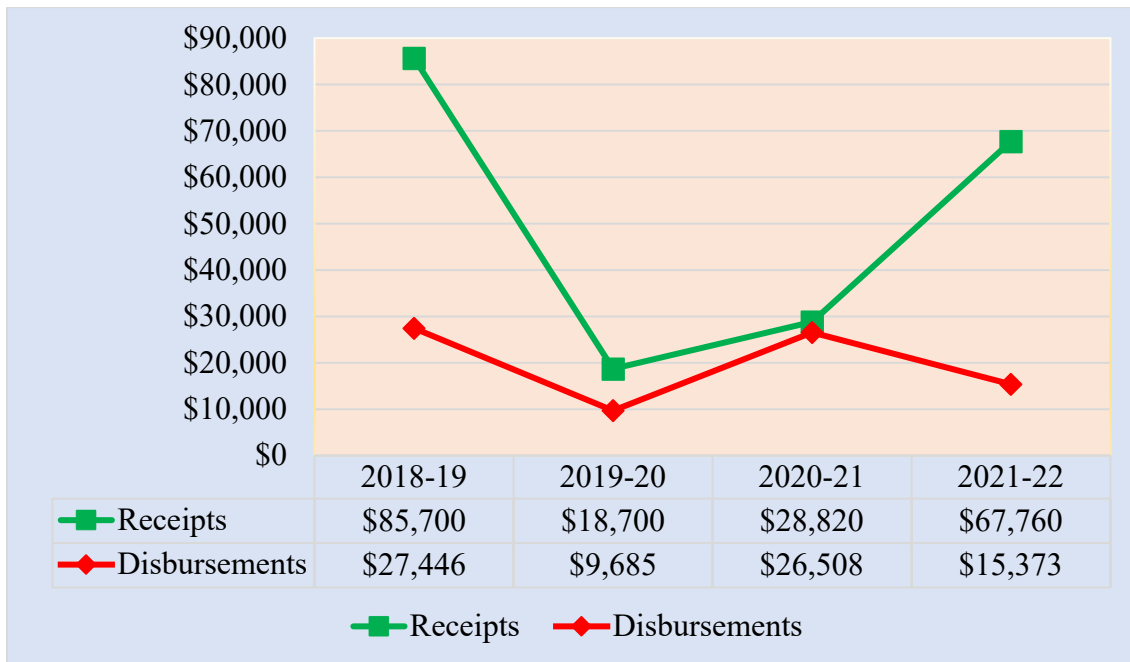
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 1233 – Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Cigarette Certification Fee	\$85,700.00	\$18,700.00	\$28,820.00	\$67,760.00
<u>Disbursements</u>				
Rentals & Leases	1,883.72	1,785.44	1,700.00	1,800.00
Supplies, Materials, & Operating Expenses	25,562.24	7,900.00	24,807.93	13,572.50
Total	27,445.96	9,685.44	26,507.93	15,372.50
Excess of Receipts over Disbursements	58,254.04	9,014.56	2,312.07	52,387.50
Cash Balance at Beginning of Year	79,114.79	137,368.83	146,383.39	148,695.46
Cash Balance at End of Year	137,368.83	146,383.39	148,695.46	201,082.96
Reserved for Year-End Obligations	(12,400.00)	(18,394.00)	(7,875.00)	(20,525.96)
Unobligated Cash Balance at End of Year	\$124,968.83	\$127,989.39	\$140,820.46	\$180,557.00

Operating Receipts vs. Operating Disbursements – Fund 1233



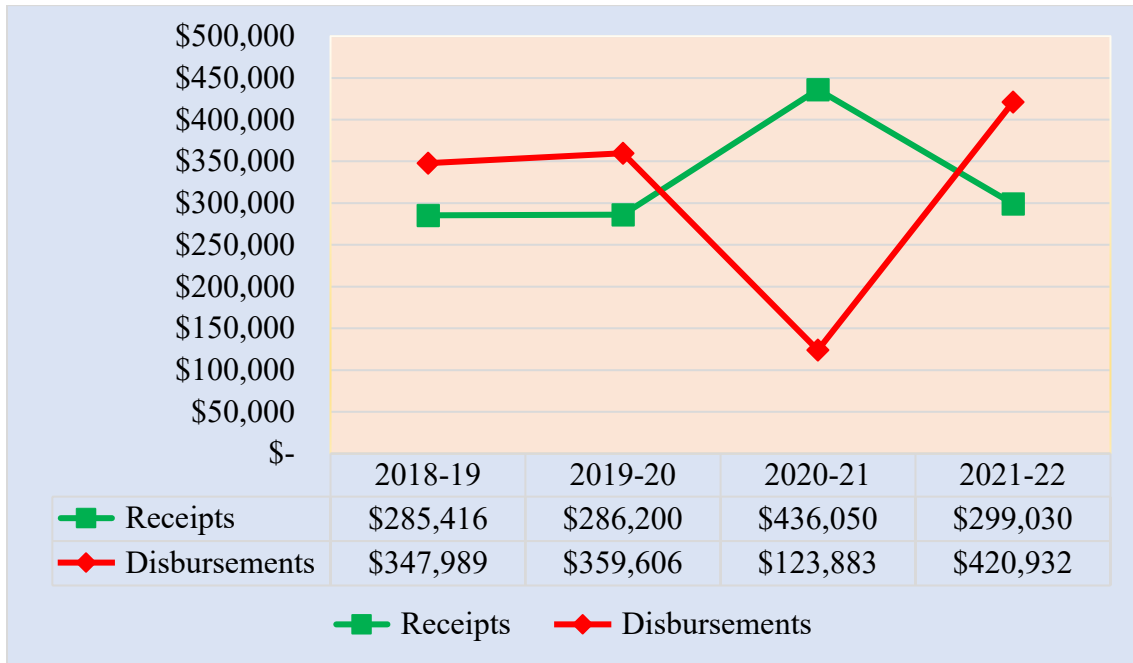
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 1611 – Fraud Unit Fund

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
<u>Receipts</u>				
Insurance Fraud Unit	\$283,800.00	\$286,000.00	\$436,050.00	\$299,030.00
Insurance Premium Tax		200.00		
Prior Year Refund	1,615.55			
Total	<u>285,415.55</u>	<u>286,200.00</u>	<u>436,050.00</u>	<u>299,030.00</u>
<u>Disbursements</u>				
Personnel Costs	227,006.02	243,951.80	65,990.25	254,449.41
Employee Benefits	92,310.50	90,326.06	25,008.71	97,444.86
Travel, In-State	3,892.75	4,475.00	1,129.25	5,802.75
Travel, Out of State	1,165.12			583.88
Rentals & Leases	4,873.78	2,793.10	4,217.11	232.42
Utilities & Communication	3,940.96	3,972.48	3,418.80	273.09
Professional Services		39.84	64.51	5.33
Supplies, Materials, & Operating Expenses	2,033.50	4,206.36	6,035.08	5,935.35
Transportation Equipment Operation	12,766.35	9,841.43	15,035.49	18,922.38
Transportation Equipment Purchases				37,282.92
Other Equipment Purchases			2,983.30	
Total	<u>347,988.98</u>	<u>359,606.07</u>	<u>123,882.50</u>	<u>420,932.39</u>
Excess (Deficiency) of Receipts over Disbursements	(62,573.43)	(73,406.07)	312,167.50	(121,902.39)
Cash Balance at Beginning of Year	<u>252,079.11</u>	<u>189,505.68</u>	<u>116,099.61</u>	<u>428,267.11</u>
Cash Balance at End of Year	189,505.68	116,099.61	428,267.11	306,364.72
Reserved for Year-End Obligations	<u>(25,980.98)</u>	<u>(37,973.11)</u>	<u>(26,629.93)</u>	<u>(18,294.90)</u>
Unreserved Cash Balance at End of Year	<u>\$163,524.70</u>	<u>\$78,126.50</u>	<u>\$401,637.18</u>	<u>\$288,069.82</u>

Operating Receipts vs. Operating Disbursements – Fund 1611



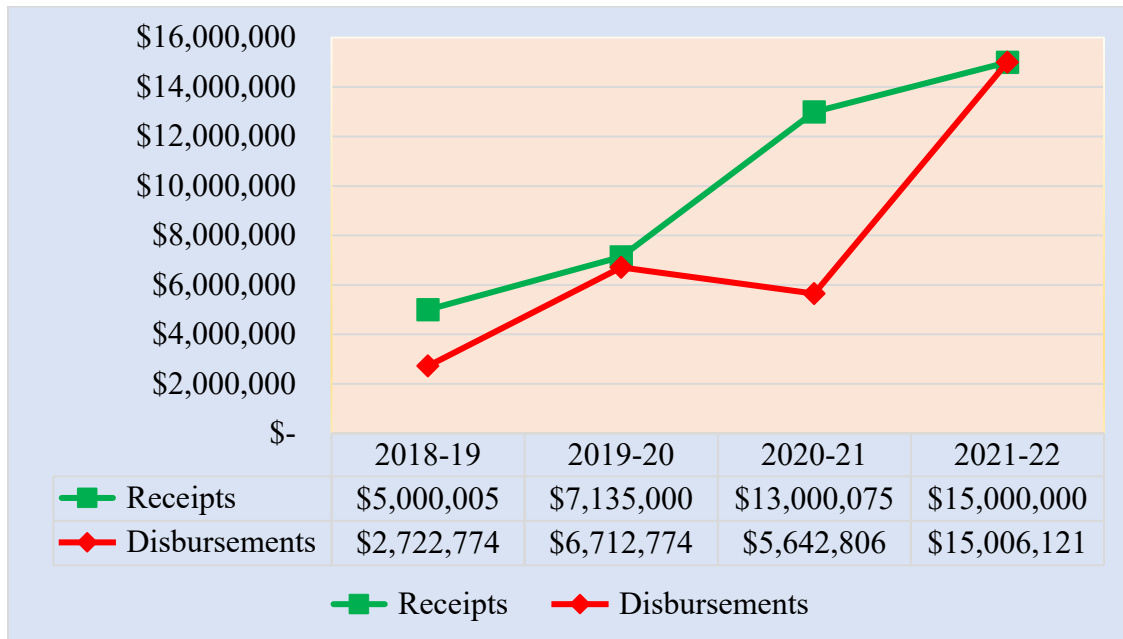
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Fund 1630 – Strengthen Alabama Homes Fund

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Transfers from Insurance Department Fund	\$5,000,000.00	\$7,000,000.00	\$13,000,000.00	\$15,000,000.00
Miscellaneous Fees	5.00			
Non-Governmental Operating Contributions		135,000.00	75.00	
Total	5,000,005.00	7,135,000.00	13,000,075.00	15,000,000.00
<u>Disbursements</u>				
Grants & Benefits	2,722,774.24	6,712,774.01	5,642,805.58	14,871,121.32
Prior Year Refunds				135,000.00
Total	2,722,774.24	6,712,774.01	5,642,805.58	15,006,121.32
Excess (Deficiency) of Receipts over Disbursements	2,277,230.76	422,225.99	7,357,269.42	(6,121.32)
Cash Balance at Beginning of Year	2,804,917.96	5,082,148.72	5,504,374.71	12,861,644.13
Cash Balance at End of Year	5,082,148.72	5,504,374.71	12,861,644.13	12,855,522.81
Reserved for Year-End Obligations	(2,970,000.00)	(4,650,000.00)	(3,850,000.00)	(5,650,000.00)
Unobligated Cash Balance at End of Year	\$2,112,148.72	\$854,374.71	\$9,011,644.13	\$7,205,522.81

Operating Receipts vs. Operating Disbursements – Fund 1630



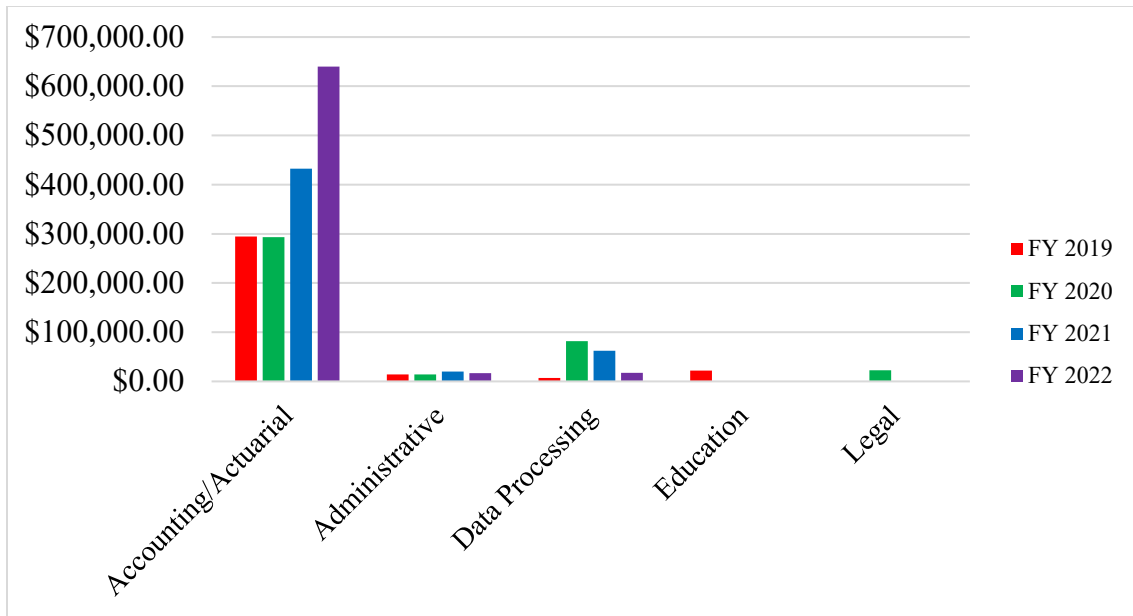
Summary Schedules of Professional Service Disbursements

Fund 0341 – Special Examination Revolving Fund

As of September 30 th				
Type of Service	FY 2019	FY 2020	FY 2021	FY 2022
Accounting/Actuarial	\$294,569.34	\$293,077.70	\$432,604.50	\$639,815.97
Administrative	13,904.23	14,235.25	19,736.16	16,466.56
Education	7,164.00			
Data Processing	22,265.37	82,069.80	62,252.62	17,257.50
Legal		22,313.16		
Total	\$337,902.94	\$411,695.91	\$514,593.28	\$673,540.03

Detailed information presented in Appendix III of this report.

Professional Services Disbursements Chart – Fund 0341



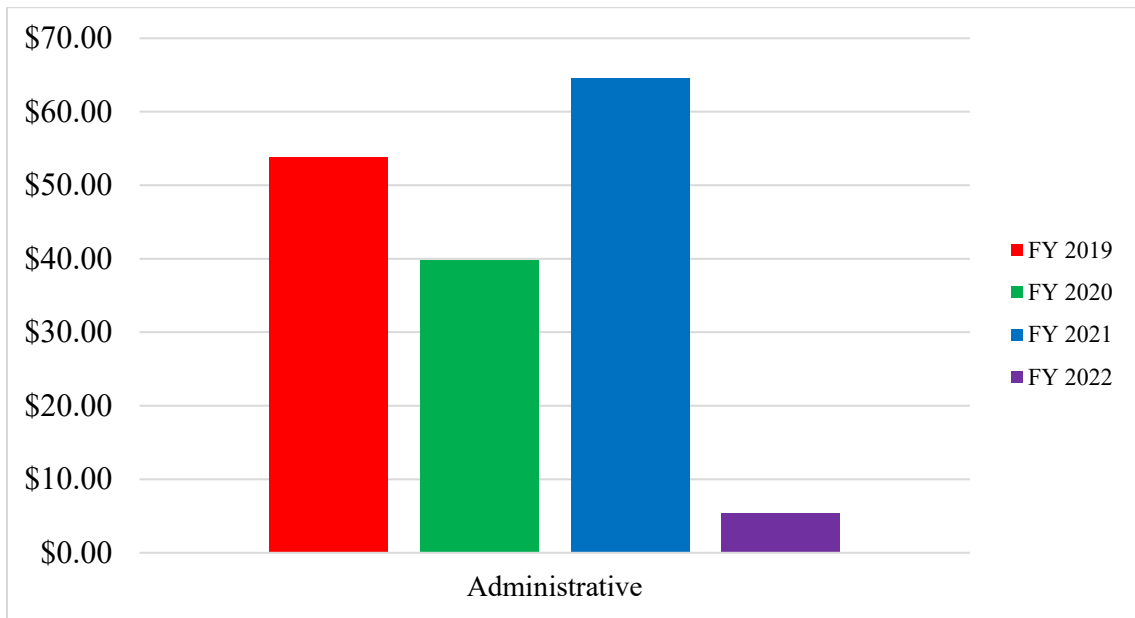
Summary Schedules of Professional Service Disbursements

Fund 0342 – Fire Marshal Revolving Fund

As of September 30 th				
Type of Service	FY 2019	FY 2020	FY 2021	FY 2022
Administrative	\$ 53.73	\$39.85	\$ 64.51	\$ 5.33

Detailed information presented in Appendix III of this report.

Professional Service Disbursement Chart – Fund 0342



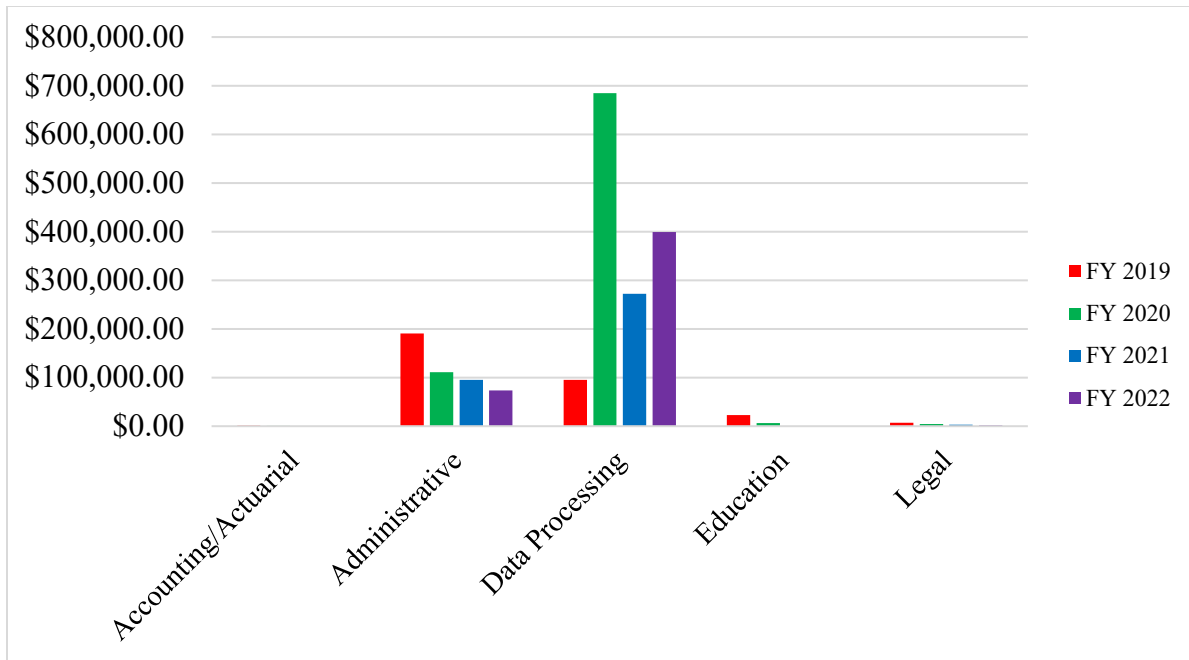
Summary Schedules of Professional Service Disbursements

Fund 0921 – Department of Insurance Fund

As of September 30 th				
Type of Service	FY 2019	FY 2020	FY 2021	FY 2022
Accounting/Actuarial	\$1,369.00	\$14.80	\$	\$
Administrative	190,787.04	110,962.89	95,280.70	73,497.45
Education	23,106.00	6,380.00		
Data Processing	95,319.77	684,420.65	271,997.35	399,020.33
Legal	7,299.72	4,420.80	3,409.52	1,925.75
Total	\$317,881.53	\$806,199.14	\$370,687.57	\$474,443.53

Detailed information presented in Appendix III of this report.

Professional Service Disbursement Chart – Fund 0921



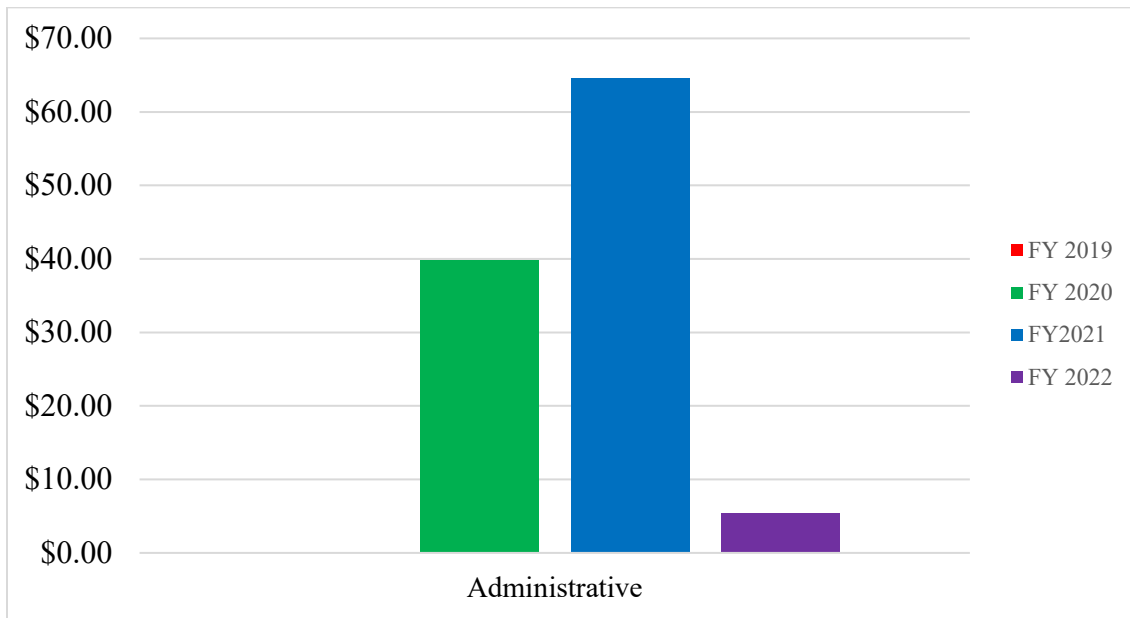
Summary Schedules of Professional Service Disbursements

Fund 1611 – Insurance Fraud Unit Fund

As of September 30 th				
Type of Service	FY 2019	FY 2020	FY 2021	FY2022
Administrative	\$	\$39.84	\$64.51	\$ 5.33

Detailed information presented in Appendix III of this report.

Professional Service Disbursement Chart – Fund 1611



QUESTIONNAIRES

Insurance Producer/Adjuster Questionnaire

A letter was sent to two hundred licensees (one hundred insurance producers and one hundred adjusters) requesting participation in our survey. Eighteen participated in the survey. The percentages are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “A balanced regulation of our profession and the industry as a whole.”

Respondent #2 – “Christian Nationalism”

Respondent #3 – “Insurance affordability”

Respondent #4 – “Pricing”

Respondent #5 – “No current issues at this time.”

Respondent #6 – “My profession has nothing to do with insurance other than offering credit life and disability insurance”

Respondent #7 – “I believe there are too many individuals that don't work to obtain the best outcome for all parties involved. Too many adjusters dismiss issues or try to rush a closure because they know that most of their clients are uneducated and don't understand the process.”

Respondent #8 – “The continuous rise in insurance premiums across the board. Insurance is getting to be unattainable to certain classes of people and it remains mandatory.”

Respondent #9 – “State guidelines on proof of insurance.”

Respondent #10 – “Na”

Respondent #11 – “We have no pressing issues at this time.”

Respondent #12 – “Currently I believe the most significant issues are the many companies that are just there to give really cheap rates which in turn hurts the customer later on down the road and provides them with inferior coverage.”

Respondent #13 – “No current issues currently experiencing.”

Respondent #14 – “in my profession (claims Advocacy), its more along side case law and verdicts that affect all lines of coverage.”

Respondent #15 – “I have no issues at this time.”

Respondent #16 – “No issues stick out at this time.”

Respondent #17 – “cost of insurance”

Respondent #18 – “adequate training”

2. Do you think regulation of your profession by the Alabama Department of Insurance is necessary to protect the public welfare?

Yes	14	78%
No	3	17%
No Opinion	1	5%

3. Do you think any of the Department’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	1	5%
No	15	84%
Unknown	2	11%

4. Are you adequately informed by the Department of changes to and interpretations of the Department’s positions, policies, rules, and laws?

Yes	11	61%
No	3	17%
Unknown	1	5%
No Opinion	3	17%

5. Do you consider mandatory continuing education necessary for the competent practice of your profession?

Yes	12	67%
No	5	28%
No Opinion	1	5%

6. Does the Department respond to your inquiries in a timely manner?

Yes	10	56%
No	1	5%
Unknown	7	39%

7. Has the Department performed your licensing and renewal in a timely manner?

Yes	17	95%
Unknown	1	5%

8. Do you have any other comments you would like to make?

Respondent #1 – “No questions. Thank you for providing the needed support to our industry.”

Respondent #2 – “Nope.”

Respondent #3 – “Non at this time”

Respondent #4 – “None”

Respondent #5 – “No”

Respondent #6 – “If seems unnecessary for lenders to be licensed to offer credit life and disability. There is no continuing education needed. Our providers inform us of best practices etc. a lot of time managing license of 70 lenders”

Respondent #7 – “I truly believe that regulatory agencies are necessary to try to maintain a positive standard in an industry, specifically adjuster's. The resident's of Alabama and our neighboring states that regularly suffer from natural disaster's that depend on us to provide them with a good service during their time of need, to make them whole again without being cheated, need to be held to a higher standard and be held accountable for those standards.”

Respondent #8 – “I appreciate the job everyone is doing at the DOI. I know working with producers and adjusters can be a challenge sometimes.”

Respondent #9 – “No”

Respondent #10 – “No”

Respondent #11 – “Not at this time”

Respondent #12 – “NA”

Respondent #13 – “None.”

Respondent #14 – “To further Q5, I do not feel that CE's are needed for what I do as I am constantly being updated on rule changes, tort reform, etc. Having been in the insurance business for 35 years, it's not that I do not learn something from the CE's but not being a producer, they really are not beneficial to me when it comes to the claim's advocacy role. I am on the corporate side/V.P. National Accounts Claims Executive. Maybe for those of us who do not sell, it should be optional? Just a thought. But I will continue to renew every 2 years. Thank you for the opportunity to provide my thoughts.”

Respondent #15 – “Not at this time.”

Respondent #16 – “None at this time.”

Respondent #17 – “N/A”

Respondent #18 – “NA”

Title Insurance Agent Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Twenty-two participated in the survey. The percentages are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “Fraud”

Respondent #2 – “Ability to have electronic access to public records in other counties”

Respondent #3 – “The lack of being able to advertise business and attract customers because of the strict laws on incentives. The rising cost of homeownership, especially for those with mortgages.”

Respondent #4 – “This is a tough one as I'm in a unique position. I am licensed in the State of Alabama, but I reciprocate up to Virginia as that is where the title company that I work for is located. I have been an underwriter for 6 years. Until this last year, I had what I call a half license because I wasn't affiliated with a title company in the State of Alabama. Then all of a sudden my license became complete. It was wonderful as my title company was then able to reciprocate my license to Virginia and North Carolina. In these modern technological times, not everyone is going to work for a title company in Alabama, but may work across the U.S. and need a license that can be reciprocated. It was a mental relief when I was finally able to do so.”

Respondent #5 – “RON”

Respondent #6 – “The titling and de-titling of mobile/manufactured homes.”

Respondent #7 – “Fraud. Particularly, online and email fraud. Additionally, the use or remote or online notaries is really hurting our profession within the state.”

Respondent #8 – “Fraud”

Respondent #9 – “The most significant issue currently facing our profession in Alabama is insufficient training of courthouse personnel. Individuals employed by the Probate Offices are not trained on proper use of their indexing or recording systems. If they are not properly trained to use their systems, abstractors and title agents are at a disadvantage when trying to complete a title search. Documents are mis-indexed or sometimes not indexed at all.”

Respondent #10 – “Wire fraud and seller impersonation scams”

Respondent #11 – “Rampant fraud and cyber attacks on our industry. Poorly policy and regulation of title insurance by the federal government, specifically the FHFA's proposal to pilot program to replace title insurance with attorney opinion letters. Failure to adopt true e-signature and e-notarization laws.”

Respondent #12 – “Wire fraud”

Respondent #13 – “Right now its the high interest rates.”

Respondent #14 – “Communication and access to questions concerning licensing such as CE. The websites are vague and calling directly isn't typically fruitful. When I obtained my license, I was never notified that it was issued. I had to continually check online.”

Respondent #15 – “Non licensed Title Abstractors. who have had limited title search experience”

Respondent #16 – “Lack of qualified professional title abstractors”

Respondent #17 – “Lower interest rates”

Respondent #18 – “Aging out in smaller communities”

Respondent #19 – “At present, the interest rate issues have negatively affected business, which has decreased activity. That, and the issues concerning wire fraud are significant issues.”

Respondent #20 – “Fraud”

Respondent #21 – “uneducated realtors”

Respondent #22 – “Lack of willingness to learn this aspect of real estate.”

2. Do you think regulation of your profession by the Alabama Department of Insurance is necessary to protect the public welfare?

Yes	18	82%
No	2	10%
Unknown	1	4%
No Opinion	1	4%

3. Do you think any of the Department's laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	3	13%
No	16	73%
Unknown	1	4%
No Opinion	2	10%

4. Are you adequately informed by the Department of changes to and interpretations of the Department's positions, policies, rules, and laws?

Yes	12	54%
No	5	23%
Unknown	3	13%
No Opinion	2	10%

5. Do you consider mandatory continuing education necessary for the competent practice of your profession?

Yes	19	87%
No	3	13%

6. Does the Department respond to your inquiries in a timely manner?

Yes	8	36%
No	2	10%
Unknown	12	54%

7. Has the Department performed your licensing and renewal in a timely manner?

Yes	21	96%
No	1	4%

8. Do you have any other comments you would like to make?

Respondent #1 – “I would like to see Excess C&E credit from one renewal roll over to the next renewal period”

Respondent #2 – “No.”

Respondent #3 – “n/a”

Respondent #4 – “No”

Respondent #5 – “more oversight”

Respondent #6 – “No.”

Respondent #7 – “N/A”

Respondent #8 – “No”

Respondent #9 – “I think that the licensing of title agents was a necessity for the profession and the Alabama Department of Insurance has handled it very professionally.”

Respondent #10 – “no comments”

Respondent #11 – “I am an attorney, so I feel that I keep current on title insurance matters by the Bar's continuing education requirements.”

Respondent #12 – “Requireing a title insurance licence is necessary because there must be some basic competency requirements for the profession.”

Respondent #13 – “n/a”

Respondent #14 – “I feel 24 hours CE is excessive for maintaining a Title Insurance license. Also, only having 2 approved schools in order to obtain a Title Insurance license felt very much like a monopoly”

Respondent #15 – “Not at this time”

Respondent #16 – “No”

Respondent #17 – “no”

Respondent #18 – “Thank you.”

Respondent #19 – “None, thank you.”

Respondent #20 – “I'm an out of state title agent and the last time I renewed my license, in 2022, I had to do so by mail rather than being able to complete it online. It would be very helpful if that could be completed entirely online in the future.”

Respondent #21 – “no”

Respondent #22 – “The department has always been helpful, and I have been licensed for quite some time. Great staff!”

Preneed Sales Agent Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Seventeen participated in the survey. The percentages are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “Not sure”

Respondent #2 – “None”

Respondent #3 – “No comment”

Respondent #4 – “None”

Respondent #5 – “Making sure all companies are financial secure that are licensed in Alabama.”

Respondent #6 – “Over regulation.”

Respondent #7 – “Customer retention”

Respondent #8 – “Labor force”

Respondent #9 – “Package deals being sold, forcing families to buy everything from 1 establishment.”

Respondent #10 – “Licensing! All preneed sales people should be required to have a life insurance producer license!”

Respondent #11 – “None”

Respondent #12 – “I am a Black Funeral Home Owner/Operator in the State of Alabama. FOR ME as a black business-owner, I believe very strongly that the most significant issue facing my profession is the perpetual denial of those in power, those who make and enforce the laws — who are predominantly white, blatant disregard for the deep disparities in the economic conditions under which blacks must exist versus whites. The statistics bear this out. As a black business owner the requirements that we are forced to meet in order to offer funerals to our clientele on a pre-need basis merely are financially oppressive, and redundant, and although I understand the need for some degree of oversight, the requirements under which we are forced to operate economically viable businesses, and provide services amount to an extreme overreach, and in pose an ever-present and ominous threat to our existence. It is my belief that many of us are being FORCED out of the business, and in many respects, it is my belief that this is by design and is the INTENT of the majority of the laws that we are forced to submit to in exchange for the privilege of operating our businesses. So much so is my belief, that I have considered litigating this matter in the courts; and bringing federal charges against the State of Alabama.”

Respondent #13 – “unknown”

Respondent #14 – “Poorly educated and informed customers”

Respondent #15 – “The ability to have quality people in place to run it.”

Respondent #16 – “High cremation rate”

Respondent #17 – “....”

2. Do you think regulation of your profession by the Alabama Department of Insurance is necessary to protect the public welfare?

Yes	12	71%
No	3	17%
No Opinion	2	12%

3. Do you think any of the Department's laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	4	23%
No	9	53%
Unknown	2	12%
No Opinion	2	12%

4. Are you adequately informed by the Department of changes to and interpretations of the Department's positions, policies, rules, and laws?

Yes	11	65%
No	3	17%
Unknown	1	6%
No Opinion	2	12%

5. Does the Department respond to your inquiries in a timely manner?

Yes	14	82%
No	1	6%
Unknown	2	12%

6. Has the Department performed your licensing and renewal in a timely manner?

Yes	17	100%
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7. Do you have any other comments you would like to make?

Respondent #1 – “No”

Respondent #2 – “No”

Respondent #3 – “None”

Respondent #4 – “No”

Respondent #5 – “NO”

Respondent #6 – “I'm pleased the Alabama Board of Funeral Services will begin regulating Preneed in October.”

Respondent #7 – “I also believe that there is a significant increase in money laundering scams in the last five years.”

Respondent #8 – “NA”

Respondent #9 – “Working at a cemetery, I do not agree with the requirements concerning a licensed funeral director being present at burial. Some families choose to do private ceremonies or can not afford a funeral home service.”

Respondent #10 – “All preneed sales people should be required to have a life insurance producer license! This would move commitions from the funeral home to the agent.”

Respondent #11 – “No”

Respondent #12 – “With respect to Questions 2 and 3 above, I believe that these are unfair questions, and need to be qualified; since, SOME degree of regulation of the profession IS necessary; It is my feeling that (as I stated in responding to question #1) there is in some instances EXTREME OVERREACH! and it goes beyond what is required or even necessary; in some instances overly punitive; and excessive.”

Respondent #13 – “none”

Respondent #14 – “Glad to see that you’re reaching out like this Thank you”

Respondent #15 – “Regulatory agencies are necessary to protect the consumer, however these regulatory agencies can only be as good as the people running the agencies.”

Respondent #16 – “none”

Respondent #17 – “No”

Surplus Line Broker Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Eight participated in the survey. The percentages are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “don't have an opinion”

Respondent #2 – “None”

Respondent #3 – “continuous increase in property values with the increase in premiums”

Respondent #4 – “Rate increases. Agents and agencies not being or remaining in compliance.”

Respondent #5 – “As a carrier writing commercial auto coverage the litigation environment is ongoing challenge.”

Respondent #6 – “As a non-resident licensee, I don't have an opinion on this matter.”

Respondent #7 – “n/a - I'm a non-resident”

Respondent #8 – “Everything impacts our industry ... litigation & its impact on social inflation, economic inflation across the board, market disruptors like significant weather events, hurricanes, flooding, etc., politics, world events, etc.”

2. Do you think regulation of your profession by the Alabama Department of Insurance is necessary to protect the public welfare?

Yes	6	75%
No Opinion	2	25%

3. Do you think any of the Department's laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	2	25%
No	3	37.5%
No Opinion	3	37.5%

4. Are you adequately informed by the Department of changes to and interpretations of the Department's positions, policies, rules, and laws?

Yes	3	37.5%
No	2	25%
Unknown	3	37.5%

5. Does the Department respond to your inquiries in a timely manner?

Yes	2	25%
Unknown	6	75%

6. Has the Department performed your licensing and renewal in a timely manner?

Yes	7	87.5%
Unknown	1	12.5%

7. Do you have any other comments you would like to make?

Respondent #1 – “no”

Respondent #2 – “No”

Respondent #3 – “no”

Respondent #4 – “I believe the DOI should reimplement the no CE requirements if you have been licensed over 25 years, but with some exceptions. You must be actively working for and/or with an agency/broker/carrier and have an insurance designation. I believe the DOI should visit agencies once every other year as part of quality control checks, confirming agents and their agencies are within state & federal compliance guidelines.”

Respondent #5 – “The Department has been responsive to our opening up tin the state a year ago. Since then we have enjoyed working through issues raised and found the Department professional in our dealing.”

Respondent #6 – “No.”

Respondent #7 – “no comments at this time”

Respondent #8 – “Thank you!”

Managing General Agent/Reinsurance Intermediary/Service Representative Questionnaire

A letter was sent to seventy-three licensees (thirty-seven Managing General Agents; thirty Service Representatives; and six Reinsurance Intermediaries) requesting participation in our survey. Nine participated in the survey. The percentages are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “Coastal property coverage.”

Respondent #2 – “Keeping up with the technology.”

Respondent #3 – “Private Products rate filings”

Respondent #4 – “Agents lack professionalism. Gone are the days of recommending coverage rather than price.”

Respondent #5 – “Not Applicable”

Respondent #6 – “The cost of Reinsurance”

Respondent #7 – “Not just in Alabama but in the U.S. Attorney represented bodily injury claims are causing a strain on insurance industry.”

Respondent #8 – “I would say inflation has been the biggest issue that I've seen.”

Respondent #9 – “none that I'm aware of”

2. Do you think regulation of your profession by the Alabama Department of Insurance is necessary to protect the public welfare?

Yes	6	67%
No	2	22%
No Opinion	1	11%

3. Do you think any of the Department’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

No	7	78%
No Opinion	2	22%

4. Are you adequately informed by the Department of changes to and interpretations of the Department’s positions, policies, rules, and laws?

Yes	6	67%
No	1	11%
No Opinion	2	22%

5. Does the Department respond to your inquiries in a timely manner?

Yes	5	56%
Unknown	4	44%

6. Has the Department performed your licensing and renewal in a timely manner?

Yes	9	100%
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7. Do you have any other comments you would like to make?

Respondent #1 – “No”

Respondent #2 – “No”

Respondent #3 – “no”

Respondent #4 – “I believe there are too many policies sold online without a licensed agents review. There should be much more oversight and regulations on policies sold online. Also, the mandatory liability law passed but the courts do not enforce the penalties. Courts will charge court costs and a fine of \$50 when the law states the fine should be much more. This has caused the uninsured motorist ratio to rise to over 30% in Alabama.”

Respondent #5 – “No”

Respondent #6 – “We do business in multiple states and the department of insurance in Alabama is very responsive and great to deal with.”

Respondent #7 – “MGA has to obtain an E&O policy from an Alabama admitted carrier. Should be allowed from any carrier or in the alternative allow a surety bond to be issued.”

Respondent #8 – “No, I have no issues at this time.”

Respondent #9 – “none”

Complainant Questionnaire

A letter was sent to one hundred complainants requesting participation in our survey. Nine participated in the survey. The percentages are based on the number who responded to the question.

1. Was receipt of your complaint acknowledged?

Yes	7	78%
No	1	11%
Unknown	1	11%

2. Approximately how long after filing your complaint did the Department contact you?

Within 15 days	5	56%
Within 30 days	3	33%
More than 30 days	1	11%

3. Did the Department communicate the results of the investigation into your complaint to you?

Yes	5	56%
No	4	44%

4. Do you think the Department did everything it could to resolve your complaint?

Yes	2	22%
No	5	56%
Unknown	2	22%

5. Do you have any additional comments you would like to make?

Complainant #1 – “As a first time homebuyer it saddened me that I called my insurance company and when the adjuster came out one month later stating the incident was covered. We received a response letter from [REDACTED] stating inspection was completed by [REDACTED] but [REDACTED] worked for [REDACTED]. It has been almost two years since the claim and with no help my wife and I will be starting repairs in the month of June. Your involvement is highly appreciated. [REDACTED] and [REDACTED] [REDACTED]@ [REDACTED] ([REDACTED]) [REDACTED]”

Complainant #2 – “My issue was resolved in a prompt and orderly fashion.”

Complainant #3 – “The department was of no help, they only acted a a middle man for communication with [REDACTED]. There was no review or explanation of what the department was doing to help resolve the issue other than informing me what [REDACTED] response was.”

Complainant #4 – “After several months of being ignored by the insurance company, I had to resort to filing a complaint. Your Department solved the matter expeditiously and it was greatly appreciated.”

Complainant #5 – “Thanks”

Complainant #6 – “It would be great if the state departments of insurance actually understand that state insurance laws are not pre-empted by ERISA and do its job to enforce laws.”

Complainant #7 – “They are paper tiger they have no teeth they do no righteous investigation!!!!”

Complainant #8 – “I just didn't feel like it was justified and it was one sided. Didn't anyone call to communicate about anything.”

Complainant #9 – “Yes I had to continue to request to file a complaint. I was berated by the agent then told I had no claim against the insurance company & was refused to escalate my complaint. I was hung up on & disrespected. I filed a second complaint about the handling of the original complaint & never got any response.”

APPENDICES

Appendix I: Applicable Statutes

Alabama statutes within the administrative jurisdiction of the Department of Insurance are too voluminous for inclusion in this report (approximately 900 pages). Please refer to the *Code of Alabama 1975*, Title 27 – Insurance as well as the following:

Title 8, Chapter 32 – Service Contracts

Section 8-32-1 through 8-32-12

Title 8, Chapter 33 Vehicle Protection Product Act

Section 8-33-1 through 8-33-14

Title 10A, Chapter 20, Article 6 – Health Care Services Plans

Sections 10A-20-6.01 through 10A-20-6.16

Title 22, Chapter 21, Article 12 – Dental Services Corporations

Sections 22-21-360 through 22-21-391

Regarding the operations of the State Fire Marshal’s Office, please refer to the following:

Title 36, Chapter 19 – Fire Marshal

Sections 36-19-1 through 36-19-44

Title 8, Chapter 17, Article 8 – Fireworks

Sections 8-17-210 through 8-17-226

Title 8, Chapter 17, Article 8A – Pyrotechnic Displays

Sections 8-17-230 through 8-17-239

Title 8, Chapter 17, Article 9 – Explosives

Sections 8-17-240 through 8-17-256

Title 8, Chapter 17, Article 10 – Cigarette Ignition Propensity Standards

Sections 8-17-270 through 8-17-281

Title 34, Chapter 33 – Fire Protection Sprinkler Systems

Sections 34-33-1 through 34-33-14

Title 34, Chapter 33A – Fire Alarm Systems

Sections 34-33A-1 through 34-33A-13



1 D78YTH-3

2 By Senators Figures, Gudger, Jones, Hatcher, Williams,
3 Sessions, Scofield, Butler, Barfoot, Singleton, Shelnut, 4
4 Smitherman

5 RFD: Fiscal Responsibility and Economic Development

6 First Read: 22-Mar-23

7



SB131 Enrolled



1 Enrolled, An Act,

2
3
4 Relating to the Alabama Board of Funeral Service; to
5 amend Section 34-13-1, as amended by Act 2022-339, 2022
6 Regular Session, Sections 34-13-20, 34-13-21, and 34-13-22,
7 Sections 34-13-23 and 34-13-27, as amended by Act 2022-339,
8 2022 Regular Session, Code of Alabama 1975, to rename the
9 Alabama Board of Funeral Service as the Alabama Board of
10 Funeral Services and to provide further for definitions and
11 the membership of the board; to add Article 5 to Chapter 13,
12 Title 34, Code of Alabama 1975, by amending and renumbering
13 Sections 27-17A-1, 27-17A-3, 27-17A-4, 27-17A-10 to 27-17A-25,
14 inclusive, 27-17A-30 to 27-17A-34, inclusive, and 27-17A-40 to
15 27-17A-57, inclusive, as Sections 34-13-170 to 34-13-172,
16 inclusive, 34-13-190 to 34-13-206, inclusive, 34-13-230 to
17 34-13-234, inclusive, and 34-13-260 to 34-13-277, inclusive,
18 Code of Alabama 1975; to establish the Alabama Preneed Funeral
19 and Cemetery Act of 2023; to transfer the existing Preneed
20 Funeral and Cemetery Act, and the regulation of preneed
21 contracts, from the Commissioner and Department of Insurance
22 to the Alabama Board of Funeral Service; to authorize the
23 Department of Insurance to temporarily transfer certain funds
24 to the board to defray costs associated with the
25 administration and operation of the Alabama Preneed Funeral
26 and Cemetery Act of 2023; and in connection therewith would
27 have as its purpose or effect the requirement of a new or
28 increased expenditure of local funds within the meaning of



SB131 Enrolled

29 Section 111.05 of the Constitution of Alabama of 2022.

30 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

31 Section 1. Sections 34-13-1, as amended by Act
32 2022-339, 2022 Regular Session, Sections 34-13-20, 34-13-21,
33 and 34-13-22, and Sections 34-13-23 and 34-13-27, as amended
34 by Act 2022-339, 2022 Regular Session, of the Code of Alabama
35 1975, are amended to read as follows:

36 "§34-13-1

37 (a) For purposes of this chapter, the following terms
38 have the following meanings:

39 (1) ACCREDITED SCHOOL or COLLEGE OF MORTUARY SCIENCE. A
40 school or college approved by the American Board of Funeral
41 Service Education, or a successor organization, which
42 maintains a course of instruction of not less than 48 calendar
43 weeks or four academic quarters or college terms and which
44 gives a course of instruction in the fundamental subjects
45 related to funeral service and mortuary science education as
46 approved by the American Board of Funeral Service Education,
47 or a successor organization, and other courses of instruction
48 in fundamental subjects as may be prescribed by the Alabama
49 Board of Funeral Service.

50 (2) ALKALINE HYDROLYSIS. The technical process that
51 reduces human remains to bone fragments using heat, water, and
52 chemical agents.

53 (3) ALTERNATIVE CONTAINER. A nonmetal receptacle or
54 enclosure, without ornamentation or a fixed interior lining,
55 which is designed for the encasement of human remains and
56 which is made of cardboard, pressed-wood, composition



57 materials, with or without an outside covering, pouches of
 58 canvas, or other materials.

59 ~~(3)~~ (4) AMERICAN BOARD OF FUNERAL SERVICE EDUCATION. The
 60 national academic accreditation agency for college and
 61 university programs in funeral service and mortuary science
 62 education. The accrediting function of the American Board of
 63 Funeral Service Education is recognized by the United States
 64 Department of Education and the Council on Higher Education
 65 Accreditation.

66 ~~(4)~~ (5) APPRENTICE EMBALMER or EMBALMER'S APPRENTICE.
 67 Any person engaged in the study of the art of embalming under
 68 the instructions and supervision of a licensed embalmer
 69 practicing in this state.

70 ~~(5)~~ (6) APPRENTICE FUNERAL DIRECTOR or FUNERAL
 71 DIRECTOR'S APPRENTICE. Any person operating under or in
 72 association with a funeral director for the purpose of
 73 learning the business or profession of funeral director, to
 74 the end that he or she may become licensed under this chapter.

75 (7) AT NEED. At the time of death or immediately
 76 following death.

77 ~~(6)~~ (8) AUTHORIZING AGENT. A person at least 18 years of
 78 age, except in the case of a surviving spouse or parent, who
 79 is legally entitled to order the cremation or final
 80 disposition of particular human remains.

81 (9) BASIC SERVICES FEE. The fee for the professional
 82 services of the funeral director and staff that is added to
 83 the total cost of the funeral arrangements. The term includes
 84 a charge for services performed in conducting the arrangements



85 conference, planning the funeral, securing the necessary
86 permits, preparing the notices, and coordinating the cemetery
87 or crematory arrangements.

88 (10) BELOW-GROUND CRYPT. A preplaced enclosed chamber,
89 usually constructed of reinforced concrete, poured in place or
90 a precast unit installed in quantity, either side-by-side or
91 multiple depth, and covered by earth or sod and known also as
92 a lawn crypt or turf-top crypt.

93 (11) BENEFICIARY. One who benefits from an act, such as
94 one for whom a preneed contract is entered into or the
95 successor-in-interest of a life insurance policy.

96 ~~(7)~~ (12) BOARD. The Alabama Board of Funeral Service.

97 (13) BRANCH. Any person or entity that is part of a
98 common business enterprise that has a certificate of authority
99 issued pursuant to Article 5 and elects to operate under a
100 name other than that of the common business enterprise.

101 (14) BURIAL. The placement of human remains in a grave
102 space or lawn crypt.

103 ~~(8)~~ (15) CASH ADVANCE ITEMS. Any item of service or
104 merchandise described to a purchaser using the term cash
105 advance, accommodation, cash disbursement, or similar term. A
106 cash advance item is also any item obtained from a third party
107 and paid for by a funeral provider on behalf of a purchaser.
108 Cash advance items include, but are not limited to, all of the
109 following:

- 110 a. Cemetery or crematory services.
- 111 b. Pallbearers.
- 112 c. Public or other transportation.



- 113 d. Clergy honoraria.
- 114 e. Flowers.
- 115 f. Musicians or singers.
- 116 g. Nurses.
- 117 h. Obituary notices.
- 118 i. Funeral programs.
- 119 j. Gratuities.
- 120 k. Death certificates.
- 121 l. Outer burial containers.
- 122 m. Cemetery plots.
- 123 n. Escorts.

124 ~~(9)~~ (16) CASKET. A rigid container designed for the
125 encasement of human remains which is usually constructed of
126 wood, metal, or similar material and ornamented and lined with
127 fabric.

128 ~~(10)~~ (17) CEMETERY. A place established, maintained,
129 managed, operated, or improved which is dedicated to and used
130 or intended to be used for the permanent interment of human
131 remains and their memorialization. It may be either land or
132 earth interment; a columbarium; a mausoleum for vault or crypt
133 entombment; a structure or place used or intended to be used
134 for the interment of cremated remains; cryogenic storage; or
135 any combination of one or more thereof.

136 ~~(11)~~ (18) CEMETERY AUTHORITY. Any individual, person,
137 firm, profit or nonprofit corporation, trustee, partnership,
138 society, religious society, church association or
139 denomination, municipality, or other group or entity, however
140 organized, insofar as they or any of them may now or hereafter



141 establish, own, operate, lease, control, or manage one or more
142 cemeteries, burial parks, mausoleums, columbariums, or any
143 combination or variation thereof, or hold lands or structures
144 for burial grounds or burial purposes in this state and engage
145 in the operation of a cemetery, including any one or more of
146 the following: The care and maintenance of a cemetery; the
147 interment, entombment, and memorialization of the human dead
148 in a cemetery; the sale, installation, care, maintenance, or
149 any combination thereof, with respect of monuments, markers,
150 foundations, memorials, burial vaults, urns, crypts,
151 mausoleums, columbariums, flower vases, floral arrangements,
152 and other cemetery accessories for installation or use within
153 a cemetery; and the supervision and conduct of funeral and
154 burial services within the bounds of the cemetery.

155 (19) CEMETERY MERCHANDISE. Any personal property
156 offered for sale, contracted for sale, or sold for use in
157 connection with the burial, final disposition,
158 memorialization, interment, entombment, or inurnment of human
159 remains by a cemetery authority. The term specifically
160 includes, but is not limited to, the casket, the alternative
161 container, the outer burial container, and the memorial, and
162 interment rights.

163 (20) CEMETERY SERVICES. At need or preneed services
164 provided by a cemetery authority for interment, entombment,
165 inurnment, and installation of cemetery merchandise.

166 (21) CERTIFICATE HOLDER. A funeral establishment,
167 cemetery authority, third-party seller, or any other person to
168 whom a valid certificate of authority to sell preneed



169 contracts has been granted by the board.

170 (22) COLUMBARIUM. A structure or room or space in a
171 building or structure used or intended to be used for the
172 inurnment of cremated remains.

173 ~~(12)~~ (23) CONVICTION. The entry of a plea of guilty or a
174 guilty verdict rendered by any court of competent
175 jurisdiction, excluding traffic violations.

176 ~~(13)~~ (24) CREMATED REMAINS. Human remains recovered
177 after the completion of the cremation process, including
178 pulverization, which leaves only bone fragments reduced to
179 unidentifiable dimensions, and the residue of any foreign
180 materials that were cremated with the human remains.

181 (25) CREMATED REMAINS CONTAINER. A receptacle in which
182 cremated remains are placed.

183 ~~(14)~~ (26) CREMATION. The technical irreversible process,
184 using heat, flames, or chemical agents, that reduces human
185 remains to bone fragments. The reduction takes place through
186 heat and evaporation. Cremation shall include the processing,
187 and may include the pulverization, of the bone fragments.
188 Cremation is a process and is a method of final disposition.

189 ~~(15)~~ (27) CREMATIONIST. A person licensed by the board
190 to perform the procedure of cremation.

191 ~~(16)~~ (28) CREMATION CHAMBER. The retort or vessel used
192 to reduce human remains to bone fragments.

193 ~~(17)~~ (29) CREMATION CONTAINER. The container in which
194 human remains are transported to a crematory, in which human
195 remains are placed upon arrival at a crematory, or for storage
196 and placement in a cremation chamber for cremation.



197 ~~(18)~~ (30) CREMATORY. A building or portion of a building
198 that houses a cremation chamber and that may house a holding
199 facility for purposes of cremation and as part of a funeral
200 establishment.

201 (31) CREMATORY AUTHORITY. Any person who owns or
202 controls a crematory.

203 (32) DEATH CERTIFICATE. A legal document containing
204 vital statistics pertaining to the life and death of the
205 deceased.

206 (33) DECEASED or DECEDENT. One who is no longer living.

207 ~~(19)~~ (34) EMBALMER. Any person engaged, or holding
208 himself or herself out as engaged, in the business, practice,
209 science, or profession of embalming, whether on his or her own
210 behalf or in the employ of a registered and licensed funeral
211 director.

212 ~~(20)~~ (35) EMBALMING. The practice, science, or
213 profession, as commonly practiced, of preserving,
214 disinfecting, and preparing by application of chemicals or
215 other effectual methods, human dead for burial, cremation, or
216 transportation.

217 (36) ENCASEMENT. The placement of human remains in a
218 rigid container including, but not limited to, a casket or
219 urn.

220 (37) ENDOWMENT CARE. The maintenance and repair of all
221 places in a cemetery, subject to the rules of the cemetery
222 authority. The term may also be referred to as endowed care,
223 perpetual care, improvement care, or permanent care.

224 (38) ENDOWMENT CARE TRUST FUND. An irrevocable trust



225 fund set aside by law with a trustee, along with the income
226 therefrom, to provide for the endowment care of a cemetery.

227 (39) ENTOMBMENT. The act of placing human remains in a
228 mausoleum crypt.

229 (40) FINAL DISPOSITION. The lawful disposal of human
230 remains whether by interment, cremation, or other method.

231 ~~(21)~~ (41) FUNERAL. A ceremony for celebrating,
232 sanctifying, or remembering the life of a person who has died.
233 A funeral may be divided into the following two parts:

234 a. The funeral service, which may take place at a
235 funeral home, church, or other place.

236 b. The committal service or disposition, which may take
237 place by the grave, tomb, mausoleum, or crematory where the
238 body of the decedent is to be buried or cremated.

239 ~~(22)~~ (42) FUNERAL ARRANGEMENTS. The completing of
240 funeral service arrangements, cremation arrangements, and the
241 financial details of a funeral at the time of death. The term
242 includes the collection of vital statistic information, death
243 certificate information, obituary and funeral notice
244 completion, the completion of a statement of funeral goods and
245 services selected, organizing of funeral and memorial services
246 for families, and the ordering of cash advance items.

247 (43) FUNERAL BENEFICIARY. The person or persons who
248 will receive the benefit of the funeral and cemetery goods and
249 services to be delivered under a preneed contract at the time
250 of his, her, or their death.

251 ~~(23)~~ (44) FUNERAL DIRECTING. The practice of directing
252 or supervising funerals, the practice of preparing dead human



253 bodies for burial by means other than embalming, or the
254 preparation for the final disposition of dead human bodies;
255 the making of funeral arrangements or providing for funeral
256 services or the making of financial arrangements for the
257 rendering of these services; the provision or maintenance of a
258 place for the preparation for final disposition of dead human
259 bodies; the use of the terms funeral director, undertaker,
260 mortician, funeral parlor, or any other term from which can be
261 implied the practice of funeral directing; or the holding out
262 to the public that one is a funeral director or engaged in a
263 practice described in this subdivision.

264 ~~(24)~~ (45) FUNERAL DIRECTOR. A person required to be
265 licensed to practice the profession of funeral directing under
266 the laws of this state, who consults with the public, who
267 plans details of funeral services with members of the family
268 and minister or any other person responsible for such
269 planning, or who directs, is in charge, or apparent charge of,
270 and supervises funeral service in a funeral home, church, or
271 other place; who enters into the making, negotiation, or
272 completion of financial arrangements for funeral services, or
273 who uses in connection with the profession of funeral
274 directing the terms funeral director, undertaker, funeral
275 counselor, mortician, or any other term or picture or
276 combination thereof when considered in context in which used,
277 from which can be implied the practicing of the profession of
278 funeral directing or that the person using such term or
279 picture can be implied to be holding himself or herself out to
280 the public as being engaged in the profession of funeral



281 directing; and for all purposes under Alabama law, a funeral
282 director is considered a professional. For the purposes of
283 this chapter, the term does not include any cemetery
284 authority.

285 ~~(25)~~ (46) FUNERAL ESTABLISHMENTS. The term includes any
286 funeral home or mortuary service located at a specific street
287 address where the profession of funeral directing, embalming,
288 or cremation is practiced in the care, planning, and
289 preparation for burial, cremation, or transportation of human
290 dead. A funeral establishment shall consist of and maintain
291 all of the following facilities:

292 a. A preparation room equipped with sanitary nonporous
293 floor and wall and necessary drainage and ventilation, and
294 containing operating embalming equipment, necessary approved
295 tables, instruments, hot and cold running water, containers or
296 receptacles for soiled linen or clothing, and supplies for the
297 preparation and embalming of dead human bodies for burial,
298 cremation, and transportation.

299 b. A display room containing a stock of adult caskets
300 and funeral supplies displayed in full size, cuts,
301 photographs, or electronic images. At no time shall less than
302 eight different adult size caskets be on the premises.

303 c. At least one operating funeral coach or hearse
304 properly licensed and equipped for transporting human remains
305 in a casket or urn.

306 d. If engaged in the practice of cremation, the
307 establishment shall satisfy all crematory requirements
308 provided in this chapter and have on site an adequate supply



309 of urns for display and sale.

310 e. A room suitable for public viewing or other funeral
311 services that is a minimum of 1,000 square feet.

312 f. An office for holding arrangement conferences with
313 relatives or authorizing agents.

314 (47) FUNERAL SERVICE. At need or preneed services
315 provided by a funeral establishment in connection with funeral
316 directing, final disposition of human remains, or installation
317 of memorials.

318 ~~(26)~~ (48) FUNERAL SUPPLIES or FUNERAL MERCHANDISE. Any
319 item offered for sale, contracted for sale, or sold for use in
320 connection with funeral directing or funeral services when
321 sold by a funeral director including, but not limited to,
322 caskets, alternative containers, outer burial containers,
323 urns, memorials, clothing used to dress human dead when sold
324 by a funeral director, and all equipment and accoutrements
325 normally required for the preparation for burial or funeral
326 and other disposition of human dead.

327 (49) GRAVE SPACE. A space of ground in a cemetery that
328 is used or intended to be used for in-ground burial.

329 ~~(27)~~ (50) GROSS IMMORALITY. Willful, flagrant, or
330 shameful immorality or showing a moral indifference to the
331 opinions of the good and respectable members of the community
332 and to the just obligations of the position held by the
333 offender.

334 ~~(28)~~ (51) HOLDING ROOM. Either of the following:

335 a. A room within a funeral establishment that satisfies
336 the requirements of a branch location as provided in this



337 chapter or board rule, for the retention of human remains
338 before final disposition.

339 b. A room within a crematory facility, designated for
340 the retention of human remains before and after cremation,
341 that is not accessible to the public.

342 (52) HUMAN REMAINS. The body of a decedent in any stage
343 of decomposition, including cremated remains.

344 (53) INTERMENT. The final disposition of human remains
345 by burial, burial at sea, entombment, or inurnment.

346 (54) INTERMENT RIGHT. The right to inter human remains
347 in a particular interment space in a cemetery.

348 (55) INTERMENT SPACE. A space intended for the final
349 disposition of human remains including, but not limited to, a
350 grave space, mausoleum crypt, niche, and below-ground crypt.

351 (56) INURNMENT. The act of placing cremated remains in
352 a receptacle including, but not limited to, an urn and
353 depositing it in a niche.

354 (57) LICENSEE. Any individual, firm, corporation,
355 partnership, joint venture, or limited liability company which
356 obtains a license, certificate, or registration in accordance
357 with this chapter.

358 ~~(29)~~ (58) MANAGING CREMATIONIST. A licensed funeral
359 director and cremationist who has full charge, control, and
360 supervision of all activities involving cremation at a funeral
361 establishment or crematory.

362 ~~(30)~~ (59) MANAGING EMBALMER. A licensed embalmer who has
363 full charge, control, and supervision of all activities
364 involving the preparation room and embalming.



365 ~~(31)~~ (60) MANAGING FUNERAL DIRECTOR. A licensed funeral
366 director who has full charge, control, and supervision of all
367 activities involving funeral directing for a funeral
368 establishment.

369 (61) MAUSOLEUM. A chamber or structure used or intended
370 to be used for entombment.

371 (62) MAUSOLEUM CRYPT. A chamber of a mausoleum of
372 sufficient size for entombment of human remains.

373 (63) MEMORIAL. Any product, other than a mausoleum or
374 columbarium, used for identifying an interment space or for
375 commemoration of the life, deeds, or career of some decedent
376 including, but not limited to, a monument, marker, niche
377 plate, urn garden plaque, crypt plate, cenotaph, marker bench,
378 and vase.

379 (64) MEMORIAL RETAILER. Any person offering or selling
380 memorials at retail to the public.

381 (65) MEMORIALIZATION. Any permanent system designed to
382 mark or record the names and other data pertaining to a
383 decedent.

384 ~~(32)~~ (66) MORAL TURPITUDE. Any unlawful sexual or
385 violent act, or any act involving theft, theft of services,
386 theft by deception, extortion, receiving stolen property,
387 identity theft, forgery, fraud, tampering with records,
388 bribery, perjury, or any similar act in any jurisdiction.

389 ~~(33)~~ (67) MORTUARY SCIENCE. The scientific,
390 professional, and practical aspects, with due consideration
391 given to accepted practices, covering the care, preparation
392 for burial, or transportation of dead human bodies, which



393 shall include the preservation and sanitation of the bodies
 394 and restorative art and those aspects related to public
 395 health, jurisprudence, and good business administration.

396 ~~(34)~~ (68) MORTUARY SERVICE. A location with a specific
 397 street address where embalming or cremation, or both, is
 398 practiced for a licensed funeral establishment and where no
 399 services or merchandise are sold directly or at retail to the
 400 public. A mortuary service shall consist of and maintain all
 401 of the following facilities:

402 a. A preparation room equipped with sanitary nonporous
 403 floor and walls, operating embalming equipment, and necessary
 404 drainage and ventilation and containing necessary approved
 405 tables, instruments, hot and cold running water, containers or
 406 receptacles for soiled linen or clothing, and supplies for the
 407 preparation and embalming of dead human bodies for burial,
 408 cremation, and transportation.

409 b. At least one operating motor vehicle properly
 410 licensed and equipped for transporting human remains in a
 411 casket or urn.

412 c. If engaged in the practice of cremation, the
 413 establishment shall satisfy all requirements for a crematory
 414 provided in this chapter.

415 (69) NICHE. A space usually within a columbarium used
 416 or intended to be used for inurnment of cremated remains.

417 ~~(35)~~ (70) OPERATOR. A person, corporation, firm, legal
 418 representative, managing funeral director, general manager, or
 419 other organization owning or operating a funeral establishment
 420 or cemetery.



421 (71) OUTER BURIAL CONTAINER. A rigid container that is
422 designed for placement in the grave space around the casket or
423 the urn including, but not limited to, containers commonly
424 known as burial vaults, grave boxes, and grave liners.

425 (72) PERSON. Any individual, firm, corporation,
426 partnership, joint venture, limited liability company,
427 association, trustee, government or governmental subdivision,
428 agency, or other entity, or any combination thereof.

429 ~~(36)~~ (73) PRACTICAL EMBALMER. Any person who has been
430 actively and continuously engaged or employed in the practice
431 of embalming under the supervision of a licensed embalmer for
432 four consecutive years immediately preceding May 1, 1975, and
433 has been issued a license as a practical embalmer under the
434 grandfather provisions of this chapter.

435 (74) PREARRANGEMENT. The term applied to completing the
436 details for selection of merchandise or services on a preneed
437 basis, which may or may not include prefunding or prepayment.

438 (75) PREDEVELOPED. Designated areas or buildings within
439 a cemetery that have been mapped and planned for future
440 construction but are not yet completed.

441 (76) PREDEVELOPED INTERMENT SPACE. An interment space
442 that is planned for future construction but is not yet
443 completed.

444 (77) PREFUND. The term applied to completing the
445 financial details of a prearrangement, which include
446 prefunding or prepayment.

447 (78) PRENEED. Any time prior to death.

448 (79) PRENEED CONTRACT. A written contract to purchase



449 funeral merchandise, funeral services, cemetery merchandise,
450 or cemetery services from the seller on a preneed basis.

451 (80) PRENEED CONTRACT TRUST FUND. The funds received
452 pursuant to a preneed contract which are required by law to be
453 held in trust until the merchandise or services purchased
454 pursuant to the contract are delivered or provided or until
455 otherwise lawfully withdrawn.

456 (81) PRENEED SALES AGENT. A person who is in the
457 business of selling preneed contracts.

458 ~~(37)~~ (82) PROCESSING or PULVERIZATION. The reduction of
459 identifiable bone fragments after the completion of the
460 cremation process to unidentifiable bone fragments or
461 granulated particles by manual or mechanical means.

462 (83) PROVIDER. The person, who may or may not be the
463 seller, who actually provides merchandise and services under
464 the terms of a preneed contract.

465 (84) PURCHASE PRICE. The amount paid by the purchaser
466 for merchandise and services purchased under a preneed
467 contract, exclusive of finance charges, sales tax, charges
468 relating to interment rights, arrangement conference fees, or
469 charges for credit life insurance.

470 (85) PURCHASER. The person who purchases a preneed
471 contract either on his or her behalf or on behalf of a
472 third-party beneficiary.

473 (86) RELIGIOUS INSTITUTION. An organization formed
474 primarily for religious purposes which has applied and
475 qualified for exemption from federal income tax as an exempt
476 organization under Section 501(c)(3) of the Internal Revenue



477 Code of 1986, as amended.

478 (87) SCATTERING. The lawful dispersion of cremated
479 remains.

480 (88) SELLER. Any person offering or selling merchandise
481 or services on a preneed basis including, but not limited to,
482 funeral establishments, cemetery authorities, crematory
483 authorities, and memorial retailers.

484 (89) SPECIAL CARE. Any care provided, or to be
485 provided, that is supplemental to, or in excess of, endowment
486 care, in accordance with the specific directions of any donor
487 of funds for those purposes.

488 (90) SUCCESSOR-IN-INTEREST. A person who lawfully
489 follows another in ownership or control of property or rights.

490 ~~(88)~~ (91) TEMPORARY CONTAINER. A receptacle for cremated
491 remains, usually composed of cardboard, plastic, or similar
492 material, that can be closed in a manner that prevents the
493 leakage or spillage of the cremated remains or the entrance of
494 foreign material, and is a single container of sufficient size
495 to hold the cremated remains until an urn is acquired or the
496 cremated remains are scattered or buried.

497 (92) THIRD-PARTY SELLER. Any person, who is not a
498 funeral establishment or a cemetery authority, engaged in the
499 sale of preneed funeral merchandise or cemetery merchandise.

500 (93) TRUSTEE. Any person, state or national bank, trust
501 company, or federally insured savings and loan association
502 lawfully appointed as fiduciary over funds deposited by one or
503 more purchasers of a preneed contract or deposited pursuant to
504 an endowment care trust fund. The term does not refer to a



505 board of trustees.

506 ~~(39)~~ (94) URN. A receptacle designed to encase cremated
507 remains.

508 (b) Nothing in this chapter shall require a funeral
509 director or funeral establishment to have or provide a chapel
510 or to restrict the conduct of funeral services from a church
511 or chapel."

512 "§34-13-20

513 (a) There is established the Alabama Board of Funeral
514 Service Services, consisting of ~~nine~~ 14 members, each of whom
515 shall be citizens of the United States and residents of the
516 State of Alabama. The membership of the board shall be divided
517 into two distinct divisions, the funeral division and the
518 preneed division, with each division having jurisdiction over
519 their respective areas of service.

520 (b) The appointing authorities shall coordinate their
521 appointments to assure board membership is inclusive and
522 reflects the racial, gender, geographic, ~~urban/rural~~ urban,
523 rural, and economic diversity of the state.

524 (c) (1) Commencing on January 1, 2019, as the terms of
525 the members serving on the board on August 1, 2017, expire,
526 the membership of the funeral division of the board shall be
527 reconstituted to consist of seven professional members and two
528 consumer members.

529 ~~(1)~~ Each professional member of the funeral division of
530 the board shall be a citizen of the United States, a resident
531 of Alabama, and licensed and in good standing with the board
532 as an embalmer or funeral director at the time of appointment



533 and during the entire term of office. Professional members of
534 the board shall be appointed by the Governor pursuant to
535 subsection (e). As the terms of the members serving on the
536 board on October 1, 2023, expire, the professional membership
537 of the board shall be appointed to reflect the following:

538 a. ~~Four~~ Three of the professional members of the board
539 shall hold a current license from the board to practice
540 embalming in the state, shall have been actively practicing
541 embalming in the state for the last 10 consecutive years
542 immediately preceding appointment, and shall be engaged in the
543 practice of embalming at the time of appointment to the board.

544 b. ~~Three~~ Four of the professional members of the board
545 shall hold a current license from the board to practice
546 funeral directing in the state, shall have been actively
547 engaged in funeral directing in the state for the last 10
548 consecutive years immediately preceding appointment, and shall
549 be the operator of a funeral establishment in this state at
550 the time of appointment to the board.

551 (2) Commencing on October 1, 2023, the preneed division
552 of the board shall be created to consist of four professional
553 members and one consumer member. Two professional members
554 shall be licensed funeral directors and two professional
555 members shall be licensed preneed sales agents employed by a
556 cemetery. Each professional member of the preneed division of
557 the board shall hold a current license from the board to
558 practice as a preneed sales agent, shall have been actively
559 engaged in preneed sales or direct management of preneed sales
560 in the state for the last five consecutive years immediately



561 preceding appointment, and shall be employed by a certificate
562 of authority license holder in this state at the time of
563 appointment to the board. Two of these professional members
564 shall also hold a current certificate of authority to sell
565 preneed services and merchandise. The initial appointment of
566 two of the preneed sales agents appointed pursuant to this
567 paragraph shall expire on December 31, 2025, and for the other
568 two, shall expire on December 31, 2026. Thereafter, the
569 preneed sales agent members shall serve pursuant to subsection
570 (e). Professional members of the board shall be appointed by
571 the Governor pursuant to subsection (e).

572 ~~(2)~~ (3) Each consumer member of the board shall
573 represent the public in general and shall have been a citizen
574 of the United States and a resident of Alabama for the last 10
575 consecutive years immediately preceding appointment and during
576 the entire term of office. A consumer member of the board may
577 not have held, nor currently hold, a license or certification
578 issued by the board, be employed at any time by, or
579 professionally or financially associated with, the holder of a
580 license or certificate issued by the board, or be related
581 within the third degree of consanguinity or affinity to the
582 holder of a license or certificate issued by the board. ~~One~~
583 Two consumer-member members of the board shall be appointed by
584 the Lieutenant Governor and one consumer member shall be
585 appointed by the Speaker of the House of Representatives
586 pursuant to a procedure adopted by rule of the board.

587 (d) Commencing in October of 2018, and each October
588 thereafter of a year where at least one professional member



589 term on either division of the board has expired, ~~or is vacant~~
 590 ~~for any reason,~~ all licensed funeral directors and licensed
 591 embalmers for a funeral division member, and all licensed
 592 preneed sales agents for a preneed division member, shall meet
 593 in Montgomery, at a time and place fixed by the respective
 594 division of the board, for the purpose of nominating and
 595 submitting the names of three licensed persons for each
 596 position on the board to the Governor. The Governor shall
 597 promptly appoint one of the three persons so nominated to
 598 serve as a professional member of the board.

599 (e) (1) Professional and consumer members of the board
 600 shall serve staggered terms of four years each to provide
 601 continuity of service on the board. If an appointment is not
 602 made before the expiration of a term, the board member then
 603 serving may continue to serve until a successor has been
 604 appointed. A board member may not serve more than two full
 605 consecutive terms on the board.

606 (2) ~~A board member who is appointed to fill a vacancy~~
 607 ~~which occurs before the expiration of the term of the vacating~~
 608 ~~member shall serve the remaining portion of the term to which~~
 609 ~~the former member was appointed.~~ A vacancy on the board for
 610 any reason shall be filled by appointment of the Governor for
 611 the unexpired term. The appointee shall serve until his or her
 612 successor is nominated and appointed pursuant to subsection
 613 (d). If a member is appointed to fill an unexpired term of
 614 less than two years, the time may not be counted toward the
 615 maximum eight years of service.

616 (3) ~~Not more than~~ Only one professional funeral



617 division member and one professional preneed division member
618 of the board a division may reside in ~~the same~~ each district
619 ~~as~~ created by Section 34-13-21.

620 (4) At each meeting where nominations are made for the
621 professional members of the funeral division of the board,
622 only one licensed funeral director or licensed embalmer
623 employed by the same funeral establishment may vote. At each
624 meeting where nominations are made for the professional
625 members of the preneed division of the board, only one
626 licensed preneed sales agent employed by the same certificate
627 of authority holder may vote.

628 (f) (1) In accordance with applicable law, in addition
629 to a board member resigning from the board in writing, a board
630 member may be removed from the board for any of the following
631 grounds:

632 a. The refusal or inability to perform board duties in
633 an efficient, responsible, or professional manner.

634 b. The misuse of his or her position on the board to
635 obtain financial gain or seek personal advantage for himself,
636 herself, or another person.

637 c. A final adjudication or determination of guilt by
638 any lawful authority of the board member or sanction of the
639 board member for the violation of any law the board determines
640 is substantially related to any practice governed by this
641 chapter.

642 d. The revocation or suspension of the license of a
643 professional member of the board.

644 (2) Any board member who fails to qualify after



645 appointment shall automatically become ineligible to serve as
 646 a member of the board and a new member, properly qualified,
 647 shall be appointed in the same manner as the original
 648 appointment and shall serve the remainder of the term of the
 649 vacating board member.

650 (3) If a consumer board member fails to attend two or
 651 more meetings within a year, without a valid excuse as
 652 determined by the board, he or she shall be removed from the
 653 board. A new consumer board member shall be appointed in the
 654 same manner as the original appointment and shall serve the
 655 remainder of the term.

656 (g) (1) The status of any person or entity properly
 657 licensed by the Alabama Board of Funeral Service on the
 658 effective date of this act shall continue under the Alabama
 659 Board of Funeral Services.

660 (2) All the rights, duties, property, real or personal,
 661 and all other effects existing in the name of the Alabama
 662 Board of Funeral Service shall be transferred to the Alabama
 663 Board of Funeral Services. Any reference to the Alabama Board
 664 of Funeral Service in any existing law, contract, or other
 665 instrument, shall be deemed a reference to the Alabama Board
 666 of Funeral Services.

667 (3) A reasonable transition period for the name change
 668 shall be allowed to permit an orderly and cost-effective
 669 transition, relating particularly to the use of equipment and
 670 supplies, all letterhead, business cards, forms, and any other
 671 materials in use by the board containing the name Alabama
 672 Board of Funeral Service shall continue to be used by the



673 Alabama Board of Funeral Services until the supplies are
674 exhausted. Replacement supplies shall contain the name of the
675 Alabama Board of Funeral Services.

676 (4) The Code Commissioner, pursuant to Section 29-7-8,
677 at times determined appropriate, shall implement this
678 statutory name change in applicable sections of this code."

679 "§34-13-21

680 There are created, for the purpose of this chapter,
681 seven geographical districts which shall be identical with the
682 seven congressional districts as fixed and established by
683 Section 17-14-70, as may be amended. It is the purpose and
684 intention of this section to provide that not more than one
685 professional member of each division of the board shall be
686 selected from each district and that three nominees to the
687 Governor for appointment to the board shall be made from each
688 district. The ~~two~~ three consumer members of the board may not
689 reside in the same congressional district."

690 "§34-13-22

691 (a) The Alabama Board of Funeral ~~Service~~ Services shall
692 hold not less than one joint meeting of both divisions
693 quarterly, ~~such meeting~~ for the purpose of reviewing
694 financial, budgetary, and employment matters. The quarterly
695 meetings to be held at ~~such~~ a time and place as the board may
696 determine after notice of ~~such~~ the meeting has been given in
697 the manner prescribed herein at least 15 days prior to ~~such~~
698 the meeting. The board may hold ~~such~~ other meetings as ~~it~~ the
699 board may deem necessary. A majority of the appointed members
700 shall constitute a quorum authorized to transact general



701 business in the name of the board. ~~The board shall not meet on~~
702 ~~the premises of any embalming school or college of mortuary~~
703 ~~science; and, if any such meeting is held, all the proceedings~~
704 ~~of such meeting shall be void~~ Upon the executive director
705 serving on the effective date of the act amending this
706 subsection leaving office, two-thirds of the appointed members
707 of each division shall constitute a quorum for the purposes of
708 selecting an executive director and establishing fees.

709 (b) Additionally, each division of the board shall hold
710 at least one division meeting quarterly."

711 "§34-13-23

712 (a) (1) The board ~~appointed under this chapter and each~~
713 ~~successor thereto may~~ shall select from its own membership a
714 chair and to adopt rules for the transaction of its business
715 and for the betterment and promotion of the standards of
716 service and practice to be followed in the death care industry
717 in the State of Alabama as the board may deem expedient and
718 consistent with the laws of this state and for the public
719 good.

720 (2) The chair shall preside at all meetings of the
721 board unless otherwise ordered, and he or she shall exercise
722 and perform all duties and functions incident to the office of
723 chair.

724 (3) The board may also select from its own membership a
725 vice chair, a secretary, and a treasurer. No two offices shall
726 be held by the same person.

727 (b) The treasurer shall give bond to the State of
728 Alabama in the sum of ten thousand dollars (\$10,000), and any



729 premium payable for the bond shall be paid from the funds of
730 the board. The bond shall be deposited with the Treasurer of
731 the State of Alabama.

732 (c) A board member shall be reimbursed for necessary
733 travel expenses, per diem, and the necessary expenses incident
734 to his or her attendance upon the business of the board, and,
735 in addition thereto, shall receive compensation in the amount
736 of seventy-five dollars (\$75) for every day not to exceed 20
737 days per year actually spent by the member upon the business
738 of the board. The board may employ in the unclassified service
739 an executive director and up to four associate executive
740 directors who shall each receive and be paid an annual salary
741 to be fixed by the board pursuant to Section 36-6-6. The
742 salary shall be paid on a semimonthly basis. In addition, the
743 executive director and associate executive directors shall
744 each receive his or her necessary travel and other incidental
745 expenses as are incurred in the performance of duties, and all
746 expenses, per diem, and compensation shall be paid out of the
747 receipts of the board. At no time shall the operation of the
748 board be an expense to the state.

749 (d) The executive director of the board shall have
750 complete supervision and be held responsible for the direction
751 of the office of the board, shall have supervision over
752 employees, field inspections, audits examinations, and
753 enforcement of this chapter, and shall be responsible and
754 answerable to the board. The associate executive directors
755 shall assist the executive director and perform such other
756 duties as may be assigned to him or her by the executive



757 director.

758 (e) The executive director shall keep a record in which
759 shall be registered the name and business address of every
760 person to whom licenses have been granted in accordance with
761 this chapter, the number and date of the license and the date
762 of each renewal. Upon request to do so, the executive director
763 shall supply a list of all persons and establishments holding
764 a license under this chapter, then in force, giving the names
765 of the persons, their business addresses, and the numbers of
766 their licenses.

767 (f) It shall be the duty of the executive director to
768 prepare under the direction of the board and cause to be
769 printed all forms required by this chapter to be prescribed by
770 the board. All notices required to be mailed by this chapter
771 shall be directed to the last known address of the party to
772 whom the notice is sent.

773 (g) The executive director shall serve at the pleasure
774 of the board and shall perform duties as may be necessary for
775 the proper functioning of the board as the board may determine
776 or as may be prescribed in this chapter. During the employment
777 of the executive director, he or she may not be employed by
778 any funeral establishment.

779 (h) All fees and fines received under this chapter
780 shall be paid into a special fund in the State Treasury to be
781 known as the Alabama State Funeral Service Fund, which is
782 hereby created, for the necessary and proper expenses of the
783 board, and for a reasonable reserve for future use by the
784 board. All monies in the fund are hereby appropriated, as a



785 continuing appropriation, to the board to be used for carrying
786 out this chapter. Commencing on October 1, 2023, the name of
787 the fund shall be changed to the Alabama Board of Funeral
788 Services Fund.

789 (i) Each member of the board, the executive director,
790 the associate executive directors, designated employees, and
791 independent contractors of the board appropriately identified
792 are authorized at any given time to enter the office,
793 premises, establishment, or place of business where any
794 practice or activity regulated by this chapter is carried on,
795 or advertised as being carried on, to investigate complaints
796 or perform ~~audits~~ examinations or inspections. Each on-site
797 inspection shall include an inspection of the license,
798 certification, and registration of each licensee and
799 apprentice trainee operating therein.

800 (j) All members of the board or designated employees of
801 the board may serve and execute any process issued by any
802 court under this chapter and execute any papers, orders, or
803 process issued by the board or any officer or member of the
804 board under this chapter.

805 (k) The board may employ clerical assistants and
806 employees as necessary to carry out this chapter, and the
807 terms and conditions of employment shall be determined by the
808 board. The board may establish and equip an office from which
809 this chapter may be carried out.

810 (l) (1) The board may acquire and hold, in its own name,
811 real property by purchase, gift, lease, lease with the option
812 to purchase, or other lawful means, except eminent domain,



813 which real property may be used by the board to carry out its
814 responsibilities. The board may also transfer, sell, convey,
815 or cause to be conveyed real property and any improvements
816 thereon, subject to the requirements of this section. In
817 purchasing any real property, maintaining real property, or
818 making improvements thereto, the board may expend any funds
819 contained in the Funeral Board Property Acquisition Fund
820 established in subdivision (2), and any obligations created in
821 connection with the purchase or improvement of the real
822 property shall not create debts, obligations, or liabilities
823 of the state. As used in this subsection, real property shall
824 include land, lots, and all things and interests, including
825 leasehold interests, pertaining thereto, and all other things
826 annexed or attached to the land which would pass to a vendee
827 by conveyance of the land or lot, including mineral, gas, and
828 oil interests. All sales or leases made by the board of any
829 real property owned or held by the board shall be subject to
830 the requirements of Article 3, Chapter 15, Title 9.

831 Notwithstanding the foregoing, the proceeds from the sale of
832 real property owned by the board which are distributed
833 pursuant to Section 9-15-83 shall be paid to the board and
834 deposited into the property acquisition fund.

835 (2) There is established the Funeral Board Property
836 Acquisition Fund within the State Treasury. Any funds received
837 by the board pursuant to this section shall be deposited into
838 the property acquisition fund and shall be held by the board
839 in trust for carrying out the purposes of the property
840 acquisition fund. Amounts in the property acquisition fund



841 shall be budgeted and allotted in accordance with Sections
842 41-4-80 through 41-4-96 and Sections 41-19-1 through 41-19-12.
843 Not later than May 1, 2022, the executive director shall
844 transfer from the Alabama State Funeral Service Fund to the
845 property acquisition fund an amount determined by vote of the
846 board for the purchase of real property. Thereafter, the board
847 shall annually, during the month of October, transfer an
848 amount between two percent and seven percent of the receipts
849 of the board from the previous fiscal year to the property
850 acquisition fund.

851 (3) At the end of each fiscal year, any unencumbered
852 and unexpended balance in the property acquisition fund shall
853 not revert to the State General Fund but shall carry over to
854 the next fiscal year."

855 "§34-13-27

856 (a) The board shall adopt a common seal, which may be
857 altered as often as the board may desire, and the funeral
858 division of the board may adopt and enforce, for the
859 protection of the public health, safety, and welfare,
860 reasonable rules relating to all of the following:

861 (1) The practice of the profession of embalming,
862 including, but not limited to, solicitation of business.

863 (2) The practice of the profession of funeral
864 directing, including, but not limited to, solicitation of
865 business.

866 (3) The sanitary condition and physical facilities of
867 funeral homes, mortuaries, and funeral establishments where
868 the profession of embalming and funeral directing is carried



869 on, with particular regard to plumbing, sewage, disinfecting,
870 ventilation, and equipment.

871 (4) Carrying out generally the various provisions of
872 this chapter for the protection of the peace, health, safety,
873 and welfare of the public.

874 (5) Carrying out a program for training of apprentice
875 embalmers and apprentice funeral directors.

876 (6) The sale of goods, services, and merchandise and
877 the operation of entities and establishments regulated by the
878 board.

879 (b) The preneed division of the board may adopt and
880 enforce, for the protection of the public health, safety, and
881 welfare, reasonable rules relating to the sale of preneed
882 merchandise and services."

883 Section 2. The following heading is added to Division
884 1, commencing with Section 34-13-170, of Article 5, Chapter
885 13, Title 34, Code of Alabama 1975:

886 "Article 5. Alabama Preneed Funeral and Cemetery Act of
887 2023.

888 "Division 1. General Provisions."

889 Section 3. Sections 27-17A-1, 27-17A-3, and 27-17A-4 of
890 the Code of Alabama 1975, are amended and renumbered as
891 Division 1 of Article 5 of Chapter 13 of Title 34, Code of
892 Alabama 1975, to read as follows:

893 "~~§27-17A-1~~§34-13-170

894 (a) This ~~chapter~~ article shall be known and may be
895 cited as the Alabama Preneed Funeral and Cemetery Act of 2023.

896 (b) (1) The Alabama Board of Funeral Services succeeds



897 to and is vested with the powers, duties, and functions of the
898 Department of Insurance relating to the regulation of
899 endowment care, preneed sales contracts, and the licensing of
900 preneed sales agents.

901 (2) All records of the Department of Insurance relating
902 to the regulation of preneed sales contracts, endowment care,
903 and the licensing of preneed sales agents are transferred to
904 the board.

905 (3) The status of any person properly licensed by the
906 Department of Insurance under the former Chapter 17A of Title
907 27, on the effective date of the act adding this subdivision,
908 shall continue under the board.

909 (4) The administrative rules of the Department of
910 Insurance existing on the effective date of the act adding
911 this subdivision shall remain in effect as administrative
912 rules of the board until added, amended, or repealed by the
913 board.

914 (5) The existence and functioning of the Alabama
915 Preneed Funeral and Cemetery Act, created and functioning
916 pursuant to Sections 27-17A-1 to 27-17A-57, inclusive, is
917 continued as the Alabama Preneed Funeral and Cemetery Act of
918 2023, under this article. All rights, duties, and obligations
919 existing in the name of the Department of Insurance, relating
920 to endowment care, preneed sales contracts, and preneed sales
921 agent licenses, shall continue under the board. Any reference
922 to the Department of Insurance in any existing law, contract,
923 or other instrument relating to endowment care, preneed sales
924 contracts, and preneed sales agent licenses, shall be deemed a



925 reference to the board.

926 (6) The transfer of the regulation of preneed contracts
927 and the licensing of preneed sales agents from the Department
928 of Insurance to the board shall not affect the rights of any
929 person held before the effective date of the act adding this
930 subdivision, as those rights relate to any preneed trust
931 funds, endowment care trust funds, or any other funds held in
932 trust pursuant to the Alabama Preneed Funeral and Cemetery
933 Act."

934 ~~"§27-17A-3~~ §34-13-171

935 (a) Nothing in this chapter shall be construed to
936 prohibit the funding of preneed contracts with multiple
937 insurance or annuity contracts. Life insurance and annuity
938 contracts used to fund preneed contracts shall conform with
939 ~~the provisions of this title~~ Title 27 as they relate to life
940 insurance and annuities and shall cover not less than the
941 initial retail price of the preneed contract.

942 (b) The initial premium payment for a life insurance
943 policy or annuity contract shall be made payable to the
944 issuing insurance company and the preneed seller shall remit
945 the payment to the insurance company within 10 business days
946 after the insurance application is signed by the parties. If a
947 preneed contract provides for installment payments, each
948 premium payment shall be made payable to the insurance company
949 and, if collected by the preneed seller, shall be remitted to
950 the insurance company within 10 business days after receipt by
951 the preneed seller.

952 (c) Nothing in this chapter shall prohibit a seller, or



953 any other person, from receiving commissions earned and
 954 payable in regard to funding preneed contracts with life
 955 insurance or annuity contracts, provided the seller or other
 956 person holds a valid insurance producer license in this state
 957 and is appointed by the insurance company paying the
 958 commission.

959 (d) A preneed seller may be identified as the
 960 beneficiary or assignee of the death benefit proceeds of a
 961 life insurance policy or annuity contract sold as a future
 962 funding mechanism for a preneed contract, but may not be the
 963 owner of the policy or annuity contract or exercise any
 964 ownership rights in the policy or annuity. If the preneed
 965 contract is cancelled before or after the death of the funeral
 966 beneficiary, the preneed seller shall cancel and relinquish
 967 any assignment of benefits or beneficiary status under the
 968 policy or annuity contract, and deliver the policy or
 969 contract, if in the custody of the preneed seller, to the
 970 policy owner or his or her legal representative."

971 ~~"§27-17A-4~~§34-13-172

972 Nothing in this chapter shall be construed to prohibit
 973 cemetery authorities from selling funeral merchandise, funeral
 974 establishments from selling cemetery merchandise, or
 975 third-party sellers from selling either funeral merchandise or
 976 cemetery merchandise, or both. Provided, the required amount
 977 of the purchase price to be placed into trust shall be
 978 governed by the appropriate section of this chapter."

979 Section 4. The following heading is added to Division
 980 2, commencing with Section 34-13-190, of Article 5, Chapter



981 13, Title 34, Code of Alabama 1975:

982 "Division 2. Certificate of Authority."

983 Section 5. Sections 27-17A-10, 27-17A-11, 27-17A-11.1,
984 27-17A-12, 27-17A-13, 27-17A-14, 27-17A-15, 27-17A-16,
985 27-17A-17, 27-17A-18, 27-17A-19, 27-17A-20, 27-17A-21,
986 27-17A-22, 27-17A-23, 27-17A-24, and 27-17A-25 of the Code of
987 Alabama 1975, are amended and renumbered as Division 2 of
988 Article 5 of Chapter 13 of Title 34, Code of Alabama 1975, to
989 read as follows:

990 "~~§27-17A-10~~ §34-13-190

991 (a) No person may sell a preneed contract without first
992 having a valid certificate of authority.

993 (b) (1) No person may receive any funds for payment on a
994 preneed contract who does not hold a valid certificate of
995 authority.

996 (2) Any preneed transaction in which a buyer pays to
997 the seller before need, in whole or in part, a purchase price
998 for funeral or cemetery merchandise and services, and in which
999 the seller is not obligated to deliver the contracted for
1000 merchandise or to perform the services until need, in whole or
1001 in part, shall be evidenced by a written preneed contract
1002 satisfying the requirements of this chapter and signed by the
1003 seller and the purchaser. No person may receive or accept any
1004 form of consideration in such a transaction without a fully
1005 signed written preneed contract. A transaction not evidenced
1006 by a signed written preneed contract shall be voidable at the
1007 election of the buyer and, if such election is made, the
1008 seller shall refund to the buyer the entire amount paid by the



1009 buyer together with interest thereon at the legal rate within
1010 30 days after notice to the seller.

1011 (3) The provisions of subdivision (1) do not apply to
1012 the purchase of a life insurance policy or annuity, the
1013 benefits of which are assigned to a funeral home ~~and/or~~ or
1014 cemetery authority, or the benefits of which are to be paid to
1015 a funeral home ~~and/or~~ or cemetery authority named as
1016 beneficiary of the policy or annuity, as long as the purchaser
1017 and funeral home ~~and/or~~ or cemetery authority acknowledge in
1018 writing that no preneed contract is entered as a result of the
1019 purchase or assignment of the life insurance policy or annuity
1020 at the time the policy or annuity is purchased. Benefits from
1021 a life insurance policy or annuity issued under this
1022 subdivision shall only be paid to a funeral home ~~and/or~~ or
1023 cemetery authority which provides funeral or cemetery
1024 merchandise and services at the death of the insured whether
1025 or not such funeral home ~~and/or~~ or cemetery has been named as
1026 an assignee or the beneficiary of the policy or annuity. If
1027 the amount of the policy or annuity proceeds shall exceed the
1028 actual funeral costs at the time of need, ~~such~~ the excess
1029 amount ~~must~~ shall be paid to a designated beneficiary, other
1030 than a funeral home ~~and/or~~ or cemetery authority, or to the
1031 estate of the insured or annuitant.

1032 (4) ~~The provisions of subdivision~~ Subdivision (1) ~~do~~
1033 does not apply to any legal reserve insurance company or to
1034 any trust company or to any national or state bank or savings
1035 and loan association having trust powers which company, bank,
1036 or association receives any money in trust pursuant to the



1037 sale of a preneed contract.

1038 (c) (1) No person may obtain a certificate of authority
1039 under this ~~article~~ chapter for the preneed sale of funeral
1040 services or cemetery services unless the person or its agent,
1041 in the case of a corporate entity, holds a license as a
1042 funeral director or a funeral establishment, or is a cemetery
1043 authority and qualifies as an applicant for a certificate of
1044 authority pursuant to the following standards and
1045 qualifications:

1046 a. The applicant shall be at least the legal age of
1047 majority in this state.

1048 b. The applicant shall be in good standing with the
1049 board.

1050 c. The applicant may not have any felony or misdemeanor
1051 convictions that relate to any activity regulated by this
1052 chapter or a crime involving moral turpitude, as defined by
1053 this chapter.

1054 d. The applicant shall be of good moral character and
1055 submit to a criminal history background check pursuant to
1056 subdivision (2).

1057 (2) An applicant for a certificate of authority shall
1058 submit to the board, on a form sworn to by the applicant, his
1059 or her name, date of birth, Social Security number, and two
1060 complete sets of fingerprints for completion of a criminal
1061 history background check. The board shall submit the
1062 fingerprints to the Alabama State Law Enforcement Agency for a
1063 state criminal history background check. The fingerprints
1064 shall be forwarded by the agency to the Federal Bureau of



1065 Investigation for a national criminal history background
1066 check. Costs associated with conducting a criminal history
1067 background check shall be paid by the applicant. The board
1068 shall keep information received pursuant to this subdivision
1069 confidential, except that information received and relied upon
1070 in denying the issuance of a certificate of authority may be
1071 disclosed if necessary to support the denial. All character
1072 information, including the information obtained through the
1073 criminal history background checks, shall be considered in
1074 licensure decisions to the extent permissible by all
1075 applicable laws.

1076 ~~(d) The provisions of this~~ This section ~~does~~ does not
1077 apply to a cemetery authority owned or operated by a
1078 governmental agency or a religious institution or to those
1079 cemeteries that do not charge fees or sell plots, interment
1080 rights, or any related cemetery merchandise."

1081 ~~"§27-17A-11~~ §34-13-191

1082 (a) An application to the ~~commissioner~~ board for a
1083 certificate of authority shall be accompanied by the statement
1084 and other matters described in this section in the form
1085 prescribed by the ~~commissioner~~ board. Annually thereafter,
1086 ~~within six months after the end of its fiscal period, or~~
1087 within an extension of time therefor, as the ~~commissioner~~
1088 board for good cause may grant, the person authorized to
1089 engage in the sale of preneed contracts shall file with the
1090 ~~commissioner~~ board a full and true statement of his or her
1091 financial condition, transactions, and affairs, prepared on a
1092 basis as adopted by a rule of the ~~commissioner~~ board, as of



1093 the preceding fiscal period or at such other time or times as
1094 the ~~commissioner~~ board may provide by rule, together with
1095 information and data which may be required by the ~~commissioner~~
1096 board.

1097 (b) The statement shall include all of the following:

1098 (1) The types of preneed contracts proposed to be
1099 written and the type of funding ~~vehicle~~ vehicles to be used.

1100 (2) The name and address of the place of business of
1101 the person offering to write preneed contracts.

1102 (3) Evidence that the person offering the statement has
1103 the following qualifications:

1104 a. Has the ability to discharge his or her preneed
1105 liabilities as they become due in the normal course of
1106 business and has sufficient funds available during the
1107 calendar year to perform his or her obligations under the
1108 contract.

1109 b. Has complied with the trust requirements for the
1110 funds received under contracts issued by himself or herself as
1111 hereinafter described.

1112 c. Has disbursed interest, dividends, or accretions
1113 earned by trust funds, in accordance with this ~~article~~ chapter
1114 and rules ~~promulgated~~ adopted hereunder.

1115 d. Has complied with this chapter and any rules of the
1116 ~~commissioner~~ board.

1117 (4) Any other information considered necessary by the
1118 ~~commissioner~~ board to meet the ~~commissioner's~~ board's
1119 responsibilities under this chapter.

1120 (c) If the person is an individual, the statement shall



1121 be sworn by him or her; if a firm or association, by all
1122 members thereof; or, if a corporation, by any officer of the
1123 corporation.

1124 (d) (1) An application to the ~~commissioner~~ board for an
1125 initial certificate of authority shall be accompanied by an
1126 application fee in an amount to be determined by the
1127 ~~commissioner~~ board, not to exceed ~~one hundred fifty dollars~~
1128 ~~(\$150)~~ one hundred ninety-eight dollars (\$198). Thereafter,
1129 each annual application for renewal of a certificate of
1130 authority shall be accompanied by the appropriate fee as
1131 determined by the ~~commissioner~~ board not to exceed
1132 ~~seventy-five dollars (\$75)~~ ninety-nine dollars (\$99).

1133 (2) Any person or entity that is part of a common
1134 business enterprise that has a certificate of authority issued
1135 pursuant to this ~~article~~ chapter and elects to operate under a
1136 name other than that of the common business enterprise shall
1137 submit an application on a form ~~adopted~~ prescribed by the
1138 ~~commissioner~~ board to become a branch registrant. Upon the
1139 approval of the ~~commissioner~~ board that the entity qualifies
1140 to sell preneed contracts under this ~~article~~ chapter except
1141 for the requirements of subparagraph 1., of paragraph a. of
1142 subdivision (3) of subsection (b) and if the certificate
1143 holder meets the requirements of ~~paragraph a.~~ subparagraph 1.,
1144 a branch registration shall be issued. Each branch registrant
1145 may operate under the certificate of authority of the common
1146 business enterprise upon the payment of a fee established by
1147 the ~~commissioner~~ board not to exceed ~~one hundred fifty dollars~~
1148 ~~(\$150)~~ one hundred ninety-eight dollars (\$198) accompanying

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1149 the application on ~~July~~ September 1 annually.

1150 (e) Upon the ~~commissioner~~ board being satisfied that
1151 the statement and matters which may accompany ~~it~~ the statement
1152 meet the requirements of this ~~article~~ chapter and of its
1153 rules, the ~~commissioner~~ board shall issue or renew the
1154 certificate of authority.

1155 (f) The certificate of authority shall expire annually
1156 on ~~September~~ October 1, unless renewed, or at such other time
1157 or times as the ~~commissioner~~ board may provide by rule.

1158 (g) On or before ~~July 1~~ of a date adopted by the board
1159 each year, the certificate holder shall file with the
1160 ~~commissioner~~ board in the form prescribed by the ~~commissioner~~
1161 board a full and true statement as to the activities of any
1162 trust established by it pursuant to this ~~article~~ chapter for
1163 the preceding calendar year.

1164 (h) In addition to any other penalty that may be
1165 provided for under this ~~article~~ chapter, the ~~commissioner~~
1166 board may levy a fine not to exceed fifty dollars (\$50) per
1167 day for each day the certificate holder fails to file its
1168 annual statement, and the ~~commissioner~~ board may levy a fine
1169 not to exceed fifty dollars (\$50) per day for each day the
1170 certificate holder fails to file the statement of activities
1171 of the trust. Upon notice to the certificate holder by the
1172 ~~commissioner~~ board that the certificate holder has failed to
1173 file the annual statement or the statement of activities of
1174 the trust, the certificate holder's authority to sell preneed
1175 contracts shall cease while the default continues.

1176 (i) To facilitate uniformity in financial statements



1177 and to facilitate analysis, the ~~commissioner~~ board may by rule
1178 adopt a form for financial statements. The holder of a
1179 certificate of authority may submit a written request to the
1180 ~~commissioner~~ board to exempt the holder from filing financial
1181 statements at renewal. The ~~commissioner~~ board may waive the
1182 requirement for filing a financial statement at renewal if all
1183 of the following are satisfied:

1184 (1) No valid complaint has been filed since the last
1185 ~~examination~~ audit.

1186 (2) No administrative action against the preneed entity
1187 has been instituted since the last ~~examination~~ audit.

1188 (3) The certificate holder certifies that all
1189 outstanding preneed contracts written by the holder since
1190 April 30, 2002, are fully funded in accordance with this
1191 chapter.

1192 (4) The certificate holder certifies that it will fully
1193 fund all preneed contracts with life insurance, annuity, or
1194 will deposit 100 percent of all funds collected on all preneed
1195 contracts in trust within 30 days after the end of the
1196 calendar month in which the funds are collected.

1197 (5) The preneed entity has provided to the ~~department~~
1198 board in a timely manner all required and requested records.

1199 (6) The preneed entity agrees to file ~~quarterly~~ reports
1200 of its preneed activity on a form ~~or~~, in a format, and as
1201 often as prescribed by the ~~commissioner~~ board.

1202 (j) The ~~commissioner~~ board may authorize the transfer
1203 of certificates of authority and establish fees for the
1204 transfer in an amount not to exceed ~~one hundred dollars (\$100)~~



1205 one hundred thirty-two dollars (\$132). Upon receipt of an
1206 application for transfer, the ~~commissioner~~ board may grant a
1207 temporary certificate of authority to the proposed transferee,
1208 based upon criteria established by the ~~commissioner~~ board by
1209 rule, which criteria shall promote the purposes of this
1210 ~~article~~ chapter in protecting the consumer. A temporary
1211 certificate of authority shall expire 60 days after issuance
1212 unless renewed by the ~~commissioner~~ board."

1213 ~~§27-17A-11.1~~ §34-13-192

1214 (a) ~~On a semi-annual basis, within 45 days after the~~
1215 ~~end of each second calendar reporting period~~ or before July 1,
1216 each year, the certificate holder shall file a report of its
1217 preneed contract activity on a form or in a format prescribed
1218 by the ~~commissioner~~ board. The information reported shall
1219 include the total number of preneed contracts in force at the
1220 end of the previous ~~reporting period~~ calendar year, the total
1221 number of preneed contracts sold during the ~~reporting period~~
1222 previous calendar year, the total number of preneed contracts
1223 fulfilled during the ~~reporting period~~ previous calendar year,
1224 the total number of preneed contracts in force at the end of
1225 the ~~reporting period~~ previous calendar year, and such other
1226 information as may be required by the ~~commissioner~~ board. The
1227 report shall be organized by type of funding including, life
1228 insurance, annuity, trust, letter of credit, or surety bond.
1229 The report shall also provide a certification by the trustee
1230 of the amount of assets held by the trust at the beginning of
1231 the reporting period and at the end of the reporting period,
1232 together with the amount of deposits and withdrawals during



1233 the reporting period. If a certificate holder shall twice
 1234 default in complying with the requirements of this subsection,
 1235 the ~~commissioner~~ board may require that the certificate holder
 1236 thereafter submit the report within 45 days after the end of
 1237 each calendar quarter and shall continue so reporting for a
 1238 time to be determined by the ~~commissioner~~ board.

1239 (b) The certificate holder shall maintain a written log
 1240 of preneed sales. The log shall be on a form or in a format
 1241 prescribed by the ~~commissioner~~ board, shall detail all
 1242 information required by the ~~commissioner~~ board, and shall be
 1243 available for inspection at any time by the ~~commissioner~~
 1244 board.

1245 (c) Each cemetery authority shall maintain a written
 1246 log of the sale of cemetery interment rights. The log shall be
 1247 on a form or in a format prescribed by the ~~commissioner~~ board
 1248 and shall detail all information required by the ~~commissioner~~
 1249 board.

1250 (d) The board may maintain a statewide database of
 1251 preneed contracts reported to the board pursuant to subsection
 1252 (a). The board may make information in this database
 1253 searchable by the public by means of unique identifiers, or
 1254 any other means, that the board determines respects the
 1255 privacy of those involved while also protecting consumers from
 1256 financial waste by allowing families to determine if a
 1257 deceased loved one has an existing preneed contract. Any
 1258 preneed consumer who does not wish for his or her information
 1259 to appear in this searchable database may opt out by following
 1260 a process established by the board."



1261 "~~§27-17A-12~~§34-13-193

1262 (a) Preneed contract forms and related forms shall be
1263 filed with and approved by the ~~commissioner~~ board.

1264 (b) Specific disclosure regarding whether, consistent
1265 with the requirements of this chapter, the certificate holder
1266 is placing certain preneed funds received with the contract in
1267 trust, in an annuity, or in insurance, is required in the
1268 preneed contract.

1269 (c) Preneed contracts which have been submitted to the
1270 ~~commissioner~~ board shall be deemed to have been approved by
1271 the ~~commissioner~~ board in the event that the ~~commissioner~~
1272 board fails to notify the certificate holder that approval has
1273 been denied within 30 days following submission to the
1274 ~~commissioner~~ board."

1275 "~~§27-17A-13~~§34-13-194

1276 (a) Except as provided in Sections ~~27-17A-3~~ and
1277 ~~27-17A-14~~ 34-13-171 and 34-13-195, every preneed contract
1278 shall require the monies paid to the seller or trustee to be
1279 placed in trust in accordance with ~~Article 3~~ Division 3, for
1280 funeral merchandise and services sold by funeral
1281 establishments or third party sellers, or ~~Article 4~~ Division
1282 4, for cemetery merchandise and services sold by cemetery
1283 authorities.

1284 (b) Although this chapter does not apply to preneed
1285 contracts entered into prior to May 1, 2002, a preneed
1286 provider which contends that a preneed trust fund which was in
1287 effect prior to May 1, 2002, complies with this chapter with
1288 respect to the contracts entered into prior to May 1, 2002,



1289 may provide to the ~~commissioner~~ board documentary proof
1290 thereof. Upon the ~~commissioner~~ board determining that
1291 compliance has been established, the pre-existing preneed
1292 trust fund assets may be merged with or into the trust fund
1293 required under this chapter or continued as the trust fund and
1294 that determination by the ~~commissioner~~ board shall be noted on
1295 the certificate of authority, and thereafter all preneed
1296 contracts covered by the trust fund, including those entered
1297 into prior to May 1, 2002, shall be subject to this chapter."

1298 "~~§27-17A-14~~ §34-13-195

1299 (a) As an alternative to the trust requirement of
1300 Section ~~27-17A-13~~ 34-13-194, the details of which are set
1301 forth in ~~Articles 3 and 4~~ Divisions 3 and 4, a preneed
1302 provider ~~may~~, with the prior approval of the ~~commissioner~~
1303 board, may purchase a surety bond in an amount not less than
1304 the aggregate value of outstanding liabilities on undelivered
1305 preneed contracts for merchandise, services, and cash
1306 advances. For the purposes of this section, the term
1307 outstanding liabilities means the original retail amount of
1308 services and cash advances and the actual cost to the entity
1309 to provide the undelivered merchandise sold on each contract
1310 written after April 30, 2002. The surety bond shall be in an
1311 amount sufficient to cover the outstanding liability at the
1312 time each contract is executed.

1313 (b) The bond shall be made payable to the State of
1314 Alabama for the benefit of the ~~commissioner~~ board and of all
1315 purchasers of preneed merchandise, services, and cash
1316 advances. The bond shall be issued by an insurance company



1317 licensed in the State of Alabama and authorized to issue
1318 surety bonds and approved by the ~~commissioner~~ board.

1319 (c) The amount of the bond shall be based on a report
1320 documenting the outstanding liabilities of the preneed
1321 provider for the previous calendar quarter and the projected
1322 liability for the immediately following quarter, shall be
1323 prepared by the preneed provider using generally accepted
1324 accounting principles, and shall be signed by the chief
1325 executive officer or chief financial officer of the preneed
1326 provider. The report shall be compiled as of the end of the
1327 preneed provider's fiscal year and updated quarterly.

1328 (d) The amount of the bond shall be increased or
1329 decreased as necessary to correlate with changes in the
1330 outstanding liabilities. Further, the ~~commissioner~~ board may
1331 order the bond to be increased as necessary to correlate with
1332 changes in the outstanding liabilities of bonded contracts due
1333 to increases in the consumer price index.

1334 (e) If the preneed provider fails to maintain a bond
1335 pursuant to this section the preneed provider shall cease the
1336 offering for sale and sale of preneed merchandise, services,
1337 and cash advances as provided by rule of the board.

1338 (f) No surety bond used to comply with this section
1339 shall be canceled or subject to cancellation unless at least
1340 60 days' advance notice thereof, in writing, is filed with the
1341 ~~commissioner~~, board by the surety company. The cancellation of
1342 the bond shall not relieve the obligation of the surety
1343 company for claims arising out of contracts issued or
1344 otherwise covered before cancellation of the bond. In the



1345 event that notice of termination of the bond is filed with the
 1346 ~~commissioner board~~, the certificate holder insured thereunder
 1347 shall, within 30 days of the filing of the notice of
 1348 termination with the ~~commissioner board~~, shall provide the
 1349 ~~commissioner board~~ with a replacement bond or with evidence
 1350 which is satisfactory to the ~~commissioner board~~ demonstrating
 1351 that ~~the provisions of this chapter have~~ has been fully
 1352 complied with. If within 30 days of filing of the notice of
 1353 termination with the ~~commissioner board~~ no replacement bond
 1354 acceptable to the ~~commissioner board~~ or no evidence
 1355 satisfactory to the ~~commissioner board~~ demonstrating that ~~the~~
 1356 ~~provisions of this chapter have~~ has been complied with is
 1357 filed with the ~~commissioner board~~, the ~~commissioner board~~
 1358 shall suspend the license of the certificate holder until the
 1359 certificate holder files a replacement bond acceptable to the
 1360 ~~commissioner board~~ or demonstrates to the satisfaction of the
 1361 ~~commissioner board~~ that it has complied with ~~the provisions of~~
 1362 this chapter.

1363 (g) Upon prior approval by the ~~commissioner board~~, the
 1364 preneed provider may file with the ~~commissioner board~~ a letter
 1365 of credit in the amount of the outstanding liabilities in lieu
 1366 of a surety bond, in the form and subject to the terms and
 1367 conditions evidencing the financial responsibility of the
 1368 party or parties issuing the letter of credit, and otherwise,
 1369 as may be prescribed by the ~~commissioner board~~."

1370 "~~§27-17A-15~~ §34-13-196

1371 (a) The ~~commissioner shall~~ board, as often as ~~he or she~~
 1372 ~~may deem~~ deemed necessary, ~~examine~~ shall examine the business



1373 of any person writing, or holding himself or herself out to be
1374 writing, preneed contracts under this chapter to the extent
1375 applicable. The examination shall be made by designated
1376 representatives employed or examiners of the Department of
1377 Insurance contracted by the board.

1378 (b) The written report of each examination, when
1379 completed, shall be filed in the office of the ~~commissioner~~
1380 board and, when so filed, shall not constitute a public
1381 record.

1382 (c) Any person being examined shall produce, upon
1383 request, all records of the person. The designated
1384 representative of the ~~commissioner~~ board may at any time
1385 examine the records and affairs of the person, whether in
1386 connection with a formal examination or not.

1387 (d) The ~~commissioner~~ may board shall waive the
1388 examination requirements of this section if the certificate
1389 holder submits audited financial statements. Upon receipt of a
1390 verifiable complaint, the board may perform a target market
1391 conduct examination as a part of an investigation.

1392 (e) The person examined shall pay the examination
1393 expenses, travel expense, and per diem subsistence allowance
1394 provided for examiners and incurred by the ~~commissioner's~~
1395 board's representatives or examiners in connection with an
1396 examination ~~in accordance with Section 27-2-25~~ as prescribed
1397 by rule of the board.

1398 (f) Whenever any special examination of the premises,
1399 facilities, books, or records of a licensee is necessary based
1400 on the failure of the licensee to comply with this chapter or



1401 rule adopted by the board, the board shall charge a fee based
 1402 on the cost of the special examination including, but not
 1403 limited to, the prorated compensation of board employees
 1404 involved in the special examination and any expenses incurred.

1405 (g) If the board finds that a certificate of authority
 1406 holder or licensee has failed to operate in accordance with
 1407 this chapter and, by their action, has created a deficit of
 1408 preneed funds entrusted to them by the consumer, then the
 1409 board may:

1410 (1) Bring an action for injunctive relief against the
 1411 responsible licensee or the holder of the certificate of
 1412 authority in the Circuit Court of Montgomery County.

1413 (2) Issue an emergency suspension of all licenses held
 1414 by the holder of the certificate of authority, and its
 1415 associated personnel, in accordance with the Administrative
 1416 Procedure Act.

1417 (3) Take any other disciplinary action authorized by
 1418 this chapter."

1419 ~~"§27-17A-16~~ §34-13-197

1420 (a) A certificate holder shall be considered inactive
 1421 upon the acceptance of the surrender of its license by the
 1422 ~~commissioner~~ board or upon the nonreceipt by the ~~commissioner~~
 1423 board of the certificate of authority renewal application and
 1424 fees.

1425 (b) A certificate holder shall cease all preneed sales
 1426 to the public upon becoming inactive. The certificate holder
 1427 shall collect and deposit into trust all of the funds paid
 1428 toward preneed contracts sold prior to becoming inactive.



1429 (c) Any certificate holder desiring to surrender its
1430 license to the ~~commissioner~~ board shall first do all of the
1431 following:

1432 (1) File notice with the ~~commissioner~~ board.

1433 (2) Submit copies of its existing trust agreements.

1434 (3) Submit a sample copy of each type of preneed
1435 contract sold.

1436 (4) Resolve to the ~~commissioner's~~ satisfaction of the
1437 board all findings and violations resulting from the last
1438 examination conducted.

1439 (5) Pay all outstanding fines and invoices due the
1440 ~~commissioner~~ board.

1441 (6) Submit its current certificate of authority.

1442 (d) Upon receipt of the notice, the ~~commissioner~~ board
1443 shall review the certificate holder's trust funds, trust
1444 agreements, and evidence of all outstanding preneed contracts.

1445 (e) After a review to the ~~commissioner's~~ satisfaction
1446 of the board, the ~~commissioner~~ board shall terminate the
1447 certificate of authority by an order which shall set forth the
1448 conditions of termination established by the ~~commissioner~~
1449 board to ensure that the preneed funds will be available for
1450 their intended purpose.

1451 (f) The trust fund of the certificate holder shall be
1452 held intact and in trust after the certificate holder has
1453 become inactive, and the funds in that trust shall be
1454 disbursed in accordance with the requirements of the written
1455 contracts until the funds have been exhausted.

1456 (g) The ~~commissioner~~ board shall continue to have



1457 jurisdiction over the inactive certificate holder as if the
 1458 certificate were active and to require the reports and inspect
 1459 the records as the ~~commissioner~~ board deems appropriate so
 1460 long as there are funds in trust or preneed contracts that are
 1461 not fulfilled.

1462 (h) ~~In addition to any other~~ Other terms of revocation
 1463 or suspension ordered pursuant to ~~Chapter 13 of Title 34, the~~
 1464 ~~provisions of this chapter may also apply.-"~~

1465 "~~§27-17A-17~~ §34-13-198

1466 ~~(a) Any dissolution or liquidation of a certificate~~
 1467 ~~holder shall be deemed to be the liquidation of an insurance~~
 1468 ~~company and shall be conducted under the supervision of the~~
 1469 ~~commissioner, who shall have all powers with respect thereto~~
 1470 ~~granted to the commissioner under Chapter 32 with respect to~~
 1471 ~~the liquidation of insurance companies.~~

1472 ~~(b) The commissioner may apply for an order directing~~
 1473 ~~the commissioner to liquidate a certificate holder upon any~~
 1474 ~~one or more grounds set out in Section 27-32-6 or when, in the~~
 1475 ~~commissioner's opinion, the continued operation of the~~
 1476 ~~certificate holder would be hazardous either to purchasers,~~
 1477 ~~beneficiaries, or to the people of this state.~~

1478 The board may fine and revoke, suspend, or place on
 1479 probation the certificate of authority and the establishment
 1480 license of a certificate holder on any of the following
 1481 grounds:

1482 (1) The certificate holder is impaired or insolvent.

1483 (2) The certificate holder has refused to submit, or

1484 has withheld, any of its books, records, accounts, or affairs



1485 to examination by the board.

1486 (3) The certificate holder has concealed or removed
1487 records or preneed assets, or both.

1488 (4) The certificate holder has failed to comply with an
1489 order of the board.

1490 (5) The certificate holder has transferred, or
1491 attempted to transfer, substantially its entire property or
1492 business, or has entered into any transaction the effect of
1493 which is to merge substantially its entire property or
1494 business with that of any other certificate holder, person,
1495 corporation, or entity without first having obtained the
1496 written approval of the board.

1497 (6) The certificate holder has willfully violated its
1498 articles of incorporation or any law of this state, including
1499 any rule of the board.

1500 (7) The certificate holder has an officer, director, or
1501 manager who has refused to be examined under oath concerning
1502 the affairs of the certificate holder.

1503 (8) If the board determines that the continued preneed
1504 sales of the certificate holder would be hazardous to
1505 purchasers, beneficiaries, or residents of this state."

1506 "~~§27-17A-18~~§34-13-199

1507 (a) All individuals who offer preneed contracts to the
1508 public, or who execute preneed contracts on behalf of a
1509 certificate holder, shall be registered with the ~~commissioner~~
1510 board as preneed sales agents, pursuant to this ~~article~~
1511 chapter.

1512 (b) All preneed sales agents and funeral directors



1513 acting as preneed sales agents shall be affiliated with the
1514 certificate holder that they are representing.

1515 (c) A certificate holder shall be responsible for the
1516 activities of all preneed sales agents and all funeral
1517 directors acting as preneed sales agents, who are affiliated
1518 with the certificate holder and who perform any type of
1519 preneed-related activity on behalf of the certificate holder.
1520 In addition to the preneed sales agents and funeral directors
1521 acting as preneed sales agents, each certificate holder shall
1522 also be subject to discipline if its preneed sales agents or
1523 funeral directors acting as preneed sales agents violate ~~any~~
1524 provision of this article chapter.

1525 (d) A preneed sales agent and a funeral director acting
1526 as a preneed sales agent ~~shall be authorized to~~ may sell,
1527 offer, and execute preneed contracts on behalf of all properly
1528 licensed entities owned or operated by the sponsoring
1529 certificate holder.

1530 (e) An individual may begin ~~functioning~~ operating as a
1531 preneed sales agent as soon as a completed application for
1532 registration, as set forth in subsection (g), is ~~sent to the~~
1533 commissioner approved by the board.

1534 (f) (1) The qualifications for a preneed sales agent are
1535 as follows:

1536 ~~(1)~~ a. The applicant must be at least 18 years of age.

1537 ~~(2)~~ b. The applicant must be in good standing with the
1538 ~~commissioner~~ board.

1539 ~~(3)~~ c. The applicant ~~must~~ may not have any felony or
1540 misdemeanor convictions that relate to any activity regulated



1541 by this chapter or a crime involving moral turpitude, as
1542 defined by this chapter.

1543 d. The applicant shall be of good moral character and
1544 submit to a criminal history background check pursuant to
1545 subdivision (2).

1546 (2) An applicant for licensure as a preneed sales agent
1547 shall submit to the board, on a form sworn to by the
1548 applicant, his or her name, date of birth, Social Security
1549 number, and two complete sets of fingerprints for completion
1550 of a criminal history background check. The board shall submit
1551 the fingerprints to the Alabama State Law Enforcement Agency
1552 for a state criminal history background check. The
1553 fingerprints shall be forwarded by the agency to the Federal
1554 Bureau of Investigation for a national criminal history
1555 background check. Costs associated with conducting a criminal
1556 history background check shall be paid by the applicant. The
1557 board shall keep information received pursuant to this
1558 subdivision confidential, except that information received and
1559 relied upon in denying the issuance of a certificate of
1560 authority may be disclosed if necessary to support the denial.
1561 All character information, including the information obtained
1562 through the criminal history background checks, shall be
1563 considered in licensure decisions to the extent permissible by
1564 all applicable laws.

1565 (g) An application for registration as a preneed sales
1566 agent shall be submitted to the ~~commissioner~~ board with an
1567 application fee determined by the ~~commissioner~~ board, but not
1568 to exceed ~~twenty-five dollars (\$25)~~ thirty-three dollars



1569 (\$33), by the certificate holder in a form that has been
1570 prescribed by ~~commissioner~~ board rule and approved by the
1571 ~~commissioner~~. The application shall contain, at a minimum, all
1572 of the following:

1573 (1) The name, address, Social Security number, and date
1574 of birth of the applicant and any other information as the
1575 ~~commissioner~~ board may reasonably require of the applicant.

1576 (2) The name, address, and license number of the
1577 sponsoring certificate holder.

1578 (3) A representation, signed by the applicant, that the
1579 applicant meets the requirements set forth in subsection (f).

1580 (4) A representation, signed by the certificate holder,
1581 that the applicant is authorized to offer, sell, and sign
1582 preneed contracts on behalf of the certificate holder, and
1583 that the certificate holder has trained the applicant in ~~the~~
1584 ~~provisions of this article~~ chapter relating to preneed sales,
1585 the provisions of the certificate holder's preneed contract,
1586 and the nature of the merchandise, services, or burial rights
1587 sold by the certificate holder.

1588 (5) A statement indicating whether the applicant has
1589 any type of working or agency relationship with any other
1590 certificate holder or insurance company.

1591 (h) An individual may be registered as a preneed sales
1592 agent on behalf of more than one certificate holder, provided
1593 that the individual has received the written consent of all
1594 certificate holders.

1595 (i) A certificate holder who has registered a preneed
1596 sales agent shall notify the ~~commissioner~~ board within 30 days



1597 after the individual's status as a preneed sales agent has
 1598 been terminated.

1599 (j) Upon receipt approval of an application that
 1600 complies with all of the requirements of subsection (g), the
 1601 ~~commissioner~~ board shall register the applicant. The
 1602 ~~commissioner shall by rule~~ board, in accordance with this
 1603 chapter, shall provide for annual renewal of registration upon
 1604 receipt of a renewal application and a renewal fee not to
 1605 exceed ~~twenty-five dollars (\$25)~~ thirty-three dollars (\$33) as
 1606 set by the ~~commissioner~~ board."

1607 "~~§27-17A-19~~ §34-13-200

1608 No person shall engage in this state in any trade
 1609 practice which is addressed in the Alabama Deceptive Trade
 1610 Practices Act ~~(Section 8-19-1 et seq.)~~ Chapter 19 of Title 8,
 1611 or as determined pursuant to this chapter to be, an unfair
 1612 method of competition or an unfair or deceptive act or
 1613 practice."

1614 "~~§27-17A-20~~ §34-13-201

1615 (a) Whenever the ~~commissioner~~ board has reason to
 1616 believe that any person has engaged, or is engaging, in this
 1617 state in any unfair method of competition or any unfair or
 1618 deceptive act or practice as defined in this ~~article~~ chapter,
 1619 or is engaging in the sale of preneed contracts without being
 1620 properly licensed as required by this ~~article~~ chapter, or is
 1621 otherwise acting in violation of this chapter, and that a
 1622 proceeding by the ~~commissioner~~ board in respect thereto would
 1623 be in the interest of the public, the ~~commissioner~~ board shall
 1624 institute a proceeding in accordance with this section.



1625 (b) A statement of charges, notice, or order or other
1626 process under this chapter may be served by anyone duly
1627 authorized by the ~~commissioner~~ board. Service may be made
1628 either in the manner provided by law for service of process in
1629 civil actions or by certifying and mailing a copy of the
1630 statement to the person affected by the statement, notice, or
1631 order or other process at his or her or its residence or
1632 principal office or place of business. The verified return by
1633 the person so serving the statement, notice, or order or other
1634 process, setting forth the manner of the service, shall be
1635 proof of the service; and the return postcard receipt for the
1636 statement, notice, or order or other process, certified and
1637 mailed as provided in this subsection, shall be proof of
1638 service of the statement, notice, or order or other process.

1639 (c) The ~~commissioner~~ board shall conduct or cause to
1640 have conducted a hearing in accordance with ~~Article 1 of~~
1641 Chapter 2 this chapter, and shall, during the conduct of the
1642 hearing, have those powers necessary to enforce this chapter
1643 and rules of the board; however, the penalties for failure to
1644 comply with a subpoena or with an order directing discovery
1645 shall be limited to a fine not to exceed one thousand dollars
1646 (\$1,000) per violation. In accordance with Section 36-12-40,
1647 evidence introduced and presented in a hearing conducted under
1648 this chapter shall be deemed a public writing."

1649 "~~§27-17A-21~~ §34-13-202

1650 (a) If the ~~commissioner~~ board finds that one or more
1651 grounds exist for the discretionary suspension or revocation
1652 of a certificate of authority or establishment license issued



1653 under this ~~article~~ chapter, the ~~commissioner~~ may board, in
1654 lieu of the suspension or revocation, may impose a fine upon
1655 the certificate holder in an amount not to exceed one thousand
1656 dollars (\$1,000) for each nonwillful violation and in an
1657 amount not to exceed ten thousand dollars (\$10,000) for each
1658 willful violation.

1659 (b) The ~~commissioner~~ board may grant not more than 30
1660 days from the date of the order for the payment of any fine."

1661 "~~§27-17A-22~~ §34-13-203

1662 (a) (1) A person who knowingly receives payments for a
1663 preneed contract without having a valid certificate of
1664 authority:

1665 a. Commits a Class B felony, ~~punishable as provided by~~
1666 ~~law~~, as to each contract on which the payments collected equal
1667 or exceed, in the aggregate, two thousand five hundred dollars
1668 (\$2,500).

1669 b. Commits a Class C felony, ~~punishable as provided by~~
1670 ~~law~~, as to each contract on which the payments collected are
1671 between, in the aggregate, five hundred dollars (\$500) and two
1672 thousand five hundred dollars (\$2,500).

1673 c. Commits a Class A misdemeanor, ~~punishable as~~
1674 ~~provided by law~~, as to each contract on which the payments
1675 collected do not exceed, in the aggregate, five hundred
1676 dollars (\$500).

1677 (2) In addition to the criminal penalty imposed under
1678 subdivision (1), upon conviction of an offense under
1679 subdivision (1), a person may not thereafter obtain a
1680 certificate of authority or register as a preneed sales agent.



1681 (b) (1) A person who willfully fails to timely deposit
1682 the amount required to be so deposited under this chapter in a
1683 preneed merchandise and services trust or endowment care
1684 trust:

1685 a. Commits a Class B felony, ~~punishable as provided by~~
1686 ~~law,~~ as to each contract on which the amount due for deposit
1687 in trust equals or exceeds, in the aggregate, two thousand
1688 five hundred dollars (\$2,500).

1689 b. Commits a Class C felony, ~~punishable as provided by~~
1690 ~~law,~~ as to each contract on which the amount due for deposit
1691 in trust is less than, in the aggregate, two thousand five
1692 hundred dollars (\$2,500).

1693 (2) In addition to the criminal penalty imposed under
1694 subdivision (1), upon conviction of an offense under
1695 subdivision (1), the certificate of authority or preneed sales
1696 agent registration held by the person shall be automatically
1697 revoked and the person may not thereafter obtain a certificate
1698 of authority or register as a preneed sales agent.

1699 (c) (1) A person who knowingly withdraws funds or assets
1700 from a preneed merchandise and services trust or endowment
1701 care trust in a manner or under circumstances not authorized
1702 by this chapter or rule of the board:

1703 a. Commits a Class B felony, ~~punishable as provided by~~
1704 ~~law,~~ if the aggregate amount withdrawn in any single
1705 transaction or series of related transactions equals or
1706 exceeds two thousand five hundred dollars (\$2,500).

1707 b. Commits a Class C felony, ~~punishable as provided by~~
1708 ~~law,~~ if the aggregate amount withdrawn in any single



1709 transaction or series of related transactions is less than two
1710 thousand five hundred dollars (\$2,500).

1711 (2) In addition to the criminal penalty imposed under
1712 subdivision (1), upon conviction of an offense under
1713 subdivision (1), the certificate of authority or preneed sales
1714 agent registration held by the person shall be automatically
1715 revoked and the person may not thereafter obtain a certificate
1716 of authority or register as a preneed sales agent.

1717 (d) A person commits a Class C felony, ~~punishable as~~
1718 ~~provided by law~~, if any of the following occur:

1719 (1) The person knowingly delivers to the ~~commissioner~~
1720 board any official form, report, record, data, or other
1721 document required by the ~~commissioner~~ board containing a false
1722 statement or false information concerning a matter material to
1723 the ~~commissioner~~ board in the exercise of ~~his or her~~ its
1724 authority to administer and enforce this chapter.

1725 (2) Incident to, or during the course of, an
1726 examination, inspection, investigation, or other inquiry
1727 authorized by this chapter, the person knowingly makes
1728 available to a representative of the ~~commissioner~~ board any
1729 official form, report, record, data, or other document
1730 required by the ~~commissioner~~ board containing a false
1731 statement or false information concerning a matter material to
1732 the purpose of the examination, inspection, investigation, or
1733 inquiry.

1734 (3) With respect to the business records of a person
1735 engaging in, or who has at any time engaged in, the sale of a
1736 preneed contract, a person, with a purpose to use deception as



1737 defined in subdivision (1) of Section 13A-8-1, makes false
 1738 entries in ~~such~~ the records or alters, erases, obliterates,
 1739 deletes, or removes a correct entry in ~~such~~ the records, fails
 1740 to make a correct entry in ~~such~~ the records, or prevents the
 1741 making of a correct entry, or causes the omission of a correct
 1742 entry in ~~such~~ the records.

1743 (e) Except as otherwise provided in this ~~section~~
 1744 chapter, the willful violation of this chapter is a Class A
 1745 misdemeanor, ~~punishable as provided by law.~~

1746 ~~(f) The duties and authority of the insurance fraud~~
 1747 ~~unit created under Section 27-12A-40, including the powers of~~
 1748 ~~the unit's investigators, shall extend to investigations into~~
 1749 ~~violations of this section."~~

1750 "~~§27-17A-23~~ §34-13-204

1751 The ~~commissioner~~ board, the Attorney General, or any
 1752 person may bring a civil action against a person or company
 1753 violating this chapter or rule of the board in Montgomery
 1754 County or the appropriate court of the county in which the
 1755 alleged violator resides or has his or her or its principal
 1756 place of business or in the county wherein the alleged
 1757 violation occurred. Upon adverse adjudication, the defendant
 1758 shall be liable for actual damages caused by the violation.
 1759 The court, as provided by common law, may award punitive
 1760 damages and may provide equitable relief as it deems proper or
 1761 necessary, including enjoining the defendant from further
 1762 violation of this chapter or rule of the board."

1763 "~~§27-17A-24~~ §34-13-205

1764 The provisions of this chapter are cumulative to rights



1765 under the general civil and common law, and no action of the
 1766 ~~commissioner~~ board may abrogate the rights to damages or other
 1767 relief in any court."

1768 "~~§27-17A-25~~§34-13-206

1769 (a) All fees collected by the ~~commissioner~~ board
 1770 pursuant to this chapter shall be deposited into the ~~State~~
 1771 ~~Treasury to the credit of the Insurance Department~~ Alabama
 1772 State Funeral Service Fund.

1773 (b) All fines collected by the ~~commissioner~~ board
 1774 pursuant to this chapter shall be deposited into the ~~State~~
 1775 ~~Treasury to the credit of the State General~~ Alabama State
 1776 Funeral Service Fund.

1777 (c) The ~~commissioner~~ board may use funds available from
 1778 any source including, but not limited to, grants,
 1779 appropriations, and gifts, for any purpose in the enforcement
 1780 of this chapter."

1781 Section 6. The following heading is added to Division
 1782 3, commencing with Section 34-13-230, of Article 5, Chapter
 1783 13, Title 34, Code of Alabama 1975:

1784 "Division 3. Funeral Merchandise and Services Trust
 1785 Fund."

1786 Section 7. Sections 27-17A-30, 27-17A-31, 27-17A-32,
 1787 27-17A-33, and 27-17A-34 of the Code of Alabama 1975, are
 1788 amended and renumbered as Division 3 of Article 5 of Chapter
 1789 13 of Title 34, Code of Alabama 1975, to read as follows:

1790 "~~§27-17A-30~~§34-13-230

1791 To comply with the trust requirement of subsection (a)
 1792 of Section ~~27-17A-13~~ 34-13-194, all certificate holders



1793 providing preneed contracts for funeral services or funeral
 1794 merchandise shall be subject to this ~~article~~ chapter."

1795 "~~§27-17A-31~~ §34-13-231

1796 (a) Any person who is paid, collects, or receives funds
 1797 under a preneed contract for funeral services or funeral
 1798 merchandise to be funded by trust shall deposit in trust an
 1799 amount at least equal to the sum of 75 percent of the amount
 1800 collected on the purchase price for all funeral services and
 1801 funeral merchandise sold, transportation, and facilities
 1802 rented other than outer burial containers, 60 percent of the
 1803 amount collected on the purchase price for outer burial
 1804 containers, 110 percent of the wholesale cost of memorials
 1805 from the amount collected on the purchase price of memorials,
 1806 and 100 percent of the amount collected on the purchase price
 1807 for all cash advance items sold.

1808 (b) All deposits shall be made within 30 days after the
 1809 end of the calendar month in which the preneed contract is
 1810 paid in full, unless, prior to that time, all liabilities of
 1811 the seller under the preneed contract to deliver the specific
 1812 funeral merchandise or funeral services, or both, or the
 1813 specific cash advances, identified by the preneed provider as
 1814 properly allocated to the payment, have been satisfied, or the
 1815 preneed contract is validly cancelled.

1816 (c) The trustee shall take title to the property
 1817 conveyed to the trust for the purpose of investing,
 1818 protecting, and conserving it for the certificate holder;
 1819 collecting income; and distributing the principal and income
 1820 as prescribed in this ~~article~~ chapter.



1821 (d) The certificate holder is prohibited from sharing
1822 in the discharge of these responsibilities, except that the
1823 certificate holder may appoint an adviser to the trustee or
1824 elect tax free investments. Nothing in this chapter shall
1825 prohibit a trustee from electing the qualified funeral trust
1826 option under the Internal Revenue Code.

1827 (e) The trust agreement shall be submitted to the
1828 ~~commissioner~~ board for approval and filing.

1829 (f) The funds shall be held in trust, both as to
1830 principal and income earned thereon, and shall remain intact,
1831 except that the cost of the operation of the trust or trust
1832 account authorized by this section may be deducted from the
1833 income earned thereon.

1834 (g) The contract purchaser shall have no interest
1835 whatsoever in, or power whatsoever over, funds deposited in
1836 trust pursuant to this section.

1837 (h) In no event may ~~such~~ the funds be loaned to a
1838 certificate holder, an affiliate of a certificate holder, or
1839 any person directly or indirectly engaged in the burial,
1840 funeral home, or cemetery business. Furthermore, the
1841 certificate holder's interest in the trust shall not be
1842 pledged as collateral for any loans, debts, or liabilities of
1843 the certificate holder and shall not be transferred to any
1844 person without the prior written approval from the
1845 ~~commissioner~~ board and the trustee. Even though the
1846 certificate holder shall be deemed and treated as the settlor
1847 and beneficiary of the trust for all purposes, all of the
1848 trust funds are exempt from all claims of creditors of the



1849 certificate holder except as to the claims of the contract
1850 purchaser, his or her representative, or the ~~commissioner~~
1851 board.

1852 (i) For all preneed contracts written or entered into
1853 on or after January 1, 2015, all required deposits in trust
1854 shall commence not later than 30 days after the end of the
1855 calendar month in which the sum of the monies collected on the
1856 preneed contract exceeds the amount that is not required to be
1857 deposited in trust as determined under subsection (a) unless,
1858 prior to that time, all liabilities of the preneed seller
1859 under the preneed contract have been satisfied, or the preneed
1860 contract is validly cancelled. Further required deposits on
1861 the contract shall thereafter be made not later than 30 days
1862 after the end of the calendar month in which each contract
1863 payment is collected by the seller."

1864 "~~§27-17A-32~~§34-13-232

1865 (a) If amounts paid by the purchaser under a preneed
1866 contract for funeral merchandise have previously been
1867 deposited in trust, the seller may withdraw the principal
1868 amount and trust appreciation attributable to the delivered
1869 item at such time as the funeral merchandise is delivered or
1870 installed or, if comprised of materials designed to withstand
1871 prolonged, protected storage without deterioration, the
1872 merchandise is placed in storage with a responsible third
1873 party bonded and insured for the wholesale value thereof and
1874 evidenced by a receipt specifically identifying the item, the
1875 specific preneed contract, the location of the item, and the
1876 identity and address of the bonding and insuring parties. For



1877 purposes of this subsection only, caskets and alternative
1878 containers may not be held in storage by the seller or a third
1879 party storage facility prior to the death of the funeral
1880 beneficiary.

1881 (b) The trustee shall make regular valuations of the
1882 assets it holds in trust and provide a report of the
1883 valuations to the certificate holder at least quarterly. At
1884 all times, the certificate holder shall be able to determine
1885 the amount held in trust attributable to each contract holder.
1886 For all contracts effective on or after January 1, 2015, the
1887 determination shall be based upon the fair market value of the
1888 trust at the time and the proportionate share of the fair
1889 market value attributable to each contract holder. For all
1890 contracts in effect before January 1, 2015, the valuation of
1891 each contract may be calculated using any valuation method
1892 that had been previously approved by the ~~commissioner or the~~
1893 ~~department~~ Commissioner or the Department of Insurance before
1894 January 1, 2015. Any person who withdraws appreciation in the
1895 value of trust, other than the pro rata portion of ~~such~~ the
1896 appreciation which may be withdrawn upon the death of a
1897 contract's funeral beneficiary or upon cancellation of a
1898 preneed contract, shall be required to make additional
1899 deposits from his or her own funds to restore the aggregate
1900 value of assets to the value of funds deposited in trust, but
1901 excluding from the funds deposited those funds paid out upon
1902 preneed contracts which the person has fully performed or
1903 which have been otherwise withdrawn, as provided in this
1904 article chapter. The certificate holder shall be liable to



1905 third parties to the extent that income from the trust is not
 1906 sufficient to pay the expenses of the trust.

1907 (c) The trustee of the trust established pursuant to
 1908 this ~~article~~ chapter shall have all of the following powers:

1909 (1) Make investments and exercise necessary investment
 1910 powers, provided that the ~~commissioner~~ board may by order
 1911 require the trustee to liquidate or dispose of any investment
 1912 within 30 days after the order.

1913 (2) Commingle the property of the trust with the
 1914 property of any other preneed funeral, preneed cemetery, or
 1915 endowment care trust established pursuant to this ~~article~~
 1916 chapter and make corresponding allocations and divisions of
 1917 assets, liabilities, income, and expenses.

1918 (d) Notwithstanding the provisions of Section 19-3-125,
 1919 the trustee ~~may~~, subject to compliance with the requirements
 1920 set forth below, may invest any portion or all of the funds
 1921 received under preneed contracts and deposited in trust in
 1922 life insurance contracts or annuities issued on the lives of
 1923 preneed contract purchasers or preneed contract beneficiaries,
 1924 hereinafter, the insured or annuitant, without any obligation
 1925 to cover at a minimum the retail amount of the preneed
 1926 contract at the time of purchase of the life insurance
 1927 contracts or annuities as set forth in Section ~~27-17A-3~~
 1928 34-13-171.

1929 (1) Trust funds shall not be invested by the trustee in
 1930 life insurance contracts or annuities unless the following
 1931 requirements are met:

1932 a. The company issuing the life insurance contracts or



1933 annuities is licensed by the Department of Insurance and the
1934 insurance producer or annuity seller is properly licensed
1935 within its domiciliary jurisdiction.

1936 b. Prior to the investment, the insured or annuitant
1937 consents, in writing, to the investment in life insurance
1938 contracts or annuities.

1939 c. For life insurance contracts or annuities issued
1940 prior to May 6, 2008, and currently in force, such contracts
1941 shall be construed to have been an authorized investment by
1942 the trustee under this chapter if the insured or annuitant is
1943 notified in writing of the existence of any such contract and
1944 provided with a copy of the contract.

1945 (2) Upon request, the insured or annuitant shall be
1946 provided with a copy of any life insurance contract or annuity
1947 issued to a preneed trustee at no expense to the insured or
1948 annuitant.

1949 (3) Any life insurance contract or annuity issued in
1950 accordance with this subsection and otherwise in compliance
1951 therewith shall be valid and in full force according to the
1952 terms and conditions thereof.

1953 (4) A trustee that invests all or any portion of the
1954 funds received under preneed contracts and deposited in trust
1955 in life insurance contracts or annuities issued by one company
1956 licensed by the ~~department~~ State Department of Insurance shall
1957 be considered to satisfy the standards and requirements of
1958 Section 19-3-120.2 and Chapter 3B of Title 19.

1959 (5) It is the intention of the Legislature that this
1960 subsection shall be retroactive and shall apply to all life



1961 insurance contracts or annuities issued prior to May 6, 2008."

1962 "~~§27-17A-33~~§34-13-233

1963 (a) A purchaser, by providing written notice to the
 1964 certificate holder, may cancel a preneed contract within 30
 1965 days of the date that the contract was executed provided that
 1966 the funeral merchandise and funeral services have not yet been
 1967 used. Upon providing the notice, the purchaser shall be
 1968 entitled to a complete refund of the amount paid, except for
 1969 the amount allocable to any funeral merchandise or funeral
 1970 services that have been used, and shall be released from all
 1971 obligations under the contract. This subsection shall apply to
 1972 all items that are purchased as part of a preneed contract.

1973 (b) After 30 days from the date the preneed contract
 1974 was executed, a purchaser, by providing written notice to the
 1975 certificate holder, may cancel the funeral services, funeral
 1976 merchandise, facilities, and cash advance items portions of a
 1977 preneed contract at any time, and shall be entitled to the
 1978 refund defined in the preneed contract allocable to those
 1979 items. Any accumulated earnings allocable to the preneed
 1980 contract shall be paid to the certificate holder upon the
 1981 cancellation.

1982 (c) Upon breach of contract or failure of the
 1983 certificate holder to provide funeral merchandise or services
 1984 under a preneed contract, the contract purchaser shall be
 1985 entitled to a refund of 100 percent of all money paid on the
 1986 contract. The refund shall be made within 30 days after
 1987 receipt by the certificate holder of the contract purchaser's
 1988 written request for refund.



1989 (d) If a purchaser is 90 days past due in making
1990 payments on a preneed contract, the contract shall be
1991 considered to be in default, and the certificate holder shall
1992 be entitled to cancel the contract and withdraw all funds in
1993 trust. Upon making the withdrawal, the certificate holder
1994 shall refund to the purchaser the amount defined in the
1995 preneed contract in the event of default of the purchaser,
1996 provided that the certificate holder has provided the
1997 purchaser with 30 days' written notice of its intention to
1998 exercise any of its rights under this provision.

1999 (e) All preneed contracts are cancelable and revocable
2000 as provided in this section during the lifetime of the
2001 purchaser, provided that a preneed contract does not restrict
2002 any contract purchaser who is a qualified applicant for, or a
2003 recipient of, supplemental security income, temporary cash
2004 assistance, or Medicaid from making his or her contract
2005 irrevocable.

2006 (f) In the event that the preneed contract is made
2007 irrevocable pursuant to subsection (e), ~~the purchaser or~~ the
2008 authorizing agent shall have the right to appoint a provider
2009 other than the seller of the preneed contract. In the event
2010 that a provider is appointed pursuant to this subsection, the
2011 seller shall transfer to the appointed provider the amount
2012 paid by the purchaser to the seller and those amounts
2013 deposited into trust, less a reasonable transfer fee
2014 determined by the ~~seller~~ board. In the event the preneed
2015 contract was funded by an insurance or annuity policy, the
2016 seller shall cancel and relinquish any assignment of benefits



2017 or beneficiary status under the policy or annuity contract,
2018 and deliver the policy, if in the custody of the preneed
2019 seller, to the policy owner or his or her legal
2020 representative, and the seller may collect a reasonable
2021 transfer fee as determined by rule of the board. No transfer
2022 hereunder shall occur without the acceptance of the appointed
2023 provider.

2024 (g) All refunds required to be made under this section
2025 to a purchaser who has canceled a contract must be made within
2026 30 days after the date the written notice of cancellation is
2027 received by the certificate holder."

2028 "~~§27-17A-34~~ §34-13-234

2029 (a) Disbursement of funds discharging any preneed
2030 contract for funeral services or funeral merchandise fulfilled
2031 after May 1, 2002, shall be made by the trustee to the
2032 certificate holder upon receipt by the trustee of a
2033 certification of the certificate holder that the preneed
2034 contract has been performed in whole or in part or the preneed
2035 contract has been cancelled. Before the trustee may disburse
2036 any trust funds, the certificate holder shall provide to the
2037 trustee a death certificate or other valid proof of death, a
2038 letter from the preneed contract holder cancelling the preneed
2039 contract or valid proof the contract has been cancelled in
2040 accordance with ~~Section 27-17A-33~~ 34-13-233, or valid proof
2041 the merchandise has been delivered and installed, and services
2042 have been performed. Any trustee accepting preneed contract
2043 proceeds under this ~~article~~ chapter may rely upon the
2044 certification of the certificate holder accompanied by the



2045 required proof, and shall not be liable to anyone for such
 2046 reliance. If the contract is only partially performed, the
 2047 disbursement shall only cover that portion of the contract
 2048 performed. In the event of any contract default by the
 2049 contract purchaser, or in the event that the funeral
 2050 merchandise or funeral service contracted for is not provided,
 2051 the trustee shall return, within 30 days after its receipt of
 2052 a written request therefor, 100 percent of the funds deposited
 2053 into the trust on the contract and the income and accretion
 2054 thereon to the certificate holder or to its assigns, subject
 2055 to Section ~~27-17A-33~~ 34-13-233.

2056 (b) For all contracts effective on or after January 1,
 2057 2015, the amount that may be withdrawn from the trust upon
 2058 fulfillment or cancellation of any particular preneed contract
 2059 may not exceed the amount attributable to that preneed
 2060 contract in proportion to the total amount held in trust for
 2061 all preneed contracts as of the date of withdrawal. For all
 2062 contracts in effect before January 1, 2015, the valuation of
 2063 each contract and the amount that may be withdrawn from the
 2064 trust may be calculated using any valuation method that had
 2065 been approved by the ~~commissioner or the department~~
 2066 Commissioner or the Department of Insurance before January 1,
 2067 2015."

2068 Section 8. The following heading is added to Division
 2069 4, commencing with Section 34-13-260, of Article 5, Chapter
 2070 13, Title 34, Code of Alabama 1975:

2071 "Division 4. Cemetery Merchandise and Services Trust
 2072 Fund."



2073 Section 9. Sections 27-17A-40, 27-17A-41, 27-17A-42,
2074 27-17A-43, 27-17A-44, 27-17A-45, 27-17A-46, 27-17A-47,
2075 27-17A-48, 27-17A-49, 27-17A-50, 27-17A-51, 27-17A-52,
2076 27-17A-53, 27-17A-54, 27-17A-55, 27-17A-56, and 27-17A-57 of
2077 the Code of Alabama 1975, are amended and renumbered as
2078 Division 4 of Article 5 of Chapter 13 of Title 34, Code of
2079 Alabama 1975, to read as follows:

2080 "~~§27-17A-40~~§34-13-260

2081 To comply with the trust requirement of subsection (a)
2082 of Section ~~27-17A-13~~ 34-13-194, all certificate holders who
2083 are cemetery authorities providing preneed contracts for
2084 cemetery services or cemetery merchandise shall be subject to
2085 this article chapter."

2086 "~~§27-17A-41~~§34-13-261

2087 (a) Any person who receives or collects any funds on
2088 account of a preneed contract in this state for cemetery
2089 services or cemetery merchandise, or both, entered into after
2090 May 1, 2002, shall have the obligation to pay over and
2091 contribute into a trust fund as hereinafter described, those
2092 amounts or proportions of the funds as hereinafter provided.

2093 (b) Whether or not the preneed contract provides for
2094 cemetery merchandise or cemetery services, or any combination
2095 thereof, the trust fund shall be referred to in this section
2096 as the Cemetery Merchandise and Services Trust Fund.

2097 (c) The trustee of the Cemetery Merchandise and
2098 Services Trust Fund shall be qualified as such within the
2099 definition of the trustee.

2100 (d) The trustee shall take title to the property



2101 conveyed to the Cemetery Merchandise and Services Trust Fund
2102 subject to this section.

2103 (e) The contract purchaser shall have no interest
2104 whatsoever in, or power whatsoever over, the funds deposited
2105 in the Cemetery Merchandise and Services Trust Fund.

2106 (f) The party contracting to deliver the cemetery
2107 merchandise or cemetery services or cash advances, whether or
2108 not a preneed provider, shall be referred to in this section
2109 as the "seller."

2110 (g) The seller shall be the beneficiary of the Cemetery
2111 Merchandise and Services Trust Fund."

2112 "~~§27-17A-42~~§34-13-262

2113 (a) The obligation of the seller under a preneed
2114 contract shall be to make contributions into the Cemetery
2115 Merchandise and Services Trust Fund in accordance with the
2116 following formulae:

2117 (1) With respect to all cemetery merchandise, 110
2118 percent of wholesale cost.

2119 (2) With respect to outer burial containers, 60 percent
2120 of the purchase price specified in the preneed contract.

2121 (3) With respect to cemetery services, 60 percent of
2122 the purchase price specified in the preneed contract.

2123 (4) With respect to all cash advance items sold, 100
2124 percent of the purchase price specified for the same in the
2125 preneed contract.

2126 (5) With respect to caskets, 75 percent of the purchase
2127 price.

2128 (b) All contributions shall be made within 30 days



2129 after the end of the calendar month in which the preneed
2130 contract is paid in full, unless, prior to that time, all
2131 liabilities of the seller under the preneed contract to
2132 deliver the specific cemetery merchandise or cemetery
2133 services, or both, or the specific cash advances, identified
2134 by the preneed provider as properly allocated to the payment,
2135 have been satisfied, or the preneed contract is validly
2136 cancelled.

2137 (c) For all preneed contracts entered into on or after
2138 January 1, 2015, all contributions shall be made not later
2139 than 30 days after the end of the calendar month in which the
2140 sum of the monies collected on the preneed contract exceeds
2141 the amount that is not required to be contributed as
2142 determined under subsection (a), unless, prior to that time,
2143 all liabilities of the seller under the preneed contract have
2144 been satisfied, or the preneed contract is validly cancelled.
2145 Further required trust contributions on the contract shall
2146 thereafter be made not later than 30 days after the end of the
2147 calendar month in which each contract payment is collected by
2148 the seller.

2149 (d) The trustee shall invest and reinvest the Cemetery
2150 Merchandise and Services Trust Fund.

2151 (e) The trustee shall make regular evaluations of the
2152 fair market value of assets held in and liabilities, if any,
2153 of the Cemetery Merchandise and Services Trust Fund and
2154 provide a report of the evaluations to the seller at least
2155 quarterly. Upon receipt of each quarterly report, the seller
2156 may submit to the trustee a written and detailed analysis



2157 concerning the balance of funds in the Cemetery Merchandise
2158 and Services Trust Fund, certified under oath as being true
2159 and correct upon information and belief by a responsible
2160 officer of the seller.

2161 (f) While the obligation of the seller to make
2162 contributions to the Cemetery Merchandise and Services Trust
2163 Fund is set forth in this section, the obligation of the
2164 seller at the time of making certain withdrawals from the
2165 Cemetery Merchandise and Services Trust Fund as herein
2166 provided for shall be calculated with respect to the current
2167 wholesale cost of cemetery merchandise and current retail
2168 price of cemetery services and cash advances at the time of
2169 withdrawal. If the fair market value as reported by the
2170 trustee exceeds 110 percent of the total of the following, the
2171 seller shall be entitled to withdraw and retain from the
2172 merchandise trust fund, the excess funds therein: 110 percent
2173 of the current wholesale cost of the liability to deliver all
2174 cemetery merchandise, 60 percent of the current retail price
2175 for all cemetery services, 60 percent of the current retail
2176 price of outer burial containers, 75 percent of the current
2177 retail price of caskets, and 100 percent of the current retail
2178 price of all cash advances, for the total of all preneed
2179 contracts for which the purchasers have paid in full, all
2180 calculated as of the time of withdrawal; and concerning the
2181 total of all preneed contracts for which the purchasers have
2182 not paid in full, 25 percent of the total of the following:
2183 110 percent of the current wholesale cost of the liability to
2184 deliver all cemetery merchandise, 60 percent of the current



2185 retail price for all cemetery services, and 100 percent of the
2186 current retail price of all cash advances, all calculated as
2187 of the time of withdrawal.

2188 (g) At least annually the seller shall make the
2189 aforesaid analysis and certification and provide the same to
2190 the trustee. If the certification discloses that the fair
2191 market value of the Cemetery Merchandise and Services Trust
2192 Fund is less than 100 percent of the aggregate calculated
2193 amount the seller shall from its own funds contribute to the
2194 Cemetery Merchandise and Services Trust Fund within the 12
2195 months succeeding the annual computation the amount necessary
2196 to restore the trust fund to an amount equal to not less than
2197 100 percent of the aggregate amount so calculated."

2198 "~~§27-17A-43~~ §34-13-263

2199 (a) Upon cancellation of a preneed contract by mutual
2200 agreement between the seller and purchaser, or upon unilateral
2201 cancellation of a preneed contract by the seller by reason of
2202 default on the part of the purchaser, or other valid
2203 cancellation by reason of transfers to another seller or
2204 otherwise, the seller ~~may~~, upon submission of a certification
2205 under oath by a responsible officer of the seller to the
2206 trustee, may withdraw from the Cemetery Merchandise and
2207 Services Trust Fund and retain an amount equal to the amount
2208 of all funds contributed to the trust fund with respect to the
2209 preneed contract. Any trustee accepting preneed contract
2210 proceeds under this ~~article~~ chapter may rely on the seller's
2211 certification under oath as required herein to be made, and
2212 shall not be liable to anyone for such reliance.



2213 (b) At such time as the seller undertakes to perform
 2214 its obligations under a preneed contract by delivery or
 2215 installation, or both, of cemetery merchandise and the
 2216 provision of cemetery services and disbursement on account of
 2217 cash advances, or otherwise, upon certification to the trustee
 2218 under oath by a responsible officer of the seller that the
 2219 obligations of the seller under the contract have been
 2220 completely fulfilled, the seller may withdraw from the
 2221 Cemetery Merchandise and Services Trust Fund and retain an
 2222 amount equal to the current wholesale cost to the fund with
 2223 respect to the preneed contract.

2224 (c) At such time as the seller has fulfilled all of its
 2225 obligations under all preneed contracts with respect to which
 2226 funds have been contributed to the trust fund, and
 2227 certification under oath to the trustee by a responsible
 2228 officer of the seller of those facts, the seller may withdraw
 2229 from the trust fund and retain all of the remaining assets
 2230 thereof."

2231 "~~§27-17A-44~~§34-13-264

2232 If the amounts paid by the purchaser under a preneed
 2233 contract for cemetery merchandise have previously been
 2234 deposited in trust, the seller may withdraw the principal
 2235 amount there, at such time as the cemetery merchandise is
 2236 delivered or installed or, if comprised of materials designed
 2237 to withstand prolonged, protected storage without
 2238 deterioration, the merchandise is placed in storage with a
 2239 responsible third party bonded and insured for the wholesale
 2240 value thereof and evidenced by a receipt specifically



2241 identifying the item, the specific preneed contract, the
2242 location of the item, and the identity and address of the
2243 bonding and insuring parties. For purposes of this section
2244 only, caskets and alternative containers may not be held in
2245 storage by the seller or a third party storage facility prior
2246 to the death of the funeral beneficiary."

2247 "~~§27-17A-45~~§34-13-265

2248 An endowment care fund and all payments or
2249 contributions to it are expressly permitted as and for
2250 charitable and eleemosynary purposes. No payment, gift, grant,
2251 bequest, or other contribution for endowment care is invalid
2252 by reason of any indefiniteness or uncertainty of the persons
2253 designated as beneficiaries in the instruments creating the
2254 fund, nor is the fund or any contributions to it invalid as
2255 violating any law against perpetuities, or the suspension of
2256 the power of alienation of title to property."

2257 "~~§27-17A-46~~§34-13-266

2258 Any cemetery now existing or hereafter established,
2259 excluding those operated by governmental agencies or religious
2260 institutions, ~~shall be~~ may be qualified as an endowment care
2261 cemetery, except those cemeteries which do not charge fees or
2262 sell plots, interment rights, or any related cemetery."

2263 "~~§27-17A-47~~§34-13-267

2264 (a) Every cemetery authority operating an endowment
2265 care cemetery shall establish an endowment care fund which
2266 shall be placed with and held by a bank, trust company,
2267 savings and loan association, or other financial institution
2268 authorized to provide trust services under Title 5, as



2269 amended, or under the applicable laws of the United States or
 2270 any other state, or a board of trustees, consisting of at
 2271 least three members, who shall reside in the State of Alabama,
 2272 one of whom is engaged in outside cemetery management, and
 2273 each of whom shall be bonded to honestly perform the duties of
 2274 trustee under a formal trust agreement.

2275 (b) Except as specifically provided in this subsection,
 2276 commencing on July 1, 2014, a person serving on a board of
 2277 trustees or cemetery authority may not also serve as a trustee
 2278 of an endowment care fund for the cemetery authority. A board
 2279 of trustees in existence on July 1, 2014, may continue to
 2280 serve as the trustee of an endowment care fund if the board of
 2281 trustees otherwise complies with this subsection. Unless
 2282 exempted by the ~~commissioner~~ board pursuant to this
 2283 subsection, on or before January 1, 2015, each member of a
 2284 board of trustees in existence on July 1, 2014, shall furnish
 2285 the bond required by subsection (a) in the greater of one
 2286 hundred thousand dollars (\$100,000) or the amount in each
 2287 endowment care fund for which the board of trustees acts as
 2288 trustee as of December 31, 2014. Thereafter, the amount of the
 2289 bonds shall be increased on January 1 of each succeeding year
 2290 to equal the amount in each endowment care fund as of the
 2291 immediately preceding December 31. The ~~commissioner~~ board
 2292 shall exempt a board of trustees from the bond requirement if
 2293 the board of trustees provides to the ~~commissioner~~ board an
 2294 annual audit report that satisfies all of the following
 2295 criteria:

2296 (1) The report is prepared by a certified public



2297 accountant authorized to practice in Alabama.

2298 (2) The report evidences that the review made the
2299 subject of the report by the accountant encompasses each
2300 endowment care fund for which the board of trustees acts as
2301 trustee.

2302 (3) The report notes relating to the endowment care
2303 fund or funds are in a form that is reasonably acceptable to
2304 the ~~commissioner~~ board.

2305 (4) The report does not evidence any material violation
2306 of or noncompliance with this chapter relating to an endowment
2307 care fund.

2308 (c) The corporate trustee or board of trustees shall be
2309 referred to as a qualified trustee. Unless otherwise specified
2310 in this ~~article~~ chapter or in the terms of the trust
2311 instrument, the trustee of any trust established under or
2312 pursuant to this ~~article~~ chapter shall have all powers granted
2313 to trustees under Article 14 of Chapter 3 of Title 19. The
2314 incorporation herein of such powers shall not be deemed to
2315 imply any duties of trustees of trusts established under or
2316 pursuant to this ~~article~~ chapter not expressly delineated in
2317 this ~~article~~ chapter.

2318 (d) The cemetery authority may employ a person to
2319 advise the trustee in the management of the fund.

2320 (e) The cemetery authority may enter into a contract
2321 with the qualified trustee for the management and investment
2322 of the endowment care fund, which contract may provide for the
2323 payment of income from the fund of reasonable fees or
2324 commissions to the trustee, and its reasonable expenses for



2325 administering the trust.

2326 (f) As often as ~~he or she~~ the board may deem necessary,
2327 ~~the commissioner~~ board may examine the records or facilities,
2328 or both, of any cemetery authority operating an endowment care
2329 cemetery."

2330 "~~§27-17A-48~~ §34-13-268

2331 (a) Each cemetery authority shall comply with this
2332 chapter and maintain at each place of business a list of the
2333 names and addresses of its owners and directors, which shall
2334 be available to the public.

2335 (b) Each cemetery authority shall maintain a record of
2336 ~~all property~~ interment space owners by name and last known
2337 address with a description of merchandise and location of
2338 burial lots, crypts, or niches and the records shall be on a
2339 form or in a format prescribed by the board and shall detail
2340 all information required by the board. A plat map shall be
2341 maintained for each cemetery location at the cemetery business
2342 office. A book or file shall be kept as to the date, location
2343 by lot, and space number of each person interred or entombed
2344 in the cemetery. A written copy of the cemetery rules and
2345 regulations shall be maintained at each location and made
2346 available to the public upon request.—"

2347 "~~§27-17A-49~~ §34-13-269

2348 (a) From the sale price of each plot, crypt, or niche
2349 sold by the cemetery authority, of an endowment care cemetery,
2350 it shall pay an amount, not less than as determined in
2351 accordance with the following schedule, to the trustee of the
2352 endowment care fund, which payment shall be paid over to the



2353 trustee not more than four months after the close of the month
2354 in which the total or final payment on the sale has been
2355 received:

2356 (1) Fifteen percent of the sale net sales price of each
2357 grave or lawn crypt space.

2358 (2) Five percent of the ~~sale~~ net sales price of each
2359 mausoleum crypt or niche.

2360 (3) If a cemetery donates or gives a free space,
2361 mausoleum, or niche, a minimum of fifty dollars (\$50) shall be
2362 paid to the endowment care fund.

2363 ~~(3)~~ (4) The amount received for special care funds,
2364 gifts, grants, contribution devises, or bequests made with
2365 respect to the separate or special care of a particular lot,
2366 grave, crypt, niche, mausoleum, monument, or marker or that of
2367 a particular family, as distinguished from the general endowed
2368 care of a cemetery or of a garden.

2369 (b) In addition to subsection (a), a cemetery authority
2370 may receive, and transfer to the trustee, as a part of or
2371 incident to the endowment care fund, any property, real,
2372 personal, or mixed, bequeathed, devised, given, or otherwise
2373 contributed to it for endowment care purposes. Any contractual
2374 endowment care deposits shall fall under this article chapter.

2375 (c) Any cemetery authority which is organized and
2376 engaged in business prior to May 1, 2002, shall qualify as an
2377 endowment care cemetery if the following occur:

2378 (1) Not already placed, it shall within 90 days of May
2379 1, 2002, have placed the entire principal of any endowment
2380 care fund in its possession, custody, or control, into the



2381 hands of a qualified trustee designated by it, to be
 2382 administered as set forth in this article chapter; and
 2383 principal of its endowment care fund, or the aggregate
 2384 principal of its endowment care funds, if more than one, shall
 2385 have a fair market value on either May 1, 2002, or on the date
 2386 of transfer to the trustee of not less than twenty-five
 2387 thousand dollars (\$25,000); or it shall substitute 25 percent
 2388 for each percentage of each sale for the next five years or
 2389 five thousand dollars (\$5,000) per year, whichever is greater,
 2390 until the balance of twenty-five thousand dollars (\$25,000) is
 2391 reached. In such case, the entire amount of twenty-five
 2392 thousand dollars (\$25,000) shall be paid into the fund before
 2393 the end of the fifth year, and no interest may be removed from
 2394 the fund until the twenty-five thousand dollars (\$25,000)
 2395 minimum has been reached.

2396 (2) It shall at all times after May 1, 2002, comply
 2397 with the minimum requirements for payments to the trustee for
 2398 endowment care.

2399 (d) Any cemetery authority organizing a cemetery after
 2400 May 1, 2002, whether it be by incorporation, association,
 2401 individually, or by any other means, or having its first
 2402 burial after May 1, 2002, before disposing of any burial lot
 2403 or right or making any sale thereof or making its first
 2404 burial, or both, shall cause to be deposited with a qualified
 2405 trustee, in cash, the sum of twenty-five thousand dollars
 2406 (\$25,000) in the endowment care fund.

2407 (e) When a cemetery authority has placed with a
 2408 trustee, pursuant to this article chapter, a sum of money in



2409 excess of the aggregate which would be required only under
 2410 subsection (a), the cemetery authority shall not be required
 2411 under this ~~article~~ chapter to make further payments to the
 2412 trustee until such time thereafter as, taking into account all
 2413 sales of plots, crypts, and niches in the cemetery property
 2414 since the first of the sales, the aggregate of payments to the
 2415 trustee if made in accordance with subsection (a) would equal
 2416 the applicable minimum amount paid to the trustee under
 2417 subdivision (1) of subsection (c), or subsection (d) ~~of this~~
 2418 ~~section~~.

2419 (f) Any deposit previously made, or represented to be
 2420 made to an existing endowment care fund which exceeds 10
 2421 percent of the gross selling price of all plots, crypts, and
 2422 niches sold since representation of endowment care shall be
 2423 made a permanent part of the endowment care fund and
 2424 transferred to the qualified trustee under this ~~article~~
 2425 chapter."

2426 "~~§27-17A-50~~ §34-13-270

2427 (a) No cemetery authority may directly or indirectly
 2428 require or direct the investment, reinvestment, or retention
 2429 by a qualified trustee of any part of an endowment care trust
 2430 in any asset or business in which the cemetery authority or
 2431 any officer, director, owner, partner, or employee of the
 2432 cemetery authority has a financial interest. Nothing contained
 2433 in this subsection shall prevent the trustee, subject to the
 2434 provisions regarding investment and reinvestment of the trust
 2435 estate as are contained in the governing instrument creating
 2436 the trust, from investing, reinvesting, or retaining any asset



2437 or business in which the cemetery authority or any officer,
2438 director, owner, partner, or employee of the cemetery
2439 authority has an insubstantial or nonmaterial financial
2440 interest, provided that the trustee, in the exercise of the
2441 trustee's discretion, deems the investment, reinvestment, or
2442 retention to be for the best interest of the trust estate.

2443 (b) The net income from the endowment care fund, to the
2444 extent that the same is distributed from the fund, shall be
2445 used exclusively for covering the costs of endowment care of
2446 the cemetery.

2447 (c) For the purposes of this section, net income does
2448 not include realized or unrealized capital gains or losses.
2449 All realized capital gains and losses shall be recorded to
2450 corpus, which is the sum of deposits made by a cemetery
2451 authority into an endowment care fund, pursuant to Section
2452 ~~27-17A-49~~ 34-13-269, and all realized capital gains or losses.
2453 Capital gains taxes, if any, may be paid from the corpus.
2454 Unrealized capital gains and losses, if any, shall be recorded
2455 as an adjustment to the fair market value of the endowment
2456 care fund."

2457 "~~§27-17A-51~~ §34-13-271

2458 The trustee shall not be required to inquire into the
2459 propriety of the expenditures made by the cemetery authority
2460 in connection with endowment care of the cemetery, and it
2461 shall not be held responsible in any manner whatsoever for and
2462 on account of payments of the income from the endowment care
2463 fund made to the cemetery authority."

2464 "~~§27-17A-52~~ §34-13-272



2465 The trustee ~~shall~~, not less than annually, shall file
2466 with the cemetery authority an account which shall include a
2467 complete disclosure of all activity since the previous account
2468 and a statement detailing fund investments."

2469 "~~§27-17A-53~~§34-13-273

2470 To the extent that any endowment care trust existing on
2471 May 1, 2002, includes investments or assets, the retention of
2472 which the trustee in the free exercise of its discretion deems
2473 not in the best interest of the trust estate, the trustee
2474 shall dispose of the investments or assets as soon as
2475 practicable without undue sacrifice to the trust estate, and
2476 in any event within two years after May 1, 2002."

2477 "~~§27-17A-54~~§34-13-274

2478 An annual report of the endowment care fund shall be
2479 made to the ~~commissioner~~ board by each cemetery authority
2480 within 90 days of the close of each calendar year. This report
2481 shall include the qualified trustee's name or names, the bond
2482 numbers if individual trustees or the name and address of the
2483 financial institution in which the fund is maintained, and the
2484 affidavit of the cemetery authority affirming compliance with
2485 this ~~article~~ chapter. Prior to the sale or transfer of a
2486 cemetery, the cemetery authority shall report and document to
2487 the ~~commissioner~~ board that the endowment care fund is
2488 currently funded in accordance with this ~~article~~ chapter."

2489 "~~§27-17A-55~~§34-13-275

2490 A cemetery authority shall start construction of that
2491 section of a mausoleum or bank of below-ground crypts in which
2492 sales, contracts for sale, reservations for sale, or



2493 agreements for sale are being made, within five years after
 2494 the date of the first sale or when 75 percent of the mausoleum
 2495 or below-ground crypts have been sold and the purchase price
 2496 has been received, whichever occurs first. The construction
 2497 shall be completed within six years after the date of the
 2498 first sale made. Extensions for completion, not to exceed one
 2499 year, may be granted by the ~~commissioner~~ board for good cause
 2500 shown. If the units have not been completely constructed at
 2501 the time of need or the time specified herein, unless
 2502 otherwise specified in the preneed contract, all monies paid
 2503 shall be refunded upon request, plus interest earned thereon
 2504 if deposited by the cemetery authority in an escrow or trust
 2505 fund, and if not so deposited in an escrow or trust fund
 2506 earning interest, then plus interest in an amount equal to the
 2507 interest or discount which would have been earned thereon had
 2508 the funds been invested in United States Treasury Bills having
 2509 a 90-day maturity."

2510 "~~§27-17A-56~~ §34-13-276

2511 (a) ~~Cemetery~~ Each cemetery shall adopt rules and
 2512 regulations ~~are adopted~~ for the mutual protection of the
 2513 cemetery owners and the owners of interment rights in the
 2514 cemetery. All owners of interment rights and other persons
 2515 within the cemetery shall be subject to these rules and
 2516 regulations as they now exist and as they may be amended or
 2517 altered by the cemetery. The cemetery authority ~~has the right~~
 2518 ~~to~~ shall enforce these rules and regulations. ~~The cemetery~~
 2519 ~~authority expressly reserves the right~~ and, at any time and
 2520 without prior notice to any owners, ~~to~~ may adopt new rules and



2521 regulations or to amend, modify, or repeal any ~~section,~~
2522 ~~paragraph, or sentence of these~~ rules and regulations.

2523 (b) This section shall not apply to the officers,
2524 directors, shareholders, partners, employees, agents, or
2525 representatives of a cemetery authority who intentionally
2526 commit an act of vandalism or other illegal act.—"

2527 "~~§27-17A-57~~§34-13-277

2528 ~~The commissioner~~ board shall have the same jurisdiction
2529 over funeral establishments, funeral directors, cemetery
2530 authorities, or third party sellers who sell preneed contracts
2531 without a preneed certificate of authority as ~~he or she~~ the
2532 board has over those preneed sellers who possess a preneed
2533 certificate of authority."

2534 Section 10. Beginning with the 2024 fiscal year, the
2535 Department of Insurance may transfer to the Alabama Board of
2536 Funeral Service and Cemetery Service quarterly, for deposit by
2537 the board into the Alabama Board of Funeral Services Fund, the
2538 total amount of three hundred thousand dollars (\$300,000) per
2539 fiscal year, to defray costs associated with the
2540 administration and operation of the Alabama Preneed Funeral
2541 and Cemetery Act of 2023 by the board. Unless extended by an
2542 act of the Legislature, this section shall be repealed at the
2543 end of the 2027 fiscal year.

2544 Section 11. Although this bill would have as its
2545 purpose or effect the requirement of a new or increased
2546 expenditure of local funds, the bill is excluded from further
2547 requirements and application under Section 111.05 of the
2548 Constitution of Alabama of 2022, because the bill defines a

SB131 Enrolled



2549 new crime or amends the definition of an existing crime.

2550 Section 12. This act shall become effective on the
2551 October 1, 2023, following its passage and approval by the
2552 Governor, or its otherwise becoming law.



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[Handwritten Signature]

President and Presiding Officer of the Senate

[Handwritten Signature]

Speaker of the House of Representatives

SB131

Senate 06-Apr-23

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Amended and passed: 18-Apr-23

Senate concurred in House amendment 20-Apr-23

By: Senator Figures

APPROVED 5-2-2023
TIME 3:45 pm
[Handwritten Signature]

GOVERNOR

Alabama Secretary Of State

Act Num....: 2023-94
Bill Num....: S-131

Recv'd 05/02/23 04:19pmSLF

SPONSOR

1 Figures

CO-SPONSORS

2 Gudger 19

3 Jones 20

4 Hatcher 21

5 Williams 22

6 Sessions 23

7 Scofield 24

8 Butler 25

9 Barfoot 26

10 Singleton 27

11 Shelnett 28

12 Smitherman 29

13 _____ 30

14 _____ 31

15 _____ 32

16 _____ 33

17 _____ 34

18 _____ 35

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 131.

yeas 31 nays 0 abstain 0

PATRICK HARRIS,
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,
Secretary

CONFERENCE COMMITTEE

Senate Conferees _____

DATE:

4-6

RD 1 RFD

Insurance

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on _____

Insurance was acted upon by such committee session, and returned therefrom to the House with the recommendation that it be

Passed w/amend(s) w/sub 1
This 12 day of April, 2023

[Signature], Chairperson

DATE:

4-12

RF

W 506 RD

DATE:

RE-REFERRED

RE-COMMITTED

Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill SB 131.

YEAS _____ NAYS _____

JOHN TREADWELL
Clerk



ACT #2023 - 104

- 1 MTS2W1-2
- 2 By Representative Ellis
- 3 RFD: Insurance
- 4 First Read: 07-Mar-23
- 5 PFD: 06-Mar-23
- 6 2023 Regular Session





HB60 Enrolled

1 Enrolled, An Act,

2

3 Relating to the Alabama Department of Insurance; to
4 amend Sections 27-7-5, 27-7-14.1, 27-9A-6, 27-9A-8, 27-9A-9,
5 27-9A-11, 27-25-4.1, and 27-25-4.3, Code of Alabama 1975, to
6 delete the requirement for insurance producers, independent
7 adjusters, apprentice independent adjusters, and title
8 insurance agents to complete a prelicensing course of study
9 approved by the Commissioner of Insurance prior to licensure
10 by the department; and to eliminate the issuance of new
11 service representative licenses prospectively and to authorize
12 a current licensee to renew his or her license.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Sections 27-7-5, 27-7-14.1, 27-9A-6,
15 27-9A-8, 27-9A-9, 27-9A-11, 27-25-4.1, and 27-25-4.3, Code of
16 Alabama 1975, are amended to read as follows:

17 "§27-7-5

18 (a) An individual applying for a resident insurance
19 producer license shall make application to the commissioner on
20 the Uniform Application, ~~and an individual applying for a~~
21 ~~service representative license shall make application to the~~
22 ~~commissioner on the application prescribed by the~~
23 ~~commissioner, each~~ declaring under penalty of refusal,
24 suspension, or revocation of the license that the statements
25 made in the application are true, correct, and complete to the
26 best of the individual's knowledge and belief. Before
27 approving the application, the commissioner shall find that
28 the individual has satisfied all of the following:



HB60 Enrolled

29 (1) The individual is at least 18 years of age.

30 (2) The individual has not committed any act that is a
31 ground for denial, suspension, or revocation set forth in
32 Section 27-7-19.

33 ~~(3) The individual has completed a prelicensing course~~
34 ~~of study for the lines of authority for which the person has~~
35 ~~applied, consisting of 20 classroom hours per line of~~
36 ~~authority, or equivalent individual instruction, on the~~
37 ~~general principles of insurance for that line of authority,~~
38 ~~the course to be taught only by those educational~~
39 ~~institutions, junior or senior colleges, technical colleges,~~
40 ~~trade schools, insurance companies, or insurance trade~~
41 ~~organizations which hold written authority from the~~
42 ~~commissioner to issue certificates of completion.~~

43 ~~a. Each authority holder must apply annually for the~~
44 ~~continued authority to issue certificates under rules and~~
45 ~~regulations to be prescribed by the commissioner.~~

46 ~~b. Prior to writing the designated examination for~~
47 ~~license, the applicant must furnish a certificate of~~
48 ~~completion of the aforesaid prelicensing course from the~~
49 ~~authorized educational institution, insurance company, or~~
50 ~~insurance trade organization.~~

51 ~~e. All applicants for a license to transact the life~~
52 ~~lines of authority who are holders of the professional~~
53 ~~designation chartered life underwriter (CLU); all applicants~~
54 ~~for a license to transact the property lines of authority who~~
55 ~~are holders of the professional designations chartered~~
56 ~~property casualty underwriter (CPCU) or certified insurance~~



HB60 Enrolled

57 ~~counselor (CIC); or other similar professional insurance~~
58 ~~designations as the commissioner may prescribe by regulation~~
59 ~~shall be deemed to have completed the prelicensing course as~~
60 ~~prescribed in this subdivision.~~

61 ~~d. All applicants with a minimum of a bachelor's degree~~
62 ~~with a major in insurance from an accredited college or~~
63 ~~university are exempt from the requirements of this~~
64 ~~subdivision for all lines of authority.~~

65 ~~e. All applicants for a license to transact only the~~
66 ~~following lines of authority shall be exempt from the~~
67 ~~requirements of this subdivision:~~

68 ~~1. Variable life and variable annuity products.~~

69 ~~2. Limited lines insurance.~~

70 ~~f. All producers and service representatives who are~~
71 ~~lawfully licensed as such for a particular line of authority~~
72 ~~immediately prior to January 1, 2013, are exempt from the~~
73 ~~requirements of this subdivision for that line of authority~~
74 ~~unless, after January 1, 2013, the license is permitted to~~
75 ~~expire or is otherwise terminated and remains out of effect~~
76 ~~for a period of 12 consecutive months, in which case the~~
77 ~~exemption from the prelicensing course shall no longer be~~
78 ~~applicable.~~

79 ~~(4)~~(3) The individual has successfully passed the
80 examination for the lines of authority for which the
81 individual has applied, except that no examination shall be
82 required of an applicant as follows:

83 ~~a. All applicants for a license to transact only one or~~
84 ~~more of the limited lines insurance.~~



HB60 Enrolled

85 b. All applicants for a license to transact the
86 variable life and variable annuity products line of authority.

87 c. All producers lawfully licensed as such for a
88 particular line of authority immediately prior to January 1,
89 2013, are exempt from the requirements of this subdivision for
90 that line of authority unless, after January 1, 2013, the
91 license is permitted to expire or is otherwise terminated and
92 remains out of effect for a period of 12 consecutive months,
93 in which case the exemption from examination shall no longer
94 be applicable.

95 d. All service representatives.

96 ~~(5)~~ (4) The individual has paid the fees set forth in
97 Section 27-4-2.

98 ~~(6)~~ (b) All producers seeking to be licensed for or
99 holding the variable life and variable annuity product line of
100 authority must also hold the life line of authority as an
101 insurance producer and must also successfully complete the
102 appropriate securities examinations and be registered under
103 applicable federal and state securities laws.

104 ~~(b)~~ (c) A business entity acting as an insurance
105 producer is required to obtain an insurance producer license.
106 Application shall be made using the Uniform Business Entity
107 Application. Before approving the application, the
108 commissioner shall find that the business entity has satisfied
109 all of the following:

110 (1) A licensed individual producer has been designated
111 responsible for the business entity's compliance with the
112 insurance laws, rules, and regulations of this state.



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113 (2) The business entity has paid the fees set forth in
114 Section 27-4-2.

115 ~~(e)~~ (d) The commissioner may require any documents
116 reasonably necessary to verify the information contained in an
117 application.

118 ~~(d)~~ (e) Each insurer that sells, solicits, or negotiates
119 any form of limited line credit insurance shall provide a
120 program of instruction to each individual whose duties will
121 include selling, soliciting, or negotiating limited line
122 credit insurance ~~a program of instruction~~.

123 (f) (1) No new license as a service representative shall
124 be issued by the commissioner after the effective date of the
125 act adding this language.

126 (2) Any person holding a valid service representative
127 license on the effective date of the act adding this language
128 may continue to renew the license after that date if the
129 person otherwise meets the requirements of this section.

130 (3) If any service representative license expires and
131 is not renewed for a period of 12 consecutive months, the
132 license shall not be renewed by the commissioner or otherwise
133 reactivated."

134 "§27-7-14.1

135 (a) Unless denied licensure pursuant to Section
136 27-7-19, persons who have met the requirements of Sections
137 27-7-4.3 and 27-7-5 shall be issued an insurance producer
138 license. An insurance producer may receive qualification for a
139 license in one or more of the following lines of authority:

140 (1) LIFE. Insurance coverage on human lives including



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141 benefits of endowment and annuities, and may include benefits
142 in the event of death or dismemberment by accident and
143 benefits for disability income.

144 (2) ACCIDENT AND HEALTH OR SICKNESS, commonly known as
145 disability. Insurance coverage for sickness, bodily injury, or
146 accidental death and may include benefits for disability
147 income.

148 (3) PROPERTY. Insurance coverage for the direct or
149 consequential loss or damage to property of every kind.

150 (4) CASUALTY. Insurance coverage against legal
151 liability, including that for death, injury, or disability or
152 damage to real or personal property, and surety.

153 (5) VARIABLE LIFE and VARIABLE ANNUITY PRODUCTS.
154 Insurance coverage provided under variable life insurance
155 contracts and variable annuities.

156 (6) PERSONAL LINES. Property and casualty insurance
157 coverage sold to individuals and families for primarily
158 noncommercial purposes.

159 (7) CREDIT. Limited line credit insurance.

160 (8) BAIL BOND. Surety coverage for bail, as defined in
161 Chapter 13 of Title 15.

162 (9) RENTAL VEHICLE. As described in Section 27-7-5.1.

163 (10) CROP. Insurance providing protection against
164 damage to crops from unfavorable weather conditions, fire, or
165 lightning, flood, hail, insect infestation, disease or other
166 yield-reducing conditions or peril provided by the private
167 insurance market, or that is subsidized by the Federal Crop
168 Insurance Corporation, including Multi-Peril Crop Insurance.



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169 (11) PORTABLE ELECTRONICS. As defined in Section
170 27-22A-1.

171 (12) TRAVEL. As described in Section 27-7-5.2.

172 (13) Any other line of insurance permitted under state
173 laws or regulations.

174 ~~(b) Unless denied licensure pursuant to Section~~
175 ~~27-7-19, persons who have met the requirements of Section~~
176 ~~27-7-5 shall be issued a service representative license. A~~
177 ~~service representative shall receive qualification for a~~
178 ~~license in the following lines of authority:~~

179 ~~(1) PROPERTY. Insurance coverage for the direct or~~
180 ~~consequential loss or damage to property of every kind.~~

181 ~~(2) CASUALTY. Insurance coverage against legal~~
182 ~~liability, including that for death, injury, or disability or~~
183 ~~damage to real or personal property, and surety.~~

184 ~~(e)~~ (b) An insurance producer or service representative
185 license shall remain in effect unless revoked or suspended as
186 long as the license renewal fee set forth in Section 27-8A-9
187 is paid and education requirements for resident individual
188 producers and service representatives set forth in Chapter 8A
189 of this title are met by the due date.

190 ~~(d)~~ (c) An individual insurance producer who allows his
191 or her license to lapse ~~may~~, within 12 months from the due
192 date of the renewal fee, may reinstate the same license
193 without the necessity of ~~completing the prelicensing course or~~
194 passing a written examination; a service representative who
195 allows his or her license to lapse ~~may~~, within 12 months from
196 the due date of the renewal fee, may reinstate the same



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197 ~~license without the necessity of completing the prelicensing~~
198 ~~course; however, a penalty in the amount of double the unpaid~~
199 ~~renewal fee shall be required for any renewal fee received~~
200 ~~after the due date.~~

201 ~~(e)~~ (d) A licensed insurance producer or service
202 representative who is unable to comply with license renewal
203 procedures due to military service or some other extenuating
204 circumstance, e.g., a long-term medical disability, may
205 request a waiver of those procedures. The producer or service
206 representative may also request a waiver of any examination
207 requirement or any other fine or sanction imposed for failure
208 to comply with renewal procedures."

209 "§27-9A-6

210 (a) An individual applying for a resident independent
211 adjuster license shall apply to the commissioner on the
212 appropriate NAIC Uniform Individual Application and declare
213 under penalty of suspension, revocation, or refusal of the
214 license that the statements made in the application are true,
215 correct, and complete to the best of the individual's
216 knowledge and belief. Before approving the application, the
217 commissioner shall find that the individual meets all of the
218 following:

219 (1) Is at least 18 years of age.

220 (2) Is eligible to designate this state as his or her
221 home state.

222 (3) Has not committed any act that is a ground for
223 probation, suspension, revocation, or refusal of an
224 independent adjuster's license as set forth in Section

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225 27-9A-12.

226 ~~(4) Has completed a prelicensing course of study for~~
227 ~~the line of authority for which the person has applied.~~

228 ~~(5)~~ (4) Has successfully passed the examination for the
229 line of authority for which the ~~person~~ individual has applied.

230 ~~(6)~~ (5) Has paid the fees set forth in Section 27-4-2.

231 (b) The commissioner may contract with non-governmental
232 entities, including the NAIC, to perform any ministerial
233 functions, including the collection of fees and data, related
234 to licensing that the commissioner may deem appropriate. The
235 commissioner may require that license applications, license
236 renewal applications, and supporting documentation be filed
237 and all required fees and charges be paid electronically
238 through systems operated or maintained by the non-governmental
239 entities.

240 (c) No resident of another state or of the District of
241 Columbia or of Canada may be licensed pursuant to this section
242 or may designate Alabama as his or her home state unless the
243 ~~person~~ individual has successfully passed the independent
244 adjuster examination and has otherwise complied with the other
245 applicable portions of this section.

246 (d) A business entity applying for a resident
247 independent adjuster license shall apply to the commissioner
248 on the appropriate NAIC Uniform Business Entity Application
249 and declare under penalty of suspension, revocation, or
250 refusal of the license that the statements made in the
251 application are true, correct, and complete to the best of the
252 business entity's knowledge and belief. Before approving the



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253 application, the commissioner shall find that the business
254 entity meets all of the following:

255 (1) Is eligible to designate this state as its home
256 state.

257 (2) As applicable, has qualified or registered with the
258 office of the Secretary of State to engage in business in this
259 state.

260 (3) Has designated an individual independent adjuster
261 licensed in this state as responsible for the business
262 entity's compliance with this chapter and with the insurance
263 laws and rules of this state.

264 (4) Has not committed an act that is a ground for
265 probation, suspension, revocation, or refusal of an
266 independent adjuster's license as set forth in Section
267 27-9A-12.

268 (5) Has paid the fees set forth in Section 27-4-2.

269 (e) The commissioner may require any documents
270 reasonably necessary to verify the information contained in
271 the application."

272 "§27-9A-8

273 ~~(a) (1) Every individual subject to the examination~~
274 ~~required in subsection (b) shall first complete a prelicensing~~
275 ~~course consisting of 20 classroom hours per line of authority,~~
276 ~~or equivalent individual instruction.~~

277 ~~(2) The prelicensing course shall have been completed~~
278 ~~within 12 months before the date of the related examination as~~
279 ~~shown on the certificate furnished by the prelicensing course~~
280 ~~provider.~~



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281 ~~(3) Every prelicensing course provider shall apply~~
282 ~~annually for the continued authority to issue certificates of~~
283 ~~completion under rules to be prescribed by the commissioner.~~

284 ~~(4) At the time of initial approval and annually~~
285 ~~thereafter, the commissioner shall collect from each~~
286 ~~prelicensing course provider a fee set by the commissioner not~~
287 ~~to exceed one hundred dollars (\$100). The fee shall be~~
288 ~~deposited in the State Treasury to the credit of the Insurance~~
289 ~~Department Fund. Public institutions shall be exempt from~~
290 ~~paying the fee, but shall otherwise be subject to the rules~~
291 ~~applicable to other providers.~~

292 ~~(b)(1)(a)~~ (a) An individual intending to apply for an
293 independent adjuster license shall pass a written examination
294 unless exempt pursuant to Section 27-9A-9.

295 ~~(2)(b)~~ (b) The examination shall test the knowledge of the
296 individual concerning the lines of authority for which
297 application is made, the duties and responsibilities of an
298 independent adjuster, and the insurance laws and
299 ~~regulations~~ rules of this state. Examinations required by this
300 section shall be developed and conducted under rules
301 prescribed by the commissioner.

302 ~~(3)(c)~~ (c) Each individual applying for an examination
303 shall ~~furnish a certificate of completion of the prelicensing~~
304 ~~course from an authorized prelicensing course provider and pay~~
305 a ~~non-refundable~~ nonrefundable fee prescribed by the
306 commissioner as set forth in Section 27-4-2.

307 ~~(4)(d)~~ (d) The commissioner may make arrangements,
308 including contracting with an outside testing service, for



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309 administering examinations and collecting the nonrefundable
310 fee set forth in Section 27-4-2.

311 ~~(5)~~ (e) An individual who fails to appear for the
312 examination as scheduled or fails to pass the examination
313 shall reapply for an examination and remit all required fees
314 and forms before being rescheduled for another examination.

315 ~~(6)~~ (f) No individual who has taken and failed to pass
316 two examinations given pursuant to this section for a
317 particular line of insurance shall be entitled to take any
318 further examination for that line of insurance until after the
319 expiration of three months from the date of the last
320 examination which the individual failed to pass. If the
321 individual fails to pass the examination after two more
322 attempts, the individual shall not be eligible to take any
323 further examination for that line of insurance until after the
324 expiration of six months from the date of the last
325 unsuccessful examination. An examination fee shall be paid for
326 each ~~and every~~ examination."

327 "§27-9A-9

328 (a) An individual applicant for an independent adjuster
329 license in this state shall not be required to complete ~~any~~
330 ~~prelicensing course or an~~ examination if the person is
331 currently licensed in another state for the same line or lines
332 of authority based on an independent adjuster examination or
333 if such state license has expired and the application is
334 received by this state within 90 days of expiration. The
335 applicant shall either provide certification from the other
336 state that the applicant's license is currently in good



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337 standing or was in good standing at the time of expiration or
338 the state's producer database records maintained by the NAIC
339 must indicate that the applicant is or was licensed in good
340 standing. The certification must be of a license with the same
341 line of authority for which the individual has applied.

342 (b) ~~A person~~An individual licensed as an independent
343 adjuster in another state based on an independent adjuster
344 examination who, within 90 days of establishing legal
345 residency in this state, applies to become a resident
346 independent adjuster licensee pursuant to Section 27-9A-6
347 shall not be required to complete ~~a prelicensing course or an~~
348 examination.

349 (c) An individual who applies for an independent
350 adjuster license in this state who was previously licensed as
351 an independent adjuster in this state shall not be required to
352 complete ~~a prelicensing course or an~~an examination, but this
353 exemption is only available if the application is received
354 within 12 months of the cancellation of the applicant's
355 previous license in this state and if, at the time of
356 cancellation, the applicant was in good standing in this
357 state.

358 (d) An individual applicant for an independent adjuster
359 license in this state shall not be required to complete ~~a~~
360 ~~prelicensing course or an~~an examination if the applicant was
361 previously employed for a minimum of 20 years as an adjuster
362 in this state by an insurance company licensed in this state
363 and the applicant submits his or her application within 12
364 months of leaving the employment of the company. The insurance



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365 company, upon request, shall certify to the department the
366 time period that the applicant was employed by the insurance
367 company.

368 ~~(c) An individual applicant for an independent adjuster~~
369 ~~license in this state shall not be required to complete any~~
370 ~~prelicensing course or examination if the applicant holds a~~
371 ~~certification from a person or entity approved by the~~
372 ~~commissioner that provides adjuster education and training and~~
373 ~~that requires, as a prerequisite to certification, an~~
374 ~~examination substantially equivalent to that of this state.~~
375 ~~The applicant shall provide evidence of current~~
376 ~~certification."~~

377 "§27-9A-11

378 (a) The apprentice independent adjuster license is a
379 temporary license for an individual residing in this state who
380 is qualified for an independent adjuster license except ~~as to~~
381 ~~having taken and passed for taking and passing the~~
382 ~~prelicensing course and examination~~ for independent adjuster.

383 (b) An individual applying for an apprentice
384 independent adjuster license shall apply to the commissioner
385 on the appropriate NAIC Uniform Individual Application and
386 declare under penalty of suspension, revocation, or refusal of
387 the license that the statements made in the application are
388 true, correct, and complete to the best of the individual's
389 knowledge and belief. Before approving the application, the
390 commissioner shall find that the individual meets all of the
391 following:

392 (1) Is at least 18 years of age.



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393 (2) Is a resident of this state.

394 (3) Has a business or mailing address in this state.

395 (4) Has not committed any act that is a ground for
396 probation, suspension, revocation, or denial of licensure as
397 set forth in Section 27-9A-12.

398 (5) Has paid the fees for an individual independent
399 adjuster license as set forth in Section 27-4-2.

400 (c) The apprentice independent adjuster license shall
401 be subject to all of the following terms and conditions:

402 (1) Accompanying the apprentice adjuster application
403 shall be an attestation from an independent adjuster licensed
404 in this state with the same lines of authority for which the
405 apprentice has applied certifying that the apprentice will be
406 subject to training, direction, and control by the licensed
407 independent adjuster and further certifying that the licensed
408 independent adjuster assumes responsibility for the actions of
409 the apprentice in the apprentice's capacity as an independent
410 adjuster. A licensed independent adjuster shall not supervise
411 more than five active apprentice adjuster licensees at any
412 given time.

413 (2) The apprentice independent adjuster is only
414 authorized to adjust claims in this state.

415 (3) The apprentice licensee is restricted to
416 participation in the adjusting of claims subject to the review
417 and final determination of the claim by the supervising
418 licensed independent adjuster.

419 (4) Compensation of an apprentice independent adjuster
420 shall be on a salaried or hourly basis only.



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421 (5) At any time during the period of the license the
422 apprentice independent adjuster may ~~complete the prelicensing~~
423 ~~course and~~ take the examination required by Section 27-9A-8.
424 If the apprentice independent adjuster successfully completes
425 the independent adjuster examination, the apprentice
426 independent adjuster license shall automatically terminate and
427 an independent adjuster license shall be issued in place
428 thereof.

429 (6) The apprentice independent adjuster license is
430 valid for a period not to exceed 12 months and is
431 nonrenewable. An individual may only hold an apprentice
432 independent adjuster license once in his or her lifetime.

433 (7) An apprentice independent adjuster shall be subject
434 to Sections 27-9A-12, 27-9A-14, 27-9A-15, and Chapter 12 ~~of~~
435 ~~this title~~ to the same extent as if licensed as an independent
436 adjuster in this state."

437 "§27-25-4.1

438 (a) The commissioner may contract with non-governmental
439 entities, including NAIC, to perform any ministerial
440 functions, including the collection of fees and data, related
441 to licensing that the commissioner may deem appropriate. The
442 commissioner may require that license applications, license
443 renewal applications, notices of appointments and appointment
444 terminations, and supporting documentation be filed and all
445 required fees and charges be paid electronically through
446 systems operated or maintained by the non-governmental
447 entities.

448 (b) An individual applying for a title insurance agent



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449 license shall apply to the commissioner on the appropriate
450 NAIC Uniform Individual Application and declare under penalty
451 of suspension, revocation, or refusal of the license that the
452 statements made in the application are true, correct, and
453 complete to the best of the individual's knowledge and belief.
454 Before approving the application, the commissioner shall find
455 that the individual meets all of the following:

456 (1) Is at least 19 years of age.

457 (2) Is a bona fide resident and citizen of this state
458 or is a full-time employee of a duly licensed title insurance
459 agent whose principal place of business is physically located
460 in this state.

461 (3) Has not committed any act that is a ground for
462 probation, suspension, revocation, or refusal of license as
463 set forth in Section 27-25-4.5.

464 ~~(4) Has completed the prelicensing course of study for~~
465 ~~title insurance as required in Section 27-25-4.3.~~

466 ~~(5)~~ (4) Has successfully passed the examination for
467 title insurance as required in Section 27-25-4.3.

468 ~~(6)~~ (5) Has paid the fees set forth in Section
469 27-25-4.7.

470 (c) A business entity applying for a title insurance
471 agent license shall apply to the commissioner on the
472 appropriate NAIC Uniform Business Entity Application and
473 declare under penalty of suspension, revocation, or refusal of
474 the license that the statements made in the application are
475 true, correct, and complete to the best of the business
476 entity's knowledge and belief. Before approving the



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477 application, the commissioner shall find that the business
478 entity meets all of the following:

479 (1) Is a domestic entity properly formed and existing
480 under Title 10A and whose principal place of business is
481 physically located in this state.

482 (2) Has designated an individual title insurance agent
483 licensed in this state as responsible for the business
484 entity's compliance with this chapter and with the insurance
485 laws, rules, and regulations of this state.

486 (3) Has not committed an act that is a ground for
487 probation, suspension, revocation, or refusal of license as
488 set forth in Section 27-25-4.5.

489 (4) Has paid the fees set forth in Section 27-25-4.7.

490 (d) The commissioner may require any documents
491 reasonably necessary to verify the information contained in
492 the application."

493 "§27-25-4.3

494 ~~(a)(1) Every individual subject to the examination~~
495 ~~required in subsection (b) shall first complete a prelicensing~~
496 ~~course consisting of 20 classroom hours or equivalent~~
497 ~~individual instruction on the general principles of title~~
498 ~~insurance, the duties and responsibilities of a title~~
499 ~~insurance agent, and the title insurance laws and regulations~~
500 ~~of this state. The course shall be taught only by those~~
501 ~~educational institutions, title insurers, or title insurance~~
502 ~~trade organizations which hold written authority from the~~
503 ~~commissioner.~~

504 ~~(2) The prelicensing course must have been completed~~



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505 ~~within 12 months before the date of the examination as shown~~
506 ~~on the certificate furnished by the prelicensing course~~
507 ~~provider.~~

508 ~~(3) Every prelicensing course provider shall apply~~
509 ~~annually for the continued authority to issue certificates of~~
510 ~~completion under rules and regulations to be prescribed by the~~
511 ~~commissioner.~~

512 ~~(4) At the time of initial approval and annually~~
513 ~~thereafter, the commissioner shall collect from each~~
514 ~~prelicensing course provider the fee set forth in Section~~
515 ~~27-25-4.7. Public institutions shall be exempt from paying the~~
516 ~~fee but shall otherwise be subject to the rules and~~
517 ~~regulations applicable to other providers.~~

518 ~~(b)(1)~~ (a)(1) An individual intending to apply for a
519 title insurance agent license shall first pass a written
520 examination unless exempt pursuant to subsection ~~(e)~~ (b).

521 (2) The examination shall test the knowledge of the
522 individual concerning title insurance, the duties and
523 responsibilities of a title insurance agent, and the insurance
524 laws of this state. Examinations required by this section
525 shall be developed and conducted under rules prescribed by the
526 commissioner.

527 (3) Each individual applying for an examination shall
528 ~~furnish a certificate of completion of the prelicensing course~~
529 ~~from an authorized prelicensing course provider and pay a~~
530 nonrefundable examination fee pursuant to Section 27-25-4.7.

531 (4) The commissioner may make arrangements, including
532 contracting with an outside testing service, for administering



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533 examinations and collecting the nonrefundable fee prescribed
534 by the commissioner, in which case the fees approved by the
535 commissioner for the examinations may be paid directly to the
536 outside testing service, and the fee shall be in lieu of, but
537 not in excess of, the fees for the examination set forth in
538 Section 27-25-4.7.

539 (5) An individual who fails to appear for the
540 examination as scheduled or fails to pass the examination
541 shall reapply for an examination and remit all required fees
542 and forms before being rescheduled for another examination.

543 (6) No individual who has taken and failed to pass two
544 examinations given pursuant to this section shall be entitled
545 to take any further title insurance agent examinations until
546 after the expiration of three months from the date of the last
547 examination which the individual failed to pass. If the
548 individual thereafter fails to pass the examination after two
549 more attempts, the individual shall not be eligible to take
550 any further title insurance agent examinations until after the
551 expiration of six months from the date of the last
552 unsuccessful examination. An examination fee shall be paid for
553 each ~~and every~~ examination.

554 ~~(c)~~(b) An individual shall be exempt from the
555 examination requirement of subsection ~~(b)~~(a) only as follows:

556 (1) If, within 90 days after January 1, 2013, the
557 applicant can establish to the satisfaction of the
558 commissioner that for a period of at least five years
559 preceding January 1, 2013, the applicant has been an
560 authorized signatory to commitments, title insurance policies,



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561 and endorsements to title insurance policies issued by the
562 title insurance agent on behalf of a title insurer properly
563 authorized to conduct the business of title insurance in this
564 state.

565 (2) If the individual was previously licensed as a
566 title insurance agent in this state after having passed the
567 examination required by subsection ~~(b)~~ (a) or being exempt from
568 the examination under subdivision (1), this exemption is
569 available only if the application is received within 12 months
570 of the cancellation of the applicant's previous license in
571 this state and if, at the time of cancellation, the applicant
572 was in good standing in this state."

573 Section 2. This act shall become effective on January
574 1, 2024, following its passage and approval by the Governor,
575 or its otherwise becoming law.


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Speaker of the House of Representatives



President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 04-Apr-23.

John Treadwell
Clerk

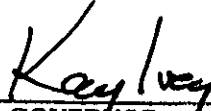
Senate 27-Apr-23 Passed

APPROVED

5-3-2023

TIME

3:30 pm



GOVERNOR

Alabama Secretary Of State

Act Num.....: 2023-104
Bill Num....: H-60

Recv'd 05/04/23 08:56amSLF

SPONSOR

ELLIS

DIST. NO. 41

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HOUSE ACTION

DATE: 37 2023
 RD 1 RFD INSURANCE

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on INSURANCE was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be ~~Passed~~ w/amend(s) w/sub this 22 day of March, 2023. *John Treadwell*, Chair

DATE: 3.22 2023
 RF RD 2 CAL

DATE: 20
 RE-REFERRED RE-COMMITTED
 Committee

DATE: 20
 RE-REFERRED RE-COMMITTED
 Committee

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 60. YEARS 99 NAYS 0

JOHN TREADWELL,
 Clerk

SENATE ACTION

DATE: 4-4 2023
 RD 1 RFD B+I

This Bill was referred to the Standing Committee of the Senate on B+I and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) w/sub w/eng sub by a vote of 14 nays 0 abstain this 19th day of April, 2023. *Patrick Harris*, Chair

DATE: 4-19 2023
 RF RD2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 60. YEARS 30 NAYS 0

PATRICK HARRIS,
 Secretary

DATE: 4-27-23 RD 3 at length
 PASSED PASSED AS AMENDED

YEAS 30 NAYS 0
 And was ordered returned forthwith to the House
 PATRICK HARRIS,
 Secretary

DATE: 20
 INDEFINITELY POSTPONED YEARS NAYS
 DATE: 20
 RECONSIDERED YEARS NAYS



1 G8ZR62-2
2 By Representative Faulkner
3 RFD: Insurance
4 First Read: 21-Mar-23
5
6 2023 Regular Session

ACT #2023 - 202





HB161 Enrolled

1 Enrolled, An Act,

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A BILL

TO BE ENACTED

AN ACT

Relating to the Insurance Department; to amend Section 27-2-29 of the Code of Alabama 1975, to authorize the department to post notice of hearings for the consideration of matters which would otherwise require separate notices to more than 50 persons on a website maintained by the department; and to require the department to post notices of hearings held for consideration of rules of the commissioner on a website maintained by the department and to publish the notices in the Alabama Administrative Monthly.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 27-2-29, Code of Alabama 1975, is amended to read as follows:

"§27-2-29

(a) (1) Except where a longer period of notice is provided by other provisions of this title relative to particular matters, not less than 10 days in advance the commissioner shall give notice of the time and place of the hearing, stating the matters to be considered ~~thereat~~. If the persons to be given notice are not specified in the provision pursuant to which the hearing is held, the commissioner shall give ~~such~~ the notice to all persons whose pecuniary interests



29 are to be directly and immediately affected by ~~such~~ the
 30 hearing.

31 ~~(b) (2) If any such~~ a hearing is to be held for
 32 ~~consideration of rules and regulations of the commissioner or~~
 33 ~~for the consideration of other~~ matters which under this
 34 subsection ~~(a) of this section~~ would otherwise require
 35 separate notices to more than 50 persons, in lieu of the
 36 notice required under ~~such~~ this subsection, the commissioner
 37 may ~~give post~~ a notice of the hearing ~~by publication thereof~~
 38 ~~in two or more newspapers of general circulation in this state~~
 39 ~~at least once each week during the four weeks immediately~~
 40 ~~preceding the week in which the hearing is to be held. The~~
 41 ~~published notice shall state the time and place of the hearing~~
 42 ~~and shall specify the matters to be considered thereat~~ for at
 43 least 30 days prior to the date of the hearing on a website
 44 maintained by the department.

45 (b) If a hearing is to be held for consideration of
 46 rules of the commissioner, notice shall be posted for at least
 47 35 days prior to the date of the hearing on a website
 48 maintained by the department and by publication in the Alabama
 49 Administrative Monthly.

50 (c) (1) The notices provided for by this section shall
 51 state the time and place of the hearing and shall specify the
 52 matters to be considered at the hearing.

53 (2) All ~~such~~ of the notices, other than published
 54 notices, shall be given as provided in Section 27-2-18.

55 (d) This section does not apply as to hearings provided
 56 for in Chapter 13 of this title."



HB161 Enrolled

57 Section 2. This act shall become effective immediately
58 following its passage and approval by the Governor, or its
59 otherwise becoming law.



HB161 Enrolled

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 11-Apr-23.

John Treadwell
Clerk

Senate	<u>27-Apr-23</u>	Passed
House	<u>09-May-23</u>	Concurred in Senate amendment

APPROVED 5-16-2023
TIME 3:20 pm

GOVERNOR

Alabama Secretary Of State
Act Num....: 2023-202
Bill Num...: H-161
Recv'd 05/16/23 03:51pmKCW

Profile Date

SPONSOR 111 DIST. NO. 46
CO-SPONSORS

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HOUSE ACTION
DATE: 3-21 2023
RD 1, RFD ANDERSON

REPORT OF STANDING COMMITTEE
This bill having been referred by the House to its standing committee on INSURANCE was acted upon by such committee in session, and returned therefrom, to the House with the recommendation that it be Passed, w/amend(s) was w/sub this 5 day of April 2023.
[Signature] Chair

DATE: 4-5 2023
RF RD 2, CAL

DATE: 20
RE-REFERRED RE-COMMITTED Committee

DATE: 20
RE-REFERRED RE-COMMITTED Committee

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill.
HB 101
YEAS 103 NAYS 0
JOHN TREADWELL,
Clerk

FURTHER HOUSE ACTION (OVER)

SENATE ACTION
DATE: 4-12 2023
RD 1, RFD B-E

This Bill was referred to the Standing Committee of the Senate on B-E and was acted upon by such Committee in session and its by order of the Committee returned therefrom with a favorable report w/amend(s) was w/sub by a vote of 14 yeas 14 nays 0 abstain this 4th day of April 2023.
[Signature] Chair

DATE: 4-19 2023
RF RD 2, CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill.
HB 161
YEAS 30 NAYS 0
PATRICK HARRIS,
Secretary

DATE: 4-27-23 RD 3 at length
PASSED PASSED AS AMENDED

YEAS 30 NAYS 0
And was ordered returned forthwith to the House.
PATRICK HARRIS,
Secretary

DATE: 20
INDEFINITELY POSTPONED YEAS NAYS
DATE: 20
RECONSIDERED YEAS NAYS

FURTHER SENATE ACTION (OVER)

Appendix III: Professional Services by Vendor

Special Examination Revolving Fund 0341

	FY 2019	FY 2020	FY 2021	FY 2022
Accounting/Actuarial Services				
<i>Accounting & Auditing</i>				
BBVA USA	\$11.84	\$	\$	\$
Eide Bailly LLP	2,497.50	2,319.70		
INS Regulatory Insurance		65,156.25	123,882.50	25,298.75
Merlinos & Associates, Inc			405.00	
Noble Consulting Services Inc	1,560.00	33,160.00	75,400.00	463,376.47
<i>Actuarial - Professional</i>				
Actuarial and Analytics Consortium LLC		4,920.00		
Harland A. Dyer	142,111.75	120,831.75		3,720.00
INS Consultants, Inc	27,142.50		107,487.50	41,595.00
Lepton Actuarial & Consulting LLC			60,500.00	6,000.00
Lewis & Ellis Inc		13,655.00	17,062.50	4,237.50
Merlinos & Associates, Inc	62,853.75	19,066.25	11,970.00	72,806.25
Milliman, Inc		14,233.75	15,766.00	
Taylor-Walker Consulting, LLC	58,392.00	19,735.00	20,131.00	22,782.00
Total Accounting/Actuarial Services	294,569.34	293,077.70	432,604.50	639,815.97
Administrative Services				
<i>Sanitation Services</i>				
Access Information Holdings, LLC			4,931.64	
Gilmore Moving & Storage, Inc	161.19	119.55	193.53	257.51
Waste Recycling Inc		78.75	105.00	168.00
<i>Mailing Services</i>				
Department of Finance	31.20	14.95	9.75	10.05
<i>Personnel Department Services</i>				
State Personnel Department	13,711.84	14,022.00	14,496.24	16,031.00
Total Administrative Services	13,904.23	14,235.25	19,736.16	16,466.56
Education Services				
Alabama Society of Certified Public Manager	80.00			
Fred Pryor Seminars	1,045.00			
H. Council Trenholm State Community College	317.00			
Insurance Information Institute	500.00			
Association of Government Accountants - Montgomery Chapter	398.00			
National Association of Insurance Commissioners	250.00			
Skillpath Seminars/NST Seminar	199.00			
Society of Financial Examiners	4,375.00			
Total Education Services	7,164.00			

Special Examination Revolving Fund 0341 (Cont.)

	FY 2019	FY 2020	FY 2021	FY 2022
Data Processing Services				
<i>Data Processing Personnel - Professional</i>				
Access Information Holdings, LLC	1,125.29			
Office of Information Technology	9,436.82	58,832.86	40,690.60	13,948.65
<i>Security and Monitoring</i>				
Access Information Holdings, LLC	497.68	3,130.60	279.59	
Department of Finance			32.86	3.02
Office of Information Technology	36.00	5,128.20	6.00	
<i>State Business Systems</i>				
Department of Finance	8,682.40	12,600.25	18,549.51	2,863.95
<i>Finance & IT Planning & Oversight</i>				
Office of Information Technology	2,487.18	2,377.89	2,694.06	441.88
Total Data Processing Services	22,265.37	82,069.80	62,252.62	17,257.50
Legal Services				
Capell & Howard PC		22,313.16		
Total Professional Services	\$337,902.94	\$411,695.91	\$514,593.28	\$673,540.03

State Fire Marshal's Fund 0342

	FY 2019	FY 2020	FY 2021	FY 2022
Administrative Services				
<i>Sanitation Services</i>				
Gilmore Moving & Storage, Inc	\$ 53.73	\$ 39.85	\$ 64.51	\$ 5.33
Total Professional Services	\$ 53.73	\$ 39.85	\$ 64.51	\$ 5.33

Department of Insurance Fund 0921

	FY 2019	FY 2020	FY 2021	FY 2022
Accounting & Auditing Services				
BBVA USA	\$ 1,369.00	\$ 14.80	\$	\$
Administrative Services				
<i>Advertising Professional</i>				
Alabama Media Group	4,884.81	3,993.78	6,928.57	4,255.91
Legislative Services Agency	950.00	590.00	5,830.00	920.00

Insurance Department Fund 0921 (Cont.)

	FY 2019	FY 2020	FY 2021	FY 2022
<i>Scientific & Technical Professional</i>				
Armstrong Forensic Laboratory, Inc				1,250.00
Wells Forensic Laboratory, Inc	8,745.00	7,920.00	5,280.00	770.00
<i>Medical Services Professional</i>				
Relationship Builders, Inc				250.00
<i>Housekeeping/Custodial/Building and Grounds</i>				
RSA Building Expense Fund				12,325.44
Bowen-Wilson Inc			22,886.00	
<i>Personnel Department Services</i>				
State Personnel Department	41,135.16	42,066.00	43,488.76	48,093.00
<i>Sanitation Services</i>				
Gilmore Moving & Storage, Inc	1,529.06	318.78	516.03	849.30
Waste Recycling Inc		236.25	315.00	252.00
<i>Information and Research Service-Professional</i>				
Crescerance, Inc.			5,000.00	
ALRRS, LLC	5,397.00	5,397.00		
<i>Mailing Services</i>				
Department of Finance	531.95	362.30	364.85	441.75
<i>Laundry Services</i>				
James M. Drinkard	54.50	78.78	42.90	
<i>Veterinarian Services-Professional</i>				
VCA Animal Hospitals, Inc			4,148.59	2,884.51
<i>Moving Services</i>				
Eric Anderson			480.00	
<i>Program Consultants Professional</i>				
Dini Spheris, Inc	7,000.00			
Holborn Corporation	120,000.00	50,000.00		
<i>Other</i>				
Baldwin County Commission	275.00			
Colbert County Commission	284.56			155.54
Etowah County Commission				1,050.00
Total Administrative Services	190,787.04	110,962.89	95,280.70	73,497.45

Education Services

Alabama Canine Law Enforcement Officers Training Center Inc		5,500.00		
Alabama Department of Insurance	250.00	(250.00)		
Alabama Fire College	3,130.00	530.00		
Alabama Society of Certified Public Manager	275.00			
Box Aviation	1,200.00			
Carterson Public Safety Group, Inc.	1,280.00			
Columbia Southern University	450.00			
Defensive Edge Training & Consulting	450.00			
E Republic Inc	175.00			

Insurance Department Fund 0921 (Cont.)

	FY 2019	FY 2020	FY 2021	FY 2022
Fire Marshal Association of AL	300.00			
Fred Pryor Seminars	5,174.00			
Government Finance Officers Association of Alabama	1,665.00			
H. Councill Trenholm State Community College	1,089.00			
International Association of Arson Investigators, Inc.	500.00	600.00		
International Public Management Association for Human Resources	669.00			
Association of Government Accountants - Montgomery Chapter	2,239.00			
National Association of Insurance Commissioners	750.00			
Public Agency Training Council	2,215.00			
Sharepoint Experts Inc	1,295.00			
Total Education Services	23,106.00	6,380.00		
Data Processing Services				
<i>Data Processing Personnel Professional</i>				
Alabama Department of Insurance	400.00			
Office of Information Technology	28,275.23	110,624.12	100,180.21	149,083.60
University of Alabama		477,017.46	65,692.57	91,425.41
Verisign Inc		400.00		
<i>Security and Monitoring</i>				
Department of Finance			99.14	140.98
Office of Information Technology	108.00	10,443.80	18.00	
<i>Information and Research Service- Professional</i>				
Alabama Interactive	425.00	245.00	260.00	410.00
US Department of Homeland Security	356.50	629.50	1,071.50	1,010.00
<i>State Business Systems</i>				
Department of Finance	28,232.53	37,861.10	55,718.26	83,673.06
<i>Finance & IT Planning & Oversight</i>				
Office of Information Technology	7,461.80	7,133.81	8,082.42	10,885.15
<i>Comptroller Services</i>				
Department of Finance	30,060.71	40,065.86	40,875.25	42,346.25
<i>Inter-departmental Professional Services</i>				
Department of Finance				20,045.88
Total Data Processing Services	95,319.77	684,420.65	271,997.35	399,020.33
Legal Services				
<i>Court Reporter Services - Professional</i>				
Huseby, LLC		2,676.25	3,409.52	1,925.75
Baker Realtme Reporting & Video	2,909.15	808.50		
Boggs Reporting & Video LLC	647.35			
<i>Legal Services</i>				
Capell & Howard PC	2,128.05			

Insurance Department Fund 0921 (Cont.)

	FY 2019	FY 2020	FY 2021	FY 2022
Gellert, Scali, Busenkell, & Brown LLC	1,615.17			
Total Legal Services	7,299.72	4,420.80	3,409.52	1,925.75
Total Professional Services	\$317,881.53	\$806,199.14	\$370,687.57	\$474,443.53

Insurance Fraud Unit Fund 1611

	FY 2019	FY 2020	FY 2021	FY 2022
Administrative				
<i>Sanitation Services</i>				
Gilmore Moving & Storage, Inc.	\$	\$ 39.84	\$ 64.51	\$ 5.33
Total Professional Services	\$	\$ 39.84	\$ 64.51	\$ 5.33

Appendix IV – Fire Marshal’s Arrests/Charges by Year

Arrests/Charges (CY)	2022	2021	2020	2019
Aggravated Stalking	1			
Animal Cruelty			2	
Abuse of Corpse				1
Arson 1 st Degree	12	11	10	6
Arson 2 nd Degree	14	29	18	36
Arson 3 rd Degree	3		1	
Assault 1 st Degree			1	
Assault 2 nd Degree			1	2
Attempted Arson 1 st Degree			1	
Attempted Murder	1	5	2	
Attempting to Elude			1	
Bail Jumping 2 nd Degree		1		
Burglary 2 nd Degree		2		2
Burglary 3 rd Degree	4	2	1	6
Burning without a Permit (Forestry)	1			
Capital Murder				2
Certain Persons Forbidden to Possess Pistol		1		
Criminal Mischief 1 st Degree	2	1	5	3
Criminal Mischief 2 nd Degree			1	1
Criminal Mischief 3 rd Degree				1
Criminal Trespass 3 rd Degree	2			
Domestic Violence 1 st Degree		1		
Driving Under the Influence			3	
Escape 3 rd Degree	1			
Failure to Appear (FTA) Alias Warrant	1			
False Reporting an Incident			1	1
False Reporting to Law Enforcement Authorities				1
Fireworks Permit Violation		1		2
Forgery 2 nd Degree	1			
Fugitive			1	
Insurance Fraud 1 st Degree		3	5	4
Intentional Burning of Woodlands		9		
Intimidating a Witness			1	
Manslaughter				2
Murder			2	4
Obstructing Government Operations			1	
Possession of Drug Paraphernalia	1		1	3
Possession of Short Barrel Shotgun				1
Possession or Receipt of a Controlled Substance	1	2		3
Probation Revoke				1
Public Intoxication	1			1
Receiving Stolen Property 1 st Degree				1

Arrests/Charges (CY)	2022	2021	2020	2019
Rendering False Alarm				1
Resisting Arrest	1			2
Terrorist Threat		1	4	
Terroristic Threat		4		
Theft of Property 1 st Degree			1	1
Theft of Property 2 nd Degree				1
Theft of Property 3 rd Degree				2
Theft of Property 4 th Degree	1			
Unlawful Possession of Drug Paraphernalia			1	
Unlawful Possession of Marijuana 1 st Degree			2	1
Unlawful Possession of Marijuana 2 nd Degree				1
Unlawful Possession or Receipt of a Controlled Substance	1		1	
Willfully Setting Grass Fires	1			
Writ of Arrest			1	
Woodlands Arson	1	2		
Total	51	75	69	93

Appendix V: Commissioner of Insurance



KAY IVEY
GOVERNOR

MARK FOWLER
COMMISSIONER

STATE OF ALABAMA
DEPARTMENT OF INSURANCE
201 MONROE STREET, SUITE 502
POST OFFICE BOX 303351
MONTGOMERY, ALABAMA 36130-3351
TELEPHONE: (334) 269-3550
FACSIMILE: (334) 241-4192
INTERNET: www.aldoi.gov

DEPUTY COMMISSIONERS
JIMMY W. GUNN
LARRY CHAPMAN

CHIEF EXAMINER
SHEILA TRAVIS

STATE FIRE MARSHAL
SCOTT F. PILGREEN

GENERAL COUNSEL
REYN NORMAN

May 17, 2023

Mr. Rodney Wagstaff
Examiner of Public Accounts
Post Office Box 302251
Montgomery, Alabama 36130-2251

RE: Sunset Review of Alabama Department of Insurance
October 1, 2018, through September 30, 2022
Items to be furnish to examiners for review
Item 1

Dear Mr. Wagstaff:

Please accept this letter in as my response to your request, Item 1, in your letter to me dated May 16, 2023.

- I am the current Commissioner of Insurance.
- My full name is Robert Mark Fowler, but I prefer to be known as Mark Fowler.
- My email address is Mark.Fowler@insurance.alabama.gov.
- I was appointed Acting Commissioner on July 1, 2022, and appointed Commissioner on January 16, 2023.

If you need anything further, please let me know.

Very truly yours,

Mark Fowler
Commissioner

MF/RN/kj