

1 SB106
2 135731-2
3 By Senator Blackwell
4 RFD: Banking and Insurance
5 First Read: 07-FEB-12
6 PFD: 01/30/2012

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8 SYNOPSIS: Under existing law, insurance producers are
9 licensed for various lines of authority, including
10 automobile and industrial fire.

11 Under existing law, certain insurance
12 producers must complete a prelicensing course of
13 study before qualifying for an insurance producer
14 license.

15 Under existing law, administrative
16 complaints filed by the Department of Insurance
17 against insurance producers must be served via
18 registered or certified mail.

19 Under existing law, insurance producers are
20 generally subject to a continuing education
21 requirement but there are several exceptions to
22 this requirement.

23 Under existing law, insurance producers are
24 required to certify on the license renewal form
25 whether they have completed the continuing
26 education requirement.

1 Under existing law, insurance licensees are
2 required to notify the commissioner of any change
3 in legal name or address within 30 days.

4 Under existing law, there are no special
5 provisions in the insurance producer licensing laws
6 regarding the sale of insurance coverage of
7 portable electronics.

8 This bill would eliminate the insurance
9 producer lines of authority for automobile and
10 industrial fire and provide a transition for
11 existing producer licenses and would add travel and
12 crop insurance as limited lines insurance.

13 This bill would also provide exceptions to
14 the prelicensing course of study to qualify for an
15 insurance producer license for those applicants
16 with a college insurance degree and for applicants
17 for the variable life and variable annuity line of
18 authority.

19 This bill would also provide an exception to
20 the prelicensing examination requirement for an
21 insurance producer license for those applicants for
22 the variable life and variable annuity line of
23 authority, but would require those applicants to be
24 licensed for the life line of authority and also be
25 registered under the securities law.

26 This bill would also authorize the
27 Commissioner of Insurance to prescribe by

1 regulation alternative methods to serve
2 administrative complaints.

3 This bill would eliminate certain exemptions
4 from the continuing education requirement for
5 insurance producers, but would provide a
6 grandfather provision for those currently exempt.

7 This bill would eliminate the requirement
8 for insurance producers to certify on the license
9 renewal form whether they have complied with the
10 continuing education requirement.

11 This bill would require insurance licensees
12 to notify the commissioner of any change in mailing
13 address or electronic mail address within 30 days.

14 This bill would authorize the commissioner
15 to require new applicants for an insurance producer
16 license to submit fingerprints and perform a
17 criminal history background check.

18 This bill would provide special licensing
19 provisions for insurance coverage of portable
20 electronics.

21
22 A BILL

23 TO BE ENTITLED

24 AN ACT

25
26 Relating to insurance; to amend Sections 27-7-1,
27 27-7-5, 27-7-14.1, 27-7-17, 27-7-37, 27-8A-1, and 27-8A-6,

1 Code of Alabama 1975, and to add Section 27-7-4.4 to the Code
2 of Alabama 1975; to add Chapter 22A to Title 27, beginning
3 with Section 27-22A-1, and to repeal Sections 27-7-20 and
4 27-7-21, Code of Alabama 1975; to eliminate the insurance
5 producer lines of authority for automobile and industrial fire
6 and provide a transition for existing producer licenses; to
7 add travel and crop insurance as limited lines insurance; to
8 provide exceptions to the prelicensing course of study to
9 qualify for an insurance producer license for applicants with
10 a college insurance degree and for applicants for the variable
11 life and variable annuity line of authority; to authorize the
12 Commissioner of Insurance to prescribe by regulation
13 alternative methods to serve administrative complaints; to
14 eliminate certain exemptions from the continuing education
15 requirements of insurance producers while providing a
16 grandfather provision for those currently exempt; to eliminate
17 the requirement that insurance producers certify on the
18 license renewal form whether they have complied with the
19 continuing education requirement; to require insurance
20 licensees to notify the commissioner of any change in mailing
21 address or electronic mail address within 30 days; to
22 authorize the commissioner to require applicants to submit
23 fingerprints and to perform a criminal history record check of
24 all new applicants; to define terms relating to insurance
25 coverage of portable electronics; to require vendors to hold a
26 certain license to offer a policy of portable electronics
27 insurance; to provide certain requirements applicable to

1 vendors of portable electronics insurance; to provide fees for
2 a limited lines insurance producer license for portable
3 electronics insurance; and to provide an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. Sections 27-7-1, 27-7-5, 27-7-14.1,
6 27-7-17, 27-7-37, 27-8A-1, and 27-8A-6, Code of Alabama 1975,
7 are amended to read as follows:

8 "§27-7-1.

9 "For the purposes of this chapter, the following
10 terms shall have the meanings respectively ascribed to them by
11 this section:

12 "(1) BUSINESS ENTITY. A corporation, association,
13 partnership, limited liability company, limited liability
14 partnership, or other legal entity.

15 "(2) COMMISSIONER. The Alabama Commissioner of
16 Insurance.

17 "(3) HOME STATE. The District of Columbia and any
18 state or territory of the United States in which an insurance
19 producer maintains his or her principal place of residence or
20 principal place of business and is licensed to act as an
21 insurance producer.

22 "(4) INSURANCE. As defined in Section 27-1-2.

23 "(5) INSURANCE PRODUCER or PRODUCER. A person
24 required to be licensed under the laws of this state to sell,
25 solicit, or negotiate insurance.

26 "(6) INSURER. As defined in Section 27-1-2. For the
27 purposes of this chapter, insurer shall also mean an insurance

1 company licensed pursuant to Chapter 3, commencing with
2 Section 27-3-1 of this title; a health care service plan
3 licensed pursuant to Article 6, commencing with Section
4 ~~10-4-100 of Chapter 4 of Title 10~~ 10A-20-6.01 of Chapter 20 of
5 Title 10A; a dental service corporation licensed pursuant to
6 Article 12, commencing with Section 22-21-360 of Chapter 21 of
7 Title 22; a health maintenance organization licensed pursuant
8 to Chapter 21A, commencing with Section 27-21A-1 of this
9 title; a mutual aid association licensed pursuant to Chapter
10 30, commencing with Section 27-30-1 of this title; a fraternal
11 benefit society licensed pursuant to Chapter 34, commencing
12 with Section 27-34-1 of this title; an automobile club or
13 association licensed pursuant to Chapter 39, commencing with
14 Section 27-39-1 of this title; and a legal service insurance
15 corporation licensed pursuant to Chapter 43, commencing with
16 Section 27-43-1 of this title.

17 "(7) LICENSE. A document issued by the commissioner
18 authorizing a person to act as an insurance producer for the
19 lines of authority specified in the document. The license
20 itself does not create any authority, actual, apparent, or
21 inherent, in the holder to represent or commit an insurance
22 carrier.

23 "(8) LICENSEE. A producer or service representative
24 licensed in accordance with this chapter; a reinsurance
25 intermediary licensed in accordance with Chapter 5A; a
26 managing general agent licensed in accordance with Chapter 6A;

1 and a surplus line broker licensed in accordance with Chapter
2 10.

3 "(9) LICENSEE PENALTIES. For a producer or service
4 representative licensed in accordance with this chapter, the
5 penalties set forth in Section 27-7-19; for a reinsurance
6 intermediary licensed in accordance with Chapter 5A, the
7 penalties set forth in Section 27-5A-11; for a managing
8 general agent licensed in accordance with Chapter 6A, the
9 penalties set forth in Section 27-6A-7; and for a surplus line
10 broker licensed in accordance with Chapter 10, the penalties
11 set forth in Section 27-10-32.

12 "~~(8)~~(10) LIFE LINES OF AUTHORITY. Any one or more of
13 the following lines as defined in Section 27-7-14.1: Life;
14 accident and health or sickness, also known as disability; and
15 variable life and variable annuity products.

16 "~~(9)~~(11) LIMITED LINE CREDIT INSURANCE. Credit life,
17 credit disability, credit property, credit unemployment,
18 creditor-placed, also known as forced-placed, nonfiling,
19 involuntary unemployment, mortgage life, mortgage guaranty,
20 mortgage disability, guaranteed automobile protection (GAP),
21 family and medical leave insurance, and any other form of
22 insurance offered in connection with an extension of credit
23 that is limited to partially or wholly extinguishing that
24 credit obligation that the commissioner determines should be
25 designated a form of limited line credit insurance.

26 "~~(10)~~(12) LIMITED LINE CREDIT INSURANCE PRODUCER. A
27 person who sells, solicits, or negotiates one or more forms of

1 limited line credit insurance coverage to individuals through
2 a master, corporate, group, or individual policy.

3 "~~(11)~~(13) LIMITED LINES INSURANCE. Limited line
4 credit insurance, insurance on rental vehicles defined in
5 Section 27-7-5.1, travel and crop insurance as defined in
6 Section 27-7-14.1, portable electronics insurance as defined
7 in Chapter 22A, and any other line of insurance that the
8 commissioner deems necessary to recognize for the purposes of
9 complying with subsection (e) of Section 27-7-28.

10 "~~(12)~~(14) LIMITED LINES PRODUCER. A person
11 authorized by the commissioner to sell, solicit, or negotiate
12 limited lines insurance.

13 "~~(13)~~(15) NAIC. The National Association of
14 Insurance Commissioners.

15 "~~(14)~~(16) NEGOTIATE. The act of conferring directly
16 with or offering advice directly to a purchaser or prospective
17 purchaser of a particular contract of insurance concerning any
18 of the substantive benefits, terms, or conditions of the
19 contract, provided that the person engaged in that act either
20 sells insurance or obtains insurance from insurers for
21 purchasers.

22 "~~(15)~~(17) PERSON. An individual or a business
23 entity.

24 "~~(16)~~(18) PROPERTY LINES OF AUTHORITY. Any one or
25 more of the following lines as defined in Section 27-7-14.1:
26 Property; casualty; and personal lines; ~~and automobile.~~

1 "~~(17)~~(19) SELL. To exchange a contract of insurance
2 by any means, for money or its equivalent, on behalf of an
3 insurance company.

4 "~~(18)~~(20) SERVICE REPRESENTATIVE. A natural person,
5 other than an officer, manager, or managing general agent of
6 the insurer, employed on salary or at an hourly rate by an
7 insurer, managing general agent, or a captive producer to work
8 for, with or through producers in selling, soliciting, or
9 negotiating insurance in the insurer or in the insurers
10 represented by the managing general agent or a captive
11 producer, but only in the property lines of authority.
12 Officers and salaried nonresident traveling representatives of
13 a mutual insurer operating on the premium deposit plan or of a
14 reciprocal insurer not using resident producers for the
15 solicitation of business who inspect risks or solicit
16 insurance in this state and who receive no commissions from
17 the insurer shall be deemed also to be service
18 representatives. A service representative shall otherwise
19 qualify and be licensed as a service representative under this
20 chapter, but shall not be required to take and pass an
21 examination nor be a resident of Alabama if qualified as a
22 service representative in the state of his or her domicile.
23 The service representative must be appointed for each insurer
24 or association of insurers represented and for each class of
25 insurance handled by the insurer or insurers in this state.

1 "~~(19)~~(21) SOLICIT. Attempting to sell insurance or
2 asking or urging a person to apply for a particular kind of
3 insurance from a particular company.

4 "~~(20)~~(22) TERMINATE. The cancellation of the
5 relationship between an insurance producer and the insurer or
6 the termination of a producer's authority to transact
7 insurance.

8 "~~(21)~~(23) UNIFORM BUSINESS ENTITY APPLICATION. The
9 current version of the NAIC Uniform Business Entity
10 Application for resident and nonresident business entities.

11 "~~(22)~~(24) UNIFORM APPLICATION. The current version
12 of the NAIC Uniform Application for resident and nonresident
13 producer licensing.

14 "§27-7-5.

15 "(a) An individual applying for a resident insurance
16 producer license shall make application to the commissioner on
17 the Uniform Application, and an individual applying for a
18 service representative license shall make application to the
19 commissioner on the application prescribed by the
20 commissioner, each declaring under penalty of refusal,
21 suspension, or revocation of the license that the statements
22 made in the application are true, correct, and complete to the
23 best of the individual's knowledge and belief. Before
24 approving the application, the commissioner shall find that
25 the individual has satisfied all of the following:

26 "(1) The individual is at least 18 years of age.

1 "(2) The individual has not committed any act that
2 is a ground for denial, suspension, or revocation set forth in
3 Section 27-7-19.

4 "(3) The individual has completed a prelicensing
5 course of study for the lines of authority for which the
6 person has applied, consisting of 20 classroom hours per line
7 of authority, or equivalent individual instruction, on the
8 general principles of insurance for that line of authority,
9 the course to be taught only by those educational
10 institutions, junior or senior colleges, technical colleges,
11 trade schools, insurance companies, or insurance trade
12 organizations which hold written authority from the
13 commissioner to issue certificates of completion.

14 "a. Each authority holder must apply annually for
15 the continued authority to issue certificates under rules and
16 regulations to be prescribed by the commissioner.

17 "b. Prior to writing the designated examination for
18 license, the applicant must furnish a certificate of
19 completion of the aforesaid prelicensing course from the
20 authorized educational institution, insurance company, or
21 insurance trade organization.

22 "c. All applicants for a license to transact the
23 life lines of authority who are holders of the professional
24 designation chartered life underwriter (CLU); all applicants
25 for a license to transact the property lines of authority who
26 are holders of the professional designations chartered
27 property casualty underwriter (CPCU) or certified insurance

1 counselor (CIC); or other similar professional insurance
2 designations as the commissioner may prescribe by regulation
3 shall be deemed to have completed the prelicensing course as
4 prescribed in this subdivision.

5 "d. All applicants with a college insurance degree
6 are exempt from the requirements of this subdivision for all
7 lines of authority.

8 "d.e. All applicants for a license to transact only
9 the following lines of authority shall be exempt from the
10 requirements of this subdivision:

11 ~~"1. Industrial fire, commonly known as debit fire,~~
12 ~~insurance~~ Variable life and variable annuity products.

13 "2. Limited lines insurance.

14 "e.f. All producers and service representatives who
15 are lawfully licensed as such for a particular line of
16 authority ~~as an agent, broker, solicitor, or service~~
17 ~~representative~~ immediately prior to ~~January 1, 2002,~~ the
18 effective date of this amendatory act are exempt from the
19 requirements of this subdivision for that line of authority
20 unless, after ~~January 1, 2002~~ the effective date of this
21 amendatory act, the license is permitted to expire or is
22 otherwise terminated and remains out of effect for a period of
23 12 consecutive months, in which case the exemption from the
24 prelicensing course shall no longer be applicable.

25 "(4) The individual has successfully passed the
26 examination for the lines of authority for which the

1 individual has applied, except that no examination shall be
2 required of an applicant as follows:

3 "a. All applicants for a license to transact only
4 one or more of the limited lines insurance.

5 "b. All applicants for a license to transact the
6 ~~life lines of authority who are holders of the professional~~
7 ~~designation chartered life underwriter (CLU)~~ variable life and
8 variable annuity products line of authority.

9 ~~"c. All applicants for a license to transact the~~
10 ~~property lines of authority who are holders of the~~
11 ~~professional designation chartered property casualty~~
12 ~~underwriter (CPCU) or certified insurance counselor (CIC).~~

13 ~~"d. The commissioner may prescribe by regulation~~
14 ~~other similar professional insurance designations as~~
15 ~~exemptions from the examination requirement for particular~~
16 ~~lines of authority.~~

17 "~~e.c.~~ All producers lawfully licensed as such for a
18 particular line of authority ~~as an agent, broker, solicitor,~~
19 ~~or service representative~~ immediately prior to ~~January 1,~~
20 ~~2002,~~ the effective date of this amendatory act are exempt
21 from the requirements of this subdivision for that line of
22 authority unless, after ~~January 1, 2002~~ the effective date of
23 this amendatory act, the license is permitted to expire or is
24 otherwise terminated and remains out of effect for a period of
25 12 consecutive months, in which case the exemption from
26 examination shall no longer be applicable.

27 "~~f.d.~~ All service representatives.

1 "(5) The individual has paid the fees set forth in
2 Section 27-4-2.

3 "(6) All producers seeking to be licensed for or
4 holding the variable life and variable annuity product line of
5 authority must also hold the life line of authority as an
6 insurance producer and must also successfully complete the
7 appropriate securities examinations and be registered under
8 the securities law.

9 "(b) A business entity acting as an insurance
10 producer is required to obtain an insurance producer license.
11 Application shall be made using the Uniform Business Entity
12 Application. Before approving the application, the
13 commissioner shall find that the business entity has satisfied
14 all of the following:

15 "(1) A licensed individual producer has been
16 designated responsible for the business entity's compliance
17 with the insurance laws, rules, and regulations of this state.

18 "(2) The business entity has paid the fees set forth
19 in Section 27-4-2.

20 "(c) The commissioner may require any documents
21 reasonably necessary to verify the information contained in an
22 application.

23 "(d) Each insurer that sells, solicits, or
24 negotiates any form of limited line credit insurance shall
25 provide to each individual whose duties will include selling,
26 soliciting, or negotiating limited line credit insurance a
27 program of instruction.

1 "§27-7-14.1.

2 "(a) Unless denied licensure pursuant to Section
3 27-7-19, persons who have met the requirements of Sections
4 27-7-4.3 and 27-7-5 shall be issued an insurance producer
5 license. An insurance producer may receive qualification for a
6 license in one or more of the following lines of authority:

7 "(1) LIFE. Insurance coverage on human lives
8 including benefits of endowment and annuities, and may include
9 benefits in the event of death or dismemberment by accident
10 and benefits for disability income.

11 "(2) ACCIDENT AND HEALTH OR SICKNESS, commonly known
12 as disability. Insurance coverage for sickness, bodily injury,
13 or accidental death and may include benefits for disability
14 income.

15 "(3) PROPERTY. Insurance coverage for the direct or
16 consequential loss or damage to property of every kind.

17 "(4) CASUALTY. Insurance coverage against legal
18 liability, including that for death, injury, or disability or
19 damage to real or personal property, and surety.

20 "(5) VARIABLE LIFE and VARIABLE ANNUITY PRODUCTS.
21 Insurance coverage provided under variable life insurance
22 contracts and variable annuities.

23 "(6) PERSONAL LINES. Property and casualty insurance
24 coverage sold to individuals and families for primarily
25 noncommercial purposes.

26 "(7) CREDIT. Limited line credit insurance.

1 "(8) BAIL BOND. Surety coverage for bail, as defined
2 in Chapter 13 of Title 15.

3 "~~(9) AUTOMOBILE. Property and casualty coverage for~~
4 ~~automobiles.~~

5 "~~(10) INDUSTRIAL FIRE, commonly known as debit fire.~~
6 ~~Fire insurance sold through a debit agency system, in~~
7 ~~accordance with regulations promulgated by the commissioner.~~

8 "~~(11)~~(9) RENTAL VEHICLE. As described in Section
9 27-7-5.1.

10 "(10) CROP. Insurance providing protection against
11 damage to crops from unfavorable weather conditions, fire, or
12 lightning, flood, hail, insect infestation, disease or other
13 yield-reducing conditions or peril provided by the private
14 insurance market, or that is subsidized by the Federal Crop
15 Insurance Corporation, including Multi-Peril Crop Insurance.

16 "(11) PORTABLE ELECTRONICS. As defined in Section
17 27-22A-1.

18 "(12) TRAVEL. Insurance coverage for trip
19 cancellation, trip interruptions, baggage, life, sickness and
20 accident, disability, and personal effects when limited to a
21 specific trip and sold in connection with transportation
22 provided by a common carrier.

23 "~~(12)~~(13) Any other line of insurance permitted
24 under state laws or regulations.

25 "(b) Unless denied licensure pursuant to Section
26 27-7-19, persons who have met the requirements of Section
27 27-7-5 shall be issued a service representative license. A

1 service representative shall receive qualification for a
2 license in the following lines of authority:

3 "(1) PROPERTY. Insurance coverage for the direct or
4 consequential loss or damage to property of every kind.

5 "(2) CASUALTY. Insurance coverage against legal
6 liability, including that for death, injury, or disability or
7 damage to real or personal property, and surety.

8 "(c) An insurance producer or service representative
9 license shall remain in effect unless revoked or suspended as
10 long as the license renewal fee set forth in Section 27-8A-9
11 is paid and education requirements for resident individual
12 producers and service representatives set forth in Chapter 8A
13 of this title are met by the due date.

14 "(d) An individual insurance producer who allows his
15 or her license to lapse may, within 12 months from the due
16 date of the renewal fee, reinstate the same license without
17 the necessity of completing the prelicensing course or passing
18 a written examination; a service representative who allows his
19 or her license to lapse may, within 12 months from the due
20 date of the renewal fee, reinstate the same license without
21 the necessity of completing the prelicensing course; however,
22 a penalty in the amount of double the unpaid renewal fee shall
23 be required for any renewal fee received after the due date.

24 "(e) A licensed insurance producer or service
25 representative who is unable to comply with license renewal
26 procedures due to military service or some other extenuating
27 circumstance, e.g., a long-term medical disability, may

1 request a waiver of those procedures. The producer or service
2 representative may also request a waiver of any examination
3 requirement or any other fine or sanction imposed for failure
4 to comply with renewal procedures.

5 "§27-7-17.

6 "(a) The license of a producer or service
7 representative shall state the name and address of the
8 licensee, the personal identification number, date of
9 issuance, the lines of authority, the expiration date, and any
10 other information the commissioner deems necessary.

11 "(b) Licensees shall inform the commissioner by any
12 means acceptable to the commissioner of a change in legal
13 name, mailing address, or electronic mail address within 30
14 days of the change. Failure to timely inform the commissioner
15 of a change in legal name, mailing address, or electronic mail
16 address shall result in a penalty of fifty dollars (\$50).

17 "(c) In order to assist in the performance of the
18 commissioner's duties, the commissioner may contract with
19 nongovernmental entities, including the NAIC or any affiliates
20 or subsidiaries that the NAIC oversees, to perform any
21 ministerial functions, including the collection of fees,
22 related to producer licensing that the commissioner may deem
23 appropriate.

24 "(d) The commissioner may participate, in whole or
25 in part, with the NAIC or any affiliates or subsidiaries the
26 NAIC oversees in a centralized producer license registry where
27 the producer licenses and appointments may be centrally or

1 simultaneously effected for all states that require a producer
2 license and participate in the centralized producer license
3 registry.

4 "(e) If the commissioner finds that participation in
5 a centralized producer license registry is in the public
6 interest, the commissioner may adopt any uniform standards and
7 procedures as are necessary to participate in the registry, to
8 include the central collection of all fees for licenses or
9 appointments that are processed through the registry.

10 "§27-7-37.

11 "(a) The department shall institute a proceeding
12 against a licensee for the imposition of licensee penalties by
13 filing and serving a complaint as to the licensee, giving
14 notice thereof to the licensee and all insurers the licensee
15 is licensed or appointed to represent.

16 "~~(a)~~ (b) (1) Any person having an interest and feeling
17 aggrieved may file a complaint with the commissioner against
18 any licensed agent, solicitor, broker, managing general agent
19 or service representative for the purpose of revocation or
20 suspension of his license licensee seeking the imposition of
21 licensee penalties against the licensee. The third-party
22 complaint shall be in writing and shall specify in reasonable
23 detail the charge or charges made, the truth of which shall be
24 sworn to by the complainant or some other person who has
25 knowledge of the facts averred.

26 "~~(b)~~ (2) If, upon reviewing ~~the~~ a third-party
27 complaint, the commissioner finds that the charges made

1 therein constitute grounds for the ~~revocation or suspension of~~
2 ~~the license under Section 27-7-19~~ imposition of licensee
3 penalties against the licensee, he the commissioner shall
4 forthwith notify the licensee against whom the complaint has
5 been made and serve ~~him~~ the licensee with a copy of the
6 complaint and giving notice thereof to all insurers the
7 licensee is licensed or appointed to represent. Service of the
8 ~~notice and copy of the complaint made shall be sent by~~
9 ~~registered or certified mail, addressed to the licensee at the~~
10 ~~address shown by the records of the commissioner, return~~
11 ~~receipt requested and marked "deliver addressee only."~~

12 "(c) The commissioner shall by regulation prescribe
13 the methods through which service of a complaint and other
14 documents are made, which methods may include personal
15 service, service by first class mail or certified mail,
16 service by publication, service by electronic means, or such
17 other alternative or dual methods of service as the
18 commissioner may determine to be reasonably calculated to
19 furnish notice under the circumstances.

20 ~~"(c)~~ (d) Within 30 days after service upon the
21 licensee of the copy of the complaint ~~made against him,~~ the
22 licensee shall file with the commissioner ~~his~~ an answer in
23 writing to the charges, either specifically admitting or
24 denying or specifically confessing and avoiding each of the
25 charges made. If the licensee against whom the complaint has
26 been made stands in default for answer, the charges set forth
27 in the complaint shall be taken as admitted and the

1 commissioner may enter an order imposing such licensee
2 penalties as may be warranted without the need for a hearing.

3 ~~"(d)~~ (e) After receipt of the licensee's answer, the
4 commissioner shall fix a time and place for the hearing of the
5 complaint at ~~his~~ the commissioner's office or elsewhere as
6 provided in Section 27-2-30 and shall serve notice thereof
7 upon the licensee and ~~the~~ any third-party complainant ~~by~~
8 ~~registered or certified mail~~ as provided by regulation adopted
9 as directed in subsection ~~(b)~~ (c) of this section ~~with respect~~
10 ~~to service of the complaint upon the licensee;~~ such notice
11 shall be served at least 20 days before the date fixed for the
12 hearing.

13 ~~"(e)~~ (f) At the time fixed by the commissioner for
14 the hearing, the complaint shall be heard before the
15 commissioner or a deputy appointed by ~~him~~ the commissioner,
16 and ~~the~~ any third-party complainant and licensee may each be
17 represented by an attorney-at-law and may give the testimony
18 and offer proof, documentary or ore tenus, as to the truth of
19 the charges and any denial thereof.

20 ~~"(f)~~ (g) The commissioner shall have any power of
21 subpoena, subpoena duces tecum or discovery obtaining in the
22 circuit courts of this state, and any party shall have the
23 right, upon request in writing filed with the commissioner, to
24 cause a writ of subpoena to issue out of the office of the
25 commissioner which shall be signed by ~~him~~ the commissioner or
26 his or her deputy and directed to the sheriff of any county of
27 this state returnable to the office of the commissioner. The

1 cost of issuing and serving subpoenas and witness fees shall
2 be the same as such costs and fees in the circuit court and
3 shall be recoverable by the prevailing party from the other
4 party. The commissioner shall tax such costs, and, upon the
5 same not being paid within a period of 10 days therefrom,
6 payment thereof may be enforced in any court having
7 jurisdiction over the person of the defaulting party.

8 ~~"(g)~~ (h) The testimony may be taken orally or by
9 deposition, and any party shall have the right of introducing
10 proof by deposition as may obtain in the circuit courts of
11 this state.

12 ~~"(h)~~ (i) The commissioner or ~~his~~ a deputy appointed
13 by the commissioner shall preside over the hearing and shall
14 make a written finding of facts upon which his or her
15 decisions shall be based.

16 ~~"(i)~~ (j) The commissioner or the deputy shall, ~~within~~
17 ~~30 days~~ as soon as practicable after the conclusion of the
18 hearing, make a ruling in writing fully disposing of the
19 complaint and a copy of the ruling shall be served upon ~~the~~
20 any third-party complainant, the licensee and all ~~interested~~
21 ~~parties~~ insurers represented by the licensee, ~~by registered or~~
22 ~~certified mail~~ as provided by regulation adopted as directed
23 in subsection (c) of this section, addressed to the licensee
24 at the address shown by the records of the commissioner.

25 ~~"(j)~~ (k) Pursuant to such hearing, if the
26 commissioner or deputy finds that the grounds therefor exist
27 under ~~Section 27-7-19~~, he may ~~suspend or revoke~~ the applicable

1 statute, the commissioner or deputy may impose licensee
2 penalties against the licenses of the licensee complained
3 against.

4 "(1) An order imposing licensee penalties may be
5 appealed within the time stated in, and according to the
6 provisions of, Section 27-2-32.

7 "§27-8A-1.

8 "(a) Any ~~natural person~~ individual licensed in this
9 state as an insurance producer or service representative for
10 the lines of insurance listed in subsection (b), and not
11 exempt under subsection (c), shall satisfactorily complete a
12 minimum of 24 classroom hours biennially of courses, programs
13 of instruction, or seminars as may be approved by the
14 commissioner pursuant to this chapter, three hours of which
15 shall be on the topic of insurance producer ethics ~~or business~~
16 ~~practices~~. No person holding licenses for more than one line
17 or type of insurance shall be required to complete a greater
18 number of classroom hours than is required of a person holding
19 a license for a single line or type of insurance.

20 "(b) This chapter shall apply to all ~~natural persons~~
21 individuals licensed in this state as insurance producers and
22 service representatives for the following kinds of insurance:

23 "(1) The life lines of authority.

24 "(2) The property lines of authority.

25 "(3) All other lines of insurance for which an
26 examination is required for licensing.

27 "(4) Any combination thereof.

1 "(c) The continuing education requirements of this
2 chapter shall not apply to:

3 "(1) Any person exempt from licensing pursuant to
4 subsection (b) of Section 27-3-27.

5 "(2) Any person licensed only for any kind or kinds
6 of insurance for which an examination is not required by law
7 of this state.

8 "(3) Any person licensed only for limited lines
9 insurance, ~~industrial fire, commonly known as debit fire,~~
10 ~~insurance, or any combination thereof.~~

11 "~~(4) All producers and service representatives~~
12 ~~licensed in this state for 15 years and at least 60 years of~~
13 ~~age or older.~~

14 "~~(5) Any person who holds a designation as a~~
15 ~~Chartered Property and Casualty Underwriter, Certified~~
16 ~~Insurance Counselor, Chartered Life Underwriter, Chartered~~
17 ~~Financial Consultant, Certified Financial Planner certificant,~~
18 ~~Registered Health Underwriter, Registered Employee Benefits~~
19 ~~Consultant, Certified Health Consultant, or Associate Risk~~
20 ~~Manager.~~

21 "~~(6)~~ (4) Newly licensed producers and service
22 representatives for 12 months following the effective date of
23 their license.

24 "~~(7) Officers of insurers who are not engaged in the~~
25 ~~active sale of products.~~

1 ~~"(8) Persons who are active members of the Alabama~~
2 ~~Legislature during any portion of the biennial reporting~~
3 ~~period.~~

4 ~~"(d) Up to 24 hours of excess classroom hours~~
5 ~~completed during any two-year period may be carried forward to~~
6 ~~the next biennial reporting period.~~

7 ~~"(e)(d)~~ In lieu of the 24 hours required in
8 subsection (a), any producer or service representative
9 employed by another producer or by an insurer to work only in
10 the office of the employer and who is not licensed as a
11 nonresident in any other state shall satisfactorily complete a
12 minimum of 12 classroom hours biennially, ~~one and one-half two~~
13 hours of which shall be on the topic of insurance producer
14 ethics ~~or business practices.~~

15 ~~"(e) Any individual exempt from the requirements of~~
16 ~~this section immediately prior to the effective date of this~~
17 ~~amendatory act shall continue to be exempt from the~~
18 ~~requirements of this section after the effective date of this~~
19 ~~amendatory act, for so long as the individual remains exempt~~
20 ~~as set forth in this section as it existed immediately prior~~
21 ~~to the effective date of this amendatory act, unless the~~
22 ~~license is permitted to expire or is otherwise terminated and~~
23 ~~remains out of effect for a period of 12 consecutive months,~~
24 ~~in which case the exemption shall no longer be applicable.~~

25 "§27-8A-6.

26 ~~"The department's application for a license renewal~~
27 ~~form shall include a question asking if the producer has met~~

1 ~~the state's continuing education requirements as set forth in~~
2 ~~this chapter, and by signing the application, he or she~~
3 ~~certifies the answer of yes or no as being a correct~~
4 ~~statement. Such certification statement may be answered either~~
5 ~~by the producer, the employer of the producer, or any insurer~~
6 ~~with which the producer is appointed. In answering the~~
7 ~~certification statement, the employer or insurer shall be~~
8 ~~entitled to rely on and act upon the oral or written statement~~
9 ~~of the producer regarding whether the producer has met the~~
10 ~~state's continuing education requirements, what courses,~~
11 ~~programs, or seminars of instruction were taken and the number~~
12 ~~of hours involved. Neither the an employer of a producer or~~
13 ~~service representative nor the any insurer appointing a~~
14 ~~producer or service representative shall be responsible or~~
15 ~~liable in any way for the failure of any producer or service~~
16 ~~representative to meet the requirements of this chapter or to~~
17 ~~maintain the necessary records. No employer or insurer shall~~
18 ~~be required to investigate or inquire whether the producer or~~
19 ~~service representative has met the requirements specified~~
20 ~~herein prior to the ~~agent~~ individual becoming ~~licensed~~~~
21 ~~appointed as a producer or service representative for the~~
22 ~~employer or insurer. The responsibility for complying with the~~
23 ~~requirements of ~~this chapter~~ Sections 27-8A-1 and 27-8A-2~~
24 ~~shall rest solely on the producer or service representative."~~

25 Section 2. Section 27-7-4.4 is added to the Code of
26 Alabama 1975, to read as follows:

27 §27-7-4.4. Fingerprints.

1 (a) In order to make a determination of insurance
2 producer license eligibility, the commissioner is authorized
3 to require fingerprints of initial resident applicants for an
4 insurance producer license and to submit the fingerprints and
5 the fee required to perform the criminal history record checks
6 to the Alabama Department of Public Safety and the Federal
7 Bureau of Investigation (FBI) for state and national criminal
8 history record checks.

9 (b) The commissioner shall require a criminal
10 history record check on each initial resident applicant for
11 insurance producer license in accordance with this section.
12 The commissioner shall require each applicant to submit a full
13 set of fingerprints, including a scanned file from a hard copy
14 fingerprint, in order for the commissioner to obtain and
15 receive national criminal history records from the FBI
16 Criminal Justice Information Services Division.

17 (c) The commissioner may contract for the
18 collection, transmission, and resubmission of fingerprints
19 required under this section. If the commissioner does so, the
20 fee for collecting, transmitting, and retaining fingerprints
21 shall be payable directly to the contractor by the applicant.
22 The commissioner may agree to a reasonable fingerprinting fee
23 to be charged by the contractor and both the contractor's fee
24 and the fee required to perform the criminal history check
25 shall be collected from the applicant by the contractor.

26 (d) The commissioner may waive submission of
27 fingerprints by any person who has previously furnished

1 fingerprints and those fingerprints are on file with the
2 centralized repository of the NAIC.

3 (e) The commissioner is authorized to receive
4 criminal history record information in lieu of the Alabama
5 Department of Public Safety that submitted the fingerprints to
6 the FBI.

7 (f) The commissioner is authorized to submit
8 electronic fingerprint records and necessary identifying
9 information to the NAIC for permanent retention in a
10 centralized repository. The purpose of such a centralized
11 repository is to provide insurance commissioners with access
12 to fingerprint records in order to perform criminal history
13 record checks.

14 (g) The commissioner shall treat and maintain an
15 applicant's fingerprints and any criminal history record
16 information obtained under this section as confidential and
17 shall apply security measures consistent with the Criminal
18 Justice Information Services Division of the Federal Bureau of
19 Investigation standards for the electronic storage of
20 fingerprints and necessary identifying information and limit
21 the use of records solely to the purposes authorized in this
22 section. The fingerprints and any criminal history record
23 information shall not be subject to subpoena, other than one
24 issued in a criminal action or investigation, and shall be
25 confidential.

26 (h) As used in this section, "initial resident
27 applicant" means an initial home state license and an

1 additional line of authority under an existing home state
2 license where a criminal history record check has not been
3 obtained.

4 (i) The commissioner may promulgate reasonable
5 regulations as are necessary or proper to carry out the
6 purposes of this section in accordance with Chapter 2 of this
7 title. The commissioner may by regulation provide for the
8 delayed enforcement of this section for up to 24 months
9 following the effective date of this act to allow for
10 implementation.

11 Section 3. Chapter 22A is added to Title 27, Code of
12 Alabama 1975, to read as follows:

13 Chapter 22A. Portable Electronics Insurance.

14 §27-22A-1. Definitions.

15 For purposes of this chapter, the following terms
16 have the following meanings:

17 (1) COMMISSIONER. The Alabama Commissioner of
18 Insurance.

19 (2) CUSTOMER. A person who purchases portable
20 electronics or services.

21 (3) DEPARTMENT. The Alabama Department of Insurance.

22 (4) ENROLLED CUSTOMER. A customer who elects
23 coverage under a portable electronics insurance policy issued
24 to a vendor of portable electronics.

25 (5) LOCATION. Any physical location in the State of
26 Alabama or any website, call center site, or similar location
27 directed to residents of the State of Alabama.

1 (6) PORTABLE ELECTRONICS. Electronic devices that
2 are portable in nature, their accessories and services related
3 to the use of the device.

4 (7)a. PORTABLE ELECTRONICS INSURANCE. Insurance
5 providing coverage for the repair or replacement of portable
6 electronics which may provide coverage for portable
7 electronics against any one or more of the following causes of
8 loss: Loss, theft, inoperability due to mechanical failure,
9 malfunction, damage, or other similar cause of loss.

10 b. "Portable electronics insurance" does not
11 include:

12 1. A service contract governed by Chapter 32 of
13 Title 8 of the Code of Alabama 1975.

14 2. A policy of insurance covering a seller's or a
15 manufacturer's obligations under a warranty.

16 3. A homeowner's, renters, private passenger
17 automobile, commercial multi-peril, or similar policy.

18 (8) PORTABLE ELECTRONICS TRANSACTION. Either of the
19 following:

20 a. The sale or lease of portable electronics by a
21 vendor to a customer.

22 b. The sale of a service related to the use of
23 portable electronics by a vendor to a customer.

24 (9) SUPERVISING ENTITY. A business entity that is a
25 licensed insurer or insurance producer that is appointed by an
26 insurer to supervise the administration of a portable
27 electronics insurance program.

1 (10) VENDOR. A person in the business of engaging in
2 portable electronics transactions directly or indirectly.

3 §27-22A-2. Licensure of vendors.

4 (a) A vendor is required to hold a limited lines
5 insurance producer license to sell or offer coverage under a
6 policy of portable electronics insurance.

7 (b) A limited lines insurance producer license
8 issued in accordance with this chapter shall authorize any
9 employee or authorized representative of the vendor to sell or
10 offer coverage under a policy of portable electronics
11 insurance to a customer at each location at which the vendor
12 engages in portable electronics transactions.

13 (c) The supervising entity shall maintain a registry
14 of vendor locations which are authorized to sell or solicit
15 portable electronics insurance coverage in this state. Upon
16 request by the director and with 10 days' notice to the
17 supervising entity, the registry shall be open to inspection
18 and examination by the director during regular business hours
19 of the supervising entity.

20 (d) Notwithstanding any other provision of law, a
21 license issued in accordance with this section shall authorize
22 the licensee and its employees or authorized representatives
23 to engage in those activities that are permitted in this
24 section.

25 §27-22A-3. Requirements for sale of portable
26 electronics insurance.

1 (a) At every location where portable electronics
2 insurance is offered to customers, brochures or other written
3 materials must be made available to a prospective customer
4 which:

5 (1) Disclose that portable electronics insurance may
6 provide a duplication of coverage already provided by a
7 customer's homeowner's insurance policy, renter's insurance
8 policy, or other source of coverage.

9 (2) State that the enrollment by the customer in a
10 portable electronics insurance program is not required in
11 order to purchase or lease portable electronics or services.

12 (3) Summarize the material terms of the insurance
13 coverage, including all of the following:

14 a. The identity of the insurer.

15 b. The identity of the supervising entity.

16 c. The amount of any applicable deductible and how
17 it is to be paid.

18 d. Benefits of the coverage.

19 e. Key terms and conditions of coverage such as
20 whether portable electronics may be repaired or replaced with
21 similar make and model reconditioned or non-original
22 manufacturer parts or equipment.

23 (4) Summarize the process for filing a claim,
24 including a description of how to return portable electronics
25 and the maximum fee applicable in the event the customer fails
26 to comply with any equipment return requirements.

1 (5) State that an enrolled customer may cancel
2 enrollment for coverage under a portable electronics insurance
3 policy at any time and the person paying the premium shall
4 receive a refund or credit of any applicable unearned premium.

5 (b) Portable electronics insurance may be offered on
6 a month to month or other periodic basis as a group or master
7 commercial inland marine policy issued to a vendor of portable
8 electronics for its enrolled customers.

9 (c) Eligibility and underwriting standards for
10 customers electing to enroll in coverage shall be established
11 for each portable electronics insurance program.

12 §27-22A-4. Authority of vendors of portable
13 electronics.

14 (a) The employees and authorized representatives of
15 vendors may sell or offer portable electronics insurance to
16 customers and shall not be subject to licensure as an
17 insurance producer under this chapter provided that:

18 (1) The vendor obtains a limited lines license to
19 authorize its employees or authorized representatives to sell
20 or offer portable electronics insurance pursuant to this
21 section.

22 (2) The insurer issuing the portable electronics
23 insurance either directly supervises or appoints a supervising
24 entity to supervise the administration of the program
25 including development of a training program for employees and
26 authorized representatives of the vendors. The training

1 required by this subdivision shall comply with all of the
2 following:

3 a. The training shall be delivered to employees and
4 authorized representatives of the vendors who are directly
5 engaged in the activity of selling or offering portable
6 electronics insurance.

7 b. The training may be provided in electronic form.
8 However, if conducted in an electronic form the supervising
9 entity shall implement a supplemental education program
10 regarding the portable electronics insurance product that is
11 conducted and overseen by licensed employees of the
12 supervising entity.

13 c. Each employee and authorized representative shall
14 receive basic instruction about the portable electronics
15 insurance offered to customers and the disclosures required
16 under Section 27-22A-3.

17 (3) No employee or authorized representative of a
18 vendor of portable electronics shall advertise, represent, or
19 otherwise hold himself or herself out as a nonlimited lines
20 licensed insurance producer.

21 (b) Notwithstanding any other provision of law,
22 employees or authorized representatives of a vendor of
23 portable electronics shall not be compensated based primarily
24 on the number of customers enrolled for portable electronics
25 insurance coverage but may receive compensation for activities
26 under the limited lines license which is incidental to their
27 overall compensation.

1 (c) The charges for portable electronics insurance
2 coverage may be billed and collected by the vendor of portable
3 electronics. Any charge to the enrolled customer for coverage
4 that is not included in the cost associated with the purchase
5 or lease of portable electronics or related services shall be
6 separately itemized on the enrolled customer's bill. If the
7 portable electronics insurance coverage is included with the
8 purchase or lease of portable electronics or related services,
9 the vendor shall clearly and conspicuously disclose to the
10 enrolled customer that the portable electronics insurance
11 coverage is included with the portable electronics or related
12 services. Vendors billing and collecting such charges shall
13 not be required to maintain such funds in a segregated account
14 provided that the vendor is authorized by the insurer to hold
15 such funds in an alternative manner and remits such amounts to
16 the supervising entity within 60 days of receipt. All funds
17 received by a vendor from an enrolled customer for the sale of
18 portable electronics insurance shall be considered funds held
19 in trust by the vendor in a fiduciary capacity for the benefit
20 of the insurer. Vendors may receive compensation for billing
21 and collection services.

22 §27-22A-5. Suspension or revocation of license.

23 (a) If a vendor of portable electronics or its
24 employees or authorized representative violates any provision
25 of this section, the commissioner, after opportunity for
26 hearing, which hearing may be waived, may do any of the
27 following:

1 (1) Impose fines not to exceed five hundred dollars
2 (\$500) per violation or five thousand dollars (\$5,000) in the
3 aggregate for such conduct.

4 (2) Impose other penalties that the commissioner
5 deems necessary and reasonable to carry out the purposes of
6 this chapter, including:

7 a. Suspending the privilege of transacting portable
8 electronics insurance pursuant to this section at specific
9 business locations where violations have occurred.

10 b. Suspending or revoking the ability of individual
11 employees or authorized representatives to act under the
12 license.

13 c. Suspending or revoking the vendor's limited lines
14 insurance producer license.

15 §27-22A-6. Termination of portable electronics
16 insurance.

17 Notwithstanding any other provision of law:

18 (1) An insurer may terminate or otherwise change the
19 terms and conditions of a policy of portable electronics
20 insurance only upon providing the policyholder and enrolled
21 customers with at least 30 days' notice.

22 (2) If the insurer changes the terms and conditions,
23 then the insurer shall provide the vendor policyholder with a
24 revised policy or endorsement and each enrolled customer with
25 a revised certificate, endorsement, updated brochure, or other
26 evidence indicating a change in the terms and conditions has
27 occurred and a summary of material changes.

1 (3) Notwithstanding subdivision (1) of this section,
2 an insurer may terminate an enrolled customer's enrollment
3 under a portable electronics insurance policy upon 15 days'
4 notice for discovery of fraud or material misrepresentation in
5 obtaining coverage or in the presentation of a claim
6 thereunder.

7 (4) Notwithstanding subdivision (1) of this section,
8 an insurer may immediately terminate an enrolled customer's
9 enrollment under a portable electronics insurance policy:

10 a. For nonpayment of premium.

11 b. If the enrolled customer ceases to have an active
12 service with the vendor of portable electronics.

13 c. If an enrolled customer exhausts the aggregate
14 limit of liability, if any, under the terms of the portable
15 electronics insurance policy and the insurer sends notice of
16 termination to the enrolled customer within 30 calendar days
17 after exhaustion of the limit. However, if notice is not
18 timely sent, enrollment shall continue notwithstanding the
19 aggregate limit of liability until the insurer sends notice of
20 termination to the enrolled customer.

21 (5) Where a portable electronics insurance policy is
22 terminated by a policyholder, the policyholder shall mail or
23 deliver written notice to each enrolled customer advising the
24 enrolled customer of the termination of the policy and the
25 effective date of termination. The written notice shall be
26 mailed or delivered to the enrolled customer at least 30 days
27 prior to the termination.

1 (6) Whenever notice or correspondence with respect
2 to coverage under a policy of portable electronics insurance
3 is required pursuant to this section or is otherwise required
4 by law, it shall be in writing and may be mailed or delivered
5 to the vendor of portable electronics at the vendor's mailing
6 address and to its affected enrolled customers' last known
7 mailing addresses on file with the insurer. If mailed, the
8 insurer or vendor of portable electronics, as the case may be,
9 shall maintain proof of mailing in a form authorized or
10 accepted by the United States Postal Service or other
11 commercial mail delivery service. Alternatively, an insurer or
12 vendor policyholder may comply with this subdivision by
13 providing such notice or correspondence to a vendor or its
14 affected enrolled customers, as the case may be, by electronic
15 means. For purposes of this subsection, an enrolled customer's
16 provision of an electronic mail address to the insurer or
17 vendor of portable electronics, as the case may be, shall be
18 deemed consent to receive notices and correspondence by
19 electronic means. If accomplished through electronic means,
20 the insurer or vendor of portable electronics, as the case may
21 be, shall maintain proof that the notice or correspondence was
22 sent.

23 (7) Notice or correspondence required by this
24 section or otherwise required by law may be sent on behalf of
25 an insurer or vendor, as the case may be, by the supervising
26 entity appointed by the insurer.

27 §27-22A-7. Application for license and fees.

1 (a) A sworn application for a license under this
2 chapter shall be made to and filed with the department on
3 forms prescribed and furnished by the commissioner.

4 (b) The application shall provide all of the
5 following:

6 (1) The name, residence address, and other
7 information required by the commissioner for an employee or
8 officer of the vendor that is designated by the applicant as
9 the person responsible for the vendor's compliance with the
10 requirements of this chapter. However, if the vendor derives
11 more than 50 percent of its revenue from the sale of portable
12 electronics insurance the information noted above shall be
13 provided for all officers, directors, and shareholders of
14 record having beneficial ownership of 10 percent or more of
15 any class of securities registered under the federal
16 securities law.

17 (2) The location of the applicant's home office.

18 (c) Any vendor engaging in portable electronics
19 insurance transactions on or before the effective date of this
20 act must apply for licensure within 90 days of the application
21 being made available by the department. Any applicant
22 commencing operations after the effective date of this act
23 must obtain a license prior to offering portable electronics
24 insurance.

25 (d) The commissioner shall by regulation provide for
26 the expiration date of licenses and for the biennial renewal
27 of licenses issued pursuant to this chapter.

1 (e) Each vendor of portable electronics licensed
2 under this chapter shall pay to the commissioner a fee as
3 prescribed by the commissioner but in no event shall the fee
4 exceed one thousand dollars (\$1,000) for an initial portable
5 electronics limited lines license and five hundred dollars
6 (\$500) for each renewal thereof. However, for a vendor that is
7 engaged in portable electronics transactions at 10 or fewer
8 locations in the state the fee shall not exceed one hundred
9 dollars (\$100) for an initial license and for each renewal
10 thereof.

11 (f) Each vendor licensed in accordance with this
12 chapter shall be considered to have performed acts equivalent
13 to and constituting an appointment of the commissioner as the
14 vendor's attorney to receive service of legal process issued
15 against the vendor in this state upon causes of action arising
16 within this state out of transactions under the license. The
17 provisions of Section 27-7-29 applicable to nonresident
18 insurance producers shall be applicable to vendors licensed in
19 accordance with this chapter.

20 Section 4. (a) Every license for the automobile and
21 industrial fire lines of authority in force immediately prior
22 to the effective date of this act and existing under any law
23 amended by this act is valid until its expiration date on or
24 after the effective date of this act, unless earlier
25 terminated in accordance with applicable law. Upon the next
26 renewal of a license for the automobile line of authority, the
27 license shall be replaced with a license for the personal

1 lines line of authority. Upon the next renewal of a license
2 for the industrial fire line of authority, the license shall
3 be replaced with a license for the property line of authority.

4 (b) Any appointment for the automobile or industrial
5 fire lines of authority in place immediately prior to the
6 effective date of this act and existing under any law amended
7 by this act is valid until its expiration date on or after the
8 effective date of this act, unless earlier terminated in
9 accordance with applicable law. Upon the next renewal of an
10 appointment for the automobile line of authority, the
11 appointment shall be replaced with an appointment for the
12 personal lines line of authority, and upon the next renewal of
13 an appointment for the industrial fire line of authority, the
14 appointment shall be replaced with an appointment for the
15 property line of authority, and the appointments shall
16 thereafter be subject to continuation or termination as though
17 originally issued in accordance with this act.

18 Section 5. Sections 27-7-20 and 27-7-21, Code of
19 Alabama 1975, are repealed.

20 Section 6. This act shall become effective on the
21 first day of January next following its passage and approval
22 by the Governor, or its otherwise becoming law.