

1 SB101
2 155505-2
3 By Senator Bussman
4 RFD: Banking and Insurance
5 First Read: 14-JAN-14
6 PFD: 01/10/2014

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8 SYNOPSIS: Under existing law, the Commissioner of
9 Insurance is authorized to collect fingerprints and
10 perform a criminal history record check of all new
11 applicants for license as an insurance producer,
12 title insurance agent, or independent adjuster. The
13 existing law authorizes fingerprint records to be
14 stored with the National Association of Insurance
15 Commissioners (NAIC) and for stored records to be
16 used by the Commissioner.

17 This bill would amend the fingerprint
18 enabling laws to remove all references to
19 submitting and storing the electronic fingerprint
20 records with the NAIC for permanent retention in a
21 centralized repository and would provide an
22 exception for limited lines producers.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 To amend Sections 27-7-4.4, 27-9A-17, and 27-25-4.6,
2 Code of Alabama 1975, relating to the licensing by the
3 Department of Insurance, insurance producers, title insurance
4 agents, and independent adjusters, and authorizing the
5 Commissioner of Insurance to require the submission of
6 fingerprints for the purpose of criminal background checks; to
7 delete all reference to submitting and storing the electronic
8 fingerprint records with the National Association of Insurance
9 Commissioners for retention in a centralized repository and to
10 provide an exception for limited lines producers.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Sections 27-7-4.4, 27-9A-17, and
13 27-25-4.6, Code of Alabama 1975, are amended to read as
14 follows:

15 "§27-7-4.4.

16 "(a) In order to make a determination of insurance
17 producer license eligibility, the commissioner is authorized
18 to require fingerprints of initial resident applicants for an
19 insurance producer license and to submit the fingerprints and
20 the fee required to perform the criminal history record checks
21 to the Alabama Department of Public Safety and the Federal
22 Bureau of Investigation (FBI) for state and national criminal
23 history record checks.

24 "(b) The commissioner shall require a criminal
25 history record check on each initial resident applicant for
26 insurance producer license in accordance with this section.
27 The commissioner shall require each applicant to submit a full

1 set of fingerprints, including a scanned file from a hard copy
2 fingerprint, in order for the commissioner to obtain and
3 receive national criminal history records from the FBI
4 Criminal Justice Information Services Division.

5 "(c) The commissioner may contract for the
6 collection, transmission, and resubmission of fingerprints
7 required under this section. If the commissioner does so, the
8 fee for collecting, transmitting, and retaining fingerprints
9 shall be payable directly to the contractor by the applicant.
10 The commissioner may agree to a reasonable fingerprinting fee
11 to be charged by the contractor and both the contractor's fee
12 and the fee required to perform the criminal history check
13 shall be collected from the applicant by the contractor.

14 ~~"(d) The commissioner may waive submission of~~
15 ~~fingerprints by any person who has previously furnished~~
16 ~~fingerprints and those fingerprints are on file with the~~
17 ~~centralized repository of the NAIC.~~

18 ~~"(e)~~ (d) The commissioner is authorized to receive
19 criminal history record information in lieu of the Alabama
20 Department of Public Safety that submitted the fingerprints to
21 the FBI.

22 ~~"(f) The commissioner is authorized to submit~~
23 ~~electronic fingerprint records and necessary identifying~~
24 ~~information to the NAIC for permanent retention in a~~
25 ~~centralized repository. The purpose of such a centralized~~
26 ~~repository is to provide insurance commissioners with access~~

1 ~~to fingerprint records in order to perform criminal history~~
2 ~~record checks.~~

3 "~~(g)~~ (e) The commissioner shall treat and maintain an
4 applicant's fingerprints and any criminal history record
5 information obtained under this section as confidential and
6 shall apply security measures consistent with the Criminal
7 Justice Information Services Division of the Federal Bureau of
8 Investigation standards for the electronic storage of
9 fingerprints and necessary identifying information and limit
10 the use of records solely to the purposes authorized in this
11 section. The fingerprints and any criminal history record
12 information shall not be subject to subpoena, other than one
13 issued in a criminal action or investigation, and shall be
14 confidential.

15 "~~(h)~~ (f) As used in this section, initial resident
16 applicant means an initial home state license and an
17 additional line of authority under an existing home state
18 license where a criminal history record check has not been
19 obtained.

20 "(g) This section shall not apply to limited lines
21 producers.

22 "~~(i)~~ (h) The commissioner may promulgate reasonable
23 regulations as are necessary or proper to carry out the
24 purposes of this section in accordance with Chapter 2 of this
25 title. The commissioner may by regulation provide for the
26 delayed enforcement of this section for up to 24 months

1 following ~~January 1, 2013,~~ the effective date of the act
2 amending this subsection to allow for implementation.

3 "§27-9A-17.

4 "(a) In order to make a determination of license
5 eligibility, the commissioner may require fingerprints of
6 applicants and to submit the fingerprints and the fee required
7 to perform the criminal history record checks to the Alabama
8 Department of Public Safety and the Federal Bureau of
9 Investigation for state and national criminal history record
10 checks.

11 "(b) The commissioner may require a criminal history
12 record check on each applicant in accordance with this
13 section. The commissioner shall require each applicant to
14 submit a full set of fingerprints, including a scanned file
15 from a hard copy fingerprint, in order for the commissioner to
16 obtain and receive national criminal history records from the
17 Criminal Justice Information Services Division of the Federal
18 Bureau of Investigation. In the case of business entity
19 applicants, the commissioner shall require the submission of
20 fingerprints of all of the following:

21 "(1) All executive officers and directors of the
22 applicant.

23 "(2) Any individual owning, directly or indirectly,
24 51 percent or more of the outstanding voting securities of the
25 applicant.

1 "(3) All executive officers and directors of
2 entities owning 51 percent or more of the outstanding voting
3 securities of the applicant.

4 "(c) The commissioner may contract for the
5 collection, transmission, and resubmission of fingerprints
6 required under this section. If the commissioner does so, the
7 fee for collecting, transmitting, and retaining fingerprints
8 shall be payable directly to the contractor by the person. The
9 commissioner may agree to a reasonable fingerprinting fee to
10 be charged by the contractor.

11 ~~"(d) The commissioner may waive submission of~~
12 ~~fingerprints by any person that has previously furnished~~
13 ~~fingerprints and those fingerprints are on file with the~~
14 ~~centralized repository of the NAIC.~~

15 ~~"(e)~~ (d) The commissioner may receive criminal
16 history record information from the Federal Bureau of
17 Investigation in lieu of the information being submitted to
18 the Alabama Department of Public Safety.

19 ~~"(f) The commissioner may submit electronic~~
20 ~~fingerprint records and necessary identifying information to~~
21 ~~the NAIC for permanent retention in a centralized repository.~~
22 ~~The purpose of such a centralized repository is to provide~~
23 ~~insurance commissioners with access to fingerprint records in~~
24 ~~order to perform criminal history record checks.~~

25 ~~"(g)~~ (e) The commissioner shall treat and maintain an
26 applicant's fingerprints and any criminal history record
27 information obtained under this section as confidential and

1 shall apply security measures consistent with the Criminal
2 Justice Information Services Division of the Federal Bureau of
3 Investigation standards for the electronic storage of
4 fingerprints and necessary identifying information and limit
5 the use of records solely to the purposes authorized in this
6 section. The fingerprints and any criminal history record
7 information shall not be subject to subpoena, other than one
8 issued in a criminal action or investigation, and shall be
9 confidential.

10 "(f) The commissioner, by regulation, may provide
11 for the delayed enforcement of this section for up to 24
12 months following the effective date of the act adding this
13 subsection to allow for implementation.

14 "§27-25-4.6.

15 "(a) In order to make a determination of title
16 insurance agent license eligibility, the commissioner may
17 require fingerprints of initial applicants for a title
18 insurance agent license, and the fingerprints and the fee
19 required to perform the criminal history record checks shall
20 be submitted to the Alabama Department of Public Safety and
21 the Federal Bureau of Investigation (FBI) for state and
22 national criminal history record checks.

23 "(b) The commissioner shall require a criminal
24 history record check on each initial applicant for title
25 insurance agent license pursuant to this section. The
26 commissioner shall require each applicant to submit a full set
27 of fingerprints, including a scanned file from a hard copy

1 fingerprint, to allow the commissioner to obtain and receive
2 national criminal history records from the FBI Criminal
3 Justice Information Services Division.

4 "(c) The commissioner may contract for the
5 collection, transmission, and resubmission of fingerprints
6 required pursuant to this section, and the fee for collecting,
7 transmitting, and retaining fingerprints shall be payable
8 directly to the contractor by the applicant. The commissioner
9 may agree to a reasonable fingerprinting fee to be charged by
10 the contractor, and both the contractor's fee and the fee
11 required to perform the criminal history check shall be
12 collected from the applicant by the contractor.

13 ~~"(d) The commissioner may waive submission of~~
14 ~~fingerprints by any person that has previously furnished~~
15 ~~fingerprints and those fingerprints are on file with the~~
16 ~~centralized repository of the NAIC.~~

17 ~~"(e)~~ (d) The criminal history record information may
18 be submitted to the commissioner instead of the Alabama
19 Department of Public Safety.

20 ~~"(f) The commissioner may submit electronic~~
21 ~~fingerprint records and necessary identifying information to~~
22 ~~the NAIC for permanent retention in a centralized repository.~~
23 ~~The purpose of a centralized repository is to provide~~
24 ~~insurance commissioners with access to fingerprint records to~~
25 ~~perform criminal history record checks.~~

26 ~~"(g)~~ (e) The commissioner shall treat and maintain an
27 applicant's fingerprints and any criminal history record

1 information obtained pursuant to this section as confidential
2 and shall apply security measures consistent with the Criminal
3 Justice Information Services Division of the Federal Bureau of
4 Investigation standards for the electronic storage of
5 fingerprints and necessary identifying information and limit
6 the use of records solely to the purposes authorized in this
7 section. The fingerprints and any criminal history record
8 information shall not be subject to subpoena, other than one
9 issued in a criminal action or investigation, and shall be
10 confidential.

11 "(f) The commissioner, by regulation, may provide
12 for the delayed enforcement of this section for up to 24
13 months from the effective date of the act adding this
14 subsection to allow for delayed implementation."

15 Section 2. This act shall become effective
16 immediately following its passage and approval by the
17 Governor, or its otherwise becoming law.