

## **Mandatory Liability Insurance Act (MLI)**

The Governor signed House Bill 134 on May 15, 2000, officially know as the **Mandatory Liability Insurance Act** (Act 2000-554).

The following information provides a summary of the recent changes in Alabama mandatory liability insurance requirements. Contact the mandatory Liability Insurance Section at (334)-242-9000 if you have any questions or comments.

- Requirement for minimum liability insurance coverage on self-propelled motor vehicles
- Requirement for evidence of MLI to be carried in the vehicle when operated
- Provision for the State Department of Revenue to randomly select registered vehicles to be sampled for MLI
- Requirement for the suspension of registrations by the State Department of Revenue for vehicle found to be in violation of the MLI law.
- Provision for a \$200 reinstatement fee for the first time suspensions.
- Provision for a \$400 reinstatement fee for second and subsequent suspensions.
- Provision for the State Department of Revenue to provide county offices with a monthly list of suspended registrations.
- Requirement for county license plate issuing officials to refuse to register or renew motor vehicles with suspended registrations.
- Requirement for driver's license numbers to be captured and sent to the state with other registration information
- Requirement for an affirmation from registrants or their authorized representatives stating that they are in compliance with the MLI law.
- Provision for a fine of up to \$500 for the first conviction
- Provision for a fine of up to \$1000 for the second and subsequent convictions and/or suspension of the driver's license for up to six months.

### **Act 2000-554: Provisions Effective June 1, 2000**

**Beginning June 1, 2000, "...no person shall operate, register or maintain registration of ...a motor vehicle... unless the motor vehicle is covered by a liability insurance policy,...bond, or deposit of cash".**

This requirement affects automobiles, pickups, trucks, motorcycles, motor homes, and other self-propelled vehicles. Persons operating motor vehicles must also carry evidence of liability insurance coverage. Anyone failing or refusing to provide proof of insurance upon the request of law enforcement will be subject to a Class C misdemeanor, with a fine up to \$500 for the first conviction and \$1000 and/or suspension of the driver's license for up to six months for each subsequent conviction.

**Trailers of all types and motor vehicles owned by government agencies are excluded from the MLI provisions.** Other exclusions include: implements of husbandry, vehicles moved by animal power, special mobile equipment and inoperable or stored motor vehicles.

**Act 2000-544: Provisions Effective January 1, 2001**

**Beginning January 1, 2001, The State of Alabama Department of Revenue will randomly select registered vehicles to sample and verify MLI coverage.** The registrations for vehicle found to be in noncompliance will be **suspended**. The State of Alabama Department of Revenue will also be notified of court convictions for MLI Violations and will suspend registrations on the associated vehicle. Each vehicle and/or person receiving a suspension will be rechecked by the State Department of Revenue annually for four years after reinstatement.

For first time reinstatements, registrants will be required to pay \$200 fee and provide proof of insurance to the State Department of Revenue. For subsequent reinstatements, registrants must pay a \$400 fee, and provide evidence of **SR-22 insurance for three years**. The required SR-22 insurance is to be administered and monitored by the Department of Public Safety.

**The State Department of Revenue will begin sending a list of suspended registrations to county license plate issuing officials on a monthly basis. County license plate issuing officials must refuse to transfer or renew license plate registrations shown on the list.** Registrants with suspended registrations must be reinstated by the State Department of Revenue before the license plate can be transferred or renewed.

**County license plate issuing officials must obtain the driver's license number of the vehicle owner(s) when processing registrations.** A non-driver identification number is to be obtained for vehicles privately owned by persons who do not drive, and a Federal Employer Identification Number (FEIN) is to be obtained for commercially owned vehicles.

**Registrants must "affirm" that they are in compliance with the MLI requirements when applying for new registrations or renewals. They are not required to show evidence of insurance to the license plate issuing official.** The same language must be included on renewal cards along with a space for the owner's signature, and on Internet renewals with a check box. The language should substantially be as follows:

**"I/we certify affirm that the information contained hereon is true and correct and that the vehicle described above is insured as required by Alabama law".**

**Acceptable "Evidence of Insurance" Documentation to Be Displayed to Law Enforcement upon Request**

The **best proof of liability insurance to be carried when operating a motor vehicle is the insurance card issued by the insurer.** The insurance cards are issued by companies qualified to issue motor vehicle liability insurance in Alabama. Information printed on the cards includes the year and model, make, VIN, name of insured, name of insurance company, the policy number, and the period of coverage. **Other acceptable documents include:**

- A temporary insurance card issued by the insurer
- A premium receipt or insurance binder issued by the motorist's insurance agent
- The current declarations page of a liability insurance policy
- The actual liability insurance policy issued for the vehicle
- A certificate of liability insurance issued by either the insurer or an authorized agent
- Proof of purchase of a motor vehicle within the previous 60 days and a valid insurance card issued for the motor vehicle replaced by such purchase. The proof of purchase is to be a copy of

the bill of sale if the vehicle is a pre 1975 year model, or the owner's permit (yellow) copy of the application for certificate of title for a 1975 and subsequent year model vehicle.

- A copy of the rental agreement, when renting a motor vehicle, which specifies the insurance coverage.

#### **Q/A's- General**

- **If I am stopped by law enforcement and ticketed for not having proof of insurance in the vehicle, even though I actually do have insurance, will I be convicted and fined?** No &32-7A-20 provides that if evidence is presented to the court that the vehicle was covered by a liability insurance policy on the specified date, there will be no conviction.
- **What will happen if I am sampled by the state and do not return my insurance questionnaire, or I do return it and show no insurance?** A "45 Day Notice of Suspension" letter will be generated and sent to you. On the 46<sup>th</sup> day following the date of the letter, your registration will be suspended. While suspended, the vehicle cannot legally be operated on the streets or highways; if operated, the owner may be cited for a Class C misdemeanor.
- **Do the mandatory liability insurance requirements apply to motorcycle and vintage vehicles?** Yes, the MLI requirements apply to all self-propelled motor vehicles operated on the streets and highways.