

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-054**

**NOTIFICATION OF ACTIONS AGAINST INSURANCE COMPANIES,  
INSURANCE PRODUCERS, AND OTHER LICENSED ENTITIES**

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**482-1-054-.01 Authority.** This chapter is promulgated by the Commissioner of Insurance pursuant to Section 27-2-17, Code of Alabama 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 22, 2000, effective October 2, 2000; Revised April 21, 2003, effective May 1, 2003

**482-1-054-.02 Definitions.** The following definitions shall apply for purposes of this chapter:

(a) **BREACH OF TRUST.** A wrongful act, use, misappropriation or omission with respect to any property or fund which has been committed to a person in a fiduciary or official capacity, or the misuse of one's official or fiduciary position to engage in a wrongful act, use, misappropriation or omission.

(b) **DISHONESTY.** Directly or indirectly, to cheat or defraud; to cheat or defraud for monetary gain or its equivalent; or wrongfully to take property belonging to another in violation of any criminal statute. Dishonesty includes acts involving want of integrity, lack of probity, or a disposition to distort, cheat, or act deceitfully or fraudulently, and may include crimes which federal, state or local laws define as dishonest.

(c) **DOMESTIC INSURER.** Any insurance company or insurer domiciled in the State of Alabama.

(d) **LICENSEE.** Any insurance company, insurer, managing general agent, producer, service representative, adjuster, surplus line broker and any other company, corporation, partnership, limited liability company, association or person licensed to transact the business of insurance in this state.

(e) **PRODUCER.** Any producer, service representative, adjuster, or surplus line broker licensed in this state.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 22, 2000, effective October 2, 2000; Revised April 21, 2003, effective May 1, 2003

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**482-1-054-.03 Notice Requirement.**

(1) The Commissioner of Insurance shall be notified within thirty days of the happening of any one or more of the following:

(a) The suspension or revocation of a licensee's license, certificate of authority, or right to transact business in another state.

(b) The receipt by a licensee of an order or complaint to show why the licensee's license or certificate of authority in another state should not be suspended or revoked, or charges of any type filed against a licensee by a state or federal agency which, if substantiated, could result in the suspension or revocation of a licensee's license or certificate of authority in another state.

(c) The imposition of a monetary penalty against a licensee by any other state or federal agency for any violation of the insurance or insurance related laws of such other state or federal agency, other than the imposition of a monetary penalty imposed merely due to the untimely filing of reports, statements or notices, which does not also include suspension or revocation of the license.

(d) The arrest, indictment or conviction of a licensee for the commission of any felony.

(e) The filing of a civil lawsuit, the rendering of a verdict, or the finding of a court against a producer, where such lawsuit, verdict, or finding of a court alleges or charges the producer with committing any of the following acts in the State of Alabama: intentional misrepresentation, fraud, dishonesty, misappropriation or conversion of funds, a breach of a fiduciary duty, or any other offense involving a breach of trust.

(f) A final judgment entered by a court of competent jurisdiction in a civil lawsuit against a domestic insurer, wherein the domestic insurer was found to have committed any of the following acts: intentional misrepresentation, fraud, dishonesty, misappropriation or conversion of funds, a breach of a fiduciary duty, or any other offense involving a breach of trust.

(g) Failing to comply with an administrative or court order imposing a child support obligation.

(h) Failing to pay state income tax or failing to comply with any administrative or court order directing payment of state income tax.

(i) The certification of a class action lawsuit by a court of competent jurisdiction against a licensee, irrespective of the underlying charges or claims against the licensee, that substantially affects residents of the State of Alabama. A class action lawsuit will be deemed to substantially affect residents of the State of Alabama in any of the following instances:

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1. The products that are the subject of the lawsuit are or have been offered for sale by the licensee within the State of Alabama.

2. The practices that are the subject of the lawsuit are or have been engaged in by the licensee within the State of Alabama.

3. The licensee knows of class members or potential class members that reside in the State of Alabama, even if the policy was originally sold in another state.

(2) The notice required in this rule shall be provided by the licensee directly involved in any such event.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New February 22, 1973, effective March 5, 1973; Amended April 20, 1990, effective May 4, 1990; Revised September 22, 2000, effective October 2, 2000; Revised April 21, 2003, effective May 1, 2003

**482-1-054-.04 Confidentiality of Information.** The information to be filed in accordance with this chapter is considered to be part of an investigation and examination of the licensee in accordance with Sections 27-2-19, et seq., Code of Alabama 1975. In accordance with Chapter 482-1-104, this information will be considered confidential and will not be available for public review.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 22, 2000, effective October 2, 2000; Revised April 21, 2003, effective May 1, 2003

**482-1-054-.05 Effective Date.** The provisions of this chapter shall become effective upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten (10) days.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 22, 2000, effective October 2, 2000; Revised April 21, 2003, effective May 1, 2003