

**ALABAMA DEPARTMENT OF INSURANCE
INSURANCE REGULATION**

CHAPTER 482-1-058

**PLACEMENT OF PROPERTY AND CASUALTY
INSURANCE ON A BROKERAGE BASIS**

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482-1-058-.01 Authority. This Chapter is made and promulgated by the undersigned Commissioner of Insurance, pursuant to the authority set forth in Section 27-2-17, Code of Alabama 1975.

Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058-.02 Purpose. This Chapter is intended to clarify and to set out the basic responsibilities of property and casualty producers in effecting placement of insurance under Section 27-7-34, Code of Alabama 1975.

Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058-.03 Limitations Imposed on Submission of Business under Section 27-7-34. Any producer submitting business to another producer under the authority of Section 27-7-34, Code of Alabama 1975, shall not submit to the accepting producer on a "cash with application basis" more than 10 policies in any one calendar month. If a producer exceeds that number in any one calendar month, he or she must, at that time, secure a producer's appointment to represent the company. Failure to do so will be interpreted as violating the provisions Section of 27-7-34 and this Chapter.

Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058-.04 Producer on "Account Current Basis" with Insurers. Any producer operating on an "account current basis" or any other type of credit arrangement with an insurer or a general agent of an insurer must be appointed as a producer to represent that insurer if he or she submits more than 10 policies to the insurer or general agent in any one calendar month.

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Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058-.05 Responsibility of Accepting Agents.

(1) Any producer accepting business from another producer under the provisions of Section 27-7-34, herein to be known as the “accepting agent,” has the responsibility of determining that the producer offering the business, herein to be known as the “producing agent,” is properly licensed in this state as an insurance producer for the lines of insurance involved and that the policy is issued by a licensed insurer in accordance with its approved rules, rates and forms.

(2) Any producer accepting business from another producer under the provisions of Section 27-7-34, Code of Alabama 1975 shall be jointly responsible for servicing the policy along with the producing agent.

(3) Any credit extended by the accepting agent to the producing agent is done at the peril of the accepting agent.

(4) Commissions payable to the producing agent shall be commensurate with services performed.

Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058-.06 Responsibilities of Producing Agents.

(1) Any producer offering business to another producer under the provisions of Section 27-7-34 Code of Alabama 1975, has the responsibility of knowing that the accepting agent is properly licensed and appointed as required under this statute.

(2) No producing agent shall hold himself or herself out as having authority to bind coverage on behalf of any insurer unless he or she is properly appointed as a producer for the insurer.

(3) Any producer accepting an application for insurance under the provisions of Section 27-7-34 Code of Alabama 1975, shall at that time furnish the applicant a written

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receipt listing coverages requested by the applicant and monies collected. The receipt must also clearly state that insurance will not be effective until accepted and bound by a duly appointed and licensed producer for the insurance company that is to provide coverage.

Author: Commissioner of Insurance

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

History: New February 17, 1975, Effective April 1, 1975; Revised April 27, 2007, Effective May 7, 2007.

482-1-058-.07 Insurers must hire resident agents to accept brokerage business. Any insurer, or insurer acting through a licensed general agent, is prohibited by Section 27-7-34 Code of Alabama 1975, from accepting business on risks located in this State except through a licensed and appointed insurance producer. For this reason, any insurance company soliciting business from producers not appointed by it must have a duly appointed producer to accept all brokerage business. The appointed producer will be held accountable for all transactions involving brokerage business.

Author: Commissioner of Insurance

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

History: New February 17, 1975, Effective April 1, 1975; Revised April 27, 2007, Effective May 7, 2007.

482-1-058.08 Exceptions. This Chapter does not apply to licensed surplus line brokers subject to Section 27-10-20 et seq. Code of Alabama 1975, (Unauthorized Insurers and Surplus Lines Law) or to business placed with the Alabama Automobile Insurance Plan or the Alabama Insurance Underwriting Association.

Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007

482-1-058.09 Effective date. 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.

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Author: Commissioner of Insurance

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

History: New February 17, 1975, effective April 1, 1975; Revised April 27, 2007, effective May 7, 2007