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BULLETIN NO. 2009-04

TO: All Risk Retention Groups registered to do business within the State of Alabama

FROM: Jim L. Ridling
Commissioner of Insurance *JLR*

DATE: April 6, 2009

RE: Compliance with Chapters 7 and 8A of Ala. Code Tit. 27

The Department has discovered that registered Risk Retention Groups are allowing unlicensed individuals to conduct insurance activity as prescribed by the Alabama Insurance Code. Pursuant to 15 USC §3902 and Ala. Code § 27-31A-12, (Risk Retention Act), persons representing or aiding a risk retention group in the solicitation or negotiation of liability insurance in this state and the risk retention group with respect thereto shall be subject to Chapters 7 and 8A.

Therefore, persons representing or aiding a registered Risk Retention Group in the solicitation or negotiation of liability insurance in this state shall comply with Chapter 7 of Ala. Code Tit. 27, which governs the qualifications and procedures for licensing and appointing insurance producers or service representatives and Chapter 8A of Ala. Code Tit. 27, which governs the continuing education requirements of insurance producers or service representatives.

Furthermore, any insurer accepting business directly from a person not properly licensed for the line of authority and not appointed by the insurer shall be liable to a fine up to three times the premium received from the person. Ala. Code § 27-7-4(a).

The Department will pursue administrative action against Risk Retention Groups and unlicensed individuals where the above conduct continues to exist. The Department expects for Risk Retention Groups to be fully knowledgeable of the rules and regulations that govern their conduct within the state of Alabama.

JLR/WLR/ss