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**BULLETIN 2016-06**

TO: Whom it may concern

FROM: Jim L. Ridling, Commissioner *JLR*

DATE: September 1, 2016

RE: Producer Authority to Collect Fees from Consumers  
Charges for Non-producer Services

EFFECTIVE: Immediately

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This bulletin supersedes and replaces the bulletin in this regard issued December 20, 2001.

Pursuant to the authority set forth in Section 27-12-17, Code of Alabama 1975, insurance producers may collect administrative fees not in excess of the following schedule when processing applications for property and casualty insurance:

Any one of the following:

- New application: \$30
- Rewrite canceled or lapsed application: \$30
- Reinstatement fee: \$15

Plus any and all of the following as applicable:

- Home re-inspection: \$25
- Photo of Auto or Home: \$5
- Cash payments received in agency: \$5
- Motor Vehicle Reports: Actual Cost
- Credit Card processing charge for accepting payment: Actual Cost, not to exceed 3.25%

These administrative fees are separate and distinct from the insurance company's premium and must be disclosed to consumers as a separate charge by the producer.

Other than as set forth in this bulletin or as may be hereafter approved by the Commissioner, producers will be considered to act in violation of the Trade Practices Law (Section 27-12-17)

for charging an additional fee for services that are customarily associated with the solicitation, negotiation or servicing of insurance policies.

It should be noted that certain producers may also engage in the practice of providing services which are not customarily associated with the solicitation, negotiation or servicing of insurance policies, such as providing financial planning or risk management services. To avoid potential confusion in this area, it is recommended that insurance producers providing financial planning services, risk management services, or similar services, first enter into a written agreement with the consumer disclosing that he or she is also a licensed insurance producer and that if an insurance product is purchased from the producer a commission for the sale of the insurance product will be received in addition to the fee for financial planning services, risk management services, etc., if this is the case.

It is recommended that no producer engaged in providing such services charge a separate fee for these services other than the commissions earned as an insurance producer unless the fee is based upon a written agreement, signed by the party to be charged in advance of the performance of the services under the agreement. A copy of the agreement should be provided to the party to be charged at the time the agreement is signed by the party. The services for which the fee is to be charged should be specifically stated in the agreement. The amount of the fee to be charged or how it will be determined or calculated should be specifically stated in the agreement. The agreement should also state that the client is under no obligation to purchase any insurance product through the insurance producer. Producers following this recommendation should retain a copy of the agreement for at least three (3) years after completion of services.

JLR/RN/ct