

1 HB63  
2 155505-1  
3 By Representative Sanderford  
4 RFD: Insurance  
5 First Read: 14-JAN-14  
6 PFD: 12/04/2013

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8 SYNOPSIS: Under existing law, the Commissioner of  
9 Insurance is authorized to collect fingerprints and  
10 perform a criminal history record check of all new  
11 applicants for license as an insurance producer,  
12 title insurance agent, or independent adjuster. The  
13 existing law authorizes fingerprint records to be  
14 stored with the National Association of Insurance  
15 Commissioners (NAIC) and for stored records to be  
16 used by the Commissioner.

17 This bill would amend the fingerprint  
18 enabling laws to remove all references to  
19 submitting and storing the electronic fingerprint  
20 records with the NAIC for permanent retention in a  
21 centralized repository.

22  
23 A BILL  
24 TO BE ENTITLED  
25 AN ACT  
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1           To amend Sections 27-7-4.4, 27-9A-17, and 27-25-4.6,  
2 Code of Alabama 1975, relating to the licensing by the  
3 Department of Insurance, insurance producers, title insurance  
4 agents, and independent adjusters, and authorizing the  
5 Commissioner of Insurance to require the submission of  
6 fingerprints for the purpose of criminal background checks; to  
7 delete all reference to submitting and storing the electronic  
8 fingerprint records with the National Association of Insurance  
9 Commissioners for retention in a centralized repository.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11           Section 1. Sections 27-7-4.4, 27-9A-17, and  
12 27-25-4.6, Code of Alabama 1975, are amended to read as  
13 follows:

14           "§27-7-4.4.

15           "(a) In order to make a determination of insurance  
16 producer license eligibility, the commissioner is authorized  
17 to require fingerprints of initial resident applicants for an  
18 insurance producer license and to submit the fingerprints and  
19 the fee required to perform the criminal history record checks  
20 to the Alabama Department of Public Safety and the Federal  
21 Bureau of Investigation (FBI) for state and national criminal  
22 history record checks.

23           "(b) The commissioner shall require a criminal  
24 history record check on each initial resident applicant for  
25 insurance producer license in accordance with this section.  
26 The commissioner shall require each applicant to submit a full  
27 set of fingerprints, including a scanned file from a hard copy

1 fingerprint, in order for the commissioner to obtain and  
2 receive national criminal history records from the FBI  
3 Criminal Justice Information Services Division.

4 "(c) The commissioner may contract for the  
5 collection, transmission, and resubmission of fingerprints  
6 required under this section. If the commissioner does so, the  
7 fee for collecting, transmitting, and retaining fingerprints  
8 shall be payable directly to the contractor by the applicant.  
9 The commissioner may agree to a reasonable fingerprinting fee  
10 to be charged by the contractor and both the contractor's fee  
11 and the fee required to perform the criminal history check  
12 shall be collected from the applicant by the contractor.

13 ~~"(d) The commissioner may waive submission of~~  
14 ~~fingerprints by any person who has previously furnished~~  
15 ~~fingerprints and those fingerprints are on file with the~~  
16 ~~centralized repository of the NAIC.~~

17 ~~"(e)~~ (d) The commissioner is authorized to receive  
18 criminal history record information in lieu of the Alabama  
19 Department of Public Safety that submitted the fingerprints to  
20 the FBI.

21 ~~"(f) The commissioner is authorized to submit~~  
22 ~~electronic fingerprint records and necessary identifying~~  
23 ~~information to the NAIC for permanent retention in a~~  
24 ~~centralized repository. The purpose of such a centralized~~  
25 ~~repository is to provide insurance commissioners with access~~  
26 ~~to fingerprint records in order to perform criminal history~~  
27 ~~record checks.~~

1           "~~(g)~~(e) The commissioner shall treat and maintain an  
2 applicant's fingerprints and any criminal history record  
3 information obtained under this section as confidential and  
4 shall apply security measures consistent with the Criminal  
5 Justice Information Services Division of the Federal Bureau of  
6 Investigation standards for the electronic storage of  
7 fingerprints and necessary identifying information and limit  
8 the use of records solely to the purposes authorized in this  
9 section. The fingerprints and any criminal history record  
10 information shall not be subject to subpoena, other than one  
11 issued in a criminal action or investigation, and shall be  
12 confidential.

13           "~~(h)~~(f) As used in this section, initial resident  
14 applicant means an initial home state license and an  
15 additional line of authority under an existing home state  
16 license where a criminal history record check has not been  
17 obtained.

18           "~~(i)~~(g) The commissioner may promulgate reasonable  
19 regulations as are necessary or proper to carry out the  
20 purposes of this section in accordance with Chapter 2 of this  
21 title. The commissioner may by regulation provide for the  
22 delayed enforcement of this section for up to 24 months  
23 following ~~January 1, 2013,~~ the effective date of the act  
24 amending this subsection to allow for implementation.

25           "§27-9A-17.

26           "(a) In order to make a determination of license  
27 eligibility, the commissioner may require fingerprints of

1 applicants and to submit the fingerprints and the fee required  
2 to perform the criminal history record checks to the Alabama  
3 Department of Public Safety and the Federal Bureau of  
4 Investigation for state and national criminal history record  
5 checks.

6 "(b) The commissioner may require a criminal history  
7 record check on each applicant in accordance with this  
8 section. The commissioner shall require each applicant to  
9 submit a full set of fingerprints, including a scanned file  
10 from a hard copy fingerprint, in order for the commissioner to  
11 obtain and receive national criminal history records from the  
12 Criminal Justice Information Services Division of the Federal  
13 Bureau of Investigation. In the case of business entity  
14 applicants, the commissioner shall require the submission of  
15 fingerprints of all of the following:

16 "(1) All executive officers and directors of the  
17 applicant.

18 "(2) Any individual owning, directly or indirectly,  
19 51 percent or more of the outstanding voting securities of the  
20 applicant.

21 "(3) All executive officers and directors of  
22 entities owning 51 percent or more of the outstanding voting  
23 securities of the applicant.

24 "(c) The commissioner may contract for the  
25 collection, transmission, and resubmission of fingerprints  
26 required under this section. If the commissioner does so, the  
27 fee for collecting, transmitting, and retaining fingerprints

1 shall be payable directly to the contractor by the person. The  
2 commissioner may agree to a reasonable fingerprinting fee to  
3 be charged by the contractor.

4 ~~"(d) The commissioner may waive submission of  
5 fingerprints by any person that has previously furnished  
6 fingerprints and those fingerprints are on file with the  
7 centralized repository of the NAIC.~~

8 ~~"(e) (d)~~ The commissioner may receive criminal  
9 history record information from the Federal Bureau of  
10 Investigation in lieu of the information being submitted to  
11 the Alabama Department of Public Safety.

12 ~~"(f) The commissioner may submit electronic  
13 fingerprint records and necessary identifying information to  
14 the NAIC for permanent retention in a centralized repository.  
15 The purpose of such a centralized repository is to provide  
16 insurance commissioners with access to fingerprint records in  
17 order to perform criminal history record checks.~~

18 ~~"(g) (e)~~ The commissioner shall treat and maintain an  
19 applicant's fingerprints and any criminal history record  
20 information obtained under this section as confidential and  
21 shall apply security measures consistent with the Criminal  
22 Justice Information Services Division of the Federal Bureau of  
23 Investigation standards for the electronic storage of  
24 fingerprints and necessary identifying information and limit  
25 the use of records solely to the purposes authorized in this  
26 section. The fingerprints and any criminal history record  
27 information shall not be subject to subpoena, other than one

1 issued in a criminal action or investigation, and shall be  
2 confidential.

3 "(f) The commissioner, by regulation, may provide  
4 for the delayed enforcement of this section for up to 24  
5 months following the effective date of the act adding this  
6 subsection to allow for implementation.

7 "§27-25-4.6.

8 "(a) In order to make a determination of title  
9 insurance agent license eligibility, the commissioner may  
10 require fingerprints of initial applicants for a title  
11 insurance agent license, and the fingerprints and the fee  
12 required to perform the criminal history record checks shall  
13 be submitted to the Alabama Department of Public Safety and  
14 the Federal Bureau of Investigation (FBI) for state and  
15 national criminal history record checks.

16 "(b) The commissioner shall require a criminal  
17 history record check on each initial applicant for title  
18 insurance agent license pursuant to this section. The  
19 commissioner shall require each applicant to submit a full set  
20 of fingerprints, including a scanned file from a hard copy  
21 fingerprint, to allow the commissioner to obtain and receive  
22 national criminal history records from the FBI Criminal  
23 Justice Information Services Division.

24 "(c) The commissioner may contract for the  
25 collection, transmission, and resubmission of fingerprints  
26 required pursuant to this section, and the fee for collecting,  
27 transmitting, and retaining fingerprints shall be payable



1 directly to the contractor by the applicant. The commissioner  
2 may agree to a reasonable fingerprinting fee to be charged by  
3 the contractor, and both the contractor's fee and the fee  
4 required to perform the criminal history check shall be  
5 collected from the applicant by the contractor.

6 ~~"(d) The commissioner may waive submission of  
7 fingerprints by any person that has previously furnished  
8 fingerprints and those fingerprints are on file with the  
9 centralized repository of the NAIC.~~

10 ~~"(e)~~ (d) The criminal history record information may  
11 be submitted to the commissioner instead of the Alabama  
12 Department of Public Safety.

13 ~~"(f) The commissioner may submit electronic  
14 fingerprint records and necessary identifying information to  
15 the NAIC for permanent retention in a centralized repository.  
16 The purpose of a centralized repository is to provide  
17 insurance commissioners with access to fingerprint records to  
18 perform criminal history record checks.~~

19 ~~"(g)~~ (e) The commissioner shall treat and maintain an  
20 applicant's fingerprints and any criminal history record  
21 information obtained pursuant to this section as confidential  
22 and shall apply security measures consistent with the Criminal  
23 Justice Information Services Division of the Federal Bureau of  
24 Investigation standards for the electronic storage of  
25 fingerprints and necessary identifying information and limit  
26 the use of records solely to the purposes authorized in this  
27 section. The fingerprints and any criminal history record

1 information shall not be subject to subpoena, other than one  
2 issued in a criminal action or investigation, and shall be  
3 confidential.

4 "(f) The commissioner, by regulation, may provide  
5 for the delayed enforcement of this section for up to 24  
6 months from the effective date of the act adding this  
7 subsection to allow for delayed implementation."

8 Section 2. This act shall become effective  
9 immediately following its passage and approval by the  
10 Governor, or its otherwise becoming law.