ALABAMA DEPARTMENT OF INSURANCE
ADMINISTRATIVE CODE

CHAPTER 482-1-040
INSURANCE – REBATES - DIVIDENDS

482-1-040-.03 Rebates.

Except as otherwise expressly provided by law, insurers are prohibited from knowingly permitting or offering to make or making any contract of insurance or agreement as to such contract other than as plainly expressed in the contract issued thereon; or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to any contract of insurance, any rebate of premiums payable on the contract.

(1) No insurer shall (A) give a free policy (actually the assumption of the premium by the insurer) to the bookkeeper, payroll clerk, or anyone employed in the office of a city, county, state, or private school system for collecting the premiums (including the payroll deduction plan) from the members of a group insurance coverage and remitting this premium to the insurer; (B) give a free policy (premium paid) to any City or County Superintendent of Education, principal, teacher, or president of a school system for permitting collection of the premium money referred to in (A);

(2) No insurer shall pay a collection fee, the amount of which being based on the amount of premiums collected, to any of the persons outlined in 1(A) unless said person is a duly authorized and licensed producer, of said insurer. Clerical work may be performed provided the compensation is made on the basis of the volume of work actually performed and not the volume of premiums collected. Said person performing such clerical work must be compensated by a check or draft of the insurer in an amount comparable with that paid other clerical employees of the insurer. On this basis, said clerical employee would not be required to be a licensed producer.

(3) No insurer shall return a portion of the paid premiums to a person, or to any function of the school system; such as, athletic fund, school cafeteria, general fund, etc. rather than to each individual insured.

Any insurance company or producer licensed by this Department violating this rule will be dealt with as the insurance laws of the State of Alabama direct.

Author: Commissioner of Insurance
Statutory Authority: Code of Ala. 1975, §27-2-17.

History: New Rule: May 8, 1964; effective September 17, 1964. **Revised:** May 7, 2008; effective May 20, 2008. Filed with LRS May 9, 2008. Rule is not subject to the Alabama Administrative Procedure Act.