

**ALABAMA DEPARTMENT OF INSURANCE
ADMINISTRATIVE CODE**

**CHAPTER 482-1-140
MILITARY SALES PRACTICES**

482-1-140-.05 Definitions.

As used in this chapter, these words and terms have the following meanings, unless the context clearly indicates otherwise:

(a) "Active Duty" means full-time duty in the active military service of the United States and includes members of the reserve component (National Guard and Reserve) while serving under published orders for active duty or full-time training. The term does not include members of the reserve component who are performing active duty or active duty for training under military calls or orders specifying periods of less than 31 calendar days.

(b) "Department of Defense (DoD) Personnel" means all active duty service members and all civilian employees, including nonappropriated fund employees and special government employees, of the Department of Defense.

(c) "Door to Door" means a solicitation or sales method whereby an insurance producer proceeds randomly or selectively from household to household without prior specific appointment.

(d) "General Advertisement" means an advertisement having as its sole purpose the promotion of the reader's or viewer's interest in the concept of insurance, or the promotion of the insurer or the insurance producer.

(e) "Insurer" means an insurance company required to be licensed under the laws of this state to provide life insurance products, including annuities. For purpose of this chapter, "insurer" also includes a fraternal benefit society licensed pursuant to Chapter 34 of the Alabama Insurance Code and a mutual aid association licensed pursuant to Chapter 30 of the Alabama Insurance Code.

(f) "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit or negotiate life insurance, including annuities.

(g) "Known" or "Knowingly" means, depending on its use herein, the insurance producer or insurer had actual awareness, or in the exercise of ordinary care should have known, at the time

of the act or practice complained of, that the person solicited is either of the following:

1. A service member.

2. A service member with a pay grade of E-4 or below.

(h) "Life Insurance" means insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income and, unless otherwise specifically excluded, includes individually issued annuities.

(i) "Military Installation" means any federally owned, leased, or operated base, reservation, post, camp, building, or other facility to which service members are assigned for duty, including barracks, transient housing, and family quarters.

(j) "MyPay" is a Defense Finance and Accounting Service (DFAS) web-based system that enables service members to process certain discretionary pay transactions or provide updates to personal information data elements without using paper forms.

(k) "Service Member" means any active duty officer (commissioned and warrant) or enlisted member of the United States Armed Forces.

(l) "Side Fund" means a fund or reserve that is part of or otherwise attached to a life insurance policy (excluding individually issued annuities) by rider, endorsement or other mechanism which accumulates premium or deposits with interest or by other means. The term does not include the following:

1. Accumulated value or cash value or secondary guarantees provided by a universal life policy.

2. Cash values provided by a whole life policy which are subject to standard nonforfeiture law for life insurance.

3. A premium deposit fund which meets all of the following:

- i. Contains only premiums paid in advance which accumulate at interest.

- ii. Imposes no penalty for withdrawal.

- iii. Does not permit funding beyond future required premiums.

- iv. Is not marketed or intended as an investment.

v. Does not carry a commission, either paid or calculated.

(m) "Specific Appointment" means a prearranged appointment agreed upon by both parties and definite as to place and time.

(n) "United States Armed Forces" means all components of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Author: Commissioner of Insurance

Statutory Authority: Code of Ala. 1975, §§27-2-17, 27-12-1 et. seq.

History: New Rule: Filed September 5, 2007; effective September 29, 2007. Filed with LRS September 5, 2007. Rule is not subject to the Alabama Administrative Procedure Act. **Amended:** Filed December 11, 2007; effective December 21, 2007. Filed with LRS December 11, 2007. Rule is not subject to the Alabama Administrative Procedure Act.