

Bulletin of October 26, 1998

Accidental death policy limitation on payment

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Some insurers are questioning Alabama's rule that accidental death benefit provisions that require the accidental death policy and/or rider to be in force at the time of death will not be approved. Alabama requires that an insurer pay an accidental death benefit claim if (1) the accident causing death occurs within the coverage period and (2) death occurs within the time period following the accident as indicated in the policy/rider. This time period cannot be less than ninety (90) days.

The authority for this rule is Section 27-14-9(5), Code of Alabama 1975, as amended, which states:

The Commissioner may disapprove any form filed under Section 27-14-8 or withdraw any previous approval thereof only if the form:

(5) Contains provisions which are unfair or inequitable or contrary to the public policy of this state or which would, because such provisions are unclear or deceptively worded, encourage misrepresentation.

Richard H. Cater
Commissioner of Insurance