

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-017**

**SO-CALLED “FREE INSURANCE” IN CONNECTION WITH  
SALES OF CEMETARY LOTS, AUTOMOBILES, AND  
OTHER ARTICLES AND SERVICES**

**TABLE OF CONTENTS**

	Page
482-1-017-.01 Authority. ....	2
482-1-017-.02 Definitions. ....	2
482-1-017-.03 Requirements and Prohibitions. ....	2
482-1-017-.04 Separability. ....	3
482-1-017-.05 Effective Date. ....	3

**ALABAMA INSURANCE REGULATION**  
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**482-1-017-.01 Authority.** This chapter is adopted pursuant to Section 27-2-17, Code of Alabama 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 1, 1957; Revised March 1, 2001, effective April 1, 2001

**482-1-017-.02 Definitions.** The following definitions shall apply for purposes of this chapter:

(a) **INSURANCE.** A contract whereby one undertakes to indemnify another or pay or provide a specified amount or benefit upon determinable contingencies.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 1, 1957; Revised March 1, 2001, effective April 1, 2001

**482-1-017-.03 Requirements and Prohibitions.**

(1) No such company shall issue policies or transact any business of insurance unless it shall hold a license from the Commissioner of Insurance authorizing the transaction of such business, which license shall not be issued until and unless the company shall comply with the following conditions.

(2) No life insurance company or agent thereof shall make any contract of insurance or agreement as to such contract other than is plainly expressed in the policy issued thereon: nor shall any such company or any officer, agent, collector, or representative thereof, pay, allow or give or offer or pay, allow, or give, directly or indirectly, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits.

(3) It will be noted from the above that no insurance contract, written or implied, can be entered into in this State, except by a licensed insurance company, who will issue a policy or certificate describing the insurance. Therefore, any such contract written or implied cannot be entered into without a premium charge, as not charging for same would constitute a rebate of premium.

(4) In the case of a company, corporation, or individual promising, by written contract, verbally or by implication, that any unpaid balance a person may owe, on property, goods, or services, at the time of that person's death will automatically be

**ALABAMA INSURANCE REGULATION**  
**Chapter 482-1-017**

cancelled or paid, constitutes insurance; therefore, only a licensed insurance company is authorized to transact such business in this State.

(5) In the case of a corporation, company, or individual offering insurance as being included in the sale price of the article or service, it would be necessary that the insured be furnished a copy of a policy, or certificate, issued by a licensed insurance company, which would show the coverages afforded and the terms thereof.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 1, 1957; Revised March 1, 2001, effective April 1, 2001

**482-1-017-.04 Separability.** If any provision of this chapter or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the chapter and the application of its provisions to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 1, 1957; Revised March 1, 2001, effective April 1, 2001

**482-1-017-.05 Effective Date.** The provisions of the chapter shall become effective April 1, 2001, upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten days.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 1, 1957; Revised March 1, 2001, effective April 1, 2001