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BULLETIN NO. 2020-08

TO: All Insurers Writing Health Insurance in Alabama

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: April 22, 2020

RE: Group Disability Insurance in the Growing Gig Economy

EFFECTIVE: Immediate

The purpose of this bulletin is to state the Department's position with respect to eligible groups for purposes of group disability insurance under Ala. Code Section 27-20-1. With the increasing popularity of the gig economy, the Department feels compelled to expand its position to adjust to the changing winds of technology and business.

Section 27-20-1(1), reads as follows:

A policy issued to an employer or trustees of a fund established by an employer, who shall be deemed the policyholder, insuring employees of such employer for the benefit of persons other than the employer. The term "employees" as used in this subdivision shall be deemed to include the officers, managers, and employees of the employer, the individual proprietor or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations and the individual proprietors, partners, and employees of individuals and firms if the business of the employer and such individual or firm is under common control through stock ownership, contract, or otherwise.

The aforementioned law does not include independent contractors within the definition of employees; however, the commissioner is granted discretion in Section 27-20-1(5) to recognize "any other substantially similar group" as being eligible for such coverage. Thus, we hereby deem it appropriate to include individuals engaged with a business as independent contractors and other flexible or temporary employment to be eligible for coverage under a group disability policy or contract.

JLR/WLR/bc