

**ALABAMA DEPARTMENT OF INSURANCE
INSURANCE REGULATION**

CHAPTER 482-1-163

VALUE-ADDED SERVICE OR PRODUCT

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482-1-163-.01 Purpose, Scope, and Authority.

(1) The purpose of this chapter is to set forth the view of the Alabama Commissioner of Insurance and the Department of Insurance about whether a Value-Added Service or Product, as defined in this chapter, constitutes an inducement for insurance or an annuity, a rebate, or any other impermissible consideration, as those terms are used in Ala. Code §§ 27-12-12 and 27-12-14.

(2) This chapter is adopted pursuant to Ala. Code §§ 27-2-17, 27-12-12, and 27-12-14 (1975).

Author: Commissioner of Insurance

Statutory Authority: Ala. Code §§ 27-2-17, 27-12-12, & 27-12-14 (1975)

History: New August 8, 2019, Effective September 1, 2019

482-1-163-.02 Definition of Value-Added Service or Product.

- (1) For purposes of this chapter, a Value-Added Service or Product meets the following criteria:
 - (a) The service or product is intended to
 - (i) mitigate loss or provide loss control, or
 - (ii) assess risk, identify sources of risk, or develop strategies for eliminating or reducing those risks; or
 - (iii) has a nexus to or enhances the value of the insurance product.
 - (b) The service or product may be offered or provided to a policy/contract owner or insured/annuitant for free or at a discounted price.
 - (c) The service or product is incidental to the sale or servicing of an insurance policy or annuity contract.
 - (d) The service or product is offered or made available in a fair and non-discriminatory manner.
 - (e) Providing the service or product will not violate any statute, regulation, or order beyond those mentioned in this chapter.

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- (f) If the insurer has directly contracted with the policy/contract owner or insured/annuitant for the service or product, the policy/contract owner or insured/annuitant may discontinue the Value-Added Service or Product at any time.
- (2) The Alabama Department of Insurance should be contacted if there is a question about this Regulation or any Value-Added Service or Product a company may offer.

Author: Commissioner of Insurance

Statutory Authority: Ala. Code §§ 27-2-17, 27-12-12, & 27-12-14 (1975)

History: New August 8, 2019, Effective September 1, 2019

482-1-163-.03 Treatment of a Value-Added Service or Product.

A Value-Added Service or Product is not considered by the Commissioner of Insurance or the Department of Insurance to be an inducement for insurance or an annuity, it is not a rebate, nor is it any other impermissible consideration, as those terms are used in Ala. Code §§ 27-12-12 and 27-12-14 (1975).

Author: Commissioner of Insurance

Statutory Authority: Ala. Code §§ 27-2-17, 27-12-12, & 27-12-14 (1975)

History: New August 8, 2019, Effective September 1, 2019

482-1-163-.04 Severability and Effective Date.

(1) If any rule or portion of a rule or its applicability to any person or circumstance is held invalid by any court, the remainder of this chapter or the applicability of the provision to other persons or circumstances shall not be affected.

(2) This chapter shall become effective September 1, 2019, 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: Ala. Code §§ 27-2-17, 27-12-12, & 27-12-14 (1975)

History: New August 8, 2019, Effective September 1, 2019