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STATE OF ALABAMA

90-00232

APR 24 1990

Honorable Chip Bailey
Alabama State Senator
Post Office Box 6791
301 Redwood Avenue
Dothan, Alabama 36302

Insurance - Discounts -
Insurance Companies

Discounts on life, annuity or
disability insurance premiums
available through employer-
sponsored employee benefit plans
do not violate the insurance
laws.

Dear Senator Bailey:

This opinion is issued in response to your request for an
opinion from the Attorney General.

QUESTION

Does the offer of a discount on life, annuity
or disability insurance premiums available
through employer-sponsored employee benefit
plans by an insurance company violate any
existing state law?

LAW, FACTS AND ANALYSIS

Section 27-12-13, Code of Alabama 1975, as amended, states:

"Nothing in sections 27-12-11 and 27-12-12
shall be construed as including within the
definition of discrimination, rebates or
special inducements any of the following
practices: . . .

"(5) Issuing life or disability
insurance policies on a salary

savings, bank draft, preauthorized check or payroll deduction plan or other similar plan at a reduced rate reasonably related to the savings made by the use of such plan; . . ." (Emphasis added.)

If ABC Insurance Company offers to provide insurance coverage to the XYZ Corporation employees and their dependents under a payroll deduction employee benefit plan at a 10% discount in premium, this discount by an insurance company is included in the exemption of special inducements listed under Section 27-12-13(5), Code.

CONCLUSION

Therefore, in answer to your question, discounts on life, annuity or disability insurance premiums available through employer-sponsored employee benefit plans does not violate any insurance laws.

Very truly yours,

DON SIEGELMAN
ATTORNEY GENERAL

By:


ELIZABETH BOOKWALTER
Assistant Attorney General

DS/EB/bb