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February 25, 1954
Letter Opinion
No. 54-41-L

Mr. H. Wm. Tennyson, Actuary
Arizona Corporation Commission
Division of Insurance
State Building
Phoenix, Arizona

Re: Group life insurance for dependents
under the provisions of Section 61-701.

Dear Mr. Tennyson:

Please excuse the slight delay in answering your letter of
February 8, 1954.

In your letter you requested an opinion from us as to whether
or not group life insurance coverage on the lives of dependents of
employees of an employer, or members of a labor organization, was
allowable under the provisions of Section 61-701, A.C.A., 1939, as
amended.

Section 61-701, A.C.A., 1939, as amended is concerned with
prohibiting rebates and discriminations by life insurance companies.
That part of Section 61-701, supra, that deals with group policies
is as follows:

"This section shall not, however, prohibit
a life insurance company from issuing policies
of life or endowment insurance, with or without
annuities, at special rates of premiums and
less than the usual rate of premium, insuring
members of labor organizations, lodges, benefit
societies or similar organizations, or employees
of an employer who through their secretary or
employer may take out insurance in an aggregate
of not less than twenty-five (25) members and
pay their premium through such secretary or
employer; * * *

After much thought and research on this problem, I find that
due to the peculiar wording of our statute only the lives of members
of a labor organization, or the lives of employees of an employer,

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may be insured. Section 61-701, supra, prohibits rebates or discriminations of all kinds except those specifically enumerated in that section. The Corporation Commission has no power to exempt dependents of labor organization members or employees otherwise entitled to group life insurance coverage from the provisions of the anti-discrimination of premiums statute in the absence of expressed legislative intent.

In the same letter you also requested our suggestion as to the method necessary to cancel your former erroneous approval of such coverage.

We are of the opinion that you may, at any time, withdraw your approval of any form required to be filed by the provisions of our laws respecting life insurance. Section 61-704, A.C.A. 1980, as amended, gives you that authority.

I trust that this will answer your questions satisfactorily. In case you require any further help, please do not hesitate to contact me.

Yours very truly,

JOSEPH U. CRACCHIOLO
Assistant to the
Attorney General

JUC:bhh