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U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
Washington

APPLICATION OF THE FAIR LABOR STANDARDS ACT TO FARM
MUTUAL INSURANCE COMPANIES

In the opinion of the Wage and Hour Division the Fair Labor Standards Act does not apply to employees when the only basis for covering their employment lies in the fact that the duties performed by them contribute to the normal operations of enterprises which the Division, for enforcement purposes, has defined as "typical" farm mutual insurance companies. In order to reduce its opinion to a compact formula, the Division has defined a "typical" farmers' mutual insurance company as follows:

A "typical farmers' mutual insurance company" is a mutual property insurance company having 50% or more of its insurance in farm or country risks and either (1) limited by the terms of its license or authorization to the writing of insurance risks situated only in an area within the State by which it is licensed which is smaller than such State, and which may or may not employ one or more full time employees or (2) which, although under the terms of its license or authorization it may write risks on a State-wide basis, is limited by such authorization to the writing of risks located only within the State issuing such authorization and which does not employ any full time employees. The Division does not consider any company which insures risks located in more States than one to be a typical farmers' mutual insurance company.

Farmers' mutual insurance companies which do not qualify for this definition are not for that reason necessarily covered by the Fair Labor Standards Act with respect to their employees. The application of the Act to such enterprises is determined by the Division for enforcement purposes in accordance with the principles of coverage set forth in Release G-232, entitled "Application of the Fair Labor Standards Act to the Insurance Industry."

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