

### *Anti-Rebating Laws and Regulations*

- \* Forty-eight states and the District of Columbia have enacted anti-rebate statutes, with most states enacting the NAIC Unfair Trade Practices Model Act (#880). These laws and related regulations and guidance generally prohibit insurers and producers from directly or indirectly offering inducements to purchase insurance to some but not all policyholders. Over time, many states have enacted carve-outs/exceptions to their anti-rebating laws with respect to certain “value-added” services, promotional items, raffles/drawings, etc. These carve-outs and exceptions, however, vary significantly from state-to-state.
- \* The below survey outlines the existing statutory text, statutory carve-outs, associated regulatory provisions, and interpretive administrative guidance in the fifty states. It also includes a series of recent updates, including enacted legislation, finalized regulations, and newly-minted guidance documents. These updates are noted throughout the survey in ***bold and italicized blue text***. Such updates include:
  - Kentucky issued a Bulletin to permit rate reduction, loss control, and loss mitigating value-added products and services that prevent or mitigate risk at no or reduced cost to policyholders without running afoul of the state’s anti-rebating rules.
  - West Virginia issued a Bulletin revising prior guidance on the treatment of value-added products or services under the state’s anti-rebating rules.
- \* We envision this survey to be an evergreen document. As updates are put forth—whether through legislative or administrative action—we will update the document and provide a brief overview of the relevant changes in this top box. We ask, therefore, that you continuously review the document for updates to any statutes, regulations, bulletins, or other guidance documents. That said, if you see laws enacted, regulations finalized, bulletins issued, or enforcement actions undertaken that are **not** reflected in this survey, please let us know!

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*Anti-Rebating Laws and Regulations Survey*

<i>State</i>	<i>Statutory Text of Rebating Rule</i>	<i>Statutory Provisions</i>	<i>Regulatory Provisions, Bulletins, and Guidance</i>
<p><i>Alabama</i></p>	<p>No property, casualty or surety insurer, or any employee thereof, and no broker, agent or solicitor shall pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon or any valuable consideration or inducement whatever not specified in the policy except to the extent provided for in rating systems filed with the commissioner by, or on behalf of, the insurer and approved by the commissioner. § 27-12-14(a).</p> <hr/> <p>No person shall knowingly permit or offer to make, or make, any contract of life insurance, annuity or disability insurance or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, as an inducement to such insurance or annuity any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract, or, directly or indirectly, give, or sell, or purchase, or offer, or agree to give, sell, purchase, or allow as inducement to such insurance or annuity or in connection therewith, and whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds, or other securities, or interest present or contingent therein of any insurance company or other corporation, association or partnership or any dividends or profits accrued, or to accrue thereon, or offer, promise or give anything of value whatsoever not specified in the contract. § 27-12-12(a).</p> <p><i>Person is defined to include an individual, insurer, company,</i></p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Life insurers from allowing its bona fide employees to receive a commission or reduction on premiums paid by them on policies on their own lives.</li> <li>• Issuing life or disability insurance policies on a salary savings, bank draft, preauthorized check or payroll deduction plan at a reduced rate reasonably related to the savings made by the use of such plan.</li> <li>• A written agreement between a life insurer and the insured for an extension of time for payment of a subsequent premium on the policy on the condition that the failure to pay the amount as agreed will lapse the policy.</li> <li>• Payment of commissions or other compensation to duly licensed agents. § 27-12-13.</li> </ul>	<p>No insurer may engage in the following without risk of violating Alabama law:</p> <ul style="list-style-type: none"> <li>• Give a free policy to the bookkeeper, payroll clerk, or anyone employed in the office of a city, county, state, or private school system for collecting the premiums from the members of group insurance coverage and remitting the premium to the insurer.</li> <li>• Give a free policy (premium paid) to any city or county Superintendent of Education, principal, teacher, or president of a school system for permitting collecting of the premium money.</li> <li>• Pay a collection fee, the amount of which being based on the amount of premiums collected, to the bookkeeper, payroll clerk, or anyone employed in the office of a city, county, state, or private school system unless the person is a duly authorized and licensed producer of the insurer.</li> <li>• Return a portion of the paid premiums to a person, or to any function of the school system, such as: the athletic fund, school cafeteria, general fund, etc. rather than to each individual insured. § 482-1-040-.03.</li> </ul> <p>Clerical work, however, may be performed provided the compensation is made on the basis of the volume of work actually performed and not the volume of premiums collected. § 482-1-040.03(2).</p> <p><b>Gifts:</b> The value of the amount of the gift or benefit (defined as a product “to invite an inquiry or quote from the insurance buying public,” but not as “an inducement or invitation to enter into an insurance contract”) may not exceed \$15 payable to an individual or family (there is one gift per family). The gift cannot be cash, and no rebate can be used as part of the gift. §§ 482-1-088-.04(1); 482-1-088-.05.</p> <p>However, despite the establishment of the \$15 threshold, a “reasonableness” test is used to determine whether the value of the</p>

	<p><i>association, organization, Lloyd's insurer, society, reciprocal insurer or interinsurance exchange, partnership, syndicate, business trust, corporation, and every legal entity. § 27-1-2(3).</i></p>		<p>gift actually acts as an inducement to enter into an insurance contract regardless of the semantics used in the advertisement. § 482-1-088-.04(2).</p> <p><b>Value-Added Service or Product:</b> A value-added service or product is <b>not</b> considered to be an inducement for insurance or an annuity, is not a rebate, nor is it any other impermissible consideration. For the purposes of Alabama law, a “value-added service or product” must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• The service or product is intended to (1) mitigate loss or provide loss control; (2) assess risk, identify sources of risk, or develop strategies for eliminating or reducing those risks; or (3) has a nexus to or enhances the value of the insurance product.</li> <li>• The service or product may be offered or provided to a policy/contract owner or insured/annuitant for free or at a discounted price.</li> <li>• The service or product is incidental to the sale or servicing of an insurance policy or annuity contract.</li> <li>• The service or product is offered or made available in a fair and non-discriminatory manner.</li> <li>• Providing the service or product will not violate any statute, regulation, or order beyond those mentioned within the applicable regulation.</li> <li>• 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. §§ 482-1-163-.02-482-1-163-.03.</li> </ul>
<p><i>Alaska</i></p>	<p>A property, casualty, or surety insurer or its employee or representative, or an agent, or solicitor may not pay, allow, give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance or after insurance has been effected, a rebate, discount, abatement, credit, or reduction of the premium named in the policy of insurance, or a special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement, not specified in the policy, except to the extent provided for in an applicable filing</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders. <ul style="list-style-type: none"> <li>- Example: Universal life paying premium with cash values; bonus interest.</li> </ul> </li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> </ul>	<p>The anti-rebating statutes are constitutional. <a href="#">1996 Attorney General Letter</a>.</p> <p>The Alaska Division of Insurance has determined that the following are violations of the rebating laws:</p> <ul style="list-style-type: none"> <li>• Negotiating commission with clients outside of a broker agreement.</li> <li>• A gift, service, or anything of value used as an inducement to listen to a sales pitch or to obtain information that could lead to</li> </ul>

	<p>with the director as provided by law. § 21.36.120.</p> <hr/> <p>Except as otherwise expressly provided by law, a person may not knowingly permit or offer to make or make a contract of life insurance, life annuity or health insurance, or agreement under the contract other than as plainly expressed in the contract, or pay, allow, give or offer to pay, allow, or give, directly or indirectly, as inducement to the insurance, or annuity, a rebate of premiums payable on the contract, or a special favor or advantage in the dividends or other benefits, or paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give, sell, purchase or offer to agree to give, sell, purchase, or allow as inducement to the insurance or annuity or in connection therewith, whether or not to be specified in the policy or contract, an agreement of any form or nature promising returns, profits, stocks, bonds, or other securities, or interest present or contingent in the contract or as measured by the contract, of an insurance company or other corporation, association, or partnership, or dividends or profits accrued or to accrue under the contract; or offer, promise, or give anything of value that is not specified in the contract. § 21.36.100.</p>	<ul style="list-style-type: none"> <li>- Example: Industrial debit life of which little or no business is written anymore.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.             <ul style="list-style-type: none"> <li>- Example: Large group experience rated plans; reducing current premiums based on prior year loss experience.</li> </ul> </li> <li>• Issuance of policies at rates less than the usual rates of premiums for the policies.             <ul style="list-style-type: none"> <li>- Example: Lower premium for larger policy amounts; savings under payroll deduction plans; auto-pay plan savings.</li> </ul> </li> <li>• A reward under a wellness program established under a health care plan that favors an individual if the wellness program meets the several requirements.</li> <li>• Payment of commission or compensation to persons duly transacting business.</li> <li>• Allowing or returning lawful dividends, savings, or unabsorbed premium deposits to participating policyholders.</li> <li>• Drawings that are available to any person in the general public and not tied to insurance.</li> <li>• Offering different commission levels to licensees as long as the insurer allows the licensees to select any available level, the level selected by the licensee is specified in the agreement, the rates reflect the commission level paid, and the licensee uses the selected commission level for all clients.</li> <li>• Giving away non-valuable items such as pens, calendars, mugs, etc.</li> <li>• A producer may reimburse or off-set a fee to a client for all or part of a commission earned as long as full disclosure has occurred. §§ 21.36.110, 21.36.120(d); <i>see also</i> <a href="#">Rebates, Nondiscrimination, and Compensation</a>.</li> </ul>	<p>a quote.</p> <ul style="list-style-type: none"> <li>• Paying a portion of the client’s premium. <a href="#">Rebates, Nondiscrimination, and Compensation</a>.</li> </ul>
<p><i>Arizona</i></p>	<p>An insurer or employee, insurance producer or representative may not knowingly charge, demand or receive a premium for any policy of insurance, other than life or disability insurance,</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders. §</li> </ul>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• An insurer from giving a policyholder a fire protection service</li> </ul>

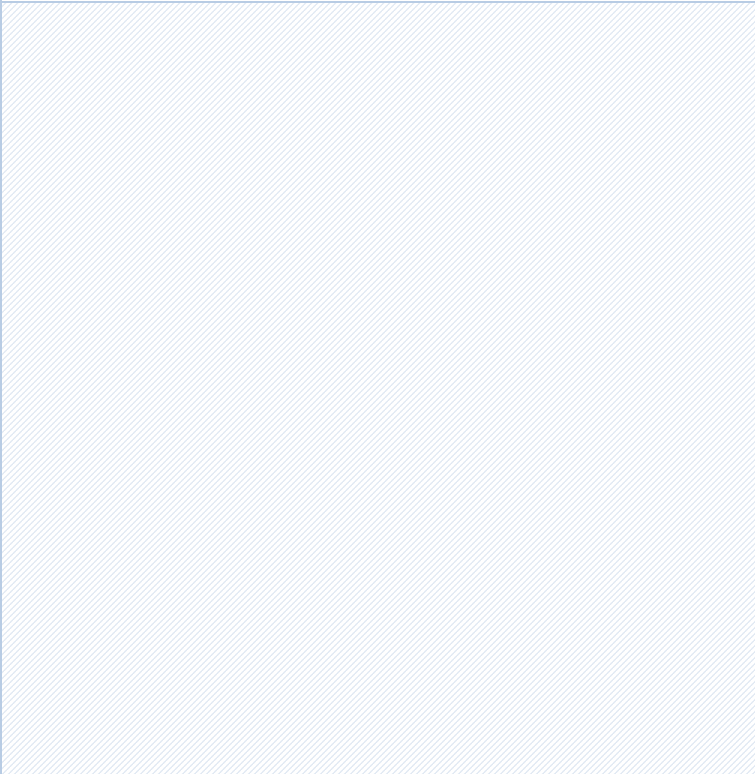
<p>except in accordance with any applicable filing on file with the director.</p> <p>An such insurer, employee, insurance producer or representative may not offer, pay, allow or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in an applicable filing.</p> <p>An insured named in a policy of insurance or any representative or employee of the insured may not knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. § 20-451.</p> <hr/> <p>Except as otherwise expressly provided by law, no person shall knowingly permit or offer to make or make any contract of life insurance, life annuity or disability insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, as an inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract. § 20-449.</p> <p><i>Person is defined to include an individual, company, insurer, association, organization, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation and entity. § 20-105.</i></p>	<p>20-450.</p> <ul style="list-style-type: none"> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense. § 20-450.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 20-450.</li> <li>• Issuing life or disability insurance policies on a salary savings or payroll deduction plan at a reduced rate commensurate with the savings made by the use of such plan. § 20-450.</li> <li>• A reward under a wellness program established under a health care if the wellness program meets the several requirements. § 20-450.</li> <li>• Products or services that are ancillary or related to any policy of life/disability insurance and that are intended to minimize or prevent claims-related losses or expenses, deter injury or death, or improve the health of the insured. § 20-450.</li> <li>• The payment of commissions or other compensation to licensed agents, brokers, or solicitors. § 20-451.</li> <li>• An insurer from allowing or returning to its policyholders any dividends, savings, or unabsorbed premium deposits. § 20-451.</li> <li>• Products or services that are ancillary or related to any policy of insurance that are intended to minimize or prevent claims-related losses or expenses and harm to the public (e.g., fire or smoke detectors, risk audits or assessments, etc.) and deter injury, death, or property theft or damage. §§ 20-451, 20-452.</li> <li>• An insurer from retaining an independent third party to conduct a customer feedback effort intended to help the insurer improve the quality of its products or services and to offer an insured business or individual a reasonable incentive to participate in the feedback effort (such an incentive is presumed reasonable if it does not exceed \$200).             <ul style="list-style-type: none"> <li>- An insurer may not, however, offer, reference, or promote an incentive or feedback effort under in</li> </ul> </li> </ul>	<p>credit when the policyholder is not a subscriber to a fire protection service. <a href="#">Bulletin 2014-07</a>.</p> <p>The use of certain credits (e.g., “implementation credits,” “administrative credits,” “partnership credits,” or “wellness credits”) in the transaction of group major medical health insurance function as a rebate by the insurer to the employer group of a portion of the annual premium for major medical health insurance. The Department has therefore concluded that the use of such credits is prohibited. <a href="#">Bulletin 2019-01</a>.</p>	
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		<p>connection with an application for or renewal of insurance coverage.</p> <ul style="list-style-type: none"> <li>- “Feedback effort” means activities that are designed to elicit customer perceptions on a predetermined set of topics that are related to the insurer’s products or services, including in-person, telephonic or online surveys, polls, focus groups, interviews, questionnaires and other recognized opinion-gathering mechanisms. §§ 20-449, 20-451.</li> </ul> <p>The statute does, however, prohibit an insurer from providing in any policy the following:</p> <ul style="list-style-type: none"> <li>• Employment</li> <li>• Shares of stock or other securities issued or interest therein</li> <li>• Advisory board contracts providing for or promising special profits</li> <li>• Prizes, goods, wares, merchandise, or tangible property of an aggregate value of more than \$100. § 20-452.</li> </ul>	
<p><i>Arkansas</i></p>	<p>No property, casualty, or surety insurer or any employee thereof and no broker, agent, or solicitor shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insure or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever not specified in the policy except to the extent provided for in an applicable filing with the Insurance Commissioner as provided by law. § 23-66-308.</p> <hr/> <p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance (including surplus lines policies and contracts). § 23-</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Engagement in an arrangement that does not violate federal banking laws.</li> <li>• The payment of commissions or other compensation to licensed agents, brokers, or solicitors.</li> <li>• An insurer from allowing or returning to its policyholders any dividends, savings, or unabsorbed premium deposits.</li> </ul>	<p>The statute does allow, however, token gifts of \$25 or less in wholesale value. This includes:</p> <ul style="list-style-type: none"> <li>• Ballpoint pens</li> <li>• Calendars</li> <li>• Notebooks</li> <li>• Other items for advertisement purposes. <a href="#">Directive 2A-2011</a>.</li> </ul> <p>The Arkansas Insurance Department has provided guidance interpreting the prohibition and provides an example of conduct and their characterization under the rule.</p> <p><b>I will be passing out flyers at businesses regarding term insurance. The flyer tells the recipient about low term insurance rates and offers a \$10 Free Lunch Coupon to a choice of 15-20 restaurants in the area. If the recipient will fill out a request for a free no obligation term life quote, I will deliver a lunch coupon to them for the restaurant of his or her choice</b></p>

	<p>66-205.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include rebates, meaning the act of knowingly:</p> <ul style="list-style-type: none"> <li>• Permitting or offering to make or making any life, health, and annuity insurance contract, or agreement as to the contract, other than as plainly expressed in the insurance contract issued thereon;</li> <li>• Paying, allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the insurance contract any rebate of premiums payable on the contract or any special favor or advantage in the dividends or other benefits thereon or any valuable consideration or inducement whatever not specified in the contract; or</li> <li>• Giving, selling, or purchasing or offering to give, sell, or purchase as inducement to the insurance contract or in connection with the contract any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership or any dividends or profits accrued thereon or anything of value whatsoever not specified in the insurance contract. § 23-66-206(10)(A).</li> </ul> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd's insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including agents, brokers, and adjusters. It also includes medical service plans and hospital service plans. § 23-66-23(4).</i></p>	<ul style="list-style-type: none"> <li>• A licensed insurance consultant who is also a licensed producer from adjusting or refunding to his or her clients any part of a consulting fee under a prior written agreement with a client paying total annual premiums of \$100,000 or more based on commissions received by the consultant from insurers. §§ 23-66-206(10)(B); 23-66-308.</li> </ul>	<p><b>when I deliver the quote. The coupon is delivered regardless of whether the recipient buys a policy or not. On the flyer in bold print it states that no purchase is necessary to receive the \$10 coupon. Is this an illegal rebate?</b></p> <p>Directive 5-98 [replaced by Directing 2A-2011] allows token gifts valued at less than \$25 to be given out without violating the rebate laws. Therefore, since the coupons are worth less than \$25, this will not be considered illegal rebating. <a href="#">Producer FAQs</a>.</p>
<p><b>California</b></p>	<p><i>California's anti-rebating rules were overturned with the passage of Proposition 103. That said, there are still some more niche anti-rebating provisions under California law (e.g., with respect to title insurance, mortgage guaranty insurance, financial guaranty insurance, etc.). Please let us know if you have an interest in such provisions.</i></p>		
<p><b>Colorado</b></p>	<p>No person shall engage in this state in any trade practice which is defined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 10-3-1103.</p>		<p>Notably, Colorado does not have a blanket prohibition on the offering of “free insurance” in connection with the sale of goods or service. The Division of Insurance found, however, that the offer of free cell phone insurance in connection with the sale of a cell phone constitutes a rebate in violation of the statute. Bulletin B-5.27.</p>



	<p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting, or offering to make, or making any contract of insurance or agreement as to such contract, other than as plainly expressed in the insurance contract issued thereon, or paying, or allowing, or giving, or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing, or offering to give, sell, or purchase, as inducement to such insurance contract or annuity or in connection therewith any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 10-3-1104(1)(g).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyds insurer, nonadmitted insurer, fraternal benefit society, and other legal entities engaged in the insurance business, including agents, limited insurance representatives, agencies, brokers, surplus line brokers, and adjusters. It also includes medical service plans, hospital service plans, and health maintenance organizations. § 10-3-1102(3).</i></p> <p>Put simply, the statute prohibits the practice of rebating or offering anything of value not stated in the insurance contract as an inducement. Bulletin B-5.27.</p>		
<p><i>Connecticut</i></p>	<p>No insurance company doing business in this state, or attorney, producer or any other person shall pay or allow, or offer to pay or allow, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. No person shall receive or accept from any</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Payment of bonuses to policyholders otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance (provided any such bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the company and its policyholders).</li> </ul>	<p>Though the Insurance Department previous had issued a Bulletin permitting gifts of nominal value (those that did not exceed in the aggregate \$15), the Bulletin was rescinded. <a href="#">Bulletin S-12</a>; <a href="#">Bulletin S-13</a>.</p> <p>The Connecticut Insurance Department issued guidance to clarify that insurers, health care centers, and fraternal benefit societies may</p>

	<p>company, or attorney, producer or any other person, as inducement to insurance, any such rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefit to accrue thereon, or any valuable consideration or inducement not specified in the policy of insurance. No person shall be excused from testifying or from producing any books, papers, contracts, agreements or documents, at the trial of any other person charged with the violation of any provision of this section or of section 38a-446, on the ground that such testimony or evidence may tend to incriminate him, but no person shall be prosecuted for any act concerning which he is compelled to so testify or produce documentary or other evidence, except for perjury committed in so testifying. § 38a-825.</p>	<ul style="list-style-type: none"> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the saving in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense experience, or both, at the end of the first or any subsequent policy year, which may be made retroactive for such policy year. § 38a-816(9).</li> </ul>	<p>provide rate reduction, loss control, and/or loss mitigation value-added services or programs at no additional charge, provided the service or program:</p> <ul style="list-style-type: none"> <li>• Has a legitimate nexus to the value of the insurance coverage provided by the insurance contract;</li> <li>• Is filed for approval within previously approved or new product contracts with loss mitigation/value-added services and programs listed inside brackets to indicate the variable nature of each offering within the contract; and</li> <li>• Is offered or provided in a fair and nondiscriminatory manner to like insureds.</li> </ul> <p>Examples of such products and services include leak prevention systems, telematics devices, home sensors, fire prevention services, biometric wearables, and other connected devices. <a href="#">Bulletin S-18</a>.</p>
<p><i>Delaware</i></p>	<p>No property, casualty or surety insurer or any employee or representative thereof, and no broker, agent or solicitor shall pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified or provided for in the policy, except to the extent provided for in an applicable filing with the Commissioner as provided by law.</p> <p>No insured named in a policy, nor any employee of such insured, shall knowingly receive or accept directly or indirectly any such rebate, discount, abatement, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. 18 § 2304(15); <a href="#">FAQs</a>.</p> <hr/> <p>Except as otherwise expressly provided by law, no person shall knowingly permit or offer to make or make any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon, or pay or allow, or give or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Payment of commissions or other compensation to licensed agents, brokers, or solicitors.</li> <li>• Any insurer from allowing or returning to its participating policyholders, dividends, savings or unabsorbed premium deposits.</li> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Reduction in premium rates for life or health insurance policies on salary savings, payroll deductions, preauthorized checks, bank drafts, or similar plans in amounts reasonably commensurate with the savings made by the use of such plans. 18 § 2304(15)(d), (e).</li> </ul>	

	<p>offer to pay, allow or give directly or indirectly, or knowingly accept, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract, or directly or indirectly give, or sell, or purchase or offer or agree to give, sell or purchase, or allow as an inducement to such insurance contract or annuity or, in connection therewith and whether or not specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds or other securities, or interest present or contingent therein or as measured thereby, or any insurer or any insurance company or other corporation, association or partnership, or any dividends or profits accrued thereon, or to accrue thereon, or anything of value whatsoever not specified in the contract. 18 § 2304(14).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society and other legal entity engaged in the business of insurance, including agents, brokers and adjusters. It also includes medical service plans and hospital service plans. 18 § 2302(4).</i></p>		
<p><b><i>District of Columbia</i></b></p>	<p>No person offering property, casualty, or surety insurance, or an employee or representative thereof, shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insure, or after insurance has been effected, a rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or a special favor or advantage in the dividends or other benefits to accrue thereon, or a valuable consideration or inducement whatsoever, not specified or provided for in the policy, except to the extent provided for in an applicable filing with the Commissioner as allowed by law. § 31-2231.13.</p> <hr/> <p>No person shall knowingly permit, or offer to make, a policy or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• The payment of commissions or other compensation to duly licensed agents or brokers. § 31-2231.13(e).</li> <li>• Any insurer from allowing or returning to its participating policyholders lawful dividends, savings, or unabsorbed premium deposits. § 31-2231.13(e).</li> <li>• The use of educational materials, promotional materials, or articles of merchandise that cost less than \$75. §§ 31-2231.13(h); 31-2231.12(f).</li> <li>• Life insurers from paying bonuses to policyholders. § 31-2231.12(d).</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to</li> </ul>	

	<p>contract of life insurance, annuity, or accident and health insurance, or agreement as to such policy or contract, other than as plainly expressed in the policy or contract issued thereon; or pay, allow, give, or offer to pay, allow, or give, directly or indirectly as inducement to such policy or contract: a rebate of premiums payable on the policy or contract; a special favor or advantage in the dividends or other benefits thereon; or a valuable consideration or inducement not specified in the contract.</p> <p>No person shall directly or indirectly give, sell, purchase, or offer, or agree to give, sell, purchase, or offer as inducement to the policy or contract specified above, or in connection therewith: stocks, bonds, or other securities of an insurance company or other corporation, association, or partnership; dividends or profits accrued or to accrue thereon; or anything of value not specified in the contract.</p> <p>Finally, no person shall receive or accept as inducement to a policy or contract: a rebate of premium payable on the policy or contract; a special favor or advantage in the dividends or other benefits to accrue on the policy or contract; or a valuable consideration or inducement not specified in the contract. § 31-2231.12.</p> <p><i>Person is defined to include “any natural or artificial entity, including individuals, partnerships, associations, trusts, or corporations. § 31-2231.01(8).</i></p>	<p>an office of the insurer in an amount that fairly represents the savings in collection expense. § 31-2231.12(d).</p> <ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 31-2231.12(d).</li> <li>• Reduction of premium rates for policies of large amounts.</li> <li>• Issuing life or health insurance policies on a salary savings, payroll deduction, preauthorized, post-dated, automatic check, or draft plan at a reduced rate reasonably related to the savings made by the use of such plan. § 31-2231.12(d).</li> <li>• Issuing health insurance policies which provide for increases in benefits to policyholders who maintain their policies continuously in force without lapse for specified periods. § 31-2231.12(d).</li> </ul>	
<p><b>Florida</b></p>	<p>No insurance agency or agent shall rebate any portion of a commission except as follows:</p> <ul style="list-style-type: none"> <li>• The rebate shall be available to all insureds in the same actuarial class.</li> <li>• The rebate shall be in accordance with a rebating schedule filed by the agent with the insurer issuing the policy to which the rebate applies.</li> <li>• The rebating schedule shall be uniformly applied in that all insureds who purchase the same policy through the agent for the same amount of insurance receive the same percentage</li> </ul>	<p>Additional requirements include:</p> <ul style="list-style-type: none"> <li>• The insurance agency agent shall maintain a copy of all rebate schedules for the most recent 5 years and their effective dates.</li> <li>• No rebate shall be withheld or limited in amount based on factors which are unfairly discriminatory.</li> <li>• No rebate shall be given which is not reflected on the rebate schedule.</li> <li>• No rebate shall be refused or granted based upon the purchase or failure of the insured or applicant to</li> </ul>	

	<p>rebate.</p> <ul style="list-style-type: none"> <li>• Rebates shall not be given to an insured with respect to a policy purchased from an insurer that prohibits its agents from rebating commissions.</li> <li>• The rebate schedule is prominently displayed in public view in the agent’s place of doing business and a copy is available to insureds on request at no charge.</li> <li>• The age, sex, place of residence, race, nationality, ethnic origin, marital status, or occupation of the insured or location of the risk is not utilized in determining the percentage of the rebate or whether a rebate is available. § 626.572.</li> </ul>	<p>purchase collateral business. § 626.572.</p>	
<p><i>Georgia</i></p>	<p>No insurer or employee of such insurer and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly as an inducement to insurance or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue on such policy of insurance, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in an applicable filing. No insured named in a policy of insurance nor any employee of the insured shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any special favor or advantage or valuable consideration or inducement. § 33-9-36(c).</p> <hr/> <p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 33-6-3.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Knowingly permitting or offering to make or making any contract of insurance or agreement as to the contract other than as plainly expressed in the contract issued thereon; paying, allowing,</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Issuing life or accident and sickness policies covering bona fide employees at a rate less than the rate charged other persons in the same class.</li> <li>• Issuing life or accident and sickness insurance policies on a salary savings, payroll deduction, preauthorized, post-dated, automatic check, or draft plan at a reduced rate reasonably related to the savings made by the use of such plan.</li> <li>• The payment of commissions or other compensation to duly licensed agents and brokers.</li> <li>• Payment by an insurance agent of part or all of the commissions on public insurance to a nonprofit association of insurance agents which is affiliated with a recognized state or national insurance agents’ association.</li> <li>• Any insurer from allowing or returning to its</li> </ul>	

	<p>giving, or offering to pay, allow, or give directly or indirectly, as inducement to any contract of insurance, any rebate of premiums payable on the contract, any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract, except in accordance with an applicable rate filing, rating plan, or rating system filed with and approved by the Commissioner; giving, selling, purchasing, or offering to give, sell, or purchase as inducement to such insurance or in connection therewith any stocks, bonds, or other securities of any company, any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract; or receiving or accepting as inducement to contracts of insurance any rebate of premium payable on the contract, any special favor or advantage in the dividends or other benefit to accrue thereon, or any valuable consideration or inducement not specified in the contract. § 33-6-4(8)(B).</p> <p><i>Person is defined to include an individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd's insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including but not limited to agents, brokers, counselors, and adjusters. § 33-6-2.</i></p>	<p>participating policyholders dividends, savings, or unabsorbed premium deposits.</p> <ul style="list-style-type: none"> <li>• The payment for food or refreshments by an insurer for current or prospective clients during sales presentations and seminars, provided that no insurance or annuity applications or contracts are offered or accepted at such presentations or seminars.</li> <li>• The payment for business meals and entertainment by a n insurer or an agent thereof for current or prospective clients.</li> <li>• Insurers from advertising or conducting promotional programs whereby prizes, goods, wares, store gift cards, gift certificates, sporting event tickets, or merchandise—not exceeding \$100 in value per customer in the aggregate in any one calendar year—are given to current and prospective customers. The giving of the item, however, must not be contingent on the sale or renewal of a policy. §§ 33-9-36(d)-(f); 33-6-4(8)(C).</li> </ul>	
<p><i>Hawaii</i></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 431:13-102.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Knowingly permitting or offering to make or making any contract of insurance, or agreement as to the contract other than as plainly expressed in the contract, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the insurance, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits, or any valuable consideration or inducement not specified in the contract; or giving, selling, or purchasing, or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• The distribution of savings, earnings, or surplus equitably among a class of policyholders. § 431:13-1003(a)(9).</li> </ul>	

	<p>offering to give, sell, or purchase as inducement to the insurance or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value not specified in the contract. §§ 431:13-103(a)(8); 481-7.</p> <p><i>Person is defined to include any individual, company, insurer, association, organization, group, reciprocal or interinsurance exchanges, partnership, business, trust, or corporation. § 431:1-212.</i></p>		
<p><i>Idaho</i></p>	<p>Except as otherwise expressly provided by law, no person shall knowingly make, permit to be made, or offer to make any contract of insurance, or of annuity, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity or in connection therewith, any rebate of premiums payable on the contract, or of any producer’s commission related thereto, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give, or sell, or purchase or offer or agree to give, sell, purchase, or allow as inducement to such insurance or annuity or in connection therewith, and whether or not specified or to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds, or other securities, or interest present or contingent therein or as measured thereby, of any insurer or other person, or any dividends or profits accrued or to accrue thereon; or offer, promise or give anything of value whatsoever not specified in the contract. Nor shall any insured, annuitant, or policyholder or employee thereof, or prospective insured, annuitant or policyholder, or employee thereof, knowingly accept or receive, directly or indirectly, any such prohibited contract, agreement, rebate, advantage, employment, or other inducement. § 41-1314; <a href="#">Bulletin 11-03</a>.</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• The payment of commissions or other compensation to duly licensed producers.</li> <li>• Any insurer from allowing or returning to its participating policyholders the usual and ordinary dividends, savings, or unabsorbed premium deposits.</li> <li>• An insurer from providing to a policyholder (or prospective policyholder) any prizes, goods, wares, merchandise, articles, or property of an aggregate value not exceeding \$200 in a calendar year. § 41-1314(2)-(3).             <ul style="list-style-type: none"> <li>- Note: The \$200 exception to the rebate rule applies only to goods—not services. <a href="#">Bulletin 11-03</a>.</li> </ul> </li> </ul>	<p>As a general rule, if goods or services not specified in the contract are offered or provided as an inducement to purchase or renew insurance, a reasonable charge must be imposed to avoid a violation of the statute. The charge should reflect the actual value of the good or service provided and should not be less than the cost of providing the good or service. <a href="#">Bulletin 11-03</a>.</p> <p>Services that typically fall within the traditional notion of “customer service” are not considered by the Department of Insurance to be a rebate or inducement. Such services include:</p> <ul style="list-style-type: none"> <li>• Offering a 24 hour hotline for claims</li> <li>• Responding to questions</li> <li>• Providing advance regarding coverage or benefits</li> <li>• Maintaining loss runs</li> <li>• Issuing insurance cards. <a href="#">Bulletin 11-03</a>.</li> </ul>

	<p><i>Person is defined to include any individual, insurer, company, association, organization, Lloyd’s insurer, society, reciprocal insurer or interinsurance exchange, partnership, syndicate, business trust, corporation and every legal entity. § 41-104.</i></p>		
<p><b>Illinois</b></p>	<p>No company doing business in this state and no insurance agent or broker shall offer, promise, allow, give, set off or pay, directly or indirectly, any rebate of or part of the premium payable on the policy, or on any policy or agent's commission thereon or earnings, profits, dividends or other benefits founded, arising, accruing or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind or any other valuable consideration or inducement to or for insurance on any risk in this state, now or hereafter to be written, or for or upon any renewal of any such insurance, which is not specified in the policy contract of insurance, or offer, promise, give, option, sell, purchase any stocks, bonds, securities or property or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever as inducement to insurance or in connection therewith, or any renewal thereof which is not specified in the policy. 215 ILCS 5/151; <a href="#">Bulletin 2012-11</a>.</p> <p>An insurer also may not provide “free” insurance or offer to pay part of the insurance premium for an insured or potential insured as an incentive to purchase goods, service, or other insurance. <a href="#">Bulletin 2012-11</a>.</p>	<p>The statute does not prevent a company:</p> <ul style="list-style-type: none"> <li>• From paying a bonus to policyholders or otherwise abating their premiums out of surplus accumulated from nonparticipating insurance.</li> <li>• That transacts industrial life insurance from returning to policyholders who have made premium payments directly to the insurer for at least 1 year the percentage of premium which the insurer would otherwise have paid for the weekly collection of such premium.</li> <li>• Taking of a bonda fide obligation, with interest at 6% per year in payment of any premium.</li> <li>• From offering a child passenger restraint system or a discount from the purchase price of a child passenger restraint system to policyholders when the purpose of the system is the safety of the child and compliance with Illinois law. 215 ILCS 5/151.</li> </ul>	<p>An insurer may provide a service not specified in the policy or contract without violating the anti-rebating and inducement provisions if: (1) the service directly relates to the sale or servicing of a policy or risk reduction, or provides general information about insurance; and (2) the insurer provides the service in a fair and non-discriminatory manner. <a href="#">Bulletin 2012-11</a>.</p> <p>The Department of Insurance has noted that the following services will generally be permitted under the law:</p> <ul style="list-style-type: none"> <li>• Risk assessments, market analysis, and benefit analytics</li> <li>• Insurance-related regulatory and legislative compliance</li> <li>• Tax preparation on behalf of an employer of Schedule A</li> <li>• Information to group policy or contract holders and members under group insurance policies</li> <li>• Certain services provided under COBRA</li> <li>• Certain services provided in accordance with HIPAA and the PPACA</li> <li>• Wellness services and program</li> <li>• Loss control, safety, and claims. <a href="#">Bulletin 2012-11</a>.</li> </ul> <p>Additionally, there are several promotional and charitable efforts that may also be permissible:</p> <ul style="list-style-type: none"> <li>• Engaging with clients in social settings and during activities that may include meals, sporting events, or other non-insurance related activities.</li> <li>• Advertising and marketing insurance-related services through many means, including gifts of minimal value, such as             <ul style="list-style-type: none"> <li>- Pens</li> <li>- Pencils</li> <li>- Calendars</li> <li>- Atlases</li> <li>- Golf balls</li> </ul> </li> </ul>



			<ul style="list-style-type: none"> <li>• Marketing of a brand or logo on merchandise that is provided to the general public</li> <li>• Sponsoring events whether charitable or not</li> <li>• Providing educational seminars open to the general public where food may or may not be served (this is acceptable so long as no actual selling of a product or service takes place at the event)</li> <li>• Providing contests or raffles in which the consumer receives a free chance to win a prize (this is acceptable so long as they are open to the public and there is no obligation for the consumer to purchase or renew insurance to enter, win, or claim the prize)             <ul style="list-style-type: none"> <li>- Example: An offer of a gift card to quote a customer’s insurance where there is no obligation to purchase insurance.</li> </ul> </li> <li>• Donating earned commissions to charities (this is acceptable so long as clients or prospective clients have no influence over which charity receives the donation, the donation is not in the client’s name, and no client or prospective client becomes eligible for a tax benefit from the donation). <a href="#">Bulletin 2012-11</a>.</li> </ul> <p>The following, however, are prohibited under Illinois law:</p> <ul style="list-style-type: none"> <li>• Flexible spending administration services</li> <li>• Legal services</li> <li>• Payroll services</li> <li>• Referrals to non-insurance related third-party service providers through which an insured may receive a discounted rate while the producer remains the producer of record</li> <li>• Advice regarding compliance with federal and state laws concerning human resources issues not relating to the insurance provided</li> <li>• Management of employee benefit programs</li> <li>• Development of employee handbooks and training</li> <li>• Services related to employee compensation, discipline, job descriptions, leaves of absence, organizational development, business policies and practices, staffing and recruiting. <a href="#">Bulletin 2012-11</a>.</li> </ul>

<p><i>Indiana</i></p>	<p>No person shall engage in this state in any trade practice which is defined . . . as an unfair method of competition or as an unfair or deceptive act or practice in the business of insurance. § 27-4-1-3.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract or policy of insurance of any kind or kinds whatsoever, including but not in limitation, life annuities, or agreement as to such contract or policy other than as plainly expressed in such contract or policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends, savings, or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract or policy; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, limited liability company, or partnership, or any dividends, savings, or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 27-4-1-4(a)(8).</p> <p><i>Person is defined to include any individual, corporation, company including any farm mutual insurance company, association, partnership, firm, reciprocal exchange, inter-insurer, Lloyds insurers, society, fraternal benefit society, lodge, order, council, corps, and any other association or legal entity, engaged in the business of insurance, including but not in limitation of the foregoing, insurance producers, brokers, solicitors, advisors, auditors, and adjusters. § 27-4-1-2(a).</i></p> <hr/> <p>No company acting through its officers or members, attorney-in-fact, or by any other party, no officer of a company acting on the officer's own behalf and no insurance producer, broker, or solicitor, personally or by any other party, shall offer, promise,</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Paying bonuses to policyholders (or otherwise abating their premiums) out of surplus accumulated from nonparticipating insurance, so long as any such bonuses or abatement are fair and equitable to policyholders and for the best interests of the company and its policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Paying by an insurer money, commission, or brokerage. § 27-4-1-4(a)(8)(A)-(D).</li> </ul>	<p>Gifts to a consumer are prohibited if the gift is an inducement to (or conditioned upon) the purchase or renewal of insurance. If it is unrelated to the purchase or renewal of insurance, a small item with a fair market value of \$25 or less may be given. Examples of such items include a promotional handout, advertising product, or mean.</p> <p>Contests or raffles in which the consumer receives a free chance to win are acceptable as long as they are open to the public and there is no obligation for the consumer to purchase or renew insurance to enter, win, or claim the prize. Prizes are not limited to a \$25 value; however, the value of the prize divided by the reasonably expected number of entrants must not exceed \$25 per entrant.</p> <p>The following list of services, if appropriate in scope, directly related to the insurance product being sold, or intended to reduce claims, and provided in a fair and non-discriminatory way would generally not be prohibited:</p> <ul style="list-style-type: none"> <li>• Loss control, including wellness programs</li> <li>• Claim filing assistance</li> <li>• COBRA administration</li> <li>• HIPAA compliance</li> <li>• Risk management or analysis</li> <li>• Regulatory and legislative updates</li> <li>• Group policy administration</li> <li>• Establishment and administration of employer-sponsored 125 plans, FSAs, and HRAs</li> </ul> <p>The following list of services, if provided free or at reduced cost, could be considered by the Department as violations of the anti-rebating statute provided the service is no specifically stated in the insurance policy or provided for in applicable filings:</p> <ul style="list-style-type: none"> <li>• Human resource (personnel)</li> <li>• Legal</li> <li>• Payroll</li> <li>• Referrals to third-party service providers that offer discounted rates contingent upon the purchase or renewal of insurance</li> <li>• Tax preparation</li> <li>• Accounting. <a href="#">Bulletin 177</a>.</li> </ul>
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	<p>allow, give, set off or pay, directly or indirectly, any rebate of or part of the premium payable on a policy, or any insurance producer's commission thereon, or earnings, profits, dividends or other benefits founded, arising, accruing, or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind, or any other valuable consideration or inducement, to or for insurance on any risk in this state, now or hereafter to be written, or for or upon any renewal of any such insurance, which is not specified in the policy contract of insurance, or offer, promise, give, option, sell or purchase any stocks, bonds, securities, or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever as inducement to insurance or in connection therewith, or any renewal thereof, which is not specified in the policy. § 27-1-20-30.</p> <p>A similar restraint is placed on unlicensed sellers as well. § 27-1-15.6-13.</p>		
<p><i>Iowa</i></p>	<p>A person shall not engage in this state in any trade practice which is defined . . . to be an unfair method of competition, or an unfair or deceptive act or practice in the business of insurance. § 507B.3.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection</p>	<p>The statute does not prohibit the following:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 507B.4(3)(i)(2)</li> </ul>	<p>The Insurance Department has also found that other activities and services do not fall within the scope of the prohibition, including:</p> <ul style="list-style-type: none"> <li>• Engaging with clients in social settings and during activities that may include meals, sporting events, or other non-insurance related activities.</li> <li>• Advertising and marketing insurance-related services through many means, including gifts of minimal value, such as             <ul style="list-style-type: none"> <li>- Pens</li> <li>- Pencils</li> <li>- Calendars</li> <li>- Atlases</li> <li>- Golf balls</li> </ul> </li> <li>• Marketing of a brand or logo on merchandise that is provided to the general public</li> <li>• Sponsoring events whether charitable or not</li> <li>• Providing educational seminars open to the general public where food may or may not be served (this is acceptable so long as no actual selling of a product or service takes place at the event)</li> </ul>

	<p>therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or any thing of value whatsoever not specified in the contract. § 507B.4(3)(i).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, fraternal beneficiary association, and any other legal entity engaged in the business of insurance, including insurance producers and adjusters. § 507B.2(1).</i></p>		<ul style="list-style-type: none"> <li>• Providing contests or raffles in which the consumer receives a free chance to win a prize (this is acceptable so long as they are open to the public and there is no obligation for the consumer to purchase or renew insurance to enter, win, or claim the prize)             <ul style="list-style-type: none"> <li>- Example: An offer of a gift card to quote a customer’s insurance where there is no obligation to purchase insurance.</li> </ul> </li> <li>• Donating earned commissions to charities (this is acceptable so long as clients or prospective clients have no influence over which charity receives the donation, the donation is not in the client’s name, and no client or prospective client becomes eligible for a tax benefit from the donation)</li> <li>• Providing services in connection with an insurance policy, such as newsletters or value-added services, if they are related to the type of insurance purchased and are intended to reduce claims. <a href="#">Bulletin 08-15</a>; <a href="#">Bulletin 08-16</a>.</li> </ul> <p>The Insurance Department, however, found that certain additional actions would raise violate the rebating provision, including:</p> <ul style="list-style-type: none"> <li>• Specific reductions in the commission or premium at the time of sale or renewal.</li> <li>• Unrelated products, memberships, or services provided solely upon purchase or renewal of an insurance policy. <a href="#">Bulletin 08-15</a>; <a href="#">Bulletin 08-16</a>.</li> </ul>
<p><b><i>Kansas</i></b></p>	<p>No person shall engage in this state in any trade practice which is defined . . . to be . . . an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 40-2403.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting, offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon; paying, allowing, giving or offering to pay, allow or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 40-2404(8)(b).</li> </ul>	

	<p>contract, any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, selling, purchasing or offering to give, sell or purchase as inducement to such insurance contract or annuity or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 40-2404(8).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyd's insurer, fraternal benefit society and any other legal entity engaged in the business of insurance, including agents, brokers and adjusters. Person also means any nonprofit medical and hospital service corporations, [ . . . ] administrators,[ . . . ] and health maintenance organizations. § 40-2402(a).</i></p>		
<p><b>Kentucky</b></p>	<p>No insurer or employee or representative thereof shall knowingly charge, demand, or receive a premium for any insurance policy except in accordance with the applicable filing on file with the commissioner. No such insurer, employee, or representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducements whatever, or give, sell, or purchase, or offer to give, sell, or purchase anything of value whatsoever not specified in the policy, except to the extent provided for in such applicable filing. § 304.12-090(1).</p>	<p>The statute prohibits the following:</p> <ul style="list-style-type: none"> <li>• Any employment.</li> <li>• Any shares of stock or other securities issued or any rights thereto.</li> <li>• Any advisory board contract or any similar agreement offering or providing for profits or special returns or special dividends.</li> <li>• Any prizes, goods, wares, merchandise, or property of an aggregate value in excess of \$25. § 304.12-110.</li> </ul> <p>This does not prohibit the following:</p> <ul style="list-style-type: none"> <li>• Payment of lawfully earned commission or compensation to duly licensed insurers (or compensation disclosed in a written disclosure agreement).</li> <li>• Distribution of dividends, savings, or the unused/unabsorbed portion of premiums and premium deposits by a participating insurer to its participating policyholders.</li> <li>• Furnishing of information, advice, programs, or</li> </ul>	<p>The following insurance business practices violate Kentucky law:</p> <ul style="list-style-type: none"> <li>• Reducing agent commissions to reduce a premium to a customer. <a href="#">Advisory Opinion 2003-01</a>.</li> <li>• Offering administrative services at a free or reduced cost in connection with an insurance transaction. <a href="#">Advisory Opinion 2004-05</a>.</li> </ul> <p>With respect to the \$25 limit established in § 304.12-110(4), when determining whether a violation exists, the Kentucky Office of Insurance will consider the aggregate value of the prizes, goods, and wares rather than the cost of such items. See <a href="#">Advisory Opinion 2007-01</a>.</p> <p><i>The Kentucky Department of Insurance, however, generally does not interpret the state's anti-rebating statute to prevent the offer or provision by an insurance company to a policyholder of rate reduction, loss control, and/or loss mitigation value-added products or services at no or reduced cost if:</i></p> <ul style="list-style-type: none"> <li>• <i>The product or service's use is directly related to the type of insurance offered or purchased;</i></li> </ul>

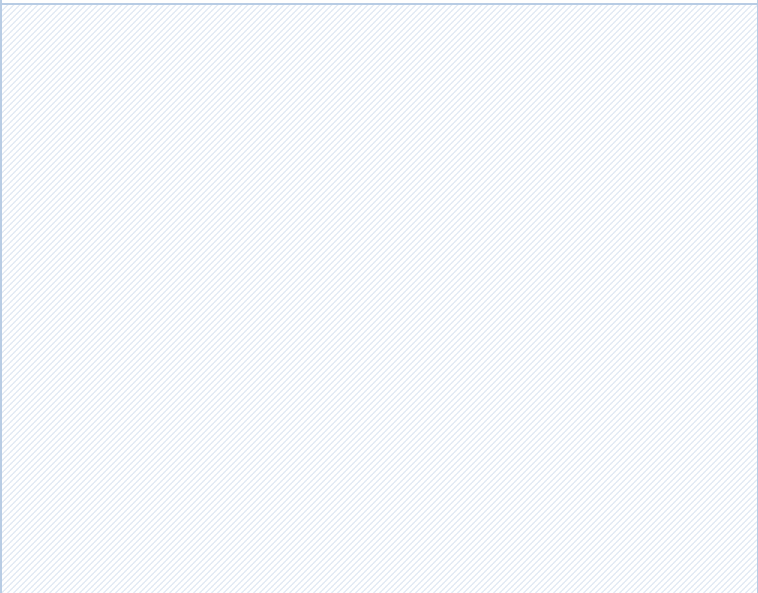
		<p>services that are intended to reduce the future cost of insurance. For a non-exclusive list, <i>see</i> § 304.12-100(3).</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• An insurer from waiving, in whole or in part, a policyholder’s deductible for food spoilage for an insured risk located in a county declared to be a federal disaster area.</li> <li>• Payment of any compensation, fee, or other consideration to an individual not licensed to sell insurance if that individual sells, solicits, or negotiates rental vehicle insurance as permitted under Kentucky law. § 304.12-100.</li> </ul> <p>The allowance for furnishing information includes (but is not limited to):</p> <ul style="list-style-type: none"> <li>• Providing software to administer an insured’s employee benefits or risk management programs</li> <li>• Employee wellness programs</li> <li>• Risk management services</li> <li>• Loss control services</li> <li>• Workers’ compensation analysis forecasting</li> <li>• Any other service designed to assist in the efficient administration of a policyholder’s insurance program. § 304.12-100(3).</li> </ul>	<ul style="list-style-type: none"> <li>• <i>The product or service is intended to mitigate risks or reduce rates or claims to the benefit of policyholders; and</i></li> <li>• <i>The product or service is offered or provided in a fair and nondiscriminatory manner to like policyholders. <a href="#">Advisory Opinion 2020-003</a>.</i></li> </ul>
<p><i>Louisiana</i></p>	<p>No person shall engage in this state in any trade practice which is defined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the conduct of the business of insurance, including unauthorized insurance. § 22:1963.</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance provided that any such bonuses or abatement of premiums shall</li> </ul>	<p><b>Marketing Practices:</b> According to the Department of Insurance, provided that there is no quid pro quo arrangement, common and ordinary marketing practices do not constitute rebating. Common and ordinary marketing practices include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• The giving of tangible goods (such as tee-shirts, caps, pens,</li> </ul>

	<p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of insurance including life insurance, life annuity or health and accident insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stock, bonds, or other securities of any insurer or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 22:1964(8).</p> <p><i>Person is defined to include any natural or artificial entity, including but not limited to individuals, partnerships, associations, trusts, or corporations. § 22:1962(D).</i></p>	<p>be fair and equitable to policyholders.</p> <ul style="list-style-type: none"> <li>• For policies issued on the debit plan, making allowance to policyholders who have continuously for a specified period paid premiums in advance or continuously for a specified period made premium payment directly to an office of the insurer in an amount which fairly represents the saving in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on the loss or expense.</li> <li>• Agents accepting on their own responsibility, notes for the first premiums. § 22:1964(8.1).</li> </ul>	<p>calendars, etc.)</p> <ul style="list-style-type: none"> <li>• The giving or purchase of consumables (such as food and beverages)</li> <li>• The provision of continuing education course materials or instruction</li> <li>• The giving of tickets to sporting, cultural, or other charitable events</li> <li>• The making or giving of charitable donations (including pro bono services). <a href="#">Advisory Letter 2015-01</a>.</li> </ul> <p><b>Services Offered to Insureds:</b> Additionally, any person engaged in the business of insurance may offer certain services to insureds without charge and that do not constitute rebating if the services fall within the scope of services that an insurance producer may lawfully provide in connection with insurance when the services are incidental to the policy of insurance and are offered to all insureds. Services that are incidental to and closely related to the administration of an insured’s policy include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Risk assessments</li> <li>• Insurance consulting services (such as examining, appraising, reviewing, or evaluating the insurance provided)</li> <li>• Insurance-related regulatory and legislative updates</li> <li>• Claims for preparation (but excluding claims adjustment)</li> <li>• Tax preparation on behalf of an employer of Schedule A</li> <li>• Information to group policy or contract holders and members under group insurance policies</li> <li>• Certain services performed pursuant to COBRA</li> <li>• Certain services provided in accordance with HIPAA</li> <li>• The negotiation on behalf of insureds by health issuers with non-participating providers in an effort to reduce or otherwise ameliorate billed charged by non-participating providers (“balance billing”). <a href="#">Advisory Letter 2015-01</a>.</li> </ul> <p>Conversely, services that are not truly incidental to the contract of insurance when offered only to insureds may constitute rebating if the costs of those services are not passed on to the insured or are not specified in the contract of insurance. Such services include (but are not limited to):</p>
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			<ul style="list-style-type: none"> <li>• COBRA administration that goes beyond billing and collecting the insurance premiums</li> <li>• Payroll processing and/or services</li> <li>• Development of employee handbooks and training materials unrelated to the insurance</li> <li>• Human resource software or any services related to employee compensation, discipline, job functionality, employee leave, organizational development, business policies or practices, safety, staffing, and recruiting that is unrelated to the insurance</li> <li>• Risk management or loss control services that are not routinely available to all agency clients</li> <li>• Advice regarding compliance with federal and state laws concerning human resource issues that are not related to insurance</li> <li>• Legal services. <a href="#">Advisory Letter 2015-01</a>.</li> </ul> <p><b>Services Offered to the General Public:</b> The Department of Insurance provides that where the thing of value is available to the general public, the recipient of the thing of value has received no special favor or advantage through the contract of insurance. To determine whether a thing of value has been offered to the general public, the Department of Insurance will consider the circumstances surrounding the offer, including (but not limited to) the following factors:</p> <ul style="list-style-type: none"> <li>• Whether the offering of the thing of value is open and obvious to the general public.</li> <li>• Whether the offering is directed primarily to insureds or prospective insureds.</li> <li>• Whether a member of the general public is able to obtain the thing of value on equal terms through the same means as insureds or prospective insureds.</li> <li>• Whether any impediment to access the thing of value exists that is imposed on the general public and not equally imposed on an insured or prospective insured. <a href="#">Advisory Letter 2015-01</a>.</li> </ul>
<i>Maine</i>	An insurer, an employee of an insurer or a producer may offer to give gifts in connection with marketing for the sale or retention of contracts of insurance, as long as the cost does not exceed	The new law does not permit gifts and prizes given pursuant to the statute to be in the form of cash.	Broadly, the Maine Department of Professional and Financial Regulation Bureau of Insurance has found that whether a given arrangement violates Maine’s rebating statutes is fact-specific and



	<p>\$100 per year per person, and conduct raffles or drawings, as long as there is no participation cost to entrants and as long as the prizes are not valued in excess of \$500.</p> <p>An insurer, an employee of an insurer or a producer may offer to provide a value-added service or activity, offered or provided without fee or at a reduced fee, that is related to the coverage provided by an insurance contract if the provision of the value-added service or activity does not violate any other applicable statute or rule and is:</p> <ul style="list-style-type: none"> <li>• Clearly identified and included within the insurance contract; or</li> <li>• Directly related to the servicing of the insurance contract or offered or undertaken to provide risk control for the benefit of a client.</li> </ul> <p>§ 2163-A (as amended by the passage of <a href="#">SP 382</a>).</p>	<p>This does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Reduction of premium rate for policies of a large amount, but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plans issued in smaller amounts.</li> <li>• Reduction in premium rates for life or health insurance policies or annuity contracts on salary savings, payroll deduction, preauthorized check, bank draft, or similar plans in amounts reasonably commensurate with the savings made by the use of such plans.</li> <li>• The issuance of policies of group insurance with or without annuities at rates less than the usual rate of premiums for individual policies or contracts as otherwise provided by law.</li> <li>• Allowance to an agent or broker, and receipt thereby, of commissions with respect to insurance written on himself. § 2161.</li> <li>• An insurance producer from receiving a fee rather than a commission on the sale of property and casualty insurance. § 2163-A.</li> <li>• A person from offering or providing services, whether or not the services are directly related to an insurance contract, for free or for less than fair market value as long as the receipt of the services is not contingent upon the purchase of insurance and the services are offered on the same terms to all potential insurance customers. § 2163-A.             <ul style="list-style-type: none"> <li>- A person that offers or provides services for free or for less than fair market value shall disclose conspicuously in writing to the recipient before the purchase of insurance, receipt of a quote for</li> </ul> </li> </ul>	<p>will depend upon the circumstances of the interaction between the parties. Some of the factors that the Bureau will evaluate in determining whether an arrangement violates the general prohibition on rebating will be the timing of the alleged inducement, the prior relationship between the parties, the type of benefit, and the recipient of the benefit. <a href="#">Bulletin 426</a>.</p> <p><b>Gifts and Prizes:</b> A producer may offer gifts valued up to \$100 per year per person in connection with the marketing of insurance, and conduct raffles or drawings with prizes valued at no more than \$500, so long as there is no participation costs to entrants.</p> <p>These gifts may not be in the form of cash; however, cash equivalents (e.g., pre-paid MasterCard or VISA gift card) are no longer prohibited. For group coverage, the \$100 limit applies on a per-applicant-or-policyholder basis; i.e., \$100 per group, not \$100 per covered life. <a href="#">Bulletin 426</a>.</p> <p><b>Value-Added Services:</b> Value-added services or discounts that can be valued at \$100 or less per policy per year are clearly acceptable under Maine law. If the services are worth more than \$100, however, the limitation will depend on whether the value-added service is offered selectively or to all existing customers or potential customers.</p> <p>If services valued in excess of \$100 are offered to specific customers, the services must be either included within the insurance policy or “directly related to the firm’s servicing of the insurance contract or offered or undertaken to provide risk control for the benefit of a client.”</p> <p>In evaluating whether a value-added service is directly related to the servicing of the insurance contract, licensees should look at the type of insurance involved and the nature of the services to be offered. The following is a non-exclusive list of situations that are not considered rebates:</p> <ul style="list-style-type: none"> <li>• Risk management assistance provided by the producer.</li> <li>• Regulatory/legislative updates.</li> <li>• Enhancements that operate to make the producer’s own services and office operations more efficient and convenient</li> </ul>
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<p><b>Maryland</b></p>	<p>Except as otherwise expressly provided by law, a person, including a health maintenance organization, may not knowingly: allow, make, or offer to make a contract of life insurance or health insurance or an annuity contract or an agreement as to the contract other than as plainly expressed in the contract; pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to the insurance or annuity: a rebate of premiums payable on the contract; a special favor or advantage in the dividends or other benefits under the contract; paid employment or a contract for services of any kind; or any valuable consideration or other inducement not specified in the contract; directly or indirectly give, sell, purchase, offer or agree to give, sell, or purchase, or allow as inducement to the insurance or annuity or in connection with the insurance or annuity, regardless of whether specified in the policy or contract, an agreement that promises returns and profits, or stocks, bonds, or other securities, or a present or contingent interest in or measured by stocks, bonds, or other</p>	<p>The state affirmatively prohibits a person from making receipt of any educational materials, promotional materials, or articles of merchandise contingent on the sale or purchase of insurance. §§ 27-209(B), 27-212(d)(2).</p> <p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders. § 27-210.</li> <li>• For policies issued on the industrial debit, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense. § 27-210.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 27-210.</li> <li>• Reduction of premium rate for policies of a large</li> </ul>	

	<p>securities, of an insurer or other corporation, association, or partnership, or dividends or profits accrued or to accrue on stocks, bonds, or other securities; or offer, promise, or give any valuable consideration not specified in the contract, except for educational materials, promotional materials, or articles of merchandise that cost no more than \$50. § 27-209(a); <a href="#">Bulletin 19-21</a>.</p> <hr/> <p>Except to the extent provided for in an applicable filing with the Commissioner as provided by law, an insurer, employee or representative of an insurer or insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective: a rebate, discount, abatement, credit, or reduction of the premium stated in the policy; a special favor or advantage in the dividends or other benefits to accrue on the policy; or any valuable consideration or other inducement not specified in the policy. § 27-212(a).</p> <p>Except as otherwise provided by law, a person may not knowingly offer, promise, or give any valuable consideration not specified in the policy, except for educational materials, promotional materials, or articles of merchandise that cost no more than \$50. § 27-212(d)(1); <a href="#">Bulletin 19-21</a>.</p> <p><i>Person is defined to include an individual, receiver, trustee, guardian, personal representative, fiduciary, representative of any kind, partnership, firm, association, corporation, or other entity. § 1-101(dd).</i></p>	<p>amount, but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plans issued in smaller amounts. § 27-210.</p> <ul style="list-style-type: none"> <li>• Issuance of policies of life or health insurance on a salary savings or payroll deduction plan at a reduced rate reasonably commensurate with the savings made by the use of such plans. § 27-210.</li> <li>• Issuance of policies of health insurance that provide for increases in benefits to policyholders who maintain their policies continuously in force without lapse for specified periods. § 27-210.</li> <li>• Participation in bona fide wellness programs. § 27-210.</li> <li>• Payment of commissions or other compensation to licensed insurance producers. § 27-212(f).</li> <li>• Any insurer from allowing or returning to its participating policyholders the usual and ordinary dividends, savings, or unabsorbed premium deposits. § 27-212(f).</li> </ul>	
<p><b>Massachusetts</b></p>	<p>No person shall engage in this commonwealth in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. Ch. 176D § 2.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection</li> </ul>	<p>The MAIA noted in a newsletter that the Division of Insurance provided that referral payments made by an insurance producer to another person for referring potential customers to the producer may be paid if the fees are:</p> <ul style="list-style-type: none"> <li>• Nominal in value;</li> <li>• Paid to anyone who refers potential clients;</li> <li>• Paid whether or not a sale of insurance results from the referral;</li> <li>• Not calculated as a percentage of the premium or commission.</li> </ul>

	<p>offering to make or making any insurance contract, including but not limited to a contract for life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance contract, or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. Ch. 176D § 3(8).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyds insurer, fraternal benefit society, operators of any medical service plan and hospital service plan, carriers and health maintenance organizations, insurers and sponsors of a legal services plan, any other legal entity or self insurer which is engaged in the business of insurance, including agents, brokers, and adjusters, the Massachusetts Insurers Insolvency Fund and any joint underwriting association established pursuant to law. Ch. 176D § 1(a).</i></p>	<p>expense.</p> <ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. Ch. 176D § 3(8).</li> </ul>	<p><a href="#">August 2012 Newsletter.</a></p>
<p><b>Michigan</b></p>	<p>A person shall not engage in a trade practice that is defined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 500.2003(1).</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group</li> </ul>	<p>The Department of Insurance and Financial Services provides a set of FAQs that dissect the anti-rebating law. Under these FAQs a producer may:</p> <ul style="list-style-type: none"> <li>• Offer a gift or service as an inducement to listen to a sales pitch or obtain information which could lead to a policy quote so long as the receipt of the gift or service is not contingent on the policy.</li> <li>• Offer entry into a drawing only if the gift/prize offered has a value of \$5 or less for life insurance applicants, or \$10 or less for property-casualty insurance applicants. <a href="#">FAQs.</a></li> </ul>

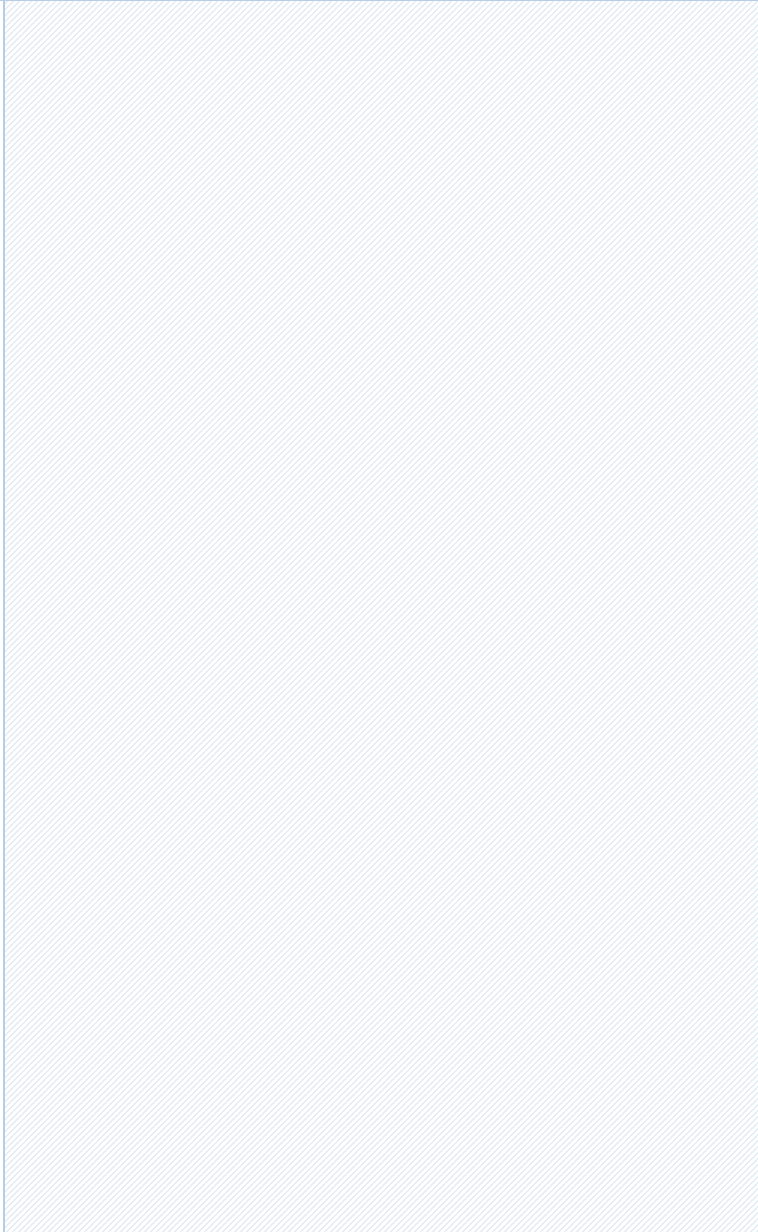
<p>issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 500.2024.</p> <p><i>Person is defined to include an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity. § 500.114. It also includes an insurance producer, solicitor, counselor, adjuster, or nonprofit dental care corporation. § 500.2003(2).</i></p> <hr/> <p>No insurer, by itself or any other party, and no insurance agent or solicitor, personally or by any other party, transacting any kind of insurance business shall offer, promise, allow, give, set off or pay, directly or indirectly, any rebate of, or part of, the premium payable on the policy or on any policy, or agent's commission thereon, or earnings, profit, dividends or other benefit founded, arising, accruing or to accrue thereon, or therefrom, or any other valuable consideration or inducement to or for insurance, on any risk in this state now or hereafter to be written, which is not specified in the contract of insurance; nor shall any such insurer, agent or solicitor, personally or otherwise, offer, promise, give, sell, or purchase any stocks, bonds, securities or any dividend or profits accruing or to accrue thereon, or other thing of value whatsoever as inducement to insurance or in connection therewith which is not specified in the policy contract. § 500.2066.</p> <hr/> <p>No insurer may pay, allow, or give, directly or indirectly, as an</p>	<p>insurance policy based on loss or expense.</p> <ul style="list-style-type: none"> <li>• Life insurers from giving to each applicant for a life insurance policy an article of merchandise having an invoice value of \$5 or less.</li> <li>• Property-casualty insurers from giving an applicant for or an insured under a property-casualty insurance policy an article of merchandise with an invoice value of \$10 or less. § 500.2024a, 500.2024b, 500.2025.</li> </ul>	<p>A producer may not:</p> <ul style="list-style-type: none"> <li>• Offer a gift or service as an inducement to apply for a policy. However, a producer quoting life insurance may give an applicant an article of merchandise having an invoice value of \$5 or less, and a producer may give an applicant or an insured under a property-casualty insurance policy an article of merchandise having an invoice value of \$10 or less.</li> <li>• Reduce the amount of commission (or otherwise return any part of the premium owed).</li> <li>• Waive a fee or commission (if both are received) to quote a policy at a lower rate.</li> <li>• Pay a portion of a client's policy premium. <a href="#">FAQs</a>.</li> </ul> <p>Donations to charity present interesting issues and whether a donation qualifies as an inducement is dependent on the organization's business model. <a href="#">FAQs</a>.</p>
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	<p>inducement to such insurance, any rebate of premiums payable on the contract. § 500.2070(1).</p>		
<p><i>Minnesota</i></p>	<p>No insurance company or association, however constituted or entitled, including any affiliate of the insurance company or association, doing business in this state, nor any officer, agent, subagent, solicitor, employee, intermediary, or representative thereof, shall make or permit any advantage or distinction in favor of any insured individual, firm, corporation, or association with respect to the amount of premium named in, or to be paid on, any policy of insurance, or shall offer to pay or allow directly or indirectly or by means of any device or artifice, as inducements to insurance, any rebate or premium payable on the policy, or any special favor or advantage in the dividends or other profit to accrue thereon, or any valuable consideration or inducement not specified in the policy contract of insurance, or give, sell, or purchase, offer to give, sell or purchase, as inducement to insure or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, partnership, or individual, or any dividends or profits accrued or to accrue thereon, or anything of value, not specified in the policy. § 72A.08.</p> <hr/> <p>No life insurance company doing business in this state shall make or permit any distinction or discrimination in favor of individuals between insurants of the same class and equal expectation of life in the amount or payment of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company or agent thereof make any contract of insurance or agreement as to such contract other than as plainly expressed in the policy issued thereon; nor shall any such company or any officer, agent, solicitor, or representative thereof pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon or any paid</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Any life insurance company from issuing industrial policies of life or endowment insurance. 72A.08(4)(a).</li> <li>• A promotional advertising item of \$25 or less or a gift of \$25 or less is not a rebate if the receipt of the item of gift is not conditioned upon purchase of an insurance policy or product. §§ 72A.08(4)(b); 72A.20(10)(b); 72A.12(4)(b).</li> </ul>	

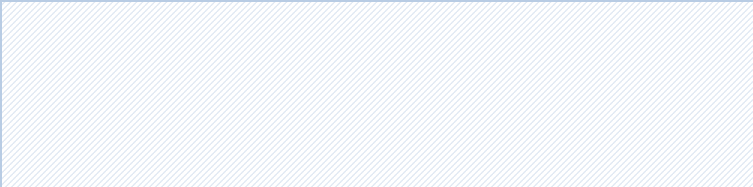
	<p>employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the policy contract of insurance. § 72A.12(4).</p> <hr/> <p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 72A.19(1).</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, annuity, or accident and health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or paying or allowing or giving, or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving or selling or purchasing, or offering to give, sell, or purchase, as inducement to such insurance or annuity, or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract, shall constitute an unfair method of competition and an unfair and deceptive act or practice.</p> <p>Note, a promotional advertising item of \$25 or less or a gift of \$25 or less per year is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an insurance policy or product. § 72A.20(10).</p>		
<p><i>Mississippi</i></p>	<p>No insurance company, or employee thereof, and no broker or agent shall knowingly charge, demand, or receive a premium for any policy of insurance except in accordance with the applicable</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• The payment of commissions or other compensation to licensed agents, brokers, or solicitors.</li> </ul>	

	<p>filing approved in the manner herein provided. No such insurer or employee or agent thereof shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance or after insurance has been affected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. § 83-3-121; MISS. ADMIN. CODE § 19-1:23.09(A).</p> <hr/> <p>No life insurance company doing business in Mississippi shall make any distinction or discrimination in favor of individuals of the same class and equal expectation of life in the amount of payments of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any of the terms and conditions of the contract it makes. Nor shall any such company or any agent thereof make any contract of insurance or agreement as to such contracts other than are plainly expressed in the application and policy issued thereon; nor shall any such company or agent pay or allow as inducements to insurance any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever not specified in the policy contract of insurance. § 83-7-3.</p>	<ul style="list-style-type: none"> <li>• An insurer from allowing or returning to its policyholders any dividends, savings, or unabsorbed premium deposits.</li> <li>• Any duly licensed agent from advancing an insurance premium for the insured with or without interest thereon subject to the state’s insurance regulations. § 83-3-121.</li> </ul>	
<p><i>Missouri</i></p>	<p>No life insurance company doing business in this state shall make or permit any distinction or discrimination in favor of individuals between insureds (the insured) of the same class and equal expectations of life in the amount or payment of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company, or agent thereof, make any contract of insurance or agreement as to such contract other than as plainly expressed in the policy issued thereon; nor shall any such company, or any officer, agent, solicitor or representative</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders. § 375.936(9)(b).</li> <li>• For policies issued on the industrial debit, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense. § 375.936(9)(b).</li> <li>• Readjustment of the rate of premium for a group</li> </ul>	



<p>thereof, pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever, not specified in the policy contract of insurance; or give, sell or purchase, or offer to give, sell or purchase, as inducement to insurance or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits to accrue thereon, or anything of value whatsoever. § 376.500.</p> <hr/> <p>No insurer or employee thereof, and no insurance producer shall pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in applicable filings. No insured named in any policy of insurance shall knowingly receive or accept, directly or indirectly, any rebate, discount, abatement, credit or reduction of premium, or any special favor or advantage or valuable consideration or inducement. § 379.356.</p> <hr/> <p>It is an unfair trade practice for any insurer to commit any practice defined in section 375.936 (see below) if certain requirements are met.</p> <p>One such practice includes: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity, accident and health insurance or other insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such</p>	<p>insurance policy based on loss or expense. § 375.936(9)(b).</p> <ul style="list-style-type: none"> <li>• Payment of commissions or other compensation to duly licensed insurance producers. § 379.356.</li> <li>• Any insurer from allowing or returning to its participating policyholders dividends or savings. § 379.356.</li> </ul>	
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	<p>insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering or to give, sell, or purchase as inducement to such insurance contract or annuity or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 375.936(9).</p> <p><i>Insurer is defined to include any person, reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including agents, brokers, adjusters and third-party administrators. It also includes health services corporations, health maintenance organizations, prepaid limited health care service plans, dental, optometric and other similar health service plans. § 375.932(3).</i></p>		
<p><b>Montana</b></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 33-18-102.</p> <p>Except as otherwise expressly provided by law, no person shall knowingly: permit or offer to make or make any contract of life insurance, life annuity, or disability insurance or agreement as to such contract other than as plainly expressed in the contract issued thereon; pay or allow or give or offer to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity any rebate of premiums payable on the contract or any special favor or advantage in the dividends or other benefits thereon or any paid employment or contract for services of any kind or any valuable consideration or inducement whatever not specified in the contract; directly or indirectly give or sell or purchase or offer or agree to give, sell, purchase, or allow as inducement to such insurance or annuity or in connection</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Reduction of premium rate for policies of large amount but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plan issued in smaller amounts.</li> <li>• Issuance of life or disability policies on a salary savings or payroll deduction plan at a reduced rate</li> </ul>	<p>In interpreting permitted or prohibited activities, the Commissioner for Securities and Insurance relies on a two-part test to determine whether or not something is rebating under the statute: (1) the consideration must be nominal (i.e., less than \$50) and (2) it must be available to all. If either of these two components is not met, the consideration is considered a rebate. <a href="#">Advisory Memorandum 2016</a>.</p> <p><b>Raffle:</b> The nominal-value rule, however, may be bypassed if it is for a raffle. The raffle test allows for raffling items valued at greater than \$50 so long as the raffle is available to all and the sale of insurance is completely independent of the raffle. <a href="#">Advisory Memorandum 2016</a>.</p> <p>The Commissioner provides several examples, including:</p> <p><b>A life insurance firm wants to offer free meals to persons attending a seminar hosted by the firm.</b> So long as the aggregate value of the dinner and any promotional items given out at the</p>

	<p>therewith and whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits or any stocks, bonds, or other securities or interest present or contingent therein or as measured thereby of any insurance company or other corporation, association, or partnership or any dividends or profits accrued or to accrue thereon; or offer, promise, or give anything of value whatsoever not specified in the contract. §§ 33-18-208; 33-18-210.</p> <p><i>Person is defined to include an individual, insurer, company, association, organization, Lloyd's, society, reciprocal or interinsurance exchange, partnership, syndicate, business trust, corporation, or any other legal entity. § 33-1-202(3).</i></p>	<p>reasonably commensurate with the savings made by the use of such plan. § 33-18-209.</p>	<p>dinner is under \$50 per attendee, this is acceptable.</p> <p><b>At a trade show, an agency seeks to hold a raffle with three separate prizes. Those prizes are a color television (valued at \$500), a microwave (valued at \$150), and a piece of pizza (valued at \$3).</b> The pizza falls below the \$50 threshold and can be offered regardless of circumstances. The microwave and the television, however, can only be offered if the agency satisfies the raffle test. Therefore, the drawing (and the chance of winning the drawing) must first be available to all persons at the show, whether or not they are potential customers. Second, the drawing must be wholly independent of the actual purchase of insurance. It appears that this test is met, so long as there are no insurance applications being filled out at the trade show.</p> <p><b>An insurance agency wants to make a donation of \$75 to an unnamed charity for each policy purchased through one of its agents. It wishes to advertise this fact as well.</b> Charity donations in certain situations are generally considered prohibited inducements when their values exceed \$50. However, this is not such a situation for two reasons: (1) the referrer will not select the charity, and (2) the insurer or agency will not identify the referrers in the course of making a donation. Therefore, the donation as limited value to each referrer individually and is more akin to a general charitable contribution.</p> <p><b>An insurance agency credits a policyholder account \$75 for each referral it receives from an active policyholder.</b> This type of activity puts the insured in the position of actively soliciting persons on behalf of the insurance agency. In addition to constituting rebating, the scenario also implicates the producer licensing statutes. <a href="#">Advisory Memorandum 2016</a>; see also <a href="#">Advisory Memorandum 2013</a>.</p>
<p><i>Nebraska</i></p>	<p>It shall be an unfair trade practice in the business of insurance for any insurer to commit any act or practice defined in section 44-1525 if the act or practice (1) is committed flagrantly and in conscious disregard of the Unfair Insurance Trade Practices Act or any rule or regulation adopted pursuant to the act or (2) has</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to</li> </ul>	

	<p>been committed with such frequency as to indicate a general business practice to engage in that type of conduct. § 44-1524.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any life insurance policy, annuity, or sickness and accident insurance policy, or agreement as to any such policy or annuity, other than as plainly expressed in the policy or annuity issued thereon, or paying, allowing, or giving, or offering to pay, allow, or give, directly or indirectly, as inducement to such policy or annuity, any rebate of premiums payable on the policy or annuity, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the policy or annuity; or giving, selling, purchasing, or offering to give, sell, or purchase as inducement to such policy or annuity or in connection therewith any stocks, bonds, or other securities of any insurer or other corporation, association, partnership, or limited liability company, or any dividends or profits accrued thereon, or anything of value not specified in the policy or annuity. § 44-1525(8)(a).</p> <p><i>Insurer shall mean any person, reciprocal exchange, interinsurer, Lloyds-type insurer or other similar group which includes incorporated and individual unincorporated underwriters, fraternal benefit society, and other legal entity engaged in the business of insurance, including agents, brokers, insurance consultants, adjusters, and third-party administrators. Insurer shall also mean health maintenance organizations, prepaid limited health service organizations, and dental, optometric, and other similar health service plans. For purposes of the act, all such insurers shall be deemed to be engaged in the business of insurance. § 44-1523(4).</i></p>	<p>an office of the insurer in an amount that fairly represents the savings in collection expense.</p> <ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 44-1521(8)(b).</li> </ul>	
<p><i>Nevada</i></p>	<p>Except as otherwise expressly provided by law, no person shall knowingly permit to be made or offer to make or make any contract of life insurance, life annuity or health insurance, or agreement as to such contract, other than as plainly expressed in</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Payment of commissions or other compensation to licensed agents, brokers, or solicitors.</li> <li>• Extension of credit to an insured for the payment of</li> </ul>	<p>The Department of Business and Industry Division of Insurance provides that a gift or promotional item must satisfy certain criteria in order to not be considered a rebate. The criteria are as follows:</p> <ul style="list-style-type: none"> <li>• The gift, promotional item, or charitable contribution on behalf</li> </ul>

	<p>the contract issued thereon, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, or knowingly accept, as an inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits there on, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give or sell or purchase or offer or agree to give, sell, purchase, or allow as an inducement to such insurance or annuity or in connection therewith, whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds or other securities, or interest present or contingent therein or as measured thereby, of any insurer or other corporation, association or partnership, or any dividends or profits accrued or to accrue thereon. § 686A.110.</p> <hr/> <p>No property, casualty, surety or title insurer or underwritten title company or any employee or representative thereof, and no broker, agent or solicitor may pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified or provided for in the policy, except to the extent provided for in an applicable filing with the Commissioner. § 686A.130.</p>	<p>any premium and for which credit a reasonable rate of interest is charged and collected.</p> <ul style="list-style-type: none"> <li>• Any insurer from allowing or returning to its participating policyholders dividends, savings, or unabsorbed premium deposits.</li> <li>• With respect to title insurance, bulk rates or special rates for customers of prescribed classes if the bulk or special rates are provided for in the effective schedule of fees and charges. § 686A.130(6).</li> </ul> <p>Additionally, the statute does not prohibit any person (in the case of any policy or contract of life insurance, life annuity or health insurance; and in the case of property, casualty or surety insurers or any employee or representative thereof, or any broker, agent, or solicitor) from providing to a policyholder or prospective policyholder prizes and gifts, goods, wares, merchandise, gift certificates, donations made to charitable organizations, raffle entries, meals, event tickets and other items provided they are not in excess of \$100 in aggregate value per policyholder or prospective policyholder in any 1 calendar year. § 686A.110(2).</p> <p>It does, however, prohibit a company from offering as an inducement to enter an agreement: any gift, rebate, or other consideration unless the consideration is an article of less than \$2 in value which includes an advertisement of the company. § 686A.490(2).</p>	<p>of the insured must not exceed \$20 in cost to the insurer.</p> <ul style="list-style-type: none"> <li>• A gift or promotional item, other than charitable donations, must be branded with an affixed company-specific marking or logo of the insurer giving the gift or promotional item.</li> </ul> <p>If these criteria are met, then the gift or promotional item will not be considered a rebate. <a href="#">Bulletin 10-005A</a>.</p> <p>Examples of items that meet these requirements include:</p> <ul style="list-style-type: none"> <li>• Branded coffee mugs</li> <li>• Branded office accessories (such as pens, pencils, calendars, rulers, or notepads)</li> <li>• Branded vehicle accident kits</li> <li>• Branded maps or atlases</li> <li>• Charitable donations in the name of the insured or potential insured. <a href="#">Bulletin 10-005A</a>.</li> </ul> <p>“Free insurance” is considered an inducement and, therefore, an unlawful practice in Nevada. <a href="#">Bulletin 01-002</a>.</p>
<p><i>New Hampshire</i></p>	<p>No person shall engage in this state in any trade practice which is defined . . . as an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 417:3.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of insurance or agreement as to such contract other than as plainly expressed in</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• An insurance company from paying another insurance company.</li> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> </ul>	

	<p>the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 417:4(IX).</p> <p><i>Person includes any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyd's insurers, fraternal benefit society and any other legal entity, engaged in the business of insurance, including agents, brokers, and adjusters. § 417:2(I).</i></p>	<ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Issuance of insurance policies covering bona fide employees of the insurer at a rate less than the rate charged other persons of the same class.</li> <li>• Issuance of policies on a salary saving, payroll deduction, preauthorized, postdated, automatic check or draft plans at a reduced rate commensurate with the savings made by the use of such plan.</li> <li>• Payment of commissions or other compensation to duly licensed agents or brokers, or returning to participating policyholders' dividends, savings, or unabsorbed premiums.</li> <li>• Payment by an insurance agent of commissions on public insurance to a nonprofit association of insurance agents.</li> <li>• Reduction of premium rate for policies of large amounts, but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plan issued in smaller amounts.</li> <li>• Any insurance company paying to another insurance company or to any person who is a duly authorized producer, or an insurance company or such a person from receiving a commission in respect to any policy under which the entity or he or she is insured.</li> <li>• An insurance company issuing non-participating life insurance from paying bonuses to policyholders or otherwise abating their premium in whole or in part out of surplus accumulated from non-participating insurance.</li> <li>• Value-added service, activity, or product offered or provided without a fee, or at a reduced fee, if the provision of such value-added service, activity, or product does not violate any other applicable statute or rule and is:             <ul style="list-style-type: none"> <li>- Available to all insureds on an objective and fair basis; and</li> <li>- Directly related to the firm's servicing of the insurance policy, annuity contract, or brokerage</li> </ul> </li> </ul>	
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		<p>agreement, or offered or undertaken to provide risk control for the benefit of the client.</p> <p>For the purposes of this provision, a “value-added service,” may include (1) risk assessments or mitigation, (2) risk control tools, (3) claims assistance, (4) legislative updates, and (5) administrative consulting.</p> <ul style="list-style-type: none"> <li>• The giving of a promotional item or items to a consumer in connection with marketing of contracts of insurance provided the item(s) have a fair market value of \$100 or less per consumer, per year.</li> <li>• Contests, sweepstakes, raffles, or drawings conducted in connection with the marketing or promotion of insurance products, if:             <ul style="list-style-type: none"> <li>- There is no participation cost to entrants; and</li> <li>- The contest, sweepstake, raffle, or drawing is open to consumers who are not policyholders and the consumer is not required to purchase a policy in order to be eligible to enter the contest, sweepstake, raffle, or drawing to receive a prize.</li> </ul> </li> <li>• The rebate of all or part of a producer’s commission on the sale of commercial insurance, provided the insurer expressly provides for such rebate in rate filings approved by the Commissioner and the reduction of the commission is not disclosed to the insured either directly or indirectly. § 417:4(IX)(b).</li> </ul>	
<p><i>New Jersey</i></p>	<p>No insurer, or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent that such rebate, discount, abatement, credit, reduction, favor, advantage or consideration may be provided for in rating-systems filed by or on behalf of such insurer and approved by</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Issuance of life or health insurance policies on a salary savings, bank draft, preauthorized check, or payroll</li> </ul>	<p>Mirroring the statutory text, New Jersey’s Department of Banking and Insurance has issued regulations in this space. They provide that no insurance producer shall offer, pay, or give (or permit to be offered, paid, or given) to any person, directly or indirectly:</p> <ul style="list-style-type: none"> <li>• An inducement to purchase insurance other than that plainly expressed in the insurance contract;</li> <li>• Any rebate of premiums payable on a contract of insurance, other than that plainly expressed in the contract or provided for in ratings systems filed by or on behalf of the insurer writing the contract and approved by the Commissioner;</li> <li>• Anything of value in return for that person’s agreement not to</li> </ul>

	<p>the commissioner. § 17:29A-15.</p> <hr/> <p>With respect to rates and supplementary rate information and all changes and amendments . . . (a) no insurer or employee thereof, and no broker or agent shall knowingly charge, demand or receive a premium for a policy of commercial lines insurance except in accordance with the respective rates and supplementary rate information and all changes and amendments thereof effective pursuant to this act; (b) no insurer, or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insure, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium specified in the policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent that such rebate, discount, abatement, credit, reduction, favor, advantage or consideration may be provided for in such rates and supplementary rate information and all changes and amendments thereof effective pursuant to this act; and (c) no insured named in a policy of insurance, nor any employee of such insured, shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. Nothing herein contained shall be construed as prohibiting the payment of commissions or other compensation to regularly appointed and licensed agents and to brokers duly licensed by this State, nor as prohibiting a discount, abatement, or reduction in premium on policies issued to or on behalf of the State. § 17:29AA-14.</p> <hr/> <p>Except as otherwise expressly provided by law, no person shall knowingly make, permit to be made or offer to make any contract of life insurance, annuity or health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as an inducement to</p>	<p>deduction plan, or other similar plan, at a rate which is lower than that charged when policies are not issued on such plan.</p> <ul style="list-style-type: none"> <li>• Issuance of life or health insurance policies at rates less than the usual rates of premiums or considerations for such policies or modification of premium based on an amount of insurance. § 17B:30-14.</li> </ul>	<p>purchase insurance from another insurance producer or insurer; or</p> <ul style="list-style-type: none"> <li>• Anything of value as compensation for being unable to offer a comparable or better insurance program at less cost. N.J.A.C. § 11:17A-2.3(a)-(e).</li> </ul> <p><b>Charitable Contributions:</b> An offer by an insurer or a producer to make a contribution to a charity that is a qualified organization under the guidelines of the IRS, to a non-profit corporation, or to the State of New Jersey (or any political subdivision thereof) upon a consumer (that is not the charity itself) will not be considered an inducement or a rebate provided that all of the following are met:</p> <ul style="list-style-type: none"> <li>• No pecuniary benefit is obtained by the insurer or producer, other than the income tax benefit of such contribution.</li> <li>• No income tax benefits are passed through to the consumer by the insurer or producer making the contribution, and the consumer does not receive the contribution and has no direct or indirect interest in the recipient of the contribution.</li> <li>• The amount of premium or commission to be charged is not altered as a result of the contribution.</li> <li>• Records of all such offers and contributions are maintained for at least 5 years and are available to the Department for review and inspection upon request. N.J. ADMIN. CODE § 11:17A-2.3(f).</li> </ul> <p>The above prohibitions against rebates and inducements do not prohibit an insurance producer from providing services or other offerings for free or at a discounted price and in a fair and non-discriminatory manner, provided that the service(s) or other offering(s) relate to or enhance the value of the insurance product being purchased. Services and other offerings that would not be prohibited include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Discounts on gym memberships or wellness programs in connection with life, accident, health, workers' compensation, or sickness insurance products;</li> <li>• Claims filing assistance, including group health insurance assistance services;</li> <li>• COBRA, HRA, HSA, and FSA administration;</li> <li>• Risk management services, including loss control; and</li> </ul>
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	<p>such insurance, or annuity, any rebate of premiums or considerations payable on the contract or of any agent's, solicitor's or broker's commission relating thereto, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or give, or sell, or purchase or offer to give, sell, or purchase as an inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 17B:30-13.</p> <p><i>Person is defined to include any individual, insurer, company, association, organization, society, partnership, syndicate, trust, business trust, corporation and every legal entity. § 17B:17-6.</i></p>		<ul style="list-style-type: none"> <li>• Product audits to assist policyholders to evaluate their current policies. N.J. ADMIN. CODE § 11:17A-2.3(g).</li> </ul> <p>However, services or monetary benefits provided for free or at a discounted price that inure to the personal benefit of the person and that are largely extraneous to the coverage being purchased or the insurance services being provided by an insurance producer, or services offered in a discriminatory manner as an inducement to write or move business are prohibited rebates or inducements. Such services or benefits that qualify as prohibited rebates or inducements include:</p> <ul style="list-style-type: none"> <li>• Payments of cash or cash equivalents greater than \$100;</li> <li>• Provision of tickets to a concert of event with a value greater than \$100; and</li> <li>• COBRA, HRA, HSA, and FSA administration services offered only to new customers who agree to change producers or insurers, which are not otherwise provided to in-force accounts. N.J. ADMIN. CODE §§ 11:17A-2.3(h), 11:17A-1.2.</li> </ul>
<p><i>New Mexico</i></p>	<p>No property, casualty or title insurer, or nonprofit health care or prepaid dental plan or other insurance-type organization, or any employee or representative thereof, and no insurance producer or other representative shall pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance or coverage, or after insurance or coverage has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified or provided for in the policy, except to the extent provided for in an applicable filing with the superintendent as allowed by law. § 59A-16-17(A).</p> <hr/> <p>No insured named in a policy or any employee of such insured shall knowingly receive or accept, directly or indirectly, any rebate, discount, abatement, credit or reduction of premium, or any special favor or advantage or valuable consideration or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Payment of commissions or other compensations to licensed insurance products.</li> <li>• Extension of credit to an insured for the payment of any premium and for which a reasonable rate of interest is charged and collected.</li> <li>• Any insurer from allowing or returning to its participating policyholders, members, or subscribers, dividends, savings, or unabsorbed premium deposits.</li> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial or debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Reduction in the premium rate for policies of large</li> </ul>	<p>The Superintendent of Insurance clarified that there is no de minimis threshold allowance for inducements. Therefore the continued appearance advertisements or the granting of free goods and services to consumers who obtain an insurance quote is a violation of the New Mexico law. <a href="#">Bulletin 2010-04</a>.</p>

	<p>inducement, except as allowed by law. § 59A-16-17(C).</p> <hr/> <p>Except as otherwise expressly provided by law, no person shall knowingly permit to be made or offer to make or make any contract of life insurance, life annuity or health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, or knowingly accept, as an inducement to such insurance or annuity any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give or sell or purchase or offer or agree to give, sell, purchase, or allow as an inducement to such insurance or annuity or in connection therewith, whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds or other securities, or interest present or contingent therein or as measured thereby, of any insurer or other person, or any dividends or profits accrued or to accrue thereon. § 59A-16-15.</p> <p><i>Person is defined to include an individual (natural person), association, organization, reciprocal or Lloyds plan insurer, partnership, firm, syndicate, trust, corporation and every legal entity. § 59A-1-10.</i></p> <p>A similar restraint is placed on administrators as well. § 59A-12A-15.</p>	<p>amounts, but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plan issued in smaller amounts.</p> <ul style="list-style-type: none"> <li>• Reduction in the premium rates for life or health insurance policies on salary savings, payroll deduction, preauthorized check, bank draft, or similar plans in amounts reasonably commensurate with the savings made by the use of such plans.</li> <li>• Extension of credit for the payment of any premium and for which credit a reasonable rate of interest is charged and collected.</li> <li>• Provision of prizes and gifts (e.g., goods, gift cards, gift certificates, charitable donations, raffle entries, meals, event tickets, and other items) to customers or prospective customers not exceeding \$100 in the aggregate in value per customer or prospective customer in any one calendar year. §§ 59A-16-16, 59A-16-17(E)-(F).</li> </ul>	
<p><i>New York</i></p>	<p>No authorized insurer, no licensed insurance agent, no licensed insurance broker, and no employee or other representative of any such insurer, agent or broker shall make, procure or negotiate any contract of insurance other than as plainly expressed in the policy or other written contract issued or to be issued as evidence thereof, or shall directly or indirectly, by giving or sharing a commission or in any manner whatsoever, pay or allow or offer to pay or allow to the insured or to any</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• An insurer from equitably distributing dividends payable from surplus on earned premiums to its policyholders.</li> <li>• The return of dividends, savings, or the unused or unabsorbed portion of premiums and premium deposits to policyholders of a mutual insurer or to the subscribers of a reciprocal insurer.</li> </ul>	<p>The Department of Financial Services provided guidance and clarification as to what kinds of value-added services may be provided to insureds without running afoul of the anti-rebating rules.</p> <p>An insurer or insurance producer may provide a service not specified in the insurance policy without violating the anti-rebating provisions of New York law if the following two requirements are</p>

<p>employee of the insured, either as an inducement to the making of insurance or after insurance has been effected, any rebate from the premium which is specified in the policy, or any special favor or advantage in the dividends or other benefit to accrue thereon, or shall give or offer to give any valuable consideration or inducement of any kind, directly or indirectly, which is not specified in such policy or contract, other than any valuable consideration, including but not limited to merchandise or periodical subscriptions, not exceeding \$25 in value, or shall give, sell or purchase, or offer to give, sell or purchase, as an inducement to the making of such insurance or in connection therewith, any stock, bond or other securities or any dividends or profits accrued thereon, nor shall the insured, his agent or representative knowingly receive directly or indirectly, any such rebate or special favor or advantage, provided, however, a licensed insurance agent or a licensed insurance broker may retain the usual commission or underwriting fee on insurance placed on his own property or risks, if the aggregate of such commissions or underwriting fees will not exceed five percent of the total net commissions or underwriting fees received by such licensed insurance agent or insurance broker during the calendar year. § 2324; <a href="#">Supplement 1 to Circular Letter No. 14</a>.</p>	<ul style="list-style-type: none"> <li>• An insurer or insurance agent from paying commissions to a licensed insurance broker for negotiating a policy or contract of insurance.</li> <li>• A licensed insurance broker from sharing or dividing a commission earned or received by him with any other licensed insurance broker who has aided him in respect to the insurance for the negotiation of which the commission has been earned or paid. § 2324(c).</li> </ul>	<p>met:</p> <ul style="list-style-type: none"> <li>• The service directly relates to the sale or servicing of the policy or provides general information about insurance or risk reduction; and</li> <li>• The insurer or insurance producer provides the service in a fair and nondiscriminatory manner to like insureds or potential insureds. <a href="#">Circular Letter No. 9</a>.</li> </ul> <p>The following services generally will fall within the scope of services that an insurance producer may lawfully provide in connection with insurance sold by the producer if provided incidental to the insurance and in a fair and nondiscriminatory manner:</p> <ul style="list-style-type: none"> <li>• Risk assessments, including identifying sources of risk and developing strategies for eliminating or limiting those risks.</li> <li>• Insurance consulting services or other insurance-related advice.</li> <li>• Insurance-related regulatory and legislative updates.</li> <li>• Certain claims assistance services (including the preparation of claims forms), but excluding claims adjustment, unless the exceptions set forth under New York law are satisfied.</li> <li>• Tax preparation on behalf of an employer of Schedule A .</li> <li>• Information to group policy or contract holders and members under group insurance policies currently in place, as well as forms needed for plan administration, enrollment in a plan, insurer website links, and answers to frequently asked questions related to the insurance.</li> <li>• Certain services performed pursuant to COBRA, such as billing former employees, collecting the insurance premiums, and forwarding the aggregate premiums to the employer policy or contract holder or to the insurer, when offered in connection with the provision of accident and health insurance.</li> <li>• Certain services provided in accordance with HIPAA, such as those pertaining to health care access, portability, and renewability, when offered in connection with the provision of accident and health insurance. <a href="#">Circular Letter No. 9</a>.</li> </ul>
<hr/> <p>Except as permitted by law, no such life insurance company and no such savings and insurance bank and no officer, agent, solicitor or representative thereof and no such insurer doing in this state the business of accident and health insurance and no officer, agent, solicitor or representative thereof, and no licensed insurance broker and no employee or other representative of any such insurer, agent or broker, shall pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to any person to insure, or shall give, sell or purchase, or offer to give, sell or purchase, as such inducement, or interdependent with any policy of life insurance or annuity contract or policy of accident and health insurance, any stocks, bonds, or other securities, or any dividends or profits accruing or to accrue thereon, or any valuable consideration or inducement whatever not specified in such policy or contract other than any valuable consideration, including but not limited to merchandise or</p>		<p>However, because they are too attenuated to the provision of insurance, or would otherwise violate the law because the services are not specified in the policy, the following services, if provided</p>

	<p>periodical subscriptions, not exceeding twenty-five dollars in value; nor shall any person in this state knowingly receive as such inducement, any rebate of premium or policy fee or any special favor or advantage in the dividends or other benefits to accrue on any such policy or contract, or knowingly receive any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever which is not specified in such policy or contract. § 4224.</p>		<p>by an insurance producer to an insured or prospective insured for “free” or at a reduced fee, or otherwise offered in conjunction with insurance services, could run afoul of the anti-rebating law. Therefore, the Department suggests that careful consideration should be given to:</p> <ul style="list-style-type: none"> <li>• Flexible spending administration services.</li> <li>• Legal services.</li> <li>• Payroll services, such as providing employers with check creation and distribution services for their employees.</li> <li>• Referrals to third-party service providers through which an insured or prospective insured may receive a discounted rate while the producer is the producer of record.</li> <li>• Advice regarding compliance with federal and state laws concerning human resource issues not relating to the insurance provided.</li> <li>• Management of employee benefit programs, such as retirement programs and time-off/leave of absence programs, other than the insurance sold by the producer.</li> <li>• Preparation of employee benefit statements listing all of the benefits provided to employees by the employer that are unrelated to the insurance purchased.</li> <li>• Development of employee handbooks and training, which are unrelated to the insurance purchased.</li> <li>• Services related to employee compensation, discipline, job descriptions, leaves of absence, organizational development, business policies and practices, safety, staffing, and recruiting that are unrelated to the insurance purchased. <a href="#">Circular Letter No. 9</a>; see also <a href="#">OGC Opinion (Oct. 2004)</a> (administrative health services); <a href="#">OGC Opinion (Mar. 2000)</a> (legal fees).</li> </ul> <p><b>\$25 Merchandise:</b> The article of merchandise permitted under New York’s anti-rebating law “contemplates a keepsake . . . which conspicuously bears the agency’s name and is designed to keep the agency’s name before the customer through the conspicuous stamp or printing thereof.” Certain items, such as a gift certificate or gift card, are not “keepsakes” within the meaning of the statute because they are expected to be used shortly after receipt and then will be discarded. <a href="#">OGC Opinion (Aug. 2004)</a> (gift certificates and cards); <a href="#">OGC Opinion (Apr. 2005)</a> (gift cards); <a href="#">OGC Opinion (Dec. 2006)</a> (calendar); <a href="#">OGC Opinion (July 2007)</a> (cash, meals, and free miles).</p>
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<p><i>North Carolina</i></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 58-63-10.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Payment of commissions or compensation to regularly appointed and licensed agents.</li> <li>• Distribution by a participating insurer of dividends, savings, or the unused or unabsorbed portion of premiums and premium deposits to participating policyholders. § 58-63-15(8)(b)-(c).</li> </ul>	<p>The Department of Insurance concluded that the offering or arranging of extra-contractual benefits violates the North Carolina statutes prohibiting inducements and rebating when they are provided at no cost or below their fair market value. <a href="#">Bulletin 99B-02</a>. The statutes provide an absolute bar to any service or any thing of value wherein those goods are neither (1) referenced specifically or generally in the contract of insurance, nor (2) are advertising in nature. <a href="#">Anti-Rebating FAQ</a>.</p> <p>As a general matter, the Department views the following goods to be <u>advertising in nature</u> (and therefore they are not considered rebating):</p> <ul style="list-style-type: none"> <li>• Taking a client out for a reasonably priced business meal.</li> <li>• Calendars.</li> <li>• Small inexpensive personal items such as pens or other marketing items.</li> <li>• Inexpensive items celebrating holidays or other special events such as birthday, marriage, birth of a child, or graduation.</li> </ul>

<p>inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 58-63-15(8).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance . . . and includes agents, brokers, limited representatives, and adjusters. § 58-63-5(2).</i></p> <hr/> <p>No insurer, agent, broker or limited representative shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the applicable filing approved by the Commissioner. No insurer, agent, broker or limited representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. § 58-33-85.</p> <hr/> <p>It shall be unlawful for any insurance carrier, or officer, agent or representative of an insurance company writing credit life and credit accident and health insurance, as defined by law, or combination credit life, accident and health, hospitalization and disability insurance in connection with loans, to permit any agent or representative of such company to retain any portion of funds received for the payment of losses incurred, or to be incurred, under such policies of insurance issued by such company, or to pay, allow, permit, give or offer to pay, allow, permit or give, directly, or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium, to any</p>		<ul style="list-style-type: none"> <li>• Inexpensive snacks and food in conjunction with benefit presentations. <a href="#">2006 Commissioner’s Column</a>.</li> </ul> <p>The following test will determine whether an offer constitutes a rebate or an inducement:</p> <ol style="list-style-type: none"> <li>1. Is the carrier paying, giving, or allowing some “thing”?             <ul style="list-style-type: none"> <li>• Is the regulated person paying, allowing, or giving something to the applicant/insured?</li> <li>• But for the efforts or acquiescence of the carrier, would the applicant/insured receive something?</li> <li>• Would the applicant/insured be receiving something if the carrier were not involved in the situation?</li> </ul> </li> <li>2. Is the “thing” given of value, so as to be possibly considered an inducement or credit/rebate?             <ul style="list-style-type: none"> <li>• Anything has some value to someone—a regulated entity is not going to give away or allow something to an applicant/insured unless it believes that the thing will be of some value to the applicant/insured.</li> <li>• Note, however, that where the applicant/insured pays a fair market value for the thing, there is no inducement or rebate.</li> </ul> </li> <li>3. Is the thing of value specified in the policy?             <ul style="list-style-type: none"> <li>• It is acceptable under the statutes, to give something, including either an insurance related benefit or non-insurance related benefit, as long as it is specified in the policy. <a href="#">Bulletin 99B-02</a>.</li> </ul> <p><i>The above Bulletin provides sample contract language that may be used to illustrate the amount of flexibility that would be permissible under North Carolina law while still complying with its anti-inducement and anti-rebating laws.</i></p> </li> </ol>
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	<p>loan agency, insurance agency or broker, or to any creditor of the debtor on whose account the insurance was issued, or to any person, firm or corporation which received a commission or fee in connection with the issuance of such insurance. § 58-33-90.</p> <p>A similar restraint is placed on persons or entities selling real property and performing services as a real estate agent, attorney, or lender, as well. § 58-27-5.</p>		
<p><i>North Dakota</i></p>	<p>A person may not engage in this state in any trade practice . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 26.1-04-02.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity, or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the insurance or annuity any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatsoever not specified in the contract; or giving, selling, or purchasing, or offering to give, sell, or purchase as inducement to the insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. §§ 26.1-04-03; 26.1-04-06.</p> <hr/> <p>A life insurance company doing business in this state may not make or permit any distinction or discrimination between insureds of the same class and with equal expectation of life in the amount or payment of premiums or rate charges for policies</p>	<p>If the cost does not exceed an aggregate retail value of \$100 per person per year, an insurance producer may give a</p> <ul style="list-style-type: none"> <li>• Gift</li> <li>• Prize</li> <li>• Promotional article</li> <li>• Logo merchandise</li> <li>• Meal</li> <li>• Entertainment activity</li> </ul> <p>directly or indirectly to a person in connection with marketing, promoting, or advertising the business. The above may not, however, be conditioned on obtaining a quote or contract of insurance. § 26.1-04-06(2); <a href="#">S.B. 2140</a>.</p> <p>An insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or carwash. It may not, however, give cash, a cash card, any form of currency, or any refund or discount in premium.</p> <p>An insurance producer may make a donation to a nonprofit organization in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance. § 26.1-04-06(2).</p> <p>“Person” is defined by the statute to the named insured, policy owner, prospective client, or the spouse thereof. It does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. § 26.1-04-06(2).</p>	<p>The Insurance Department has not issued any interpretative guidance on the statute as of this date. However, it has released a FAQ document that provides a few examples.</p> <p><b>Gift with No Retail Value:</b> Some specialty products may appear to have no retail value. For example, some specialty clothing manufacturers only have a wholesale price. It is recommended an insurance agent keep documentation of the money spent on such specialty items in case a complaint or question arises about gift-giving practices.</p> <p><b>Gift Cards:</b> An insurance producer may give a gift card up for specific merchandise or services, but may not give cash, a cash card, any form of currency, or any refund or discount in premium. Producers are cautioned to read the statutes carefully for full details of what is permitted, as there are limitations on what may be given, the dollar value of what is given, and who may be a recipient.</p> <p><b>Free Appreciation Day:</b> Expenses related to a client appreciation day that consisted of the insurance agent providing sandwiches, coffee, and dessert for clients would count toward the \$50 per person per year limit, even if the appreciation day is open to anyone who shows up.</p> <p><b>Credit:</b> An insurance producer may not accept any rebate of premium on any insurance policy. <a href="#">North Dakota FAQs</a>.</p>

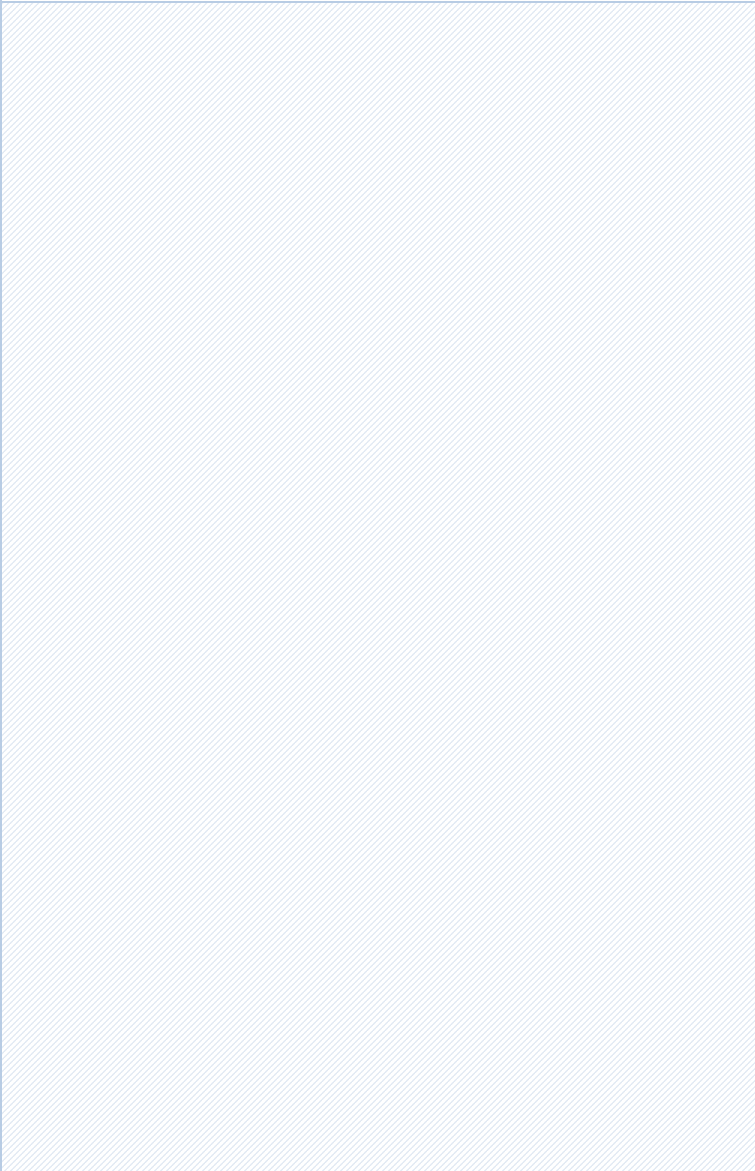
	<p>of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms or conditions of the contracts which it makes. No life insurance company, and no insurance producer therefor, either personally or by any other person, may:</p> <ul style="list-style-type: none"> <li>• Make any insurance contract, or agreement with reference thereto, other than such as is expressed plainly in the policy issued thereon.</li> <li>• Offer, promise, allow, give, set off, or pay any rebate of the whole or any part of the premium payable on the policy or the insurance producer’s commission thereon, or any special favor or advantage in the dividends, earnings, profits, or other benefit founded, arising, accruing, or to accrue thereon or therefrom.</li> <li>• Offer, promise, allow, or give any special advantage in the date of the policy or the age at which the same is issued.</li> <li>• Offer, promise, allow, or give any paid employment or contract for services of any kind, or any other valuable inducement or consideration whatsoever not specified in the insurance policy or contract.</li> <li>• Offer, promise, give, option, sell, or purchase, or offer to give, sell, or purchase, as inducement to insurance or in connection therewith, any stocks, bonds, securities, or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever not specified in the policy. § 26.1-04-05.</li> </ul>		
<p><i>Ohio</i></p>	<p>No corporation, association, or partnership engaged in this state in the guaranty, bonding, surety, or insurance business . . . nor any officer, agent, solicitor, employee, or representative thereof, shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as inducements to insurance, and no person shall knowingly receive as an inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any paid employment or contract for services of any kind, or any special advantage in the date of the policy or date of its issue, or any valuable consideration or inducement not plainly specified in the policy or contract of insurance or agreement of</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• The payment of a commission or other compensation to any licensed agent or broker.</li> <li>• Any insurer from allowing or returning to its participating policyholders dividends, savings, or unused premium deposits.</li> <li>• Any insurer from returning or otherwise abating, in full or in part, the premiums of its policyholders out of surplus accumulated from nonparticipating insurance.</li> <li>• The taking of a bona fide obligation, with interest at a rate not exceeding six per cent per annum, in the payment of any premium.</li> </ul>	<p><b>Promotional or Advertising Items:</b> The Superintendent has determined that a promotional or advertising item or meal with a fair market value of \$50 or less is not a valuable consideration when the item or meal is given to induce an insured individual or a potential insured individual to obtain a policy quote or general insurance information and is not tied to the purchase of an insurance policy.</p> <p>“Fair market value” is defined as the price for which a single comparable item of like kind and quality could be purchased in a retail transaction. Bulletin 2009-13.</p>



	<p>indemnity, or give, receive, sell, or purchase, or offer to give, receive, sell, or purchase, as inducements to insurance or in connection therewith, any stock, bonds, or other obligations of an insurance company or other corporation, association, partnership, or individual. § 3933.01.</p> <hr/> <p>No life insurance company doing business in this state, or an officer, agent, solicitor, or representative thereof, shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, a rebate of the premium payable on a policy, or a special favor or advantage in the dividends or other benefits to accrue thereon, or a paid employment or contract for services of any kind, or any valuable consideration or inducement not specified in the policy of insurance, or give, sell, or purchase, or offer to give, sell, or purchase, as an inducement for insurance, any stocks, bonds, or securities of an insurance company or other corporation, association, or partnership, or any dividends or profits to accrue thereon, or anything of value not specified in the policy. §§ 3999.05, 3911.20.</p> <hr/> <p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair or deceptive act or practice in the business of insurance. § 3901.20.</p> <p>Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing, or offering to give, sell, or purchase, as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other</p>	<ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• Any company that transacts industrial insurance on the weekly payment plan from returning to policyholders, who have made premium payments for a period of at least one year directly to the company at its home or district offices, a percentage of the premium which the company would have paid for the weekly collection of such payments.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. §§ 3901.21, 3923.17, 3911.20</li> </ul>	<p><b>Value-Added Products or Services:</b> Department of Insurance generally does <b>not</b> interpret the offer or provision by an insurance company to a policyholder of a rate reduction, loss control, and/or loss mitigation value-added product or service at no or reduced cost to violate the state’s anti-rebating provisions when the product or service is not specified in the insurance product, if the product or service is:</p> <ul style="list-style-type: none"> <li>• Directly related to the type of insurance offered or purchased;</li> <li>• Intended to mitigate risks or reduce rates or claims to the benefit of policyholders; and</li> <li>• Offered or provided in a fair and nondiscriminatory manner to like policyholders.</li> </ul> <p>That said, because these emerging products and services are ever evolving, and assessment of whether the offering or providing of any product or service not specified in the insurance policy will always be fact-specific, the Department declined to generally sanction any particular product or service, but notes that examples include leak prevention systems, telematics devices, home sensors, wearables, and other connected devices. <a href="#">Bulletin 2019-04</a>.</p>
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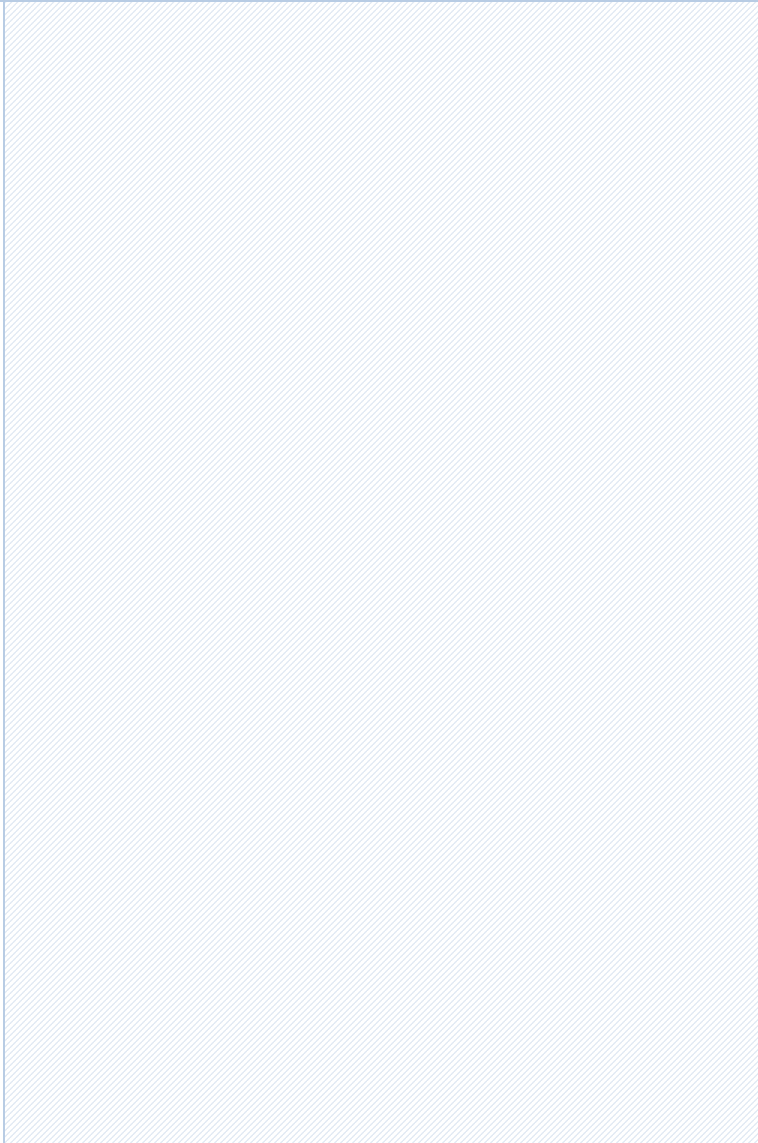
	<p>securities, or other obligations of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 3901.21.</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, fraternal benefit society, title guarantee and trust company, health insuring corporation, and any other legal entity. § 3901.19.</i></p>		
<p><b>Oklahoma</b></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 36-1203.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of insurance or agreement as to such contract other than as plainly expressed in the contract issued thereon; or paying or allowing, or giving or offering to pay, allow or give, directly or indirectly, as inducement to any contract of insurance, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; except in accordance with an applicable rate filing, rating plan or rating system filed with and approved by the Insurance Commissioner; or giving or selling or purchasing or offering to give, sell, or purchase as inducement to such insurance, or in connection therewith, any stocks, bonds or other securities of any company, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract or receiving or accepting as inducement to contracts of insurance, any rebate of premium payable on the contract, or any special favor or advantage in the dividends or other benefit to accrue thereon, or any valuable consideration or inducement not specified in the contract. § 36-1204.</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit or weekly premium plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Allowing a life insurance company’s bona fide employees to receive a commission on the premiums paid by them on policies on their own lives.</li> <li>• Issuing life or health policies on a salary saving or payroll deduction plan at a reduced rate commensurate with the savings made by the use of such plan.</li> <li>• Payment of commissions or other compensation to duly licensed agents or brokers, or allowing or returning to participating policyholders, members, or subscribers, dividends, savings, or unabsorbed premium deposits. § 1204(8)(b).</li> </ul> <p>The statute prohibits giving as an inducement to an insured, prospective insured, or any other person on his or her behalf, any of the following:</p> <ul style="list-style-type: none"> <li>• Any employment.</li> <li>• Any shares of stock or other securities issued or at any time to be issued or any interest therein or rights</li> </ul>	<p>According to the Insurance Commissioner, rebating includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Value-added services.</li> <li>• Wellness/preventative services.</li> <li>• Payment of premiums.</li> <li>• Cafeteria plans.</li> <li>• COBRA premiums.</li> <li>• COBRA administrative costs.</li> <li>• FSA/HRA administration.</li> <li>• Providing two or more quotes for the same client based on different commission scales or administrative charges from the same carrier or administrator. Bulletin 05-08-2006.</li> </ul>

	<p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyd's insurer, Lloyd's Name, Lloyd's Syndicate Name, fraternal benefit society, and any other legal entity engaged in the business of insurance, including agents, brokers and adjusters. § 36-1202 (1).</i></p>	<p>thereto.</p> <ul style="list-style-type: none"> <li>• Any advisory board contract, or any similar contract, agreement or understanding, offering, providing for, or promising any special profits.</li> <li>• Any prizes, goods, wares, merchandise, or tangible property of an aggregate value in excess of \$100.</li> <li>• Any special favor, advantage or other benefit in the payment, method of payment or credit for payment of the premium through the use of credit cards, credit card facilities, credit card lists, or wholesale or retail credit accounts of another person. § 1204(10).</li> </ul>	
<p><b>Oregon</b></p>	<p>No person shall personally or otherwise offer, promise, allow, give, set off, pay or receive, directly or indirectly, any rebate of or rebate of part of the premium payable on an insurance policy or the insurance producer's commission thereon, or earnings, profit, dividends or other benefit founded, arising, accruing or to accrue on or from the policy, or any other valuable consideration or inducement to or for insurance on any domestic risk, which is not specified in the policy. § 746.045.</p> <p><i>Person is defined to include an individual or a business entity (a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity). § 731.116.</i></p> <hr/> <p>With respect to title insurance, no commissions, rebates or discounts shall be paid, allowed or permitted to any person having an interest in or lien upon real property which is the subject of the title insurance involved, or to any person acting for or on behalf of a person with such an interest or lien. § 746.055.</p> <hr/> <p>An insurance consultant may not give or receive or offer to give or receive a rebate of all or a part of any fee or other expenses charged for services or any earnings, profit, dividends or other benefit accruing to the insurance consultant from the services</p>	<p>The statute does not prohibit giving, as a form of advertising, promotional program, or promotional material, a prize, goods, wares, merchandise, articles or property with an aggregate value of not more than \$100 in a calendar year to a person other than a person to whom an insurer issues health insurance or a health benefit plan. § 746.045(3).</p>	<p>An insurer may offer gifts to potential clients, so long as the gift is not conditional upon the recipient applying for, purchasing, or increasing the insurance. There is no limit on the value or type of gift. Oregon law prohibits a producer or insurer from offering a gift only to those that purchase a policy. <a href="#">Commissions and Gifts</a>.</p>

	<p>provided by the insurance consultant. § 744.655.</p>		
<p><i>Pennsylvania</i></p>	<p>No person shall engage in this state in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to this act. § 1171.4.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon, or paying or allowing, or giving or offering to pay, allow or give as inducement to such insurance, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration, inducement or anything of value whatsoever which is not specified in the contract. §§ 1171.5(a)(8).</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyds insurer, fraternal benefit society, beneficial association and any other legal entity engaged in the business of insurance, including agents, brokers and adjusters and also means health care plans. § 1171.3.</i></p> <hr/> <p>No insurance producer shall, directly or indirectly, offer, promise, allow, give, set off or pay a rebate of, or part of, a premium payable on the contract of insurance or on the insurance producer’s commission, earnings, profits, dividends or other benefit founded, arising, accruing or to accrue thereon, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind, or any other valuable consideration or inducement, to or for insurance on a risk in this Commonwealth which is not specified in the contract of insurance. § 310.45.</p>	<p>The statute affirmatively permits an insurance producer or an insurance company to—on an annual basis—offer to give an insured or prospective insured, any favor, advantage, object, valuable consideration, or anything other than money with a value of less than or equal to \$100 that is not specified in the contract of insurance. §§ 310.45, 310.46, 471. Nonetheless, a producer may <b>not</b> make receipt of anything of value contingent on the purchase of insurance.</p> <p>Moreover, the statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial or debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 1171.5(b)</li> </ul>	

	<p>No insurance producer shall, directly or indirectly, offer, promise, give, option, sell or purchase any stocks, bonds, securities or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever, as an inducement to purchase a contract of insurance. Nothing in this section shall be construed to prevent the taking of a bona fide obligation, with legal interest, in payment of any premium. This section shall not prohibit payment or receipt of referral fees in accordance with this act. § 310.46.</p> <hr/> <p>No insurance company, association, or exchange, by itself or by its officers or members, attorney-in-fact or by any other party, shall offer, promise, allow, give, set off, or pay, directly or indirectly, any rebate of, or part of, the premium payable on the policy, or on any policy or agent’s commission thereon, or earnings, profit, dividends, or other benefit founded, arising, accruing, or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind, or any other valuable consideration or inducement, to or for insurance on any risk in this Commonwealth, now or hereafter to be written, which is not specified in the policy contract of insurance; nor shall any such company, association, or exchange, personally or otherwise, offer, promise, give, option, sell, or purchase any stocks, bonds, securities, or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever, as inducement to insurance or in connection therewith, which is not specified in the policy. Nothing in this section shall be construed to prevent the taking of a bona fide obligation, with legal interest, in payment of any premium. § 471.</p>		
<p><i>Rhode Island</i></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 27-29-3.</p> <p>Such unfair methods of competition and unfair or deceptive acts</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an</li> </ul>	<p>The statutes do not prohibit the use of a “gift” as a marketing tool when the “gift” is given whether or not the individual actually purchases or renews the insurance. For example, a company or agent may offer a gift to all persons who receive a quote. The gift must be retained whether or not a policy ever becomes effective. Therefore, gifts may be offered in exchange for quotes only if the</p>

<p>or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any policy or agreement as to the policy other than as plainly expressed in the policy issued on it, or paying or allowing or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the policy, any rebate of premiums payable on the policy, or any special favor or advantage in the dividends or other benefits on the policy, or any valuable consideration or inducement not specified in the policy, or giving, selling, or purchasing or offering to give, sell, or purchase as inducement to the policy, or in connection with the policy, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued on the security, or anything of value not specified in the policy. § 27-29-4(8).</p> <p><i>Person is defined to include any natural or artificial entity, including but not limited to, an individual, corporation, association, partnership, trust, or any other legal entity. § 27-29-2(6).</i></p> <hr/> <p>No life insurance corporation doing business in this state, nor any insurance producer of the corporation, shall permit, offer, or make any contract of insurance or agreement as to any contract other than as plainly expressed in the policy issued on the contract or agreement; nor shall any company or any officer, insurance producer, or representative of the company or producer pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as inducement to any person to insure, or give, sell, or purchase, or offer to give, sell, or purchase as an inducement or in connection with any insurance, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accruing on the securities, or any valuable consideration or inducement of any kind not specified in the policy, nor shall any person knowingly receive as an inducement any rebate of premium, or any special favor or advantage in the dividends or other benefits, or any paid employment or contract for services of any kind, or any valuable consideration or inducement of any</p>	<p>amount that fairly represents the savings in collection expense.</p> <ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 27-29-4(8)(ii).</li> </ul>	<p>following are met:</p> <ul style="list-style-type: none"> <li>• The gift is not contingent on the purchase or renewal of a policy;</li> <li>• The value of the gift is minimal enough that it would not serve as an inducement to choose one policy over another similar policy; and</li> <li>• The gift is offered to the general public. <a href="#">Bulletin 2009-9</a>.</li> </ul>
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	<p>kind, not specified in the policy. § 27-4-6.</p>		
<p><b>South Carolina</b></p>	<p>No person may pay, allow, or give or offer to pay, allow, or give, directly or indirectly, as inducement to the purchase or the renewal of an insurance contract, any rebate of premiums payable on the contract, any special favor or advantage in any benefits payable thereon, or any valuable consideration or inducement that is not specified in the contract. §§ 38-57-130(3); 38-57-140.</p> <p><i>Person is defined to include any individual, corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd's insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including agents, brokers, and adjusters. § 38-57-20.</i></p> <hr/> <p>An insurer or its officer, agent, solicitor, or representative or an insurance broker may not pay, allow, or give or offer to pay, allow, or give, directly or indirectly, as inducement to the taking of insurance any rebate of premium payable on the policy, any special favor or advantage in the dividends or other benefits to accrue from the policy, any paid employment or contract for services of any kind, or any valuable consideration or inducement not specified in the policy contract of insurance, or give, sell, or purchase or offer to give, sell, or purchase, as inducement to the taking of insurance or in connection therewith, any stocks, bonds, or other securities of an insurer or other corporation, association, or partnership, any dividends or profits to accrue from them, or anything of value not specified in the policy. § 38-55-50.</p>	<p>No policy may provide for, as an inducement to the purchaser or in connection with a policy, directly or indirectly:</p> <ul style="list-style-type: none"> <li>• Paying, allowing, giving, or offering any paid employment or contract for services of any kind.</li> <li>• Giving, selling, or purchasing or offering or agreeing to give, sell, purchase, allow, or provide for any agreement promising returns and profits, or any stock, bonds, or other securities, including trading stamps or other properties or present or contingent interest therein of any insurer or other corporation, association, partnership, or person, or any dividends or profits accrued thereon.</li> <li>• Giving, allowing, arranging for, or offering any advisory board contract, or similar contract, promising returns and profits. § 38-57-150(1).</li> </ul> <p>Licensed agents are permitted to do the following:</p> <ul style="list-style-type: none"> <li>• Give insureds, prospective insureds, and others—for the purpose of advertising—an article of merchandise having a value that does not exceed \$25 and that has an advertisement for the insurer or agent printed on it. § 38-57-160.</li> <li>• Provide refreshments during a sales presentation, so long as they do not exceed \$10 per person in cost. § 38-57-160.</li> <li>• Charge administrative fees for incidental services associated with uninsured motorist related transactions. § 38-55-50.</li> </ul> <p>Additionally, no person may advertise, offer, or provide free insurance as an inducement to the purchase or sale of real or personal property or of services directly or indirectly connected to real or personal property. <i>See generally</i> § 38-57-170.</p>	

<p><i>South Dakota</i></p>	<p>No insurer or any employee or representative thereof, and no insurance producer may pay, allow, or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in the policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy, except to the extent provided for in an applicable filing with the director as provided by law. § 58-33-24.</p> <hr/> <p>Except as otherwise provided by law, no person shall knowingly permit or offer to make or make any contract of life insurance, life annuity or health insurance, or agreement as to such contract other than is plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or directly or indirectly give or sell, or purchase or offer or agree to give, sell, purchase, or allow as inducement to such insurance or annuity or in connection therewith, and whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds, or other securities, or interest present or contingent therein or as measured thereby, of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued or to accrue thereon; or offer, promise or give anything of value whatsoever not specified in the contract. § 58-33-14.</p> <p><i>Person is defined to include an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity. § 58-1-2.</i></p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders. § 58-33-17.</li> <li>• For policies issued on the industrial debit plan, preauthorized check, bank draft, or similar plans, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense. § 58-33-18.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 58-33-19.</li> <li>• Reduction of premium rate for policies of a large amount, but not exceeding savings in issuance and administration expenses reasonably attributable to such policies as compared with policies of similar plans issued in smaller amounts. § 58-33-20.</li> <li>• Issuance of life or health insurance policies or annuity contracts on salary savings, payroll deduction, or other distribution plan at a rate reasonably commensurate with the savings made by the use of such plans. § 58-33-21.</li> <li>• Issuance of health insurance policies which provide for increases in benefits to policyholders who maintain their policies continuously in force without lapse for specified periods. § 58-33-22.</li> <li>• A licensed insurer or its officers or employees from giving to insureds, prospective insureds, or others for advertising purposes or promotional programs, any article of merchandise having an invoice value of \$25 or less. § 58-33-74.</li> </ul>	<p>The Department of Revenue &amp; Regulation Insurance Division provided several hypothetical examples discussing what is permissible and impermissible under the anti-rebating law.</p> <p><b>Free Gift or Quote: An agent advertises in the local media that he will give a free coffee mug (under \$25 value) to anyone just for coming in for a quote on auto insurance.</b> This action is permissible. The gift of a free coffee mug that is not tied to the purchase of insurance and is under \$25 is allowed. However, if the agent required that the prospective customer apply for coverage as a condition of receiving the gift, then it would not be permissible.</p> <p><b>Money on Renewal: An agent offers to give \$10 cash to an existing client because the policy offered through the agent costs \$10 more upon renewal than another policy available to the customer.</b> This would be considered an illegal rebate. The \$10 cash payment is not a promotional item. It is also tied to the purchase of the policy.</p> <p><b>Quarterly Drawing: An agent is seeking to increase referrals to his agency. The agency would like to request referrals from its client and/or realtors, mortgage brokers and friends. Those submitting referrals would be eligible for a quarterly drawing for a \$300 Gift Card. The person submitting the referral would be eligible regardless, even if none of the referrals resulted in a sale.</b> This would be permissible provided all of those submitting referrals are eligible for the drawing. There must be no obligation to purchase insurance and it must be open to clients and non-clients alike. Referrals are different than gifts to clients. The referral statute has no dollar limit as to the amount of the referral. However, all referrals must be flat amounts that do not vary based upon how many sales are made and do not vary based upon premiums or commissions.</p> <p><b>Free Lunches: An agent likes to provide free lunches at local restaurants to his clients in exchange for his clients purchasing insurance from his agency.</b> This would be considered a rebate and is not permissible. No insurer or any employee or representative thereof may pay, allow, or give, directly or indirectly, as an</p>
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	<p>No insurer may, directly or indirectly through its insurance producers or representatives, participate in any plan to offer or effect any kind or kinds of life insurance, health insurance, property insurance, casualty insurance, surety insurance, or annuities in this state as an inducement to, or in combination with, the purchase by the public of any goods, securities, commodities, services, or subscriptions to periodicals, except upon the payment of a bona fide premium by the insured. § 58-33-15.</p>		<p>inducement to insurance, or after insurance has been affected any valuable consideration or inducement whatever. Providing free lunches to clients in exchange for the clients purchasing insurance would violate this statute.</p> <p><b>Gas Giveaway: An insurance company wants to show its appreciation to a city for being a “safe driving” community. From 6:00 a.m. to 10:00 a.m. it wants to give away up to 15 gallons of gas per vehicle at a local gas station. The giveaway is open to the general public, regardless where insured. The price for gas at the time is \$1.79/gallon. The company will have representatives on hand pumping gas and a company banner is present. The representatives will not be handing out any promotional material.</b> The gasoline give-away would be considered as advertising or promotional and therefore subject to the \$25 limitation. The fair market value of the gasoline give-away (15 gallons at \$1.79/gallon) exceeded the \$25 limit and therefore would not be permissible. A similarly structured gasoline give-away that limited the per customer amount to \$25 or less would be allowed. <a href="#">Bulletin 09-01</a>.</p> <p>Additional prohibitions have also been enumerated in other bulletins by the Department, including:</p> <ul style="list-style-type: none"> <li>• Negotiating commissions with an agent is an inducement and therefore prohibited as a rebate. <i>There is an exception for certain types of insurance that lend themselves to negotiating premiums with an insured because the products are not subject to approval by the Division.</i> <a href="#">Bulletin 13-04</a>; <a href="#">Bulletin 06-06</a>.</li> <li>• Reducing commissions to secure and/or retain new and renewal insurance business is an inducement for insurance and therefore is rebating. <a href="#">Bulletin 92-01</a>.</li> <li>• Providing commission incentives. <a href="#">Bulletin 95-01</a>.</li> </ul>
<p><i>Tennessee</i></p>	<p>No person shall engage in an unfair trade practice from, in or into this state that is . . . determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 56-8-103.</p> <p>Such unfair methods of competition and unfair or deceptive acts</p>	<p>This does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly</li> </ul>	<p>The Department of Insurance takes the position that gifts and valuable consideration offered to potential consumer irrespective of whether they purchase a policy, such as gift offers for requesting an insurance quote, will not be considered an inducement to a policy in violation of the rebating statute. <a href="#">Bulletin 2015</a>.</p>

	<p>or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any policy of insurance, including, but not limited to, any life insurance policy or annuity, or accident and health insurance or other insurance, or agreement as to the contract other than as plainly expressed in the policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to the policy, any rebate of premiums payable on the policy, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the policy; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to the policy or annuity or in connection with the policy or annuity, any stocks, bonds or other securities of any insurance company or other corporation, association or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the policy. § 56-8-104(8).</p> <p><i>Person is defined to include a natural or artificial entity, including, but not limited to, individuals, partnerships, associations, trusts, corporations, insurance producers, adjusters, any employer to the extent that the employer self-insures its workers' compensation liabilities . . . or a group of employers qualifying as self-insurers . . . or third party administrators. § 56-8-102.</i></p>	<p>represents the savings in collection expense.</p> <ul style="list-style-type: none"> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Offering a child passenger restraint system or a discount in premium equal to the amount of the purchase price of a child passenger restraint system, when the purpose of the restraint system is the safety of the child and it complies with Tennessee law. § 56-8-104(8)(B).</li> </ul>	<p>Gifts and offers that are provided exclusively to those who purchase a policy will be presumed to be inducements and rebating in violation of the statute unless the gifts and/or offers are specified in the policy forms. <a href="#">Bulletin 2015</a>.</p> <p>The following arrangements—in which an agency wishes to be able to either return premium to the employee or pay on an employee's behalf part of the premium—would violate the anti-rebating provision:</p> <ul style="list-style-type: none"> <li>• An agency remits to the employee the agency's commission received from the carrier earned by the agency for selling the insurance to the employee, thus reimbursing the employee for at least a portion of the premium paid by the employee.</li> <li>• An agency would bill the employee for the premium less the amount of the agency's commission. The agency would pay the balance of the premium and then be reimbursed when the carrier paid the agency its earned commission.</li> <li>• An agency, with the permission of the carrier, would bill the employee for the premium less the amount of the agency's commission, which would, in turn, be sent to the carrier in full payment of the employee's premium (<i>charging for a policy net of commission</i>).</li> </ul> <p>The differences in these facts do not change the arrangement in such a way as to change the conclusion made by the opinion. Each scenario still has the producer/agency returning premium as an inducement to contract that is not specified in the contract of insurance. <a href="#">Interpretive Opinion 10-05</a>.</p> <p>Inducements are permitted as long as they are disclosed in the policy. <a href="#">Interpretive Opinion 02-12</a>, Attorney General Opinion 86-016 (discussing the constitutionality of the provision); <i>see also</i> <a href="#">Attorney General Opinion 13-33</a>.</p>
<p><i>Texas</i></p>	<p>Except as provided in an applicable filing, an insurer, an insurer's employee, or a broker or agent may not directly or indirectly pay, allow, or give, or offer to pay, allow, or give, as an inducement to insurance, or after insurance has been written, a rebate, discount, abatement, credit or reduction of the premium stated in an insurance policy, or a special favor or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For a life insurance policy issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an</li> </ul>	<p>Texas regulation provides the following additional information:</p> <ul style="list-style-type: none"> <li>• No insurer or agent may state or imply as an inducement to the purchase of insurance a guarantee of return of premium based upon the quality of its policy other than where such guarantee is required by law or stated within the policy of insurance offered.</li> </ul>

<p>advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement, not specified in the policy. §§ 1806.104(b).</p> <hr/> <p>A person may not engage in this state in a trade practice that is defined in this chapter as or determined under this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 541.003.</p> <p>Except as otherwise expressly provided by law, it is an unfair method of competition or an unfair or deceptive act or practice in the business of insurance to knowingly permit the making of, offer to make, or make a life insurance contract, life annuity contract, or accident and health insurance contract or an agreement regarding the contract, other than as plainly expressed in the issued contract, or directly or indirectly pay, give, or allow or offer to pay, give, or allow as inducement to enter into a life insurance contract, life annuity contract, or accident and health insurance contract a rebate of premiums payable on the contract, a special favor or advantage in the dividends or other benefits of the contract, or a valuable consideration or inducement not specified in the contract, or give, sell, or purchase or offer to give, sell, or purchase in connection with a life insurance, life annuity, or accident and health insurance contract or as inducement to enter into the contract stocks, bonds, or other securities of an insurer or other corporation, association, or partnership, dividends or profits accrued from the stocks, bonds, or securities, or anything of value not specified in the contract. § 541.056.</p> <p><i>Person is defined to include an individual, corporation, association, partnership, reciprocal or interinsurance exchange, Lloyd's plan, fraternal benefit society, or other legal entity engaged in the business of insurance, including an agent, broker, adjuster, or life and health insurance counselor. § 541.002.</i></p> <hr/> <p>An insurer or an officer, agent, or representative of an insurer</p>	<p>amount that fairly represents the savings in collection expenses.</p> <ul style="list-style-type: none"> <li>• For a group insurance policy, readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• For a life annuity contract, waiving or surrendering charges under a contract when the contract holder exchanges that contract for another annuity contract issued by the same insurer, pending certain requirements are met.</li> <li>• In connection with an accident and health insurance policy or an HMO, providing to policyholders, in addition to benefits under the terms of the insurance contract, health-related services, or to disclose the availability of those additional services and information to prospective policyholders.</li> <li>• Offering an item that is a promotional advertising item, educational item, or traditional courtesy commonly extended to consumers and that is valued at \$25 or less. § 541.058(b).</li> </ul>	<ul style="list-style-type: none"> <li>• An advertisement may offer an incentive to inquire about a policy or obtain a quote provided that it includes a clear and conspicuous disclosure that no purchase is required in order to receive the incentive. An advertisement may offer an incentive to inquire about a policy or obtain a quote provided that it includes a clear and conspicuous disclosure that no purchase is required in order to receive the incentive.</li> <li>• No advertisement may state or imply any advantage, right, or preference which if granted or performed would be a violation of the public policy or any law of this state or of the United States of America.</li> <li>• An advertisement may not state or imply any deviation in normal or usual cost that is not in fact legally allowable.</li> <li>• An advertisement may not state or imply an advantage by purchase of insurance to be gained by an organization because of past or prospective donation to be made by an insurer, agent, or representative out of proceeds of purchase. 28 TEX. ADMIN. CODE § 21.109.</li> </ul>
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	<p>may not: directly or indirectly pay, allow, or give or offer to pay, allow, or give as an inducement to insurance a thing of value or other inducement that is not specified in the policy, including: a rebate of premium payable on the policy; a special favor or advantage in the dividends or other benefits to accrue on the policy; or paid employment or a contract for service; or give, sell, or purchase or offer to give, sell, or purchase as an inducement to insurance or in connection with insurance a thing of value that is not specified in the policy, including: stocks, bonds, or other securities of an insurer or other corporation, association, or partnership; or dividends or profits to accrue on the stocks, bonds, or other securities of an insurer or other corporation, association, or partnership. § 543.003.</p>		
<p><i>Utah</i></p>	<p>A producer, consultant, or other licensee under this title, or an officer or employee of a licensee, may not induce a person to enter into, continue, or terminate an insurance contract by offering a benefit that is not: specified in the insurance contract; or directly related to the insurance contract.</p> <p>An insurer may not make or knowingly allow an agreement of insurance that is not clearly expressed in the insurance contract to be issued or renewed.</p> <p>A licensee is also prohibited from absorbing the tax imposed on surplus lines premiums. § 31A-23a-402.5.</p>	<p>The statute does not prohibit an insurer from:</p> <ul style="list-style-type: none"> <li>• Reducing premiums because of expense savings.</li> <li>• Providing one or more incentives to a policyholder to participate in a program or activity designed to reduce claims or claim expenses, including:             <ul style="list-style-type: none"> <li>- A premium discount offered to a small or large employer group based on a wellness program if                 <ul style="list-style-type: none"> <li>▪ The premium discount for the employer group does not exceed 20% of the group premium and</li> <li>▪ The premium discount based on the wellness program is offered uniformly by the insurer to all employer groups in the large or small group market.</li> </ul> </li> <li>- A premium discount offered to employees of a small or large employer group in an amount that does not exceed federal limits on wellness program incentives.</li> <li>- A combination of premium discounts offered to the employer group and the employees of an employer group, based on the wellness program if                 <ul style="list-style-type: none"> <li>▪ The premium discounts for the employer group do not exceed 20% of the group premium and</li> </ul> </li> </ul> </li> </ul>	<p>Multi-level marketing programs, investment programs, memberships, or other similar programs, designed or represented to produce or provide funds to pay all or any part of the cost of insurance constitutes an illegal inducement. This does not preclude the provision of insurance through a bona fide employee benefits program. UTAH ADMIN. CODE R. 590-154-9.</p> <p>For a detailed analysis of Utah’s recently enacted statutory provisions related to rebating, <i>see</i> <a href="#">Bulletin 2015-8</a>.</p>

		<ul style="list-style-type: none"> <li>▪ The premium discounts for the employees of an employer group are offered uniformly by the insurer to all employer groups in the large or small group market.</li> <li>- Rewards or incentives for employees of an employer group, if the rewards or incentives are for a savings rewards program,<sup>1</sup> as defined by statute. <a href="#">H.B. 19</a>.</li> <li>• Receiving premiums under an installment payment plan.</li> </ul> <p>The statute also does not prohibit a producer, consultant, or other licensee—or an officer to employee thereof—from directly or through a third party:</p> <ul style="list-style-type: none"> <li>• Engaging in a usual kind of social courtesy if receipt of the social courtesy is not conditioned on a quote or the purchase of a particular insurance product.             <ul style="list-style-type: none"> <li>- A de minimis gift or meal that does not exceed \$10 may be conditioned on the receipt of a quote of a particular insurance product. § 31A-23a-402.5(7)(b).</li> </ul> </li> <li>• Extending credit on a premium to the insured             <ul style="list-style-type: none"> <li>- Without interest, for no more than 90 days from the effective date of the insurance contract; or</li> <li>- For interest that is not less than the legal rate under Utah law, on the unpaid balance after the statutorily defined period of time has passed.</li> <li>- <i>An installment or payroll deduction payment of premiums on an insurance contract issued under an insurer's mass marketing program is not considered an extension of credit for purposes of the statute.</i></li> </ul> </li> <li>• Preparing or conducting a survey that is directly related to an accident and health insurance policy purchased from the licensee; or is used by the licensee to assess the benefit needs and preferences of insureds,</li> </ul>	
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<sup>1</sup> A “savings reward program” is a program to reward a health insurance enrollee if the enrollee receives services: (1) covered by the enrollee’s health plan; and (2) from a provider whose costs for services are lower than the average costs for the services. Such a program may include rewards to the enrollee through: (1) premium discounts, (2) rebates, (3) reduction of out-of-pocket costs, and (4) other rewards or incentives developed by the insurer. [HB 19](#).

		<p>employers, or employees directly related to an insurance product sold by the licensee.</p> <ul style="list-style-type: none"> <li>• Providing limited human resource services that are directly related to an insurance product sold by the licensee, including             <ul style="list-style-type: none"> <li>- Answering questions directly related to:                 <ul style="list-style-type: none"> <li>▪ An employee benefit offering or administration, if the insurance product purchased from the licensee is accident and health insurance or health insurance; and</li> <li>▪ Employment practices liability, if the insurance product offered by or purchased from the licensee is property or casualty insurance.</li> </ul> </li> <li>- Providing limited human resource compliance training and education directly pertaining to an insurance product purchased from the licensee.</li> </ul> </li> <li>• Providing the following types of information or guidance:             <ul style="list-style-type: none"> <li>- Guidance directly related to compliance with federal and state laws for an insurance product purchased from the licensee;</li> <li>- A workshop or seminar addressing an insurance issue that is directly related to an insurance product purchased from the licensee; or</li> <li>- Information regarding:                 <ul style="list-style-type: none"> <li>▪ Employee benefit issues;</li> <li>▪ Directly related insurance regulatory and legislative updates; or</li> <li>▪ Similar education about an insurance product sold by the licensee and how the insurance product interacts with tax law.</li> </ul> </li> </ul> </li> <li>• Preparing or providing a form that is directly related to an insurance product purchased from, or offered by, the licensee.</li> <li>• Preparing or providing documents directly related to a premium only cafeteria plan—as defined under federal law—or a flexible spending account. <i>This does not include providing ongoing administration of the</i></li> </ul>	
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		<p><i>flexible spending account.</i></p> <ul style="list-style-type: none"> <li>• Providing enrollment and billing assistance, including             <ul style="list-style-type: none"> <li>- Providing benefit statements or new hire insurance benefits packages; and</li> <li>- Providing technology services such as an electronic enrollment platform or application system.</li> </ul> </li> <li>• Communicating coverages in writing and in consultation with the insured and employees.</li> <li>• Providing employee communication materials and notifications directly related to an insurance product purchased from a licensee;</li> <li>• Providing claims management and resolution to the extent permitted under the licensee's license.</li> <li>• Providing underwriting or actuarial analysis or services.</li> <li>• Negotiating with an insurer regarding the placement and pricing of an insurance product.</li> <li>• Recommending placement and coverage options.</li> <li>• Providing a health fair or providing assistance or advice on establishing or operating a wellness program, but not providing any payment for or direct operation of the wellness program.</li> <li>• Providing COBRA and Utah mini-COBRA administration, consultations, and other services directly related to an insurance product purchased from the licensee.</li> <li>• Assisting with a summary plan description, including providing a summary plan description wraparound.</li> <li>• Providing information necessary for the preparation of documents directly related to ERISA.</li> <li>• Providing information or services directly related to the HIPAA, such as services directly related to health care access, portability, and renewability when offered in connection with accident and health insurance sold by a licensee.</li> <li>• Sending proof of coverage to a third party with a legitimate interest in coverage.</li> <li>• Providing information in a form approved by the</li> </ul>	
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		<p>termination of an insurance product or receipt of a quote for an insurance product.</p> <ul style="list-style-type: none"> <li>• The producer, consultant, or other licensee does not retroactively charge for the goods or services based on an event subsequent to the receipt of the goods or services. § 31A-23a-402.5(10).</li> </ul> <p>Moreover, if a producer, consultant, or other licensee opts to provide goods or services for free or for less than fair market value, then a conspicuous disclosure—either oral or written—must be made to the recipient that the products or services are not contingent upon the sale or future sale of an insurance product. § 31A-23a-402.5(11).</p>	
<p><i>Vermont</i></p>	<p>No person shall engage in any trade practice which is determined . . . to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance. § 4723.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of insurance or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, any rebate or premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance contract or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever of value not specified in the contract. § 4724(8).</p> <p><i>Person is defined to include any individual, corporation,</i></p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense. § 4724(9)</li> </ul>	<p>In a 2016 Vermont Insurance Order, the Commissioner of Insurance found that an insurance producer, who provided restaurant gift cards to clients in return for providing referrals, was in violation of Vermont’s anti-rebating law. <a href="#">Dauphin Consent Order (Sept. 2016)</a>.</p>

	<p><i>association, partnership, reciprocal exchange, inter-insurer, Lloyds insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including agents, brokers, appraisers, and adjusters. Person also means medical, dental, optometric, and hospital service plans as defined in this title. For the purposes of this title, medical, dental, optometric, and hospital service plans shall be deemed to be engaged in the business of insurance. § 4722(1).</i></p>		
<p><b>Virginia</b></p>	<p>Except as otherwise expressly provided by law, no person shall knowingly permit, offer, or make any insurance or annuity contract or agreement which is not plainly expressed in the contract issued; pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to any insurance or annuity contract, any rebate of premium payable on the contract, any special favor or advantage in the dividends or other benefits on the contract, any valuable consideration or inducement not specified in the contract, except in accordance with an applicable rating plan authorized for use in this Commonwealth; give, sell, purchase, or offer to give, sell or purchase as inducement to insurance, or annuity contracts, or in connection with such contracts, any stocks, bonds, or other securities of any company, any dividends or profits accrued on any stocks, bonds or other securities of any company, or anything of value not specified in the contract; or receive or accept as inducement to insurance, or annuity contracts, any rebate of premium payable on the contract, any special favor or advantage in the dividends or other benefit to accrue on the contract, or any valuable consideration or inducement not specified in the contract. § 38.2-509.</p> <p><i>Person extends to any other legal entity transacting the business of insurance, including agents, brokers and adjusters. Person also means health, legal, dental, and optometric service plans and health maintenance organizations. Such service plans shall be deemed to be transacting the business of insurance. Person also means premium finance companies. § 38.2-501.</i></p> <p>A similar restraint is placed on persons or entities selling real</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have, for a specified period, continuously made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Allowance of insurers’ bona fide employees to receive a reduction on the premiums paid by them on policies on their own lives and property (and on the lives and property of their spouses and dependent children).</li> <li>• Issuance of life or accident and sickness policies on a salary savings or payroll deduction plan at a reduced rate consistent with the savings made by the use of such plan.</li> <li>• Payment of commissions or other compensation to duly licensed agents or brokers.</li> <li>• Allowing or returning to participating policyholders, members, or subscribers, dividends, saving, or unabsorbed premium payments.</li> </ul> <p>§ 38.2-509(B).</p>	

	<p>property and performing services as a real estate agent, attorney, or lender, as well. § 38.2-4614.</p>		
<p><i>Washington</i></p>	<p>Except to the extent provided for in an applicable filing with the commissioner then in effect, no insurer, insurance producer, or title insurance agent shall, as an inducement to insurance, or after insurance has been effected, directly or indirectly, offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured, any rebate, discount, abatement, or reduction of premium or any part thereof named in any insurance contract, or any commission thereon, or earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement whatsoever which is not expressly provided for in the policy. § 48.30.140.</p> <p>No insurer, insurance producer, title insurance agent, or other person shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, or sell, buy, or offer or promise to buy or give, or promise, or allow to, or on behalf of, the insured or prospective insured in any manner whatsoever:</p> <ul style="list-style-type: none"> <li>• Any shares of stock or other securities issued or at any time to be issued on any interest therein or rights thereto; or</li> <li>• Any special advisory board contract, or other contract, agreement, or understanding of any kind, offering, providing for, or promising any profits or special returns or special dividends; or</li> <li>• Any prizes, goods, wares, gift cards, gift certificates, or merchandise of an aggregate value in excess of \$100 per person in the aggregate in any consecutive 12-month period. § 48.30.150.</li> </ul>	<p>The statute does not apply to:</p> <ul style="list-style-type: none"> <li>• The allowance by any marine insurer of such discount as is sanctioned by custom among marine insurers as being additional to the insurance producer’s commission.</li> <li>• Advertising or promotional programs conducted by insurers whereby prizes, goods, wares, gift cards, gift certificates, or merchandise not exceeding \$100 in value per person in the aggregate over a 12-month period are given to all insureds (or prospective insureds) under similar qualifying circumstances.</li> <li>• An offset or reimbursement of all or part of a fee paid to an insurance producer as allowed under Washington law.</li> <li>• Inclusion as part of a group or individual health benefit plan a wellness program that complies with federal law.</li> <li>• A payment by an insurer to offset documented expenses incurred by a large group policyholder in changing coverages from one insurer to another (i.e., an implementation credit). § 48.30.140(3)-(7).</li> </ul> <p>Illegal inducements, however, include:</p> <ul style="list-style-type: none"> <li>• Shares of stock or other securities issued on any interest therein.</li> <li>• Special advisory board contracts offering or promising profits, special returns, or special dividends.</li> <li>• Prizes, goods, wares, gift cards, gift certificates, or merchandise of an aggregate value in excess of \$100 per person in the aggregate in any consecutive 12 months period.</li> </ul>	<p>The Office of the Insurance Commissioner has provided guidance interpreting the prohibition and provides several examples of conduct and their characterization under the rule.</p> <p><b>An insurance producer provides a floral arrangement for the funeral services of the spouse of the insured. This is the insurer’s practice whenever an insured’s spouse or other close family member dies where the insured had insurance through him/her with an annual premium totaling \$5,000 or more.</b> The gifting of this floral arrangement appears to be a component of an advertising or promotional program contemplated by the exception to the anti-rebating and illegal inducement statutes. The criteria for sending it is rationally related to a legitimate business purpose and appears to be offered to all insureds who fit the criteria. Thus, it is permitted if the value of the floral arrangement, taking into consideration the value of any other prizes, goods, wares, gift cards, gift certificates, or merchandise, given to the insured client during a 12-month period, does not exceed \$100 in value for that 12-month period.</p> <p><b>An insurance producer gives back a portion of the fee she/he charged to her/his insured client.</b> This appears to be a rebate and is a violation of the anti-rebating and illegal inducement statutes. But if the producer receives a commission along with the fee, she/he may offset or reimburse the insured all or a part of the fee. An explanation of any offset or reimbursement should be provided on the compensation disclosure form at the time the fee is charged.</p> <p><b>An insurance producer offers to give the 100th person who comes in for a quote on insurance coverage a free I-Pad.</b> This is not permitted because the value of the I-Pad exceeds \$100.</p> <p><b>An insurance producer gives prospective new clients a \$50 gift card.</b> This is permitted, but the producer should keep a record of how much each prospect receives to ensure the \$100 limit in the aggregate is not exceeded during the 12-month period for each</p>

			<p>prospect receiving a gift card or other prize, good, etc.</p> <p><b>An insurance producer takes an insured client along with the client’s family—spouse and children—to dinner and picks up their part of the tab totaling \$350.</b> This would be permitted if the value of any person’s dinner did not exceed \$100 <b>and</b> if the producer had not previously—during the preceding 12-month period—provided the client and any of those members of the client’s family who dined at the producer’s expense, any prizes, goods, wares, gift cards, gift certificates, or merchandise that, when their value is added to the value of each’s dinner, results in a total value in excess of \$100. In addition, paying for the dinner of insureds and their families must be part of a promotional program that the producer offers to all insureds under similar qualifying circumstances.</p> <p><b>An insurance producer writes a large commercial policy for a business and gives the leadership team tickets to a sporting event. The value of each ticket is \$75.</b> This would be permitted if the producer had not previously—during the preceding 12-month period—provided members of the leadership team any prizes, goods, wares, gift cards, gift certificates, or merchandise that, when their value is added to the value of the member’s ticket, results in a total value in excess of \$100. In addition, giving sporting event tickets to leadership teams of commercial business clients must be part of a promotional program that the producer offers to all insureds under similar qualifying circumstances. <a href="#">Rebating and Illegal Inducements Compliance Guidance</a>.</p> <p>Additionally, the Office of the Insurance Commissioner has clarified that “implementation credits” (i.e., the payment by an insurer to an insured to offset expenses incurred by an employer or group customer in charging coverages from one insured to another, or for otherwise implementing insurance coverage) violate Washington insurance law as illegal inducements or rebating. <a href="#">Technical Assistance Advisory 2018-01</a>.</p>
<p><i>West Virginia</i></p>	<p>No person shall engage in this state in any trade practice which is . . . determined . . . to be an unfair method of competition or</p>	<p>The statute does not prohibit:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> </ul>	<p>The rules governing items of value with respect to rebates allow insurance companies and producers to provide educational</p>

	<p>an unfair or deceptive act or practice in the business of insurance. § 33-11-3.</p> <p>Such unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include: Except as otherwise expressly provided by law, no person shall knowingly permit or offer to make or make any contract of life insurance, life annuity, or accident and sickness insurance, or agreement as to any contract other than as plainly expressed in the insurance contract issued thereon, or pay or allow or give or offer to pay, allow or give, directly or indirectly, as inducement to any insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or give or sell, or purchase or offer to give, sell or purchase as inducement to any insurance contract or annuity or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract. § 33-11-4(8).</p> <p><i>Person is defined to include any individual, company, insurer, association, organization, society, reciprocal, business trust, corporation, or any other legal entity, including agents and brokers. Person also includes hospital service corporations, medical service corporations and dental service corporations, and health care corporations. For these purposes, hospital service corporations, medical service corporations, dental service corporations, and health care corporations shall be deemed to be in the business of insurance. § 33-11-2(a).</i></p>	<ul style="list-style-type: none"> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Issuance of life policies or accident and sickness policies on a salary savings or payroll deduction plan at a reduced rate commensurate with the savings made by the use of the plan. § 33-11-4(8)(b).</li> </ul>	<p>materials, promotional materials, or articles of merchandise that cost \$25 or less, regardless of whether a policy or contract is purchased. W.V. CODE OF STATE RULES § 114-70-3.1.</p> <p>If the insurance company opts to provide such items, it must retain the original invoice for such item for 5 years beyond the later of the date the offer is discontinued or the date the last item is given. W.V. CODE OF STATE RULES § 114-70-3.2.</p> <p><i>Additionally, the Office of the Insurance Commissioner has provided guidance interpreting the prohibition, noting that value-added products and services or programs (e.g., connected technology devices or wearables, telematics, mobile apps, smart technology devices such as smart fire detectors, discounted wellness programs or gym memberships, etc.) may be offered to policyholders at no or reduced cost, so long as they have a nexus to or enhance the value of the insurance coverage and are intended to do at least one of the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Prevent or mitigate loss to persons or property;</i></li> <li>• <i>Provide loss control;</i></li> <li>• <i>Reduce claims costs or claim settlement costs;</i></li> <li>• <i>Educate about risk of loss to persons or property;</i></li> <li>• <i>Monitor or assess risk, identify sources of risk, or develop strategies for eliminating or reducing risk;</i></li> <li>• <i>Enhance the health or financial wellness of the policyholder; or</i></li> <li>• <i>Provide post-loss services.</i></li> </ul> <p><i>The offering of these products, however, must not threaten the solvency of an insurance company or unfairly discriminate. The primary focus of the insurer should be on the quality of the product, not the inducement.</i></p> <p><i>While the Office of the Insurance Commissioner declined to officially sanction any specific value-added product or service, it did explain that providing a good product or service that adds value to the type of insurance offered is distinct from providing a policyholder with unrelated benefits or merchandise (e.g., tickets to a concert/sporting event, televisions, coolers, BBQ grills, restaurant gift cards, etc.). When giving or gifting benefits,</i></p>
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<i>Wisconsin</i>	<p>No insurer, no employee of an insurer, and no insurance intermediary may seek to induce any person to enter into an insurance contract or to terminate an existing insurance contract by offering benefits not specified in the policy, nor may any insurer make any agreement of insurance that is not clearly expressed in the policy to be issued. § 628.34(2).</p>	<p>The statute does not preclude the reduction of premiums by reason of expense savings, including commission reductions, resulting from any form of mass marketing. § 628.34(2).</p>	
<i>Wyoming</i>	<p>No property, casualty or surety insurer or any employee or representative thereof, and no broker or agent shall pay, allow or give, or offer to pay, allow or give, in any manner, as an inducement to insurance, or after insurance has been effected, any valuable consideration or inducement of any kind not specified or provided for in the policy, except to the extent provided for in an applicable filing with the commissioner as provided by law. § 26-13-112.</p> <hr/> <p>Except as otherwise provided by law, no person shall: knowingly permit or offer to make or make any contract of life insurance, life annuity or disability insurance, or agreement as to that contract other than as expressed in the contract issued thereon; pay, allow or give or offer to pay, allow or give in any manner as inducement to the insurance or annuity; any rebate of premiums payable on the contract; any special favor or advantage in the dividends or other benefits thereon; any paid employment or contract for services of any kind; or any</p>	<p>The prohibition does not apply to:</p> <ul style="list-style-type: none"> <li>• Life insurers from paying bonuses to policyholders.</li> <li>• For policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the savings in collection expense.</li> <li>• Readjustment of the rate of premium for a group insurance policy based on loss or expense.</li> <li>• Reduction of premium rate for policies of a large amount.</li> <li>• Reduction in premium rates for life or disability policies on salary savings, payroll deduction, preauthorized check, bank draft, or similar plans in amounts reasonably commensurate with the savings made by the use of such plan.</li> <li>• The payment of commissions or other compensation to licensed agents or brokers.</li> </ul>	

	<p>valuable consideration or inducement not specified in the contract. § 26-13-110(a).</p> <p><i>Person is defined to include an individual, insurer, company, association, organization, Lloyd's insurer, society, reciprocal insurer or interinsurance exchange, partnership, syndicate, business trust, corporation, agent, general agent, broker, adjuster and any legal entity. § 26-1-102.</i></p> <p>A similar restraint is placed on title insurers as well. § 26-23-322.</p>	<ul style="list-style-type: none"><li>• Any insurer allowing or returning to its participant policyholders dividends, savings or unabsorbed premium deposits. §§ 26-13-111; 26-13-112.</li></ul>	
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