



# SENATE BILL 124: Insurance Rebate Reform.

2023-2024 General Assembly

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<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	April 26, 2023
<b>Introduced by:</b>	Sen. Johnson	<b>Prepared by:</b>	Amy Darden
<b>Analysis of:</b>	Second Edition		Staff Attorney

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## **OVERVIEW:** *Senate Bill 124 would do the following:*

- *Allow insurers, insurance producers, or limited representatives to offer or provide products or services if one of the following is met:*
  - *Not exceeding an aggregate retail value of \$250.00 per person per year if in connection with the marketing, purchase, or retention of an insurance contract.*
  - *Without fee or at a reduced fee if related to servicing of an insurance contract or to provide risk control.*
  - *Without fee or at a reduced fee if certain conditions are met.*
- *Limit the commission, fee, or other valuable consideration for referral of insurance business by an unlicensed individual to a licensed insurance agent or broker to \$50.00 or less in value.*

**CURRENT LAW:** Currently, no insurer, insurance producer, or limited representative may provide any rebate, discount, abatement, credit, reduction of premium, or any special favor or advantage, or any valuable consideration not specified in the insurance policy.

## **BILL ANALYSIS:**

Section 1 of Senate Bill 124 would allow an insurer, insurance producer, or limited representative to offer or provide products and services if one of the following is met:

- Not exceeding an aggregate retail amount of two hundred fifty dollars (\$250.00) per person per year, in connection with marketing, purchase, or retention of an insurance contract.
- Without fee or at a reduced fee if the products or services are related to servicing of an insurance contract or offered or undertaken to provide risk control for the benefit of an insured.
- Without fee or at a reduced fee, if all the following are met:
  - The receipt of products or services is not contingent upon the purchase of insurance.
  - The products and services are offered on the same terms to all potential insurance customers.
  - These requirements are conspicuously disclosed in writing.

Section 2 of the bill would make a conforming change to provide that the trade practices permitted under Section 1 do not constitute the giving of a prohibited rebate.

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Section 3 of the bill would make a conforming change to provide that the trade practices permitted under Section 1 do not constitute an unfair method of competition or an unfair and deceptive act or practice in the business of insurance.

Section 4 of the bill would limit the commission, fee, or other valuable consideration for the referral of insurance business by an unlicensed individual to a licensed insurance agent or broker to \$50.00 or less in value. It would also make a violation be subject to a fine not to exceed \$2,000. This section would not apply to title insurance.

**EFFECTIVE DATE:** The bill would become effective October 1, 2023.