

Sixty-second
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1175

Introduced by

Representatives Keiser, Ruby, Vigesaa

Senators Andrist, Klein, Laffen

1 A BILL for an Act to create and enact a new subdivision to subsection 8 of section 26.1-04-03 of
2 the North Dakota Century Code, relating to limitations on insurance rebates; and to amend and
3 reenact sections 26.1-04-06 and 26.1-25-16 of the North Dakota Century Code, relating to
4 limitations on insurance rebates.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new subdivision to subsection 8 of section 26.1-04-03 of the North Dakota
7 Century Code is created and enacted as follows:

8 Notwithstanding any other provision in this subsection, if the cost does not
9 exceed an aggregate retail value of fifty dollars per person per year an insurance
10 producer may give a gift, prize, promotional article, logo merchandise, meal, or
11 entertainment activity directly or indirectly in connection with marketing,
12 promoting, or advertising business for the sale or retention of contracts of
13 insurance. However, a reduction or discount in premium or a giving of cash or
14 cash equivalent is prohibited under this section.

15 **SECTION 2. AMENDMENT.** Section 26.1-04-06 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **26.1-04-06. Insured persons and applicants for insurance prohibited from accepting**
18 **rebates - Exception.**

19 1. An insurance producer or agent of any insurance or surety company, reciprocal,
20 benevolent society, or any other insurance organization or association, however
21 constituted or entitled, may not grant, and an insured person or party or applicant for
22 insurance, either directly or indirectly, may not receive or accept, or agree to receive or
23 accept, any rebate of premium or of any part thereof, or all or any part of any
24 insurance producer's commission thereon, or any favor or advantage, or any share in

any benefit to accrue under any insurance policy, or any other valuable consideration or inducement other than such as may be specified in the policy, except as provided in an applicable filing which is in effect under the provisions of the laws regulating insurance rates or except as provided under subsection 2.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of fifty dollars per person per year an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly in connection with marketing, promoting, or advertising business for the sale or retention of contracts of insurance. However, a reduction or discount in premium or a giving of cash or cash equivalent is prohibited under this section.

SECTION 3. AMENDMENT. Section 26.1-25-16 of the North Dakota Century Code is amended and reenacted as follows:

26.1-25-16. Rebates prohibited - Exception.

1. No insurance producer may knowingly charge, demand, or receive a premium for any insurance policy except in accordance with this chapter. No insurer or employee of an insurer, and no broker or agent 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 an insurance policy, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement whatever, not specified in the insurance policy, except to the extent provided for in applicable filing. No insured named in an insurance policy, nor any employee of the insured, may 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. This section does not prohibit the payment of commissions or other compensation to licensed insurance producers, nor any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits. As used in this section, "insurance" includes suretyship and "policy" includes bond.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of fifty dollars per person per year an insurance producer may

- 1 give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity
- 2 directly or indirectly in connection with marketing, promoting, or advertising business
- 3 for the sale or retention of contracts of insurance. However, a reduction or discount in
- 4 premium or a giving of cash or cash equivalent is prohibited under this section.