

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
2 ~~and a new subsection to section 26.1-26-04~~ of the North Dakota Century Code, relating to
3 limitations on insurance rebates; and to amend and reenact sections 26.1-04-06 and 26.1-25-16
4 of the North Dakota Century Code, relating to 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 twenty five dollars per person per year, an~~
10 ~~insurer, an employee of an insurer, or a producer may give a gift, rebate, bonus,~~
11 ~~coupon, credit, prize, good, ware, merchandise, article, property, or any other~~
12 ~~tangible item of monetary value directly or indirectly in connection with marketing~~
13 ~~for the sale or retention of contracts of insurance. Notwithstanding any other~~
14 provision in this subsection, if the cost does not exceed an aggregate retail value
15 of fifty dollars per person per year an insurance producer may give a gift, prize,
16 promotional article, logo merchandise, meal, or entertainment activity directly or
17 indirectly in connection with marketing, promoting, or advertising business for the
18 sale or retention of contracts of insurance. However, a reduction or discount in
19 premium or a giving of cash or cash equivalent is prohibited under this section.

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

1 **26.1-04-06. Insured persons and applicants for insurance prohibited from accepting**
2 **rebates - Exception.**

3 1. An insurance producer or agent of any insurance or surety company, reciprocal,
4 benevolent society, or any other insurance organization or association, however
5 constituted or entitled, may not grant, and an insured person or party or applicant for
6 insurance, either directly or indirectly, may not receive or accept, or agree to receive or
7 accept, any rebate of premium or of any part thereof, or all or any part of any
8 insurance producer's commission thereon, or any favor or advantage, or any share in
9 any benefit to accrue under any insurance policy, or any other valuable consideration
10 or inducement other than such as may be specified in the policy, except as provided in
11 an applicable filing which is in effect under the provisions of the laws regulating
12 insurance rates or except as provided under subsection 2.

13 ~~2. Notwithstanding subsection 1, if the cost does not exceed an aggregate retail value of~~
14 ~~twenty-five dollars per person per year, an insurer, an employee of an insurer, or a~~
15 ~~producer may give a gift, rebate, bonus, coupon, credit, prize, good, ware,~~
16 ~~merchandise, article, property, or any other tangible item of monetary value directly or~~
17 ~~indirectly in connection with marketing for the sale or retention of contracts of~~
18 ~~insurance.~~

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

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

27 **26.1-25-16. Rebates prohibited - Exception.**

28 1. No insurance producer may knowingly charge, demand, or receive a premium for any
29 insurance policy except in accordance with this chapter. No insurer or employee of an
30 insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give,
31 directly or indirectly, as an inducement to insurance, or after insurance has been

1 effected, any rebate, discount, abatement, credit, or reduction of the premium named
2 in an insurance policy, or any special favor or advantage in the dividends or other
3 benefits to accrue on the policy, or any valuable consideration or inducement
4 whatever, not specified in the insurance policy, except to the extent provided for in
5 applicable filing. No insured named in an insurance policy, nor any employee of the
6 insured, may knowingly receive or accept, directly or indirectly, any such rebate,
7 discount, abatement, credit, or reduction of premium, or any such special favor or
8 advantage or valuable consideration or inducement. This section does not prohibit the
9 payment of commissions or other compensation to licensed insurance producers, nor
10 any insurer from allowing or returning to its participating policyholders, members, or
11 subscribers dividends, savings, or unabsorbed premium deposits. As used in this
12 section, "insurance" includes suretyship and "policy" includes bond.

13 ~~2. Notwithstanding subsection 1, if the cost does not exceed an aggregate retail value of~~
14 ~~twenty-five dollars per person per year, an insurer, an employee of an insurer, or a~~
15 ~~producer may give and an insured may accept a gift, rebate, bonus, coupon, credit,~~
16 ~~prize, good, ware, merchandise, article, property, or any other tangible item of~~
17 ~~monetary value directly or indirectly in connection with marketing for the sale or~~
18 ~~retention of contracts of insurance.~~

19 ~~**SECTION 4.** A new subsection to section 26.1-26-04 of the North Dakota Century Code is~~
20 ~~created and enacted as follows:~~

21 ~~Notwithstanding any other provision in this section, if the cost does not exceed an~~
22 ~~aggregate retail value of twenty-five dollars per person per year, an insurer, an~~
23 ~~employee of an insurer, or a producer may give to a customer or a potential customer~~
24 ~~a gift, rebate, bonus, coupon, credit, prize, good, ware, merchandise, article, referral~~
25 ~~fee, property, or any other tangible item of monetary value directly or indirectly in~~
26 ~~connection with marketing for the sale or retention of contracts of insurance.~~

27 2. Notwithstanding any other provision in this section, if the cost does not exceed an
28 aggregate retail value of fifty dollars per person per year an insurance producer may
29 give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity
30 directly or indirectly in connection with marketing, promoting, or advertising business

1 | for the sale or retention of contracts of insurance. However, a reduction or discount in
2 | premium or a giving of cash or cash equivalent is prohibited under this section.