

**FIRST ENGROSSMENT
with Senate Amendments
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 to a person in connection with
12 marketing, promoting, or advertising the business. As used in this subdivision,
13 "person" means the named insured, policy owner, or prospective client or the
14 spouse of any of these individuals, but the term does not include a certificate
15 holder, child, or employee of the named insured, policy owner, or prospective
16 client. Subject to the limits of this subdivision, an insurance producer may give a
17 gift card for specific merchandise or services such as a meal, gasoline, or car
18 wash but may not give cash, a cash card, any form of currency, or any refund or
19 discount in premium. An insurance producer may not condition the giving of a gift,
20 prize, promotion article, logo merchandise, meal, or entertainment activity on
21 obtaining a quote or a contract of insurance. Notwithstanding the limitation in this
22 subdivision, an insurance producer may make a donation to a nonprofit
23 organization that is exempt from federal taxation under Internal Revenue Code

1 section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is
2 not given as an inducement to obtain a quote or a contract of insurance.

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

5 **26.1-04-06. Insured persons and applicants for insurance prohibited from accepting**
6 **rebates - Exception.**

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

17 2. Notwithstanding any other provision in this section, if the cost does not exceed an
18 aggregate retail value of fifty dollars per person per year, an insurance producer may
19 give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity
20 directly or indirectly to a person in connection with marketing, promoting, or advertising
21 the business. As used in this subsection, "person" means the named insured, policy
22 owner, or prospective client or the spouse of any of these individuals, but the term
23 does not include a certificate holder, child, or employee of the named insured, policy
24 owner, or prospective client. Subject to the limits of this subsection, an insurance
25 producer may give a gift card for specific merchandise or services such as a meal,
26 gasoline, or car wash but may not give cash, a cash card, any form of currency, or any
27 refund or discount in premium. An insurance producer may not condition the giving of
28 a gift, prize, promotion article, logo merchandise, meal, or entertainment activity on
29 obtaining a quote or a contract of insurance. Notwithstanding the limitation in this
30 subsection, an insurance producer may make a donation to a nonprofit organization
31 that is exempt from federal taxation under Internal Revenue Code section 501(c)(3).

1 [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an
2 inducement to obtain a quote or a contract of insurance.

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

5 **26.1-25-16. Rebates prohibited - Exception.**

6 1. No insurance producer may knowingly charge, demand, or receive a premium for any
7 insurance policy except in accordance with this chapter. No insurer or employee of an
8 insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give,
9 directly or indirectly, as an inducement to insurance, or after insurance has been
10 effected, any rebate, discount, abatement, credit, or reduction of the premium named
11 in an insurance policy, or any special favor or advantage in the dividends or other
12 benefits to accrue on the policy, or any valuable consideration or inducement
13 whatever, not specified in the insurance policy, except to the extent provided for in
14 applicable filing. No insured named in an insurance policy, nor any employee of the
15 insured, may knowingly receive or accept, directly or indirectly, any such rebate,
16 discount, abatement, credit, or reduction of premium, or any such special favor or
17 advantage or valuable consideration or inducement. This section does not prohibit the
18 payment of commissions or other compensation to licensed insurance producers, nor
19 any insurer from allowing or returning to its participating policyholders, members, or
20 subscribers dividends, savings, or unabsorbed premium deposits. As used in this
21 section, "insurance" includes suretyship and "policy" includes bond.

22 2. Notwithstanding any other provision in this section, if the cost does not exceed an
23 aggregate retail value of fifty dollars per person per year, an insurance producer may
24 give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity
25 directly or indirectly to a person in connection with marketing, promoting, or advertising
26 the business. As used in this subsection, "person" means the named insured, policy
27 owner, or prospective client or the spouse of any of these individuals, but the term
28 does not include a certificate holder, child, or employee of the named insured, policy
29 owner, or prospective client. Subject to the limits of this subsection, an insurance
30 producer may give a gift card for specific merchandise or services such as a meal,
31 gasoline, or car wash but may not give cash, a cash card, any form of currency, or any

1 refund or discount in premium. An insurance producer may not condition the giving of
2 a gift, prize, promotion article, logo merchandise, meal, or entertainment activity on
3 obtaining a quote or a contract of insurance. Notwithstanding the limitation in this
4 subsection, an insurance producer may make a donation to a nonprofit organization
5 that is exempt from federal taxation under Internal Revenue Code section 501(c)(3)
6 [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an
7 inducement to obtain a quote or a contract of insurance.