

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL 124

Short Title: Insurance Rebate Reform. (Public)

Sponsors: Senator Johnson (Primary Sponsor).

Referred to: Rules and Operations of the Senate

February 20, 2023

1 A BILL TO BE ENTITLED
2 AN ACT PERMITTING CERTAIN INSURANCE TRADE PRACTICES RELATED TO
3 GIFTS, REBATES, AND SERVICES OFFERED FOR FREE OR FOR LESS THAN
4 MARKET VALUE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 63 of Chapter 58 of the General Statutes is amended by
7 adding a new section to read:

8 "**§ 58-63-16. Permitted trade practices.**

9 (a) Notwithstanding G.S. 58-33-85 and G.S. 58-63-15, an insurer, insurance producer, or
10 limited representative may offer or provide products or services:

11 (1) Not exceeding an aggregate retail value of two hundred fifty dollars (\$250.00)
12 per person per year, in connection with the marketing, purchase, or retention
13 of an insurance contract.

14 (2) Without fee or at a reduced fee if the products or services are related to the
15 servicing of an insurance contract or offered or undertaken to provide risk
16 control for the benefit of an insured.

17 (3) Without fee or at a reduced fee, regardless of whether the products or services
18 are related to an insurance contract, if (i) the receipt of the products or services
19 is not contingent upon the purchase of insurance, (ii) the services are offered
20 on the same terms to all potential insurance customers, and (iii) the
21 requirements of this subdivision are conspicuously disclosed to the recipient
22 in writing.

23 (b) For purposes of this section, the terms "insurance producer" and "limited
24 representative" are defined by G.S. 58-33-10."

25 **SECTION 2.** G.S. 58-33-85 reads as rewritten:

26 "**§ 58-33-85. Rebates and charges in excess of premium prohibited; exceptions.**

27 (a) No insurer, insurance producer, or limited representative shall knowingly charge,
28 demand or receive a premium for any policy of insurance except in accordance with the
29 applicable filing approved by the Commissioner. No insurer, insurance producer, or limited
30 representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as
31 an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement,
32 credit, or reduction of the premium named in a policy of insurance, or any special favor or
33 advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or
34 inducement whatever, not specified in the policy of insurance. No insured named in a policy of
35 insurance, nor any employee of such insured, shall knowingly receive or accept, directly or
36 indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or



1 advantage or valuable consideration or inducement. Nothing herein contained shall be construed
2 as ~~prohibiting~~ prohibiting (i) the payment of commissions or other compensation to duly licensed
3 insurance producers and limited ~~representatives, nor as prohibiting~~ representatives, (ii) any
4 participating insurer from distributing to its policyholders dividends, savings or the unused or
5 unabsorbed portion of premiums and premium ~~deposits, deposits, or (iii) the trade practices~~
6 permitted by G.S. 58-63-16. As used in this section the word "insurance" includes suretyship and
7 the word "policy" includes bond.

8"

9 **SECTION 3.** G.S. 58-63-15 reads as rewritten:

10 "**§ 58-63-15. Unfair methods of competition and unfair or deceptive acts or practices**
11 **defined.**

12 The following are hereby defined as unfair methods of competition and unfair and deceptive
13 acts or practices in the business of insurance:

14 ...

15 (8) Rebates. –

16 ...

17 b. Nothing in subdivision (7) or paragraph a of subdivision (8) of this
18 section shall be construed as including within the definition of
19 discrimination or rebates any of the following practices:

20 ...

21 4. The trade practices permitted by G.S. 58-63-16.

22"

23 **SECTION 4.** This act becomes effective October 1, 2023.