

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL**No. **877** Session of  
2017

INTRODUCED BY WHITE AND WARD, SEPTEMBER 6, 2017

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, FEBRUARY 5, 2018

## AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled "An  
2 act relating to insurance; establishing an insurance  
3 department; and amending, revising, and consolidating the law  
4 relating to the licensing, qualification, regulation,  
5 examination, suspension, and dissolution of insurance  
6 companies, Lloyds associations, reciprocal and inter-  
7 insurance exchanges, and certain societies and orders, the  
8 examination and regulation of fire insurance rating bureaus,  
9 and the licensing and regulation of insurance agents and  
10 brokers; the service of legal process upon foreign insurance  
11 companies, associations or exchanges; providing penalties,  
12 and repealing existing laws," in insurance producers, further  
13 providing for rebates prohibited and for inducements  
14 prohibited.

15 The General Assembly of the Commonwealth of Pennsylvania  
16 hereby enacts as follows:

17 Section 1. Sections 645-A and 646-A of the act of May 17,  
18 1921 (P.L.789, No.285), known as The Insurance Department Act of  
19 1921, are amended to read:

20 Section 645-A. Rebates prohibited.

21 (a) Prohibition.--[No] EXCEPT AS OTHERWISE PROVIDED IN THIS <--  
22 SECTION, NO insurance producer shall, directly or indirectly,  
23 offer, promise, allow, give, set off or pay a rebate of, or part

1 of, a premium payable on the contract of insurance or on the  
2 insurance producer's commission, earnings, profits, dividends or  
3 other benefit founded, arising, accruing or to accrue thereon,  
4 or any special advantage in date of policy or age of issue, or  
5 any paid employment or contract for services of any kind, or any  
6 other valuable consideration or inducement, to or for insurance  
7 on a risk in this Commonwealth which is not specified in the  
8 contract of insurance.

9 ~~(a.1) Construction.--Nothing in this section shall be~~ <--  
10 ~~construed as prohibiting an insurance producer from offering or~~  
11 ~~giving to an insured or prospective insured money or any favor,~~  
12 ~~advantage, object, valuable consideration or anything other than~~  
13 ~~money which has a cost of or a redeemable value less than or~~  
14 ~~equal to \$100 which is not specified in the contract of~~  
15 ~~insurance. The commissioner may increase this amount upon~~  
16 ~~publication of notice in the Pennsylvania Bulletin.~~

17 (A.1) EXCEPTION.--AN INSURANCE PRODUCER MAY OFFER OR GIVE TO <--  
18 AN INSURED OR A PROSPECTIVE INSURED, ON AN ANNUAL AGGREGATE  
19 BASIS, ANY FAVOR, ADVANTAGE, OBJECT, VALUABLE CONSIDERATION OR  
20 ANYTHING OTHER THAN MONEY THAT HAS A COST OF OR A REDEEMABLE  
21 VALUE OF LESS THAN OR EQUAL TO \$100, WHICH IS NOT SPECIFIED IN  
22 THE CONTRACT OF INSURANCE. THE COMMISSIONER MAY INCREASE THIS  
23 AMOUNT UPON PUBLICATION OF NOTICE IN THE PENNSYLVANIA BULLETIN.

24 (A.2) RECEIPT CONTINGENT ON PURCHASE.--NOTWITHSTANDING ANY  
25 OTHER PROVISION OF THIS SECTION TO THE CONTRARY, AN INSURANCE  
26 PRODUCER MAY NOT MAKE RECEIPT OF ANYTHING OF VALUE CONTINGENT ON  
27 THE PURCHASE OF INSURANCE.

28 (b) Penalty.--A person that violates subsection (a) commits  
29 a misdemeanor of the third degree.

30 (C) CONSTRUCTION.--NOTHING IN THIS SECTION SHALL BE <--

1 CONSTRUED AS:

2 (1) PERMITTING ANY UNFAIR METHOD OF COMPETITION OR AN  
3 UNFAIR OR DECEPTIVE ACT OR PRACTICE UNDER THE ACT OF JULY 22,  
4 1974 (P.L.589, NO.205), KNOWN AS THE UNFAIR INSURANCE  
5 PRACTICES ACT; OR

6 (2) PROHIBITING AN INSURANCE PRODUCER FROM OFFERING OR  
7 GIVING TO AN INSURED, FOR FREE OR AT A DISCOUNTED PRICE,  
8 SERVICES OR OTHER OFFERINGS THAT RELATE TO LOSS CONTROL OF  
9 THE RISKS COVERED UNDER THE POLICY.

10 Section 646-A. Inducements prohibited.

11 (a) Prohibition.--[No] EXCEPT AS OTHERWISE PROVIDED IN THIS <--  
12 SECTION, NO insurance producer shall, directly or indirectly,  
13 offer, promise, give, option, sell or purchase any stocks,  
14 bonds, securities or property, or any dividends or profits  
15 accruing or to accrue thereon, or other thing of value  
16 whatsoever, as an inducement to purchase a contract of  
17 insurance. Nothing in this section shall be construed to prevent  
18 the taking of a bona fide obligation, with legal interest, in  
19 payment of any premium. This section shall not prohibit payment  
20 or receipt of referral fees in accordance with this act.

21 ~~(a.1) Construction. Nothing in this section shall be~~ <--  
22 ~~construed as prohibiting an insurance producer from offering or~~  
23 ~~giving to an insured or prospective insured money or any favor,~~  
24 ~~advantage, object, valuable consideration or anything other than~~  
25 ~~money which has a cost of or a redeemable value less than or~~  
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18 GIVING TO AN INSURED, FOR FREE OR AT A DISCOUNTED PRICE,  
19 SERVICES OR OTHER OFFERINGS THAT RELATE TO LOSS CONTROL OF  
20 THE RISKS COVERED UNDER THE POLICY.

21 Section 2. This act shall take effect in 60 days.