

INSURANCE COMPANY LAW OF 1921 - REBATES AND INDUCEMENTS
PROHIBITED

Act of May. 4, 2018, P.L. 116, No. 23

Cl. 40

Session of 2018

No. 2018-23

SB 878

AN ACT

Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," in general provisions relating to insurance companies, associations and exchanges, further providing for rebates and inducements prohibited.

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

Section 1. Section 346 of the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, is amended to read:

Section 346. Rebates and Inducements Prohibited; Revocation of Licenses; Penalties.--[No] **(a) Except as otherwise provided in this section, no** insurance company, association, or exchange, by itself or by its officers or members, attorney-in-fact or by any other party, shall offer, promise, allow, give, set off, or pay, directly or indirectly, any rebate of, or part of, the premium payable on the policy, or on any policy or agent's commission thereon, or earnings, profit, dividends, or other benefit founded, arising, accruing, or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind, or any other valuable consideration or inducement, to or for insurance on any risk in this Commonwealth, now or hereafter to be written, which is not specified in the policy contract of insurance; nor shall any such company, association, or exchange, personally or otherwise, offer, promise, give, option, sell, or purchase any stocks, bonds, securities, or property, or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever, as inducement to insurance or in connection therewith, which is not specified in the policy. Nothing in this section shall be construed to prevent the taking of a bona fide obligation, with legal interest, in payment of any premium.

(b) An insurance company, association or exchange, by itself, its officers, members or attorney-in-fact or any other party may offer or give to an insured or a prospective insured, on an annual aggregate basis, any favor, advantage, object, valuable consideration or anything other than money that has a cost or redeemable value of less than or equal to one hundred dollars (\$100). The Insurance Commissioner may increase this amount upon publication of notice in the Pennsylvania Bulletin.

(b.1) Notwithstanding any other provision of this section to the contrary, an insurance company, association or exchange, by itself, its officers, members or attorney-in-fact or any other party may not make receipt of anything of value contingent on the purchase of insurance.

(c) Nothing in this section shall [prevent] be construed as :

(1) preventing a company transacting industrial life insurance on a weekly payment plan from returning to policyholders, who have made a premium payment for a period of at least one year, the percentage of premium which the company would otherwise have paid for the weekly collection of such premium[.];

(2) permitting any unfair method of competition or an unfair or deceptive act or practice under the act of July 22, 1974 (P.L.589, No.205), known as the "Unfair Insurance Practices Act"; or

(3) prohibiting an insurance company, association or exchange, by itself or by its officers or members, attorney-in-fact or by any other party from offering or giving to an insured or a prospective insured, for free or at a discounted price, services or other offerings that relate to loss control of the risks covered under the policy.

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

APPROVED--The 4th day of May, A.D. 2018.

TOM WOLF