

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1842 Session of 2017

INTRODUCED BY TOBASH, DeLUCA, PICKETT AND WHEELAND,
OCTOBER 2, 2017

REFERRED TO COMMITTEE ON INSURANCE, OCTOBER 2, 2017

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]

22 (1) Except as otherwise provided in paragraph (2), no
23 insurance producer shall, directly or indirectly, offer,
24 promise, allow, give, set off or pay a rebate of, or part of,

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

9 (2) Nothing in this section shall be construed as
10 prohibiting an insurance producer from offering or giving to
11 an insured or prospective insured money or any favor,
12 advantage, object, valuable consideration or thing other than
13 money which has a cost or redeemable value of less than \$100
14 and which is not specified in the contract of insurance. The
15 commissioner may increase the dollar amount under this
16 paragraph to reflect an upward change in the United States
17 Department of Labor Consumer Price Index for All Urban
18 Consumers (CPI-U) in the preceding year, upon publication of
19 notice in the Pennsylvania Bulletin.

20 * * *

21 Section 646-A. Inducements prohibited.

22 (a) Prohibition.--[No]

23 (1) Except as otherwise provided in this subsection, no
24 insurance producer shall, directly or indirectly, offer,
25 promise, give, option, sell or purchase any stocks, bonds,
26 securities or property, or any dividends or profits accruing
27 or to accrue thereon, or other thing of value whatsoever, as
28 an inducement to purchase a contract of insurance.

29 (2) Nothing in this section shall be construed to
30 prevent the taking of a bona fide obligation, with legal

1 interest, in payment of any premium.

2 (3) This section shall not prohibit payment or receipt
3 of referral fees in accordance with this act.

4 (4) Nothing in this section shall be construed as
5 prohibiting an insurance producer from offering or giving to
6 an insured or prospective insured money or any favor,
7 advantage, object, valuable consideration or thing other than
8 money which has a cost or redeemable value of less than \$100.
9 The commissioner may increase the dollar amount under this
10 paragraph to reflect an upward change in the United States
11 Department of Labor Consumer Price Index for All Urban
12 Consumers (CPI-U) in the preceding year, upon publication of
13 notice in the Pennsylvania Bulletin.

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15 Section 2. This act shall take effect immediately.