

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL 124
Commerce and Insurance Committee Substitute Adopted 4/25/23

Short Title: Insurance Rebate Reform.

(Public)

Sponsors:

Referred to:

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 AND PLACING A CAP ON INSURANCE REFERRAL FEES PAID
5 TO NONLICENSED PERSONS.

6 The General Assembly of North Carolina enacts:

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

9 **"§ 58-63-16. Permitted trade practices.**

10 (a) An insurer, insurance producer, or limited representative may offer or provide
11 products or services under any of the following circumstances:

12 (1) The products or services are offered in connection with the marketing,
13 purchase, or retention of an insurance contract and do not exceed an aggregate
14 retail value of two hundred fifty dollars (\$250.00) per person per year.

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

18 (3) The products or services are offered without fee or at a reduced fee and all of
19 the following conditions are met:

20 a. The receipt of the products or services is not contingent upon the
21 purchase of insurance.

22 b. The services are offered on the same terms to all potential eligible
23 insurance customers.

24 c. The requirements of this subdivision are conspicuously disclosed to
25 the recipient in writing.

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

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

29 **"§ 58-33-85. Rebates and charges in excess of premium prohibited; exceptions.**

30 (a) No insurer, insurance producer, or limited representative shall knowingly charge,
31 demand or receive a premium for any policy of insurance except in accordance with the
32 applicable filing approved by the Commissioner. No insurer, insurance producer, or limited
33 representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as
34 an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement,
35 credit, or reduction of the premium named in a policy of insurance, or any special favor or
36 advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or



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1 inducement whatever, not specified in the policy of insurance. No insured named in a policy of
2 insurance, nor any employee of such insured, shall knowingly receive or accept, directly or
3 indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or
4 advantage or valuable consideration or inducement. Nothing herein contained shall be construed
5 as ~~prohibiting~~ prohibiting (i) the payment of commissions or other compensation to duly licensed
6 insurance producers and limited ~~representatives, nor as prohibiting representatives,~~ (ii) any
7 participating insurer from distributing to its policyholders dividends, savings or the unused or
8 unabsorbed portion of premiums and premium ~~deposits.~~ deposits, or (iii) the trade practices
9 permitted by G.S. 58-63-16. As used in this section the word "insurance" includes suretyship and
10 the word "policy" includes bond.

11"

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

13 "**§ 58-63-15. Unfair methods of competition and unfair or deceptive acts or practices**
14 **defined.**

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

17 ...

18 (8) Rebates. –

19 ...

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

23 ...

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

25"

26 **SECTION 4.** G.S. 58-33-82 reads as rewritten:

27 "**§ 58-33-82. Commissions.**

28 ...

29 (f) No commission, fee, or other valuable consideration authorized under subsection (e)
30 of this section for the referral of insurance business by an unlicensed individual to a licensed
31 insurance agent or broker shall exceed fifty dollars (\$50.00) in value. A violation of this
32 subsection may be punished by a fine not to exceed two thousand dollars (\$2,000) for each
33 violation. This subsection shall not apply to title insurance."

34 **SECTION 5.** This act becomes effective October 1, 2023. Section 4 of this act
35 applies to any referral of insurance business made after that date.