

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 356
PROPOSED COMMITTEE SUBSTITUTE H356-PCS30428-TM-7

Short Title: Permitted Trade Practices/Insurance Rebates.-AB

(Public)

Sponsors:

Referred to:

March 12, 2025

1 A BILL TO BE ENTITLED
2 AN ACT CLARIFYING PERMITTED TRADE PRACTICES WITH RESPECT TO
3 INSURANCE REBATES, AS RECOMMENDED BY THE DEPARTMENT OF
4 INSURANCE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 58-63-15(8)b.4. and G.S. 58-63-16 are repealed.

7 **SECTION 2.(a)** G.S. 58-63-15 reads as rewritten:

8 "**§ 58-63-15. Unfair methods of competition and unfair or deceptive acts or practices**
9 **defined.**

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

12 ...
13 (8) Rebates. –

14 ...

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

18 ...

19 5. Engaging in an arrangement that would not violate section 106
20 of the Bank Holding Company Act Amendments of 1972 (12
21 U.S.C. § 1972), as interpreted by the Board of Governors of
22 the Federal Reserve System, or section 5(q) of the Home
23 Owners' Loan Act, 12 U.S.C. § 1464(q).

24 6. The offer or provision by insurers or producers, by or through
25 employees, affiliates, or third-party representatives, of
26 value-added products or services at no or reduced cost when
27 such products or services are not specified in the policy of
28 insurance if all of the following criteria are met:

29 I. Relates to the insurance coverage and is primarily
30 designed to satisfy one or more of the following:

31 A. Providing loss mitigation or loss control.

32 B. Reducing claim costs or claim settlement costs.

33 C. Providing education about liability risks or risk
34 of loss to persons or property.



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- 1 D. Monitoring or assessing risk, identifying
- 2 sources of risk, or developing strategies for
- 3 eliminating or reducing risk.
- 4 E. Enhancing health.
- 5 F. Enhancing financial wellness through items
- 6 such as education or financial planning
- 7 services.
- 8 G. Providing post-loss services.
- 9 H. Incentivizing behavioral changes to improve
- 10 the health or reduce the risk of death or
- 11 disability of a customer. For purposes of this
- 12 sub-sub-sub-sub-subdivision, "customer"
- 13 means a policyholder, potential policyholder,
- 14 certificate holder, potential certificate holder,
- 15 insured, potential insured, or applicant.
- 16 I. Assisting in the administration of the employee
- 17 or retiree benefit insurance coverage.
- 18 II. The cost to the insurer or producer offering the product
- 19 or service to any given customer must be reasonable in
- 20 comparison to that customer's premiums or insurance
- 21 coverage for the policy class.
- 22 III. If the insurer or producer is providing the product or
- 23 service offered, the insurer or producer must ensure
- 24 that the customer is provided with contact information
- 25 to assist the customer with questions regarding the
- 26 product or service.
- 27 IV. The availability of the value-added product or service
- 28 must be based on documented objective criteria and
- 29 offered in a manner that is not unfairly discriminatory.
- 30 The documented criteria must be maintained by the
- 31 insurer or producer and produced upon request by the
- 32 Department.
- 33 7. The offer or provision of products or services that otherwise
- 34 meet the criteria of sub-sub-subdivision 6. of this
- 35 sub-subdivision, where the insurer or producer does not have
- 36 sufficient evidence to demonstrate but has a good-faith belief
- 37 that the products or service satisfies one or more of the
- 38 conditions listed in sub-sub-sub-sub-subdivisions A. through I.
- 39 of sub-sub-sub-subdivision I. of sub-sub-subdivision 6. of this
- 40 sub-subdivision. The products and services shall be offered or
- 41 provided in a manner that is not unfairly discriminatory as part
- 42 of a pilot or testing program for no more than one year. An
- 43 insurer or producer offering or providing products or services
- 44 pursuant to this sub-sub-subdivision must notify the
- 45 Department of the pilot or testing program prior to
- 46 implementation and may proceed with the program unless the
- 47 Department objects within 21 days of notice.
- 48 8. The offer or gifting by an insurer or producer of noncash gifts,
- 49 items, or services, including meals to or charitable donations
- 50 on behalf of a customer, if all of the following criteria are met:

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- I. The noncash gifts, items, or services are made to, or on behalf of, customers, including commercial or institutional customers, in connection with the marketing, sale, purchase, or retention of contracts of insurance.
 - II. The cost of the noncash gifts, items, or services does not exceed two hundred fifty dollars (\$250.00) per policy term.
 - III. The offer or gift is made in a manner that is not unfairly discriminatory.
 - IV. The customer is not required to purchase, continue to purchase, or renew a policy in exchange for the offer or gift.
9. The conducting of drawings or raffles by an insurer or producer, to the extent they are otherwise permitted by law, if all of the following criteria are met:
- I. There is no financial cost to entrants to participate in the drawing or raffle.
 - II. The drawing or raffle does not obligate participants to purchase insurance.
 - III. The prizes of the drawing or raffle are not valued in excess of two hundred fifty dollars (\$250.00).
 - IV. The drawing or raffle is open to the public and conducted in a manner that is not unfairly discriminatory.
 - V. The customer is not required to purchase, continue to purchase, or renew a policy in exchange for participation in the drawing or raffle.
- c. No insurer or employee thereof, and no insurance producer shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. Nothing herein contained shall be construed as ~~prohibiting~~ prohibiting: (i) the payment of commissions or other compensation to regularly appointed and licensed insurance producers duly licensed by this State; nor as prohibiting State, (ii) any participating insurer from distributing to its policyholders dividends, savings or the unused or unabsorbed portion of premiums and premium deposits; deposits, or (iii) the trade practices permitted by sub-subdivision b. of this subdivision.

...."

SECTION 2.(b) G.S. 58-63-15(8) is amended by adding a new sub-subdivision to

read:

- "d. An insurer, producer, or representative of either may not offer or provide insurance as an inducement to the purchase of another policy or otherwise use the words "free," "no cost," or words of similar import about the policy sale or purchase, in an advertisement."

SECTION 3. G.S. 58-33-85 reads as rewritten:

1 **"§ 58-33-85. Rebates and charges in excess of premium prohibited; exceptions.**

2 (a) No insurer, insurance producer, or limited representative shall knowingly charge,
3 demand or receive a premium for any policy of insurance except in accordance with the
4 applicable filing approved by the Commissioner. No insurer, insurance producer, or limited
5 representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as
6 an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement,
7 credit, or reduction of the premium named in a policy of insurance, or any special favor or
8 advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or
9 inducement whatever, not specified in the policy of insurance. No insured named in a policy of
10 insurance, nor any employee of such insured, shall knowingly receive or accept, directly or
11 indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or
12 advantage or valuable consideration or inducement. Nothing herein contained shall be construed
13 as prohibiting (i) the payment of commissions or other compensation to duly licensed insurance
14 producers and limited representatives, (ii) any participating insurer from distributing to its
15 policyholders dividends, savings or the unused or unabsorbed portion of premiums and premium
16 deposits, or (iii) the trade practices permitted by ~~G.S. 58-63-16-sub-subdivision b. of subdivision~~
17 (8) of G.S. 58-63-15. As used in this section the word "insurance" includes suretyship and the
18 word "policy" includes bond.

19"

20 **SECTION 4.** Section 2(b) of this act is effective January 1, 2027, and applies to
21 trade practices related to insurance contracts issued, renewed, or amended on or after that date.
22 The remainder of this act is effective when it becomes law and applies to trade practices related
23 to insurance contracts issued, renewed, or amended on or after that date.