

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 877 Session of 2017

INTRODUCED BY WHITE AND WARD, SEPTEMBER 6, 2017

REFERRED TO BANKING AND INSURANCE, SEPTEMBER 6, 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 insurance producer shall, directly or
 22 indirectly, offer, promise, allow, give, set off or pay a rebate
 23 of, or part of, a premium payable on the contract of insurance
 24 or on the insurance producer's commission, earnings, profits,

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

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

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

17 Section 646-A. Inducements prohibited.

18 (a) Prohibition.--No insurance producer shall, directly or
19 indirectly, offer, promise, give, option, sell or purchase any
20 stocks, bonds, securities or property, or any dividends or
21 profits accruing or to accrue thereon, or other thing of value
22 whatsoever, as an inducement to purchase a contract of
23 insurance. Nothing in this section shall be construed to prevent
24 the taking of a bona fide obligation, with legal interest, in
25 payment of any premium. This section shall not prohibit payment
26 or receipt of referral fees in accordance with this act.

27 (a.1) Construction.--Nothing in this section shall be
28 construed as prohibiting an insurance producer from offering or
29 giving to an insured or prospective insured money or any favor,
30 advantage, object, valuable consideration or anything other than

1 money which has a cost of or a redeemable value less than or
2 equal to \$100. The commissioner may increase this amount upon
3 publication of notice in the Pennsylvania Bulletin.

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

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