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**Consumer Protection & Business  
Committee**

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**HB 1075**

**Brief Description:** Concerning consumer competitive group insurance.

**Sponsors:** Representatives Kirby and Vick.

**Brief Summary of Bill**

- Establishes that the Insurance Code's prohibition on offering rebates or inducements does not prohibit an insurer from issuing payment to offset documented expenses incurred by a group policy holder in changing coverage from one insurer to another or for implementing new insurance coverage.

**Hearing Date:** 1/16/19

**Staff:** Robbi Kesler (786-7153).

**Background:**

Insurers, insurance producers, and title insurance agents are limited in what non-contractual benefits they may offer insureds or prospective insureds. Except to the extent provided for in a filing with the Office of the Insurance Commissioner, no insurer, insurance producer, or title insurance agent may, directly or indirectly, offer or pay to any insured, potential insured, or an employee of an insured, any rebate, discount, or reduction of premium, or any other valuable consideration or inducement whatsoever that is not expressly provided for in the insurance policy. Additionally, insurers, insurance producers, and title insurance agents are prohibited from providing or offering, as inducements to insureds or prospective insureds, any shares of stock or other securities or any kind of contract or agreement providing for or promising profits or special returns or dividends.

There are various exceptions to the above prohibitions, including the following:

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- advertising or promotional programs conducted by insurers or insurance producers (but not title insurers or title insurance agents) in which prizes, goods, gift cards, or merchandise, not exceeding \$100 in value per person in the aggregate in any 12-month period are given to all insureds or prospective insureds under similar qualifying circumstances;
- certain health wellness programs conducted by a health carrier or disability insurer;
- commissions paid to an insurance producer or title insurance agent for insurance placed on their own property or risk;
- the allowance by a marine insurer, or marine insurance producer, to any insured, in connection with marine insurance, of such discount as is sanctioned by custom among marine insurers as being additional to the insurance producer's commission; and
- certain sales or purchases of securities.

**Summary of Bill:**

It is established that the prohibition on inducements or rebates to purchase insurance does not prohibit an insurer from issuing payment to offset documented expenses incurred by a group policy holder in changing coverage from one insurer to another or for implementing new insurance coverage. Insurers must describe such payments in the group insurance policy.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.