

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10163-NE-99

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

Sponsors: Representative Humphrey.

Referred to:

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 and G.S. 58-63-16 are repealed.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. 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.



- 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:

- 1 I. The noncash gifts, items, or services are made to, or on
- 2 behalf of, customers, including commercial or
- 3 institutional customers, in connection with the
- 4 marketing, sale, purchase, or retention of contracts of
- 5 insurance.
- 6 II. The cost of the noncash gifts, items, or services does
- 7 not exceed two hundred fifty dollars (\$250.00) per
- 8 policy term.
- 9 III. The offer or gift is made in a manner that is not unfairly
- 10 discriminatory.
- 11 IV. The customer is not required to purchase, continue to
- 12 purchase, or renew a policy in exchange for the offer or
- 13 gift.
- 14 9. The conducting of drawings or raffles by an insurer or
- 15 producer, to the extent they are otherwise permitted by law, if
- 16 all of the following criteria are met:
- 17 I. There is no financial cost to entrants to participate in
- 18 the drawing or raffle.
- 19 II. The drawing or raffle does not obligate participants to
- 20 purchase insurance.
- 21 III. The prizes of the drawing or raffle are not valued in
- 22 excess of two hundred fifty dollars (\$250.00).
- 23 IV. The drawing or raffle is open to the public and
- 24 conducted in a manner that is not unfairly
- 25 discriminatory.
- 26 V. The customer is not required to purchase, continue to
- 27 purchase, or renew a policy in exchange for
- 28 participation in the drawing or raffle.
- 29 c. No insurer or employee thereof, and no insurance producer shall pay,
- 30 allow, or give, or offer to pay, allow, or give, directly or indirectly, as
- 31 an inducement to insurance, or after insurance has been effected, any
- 32 rebate, discount, abatement, credit or reduction of the premium named
- 33 in a policy of insurance, or any special favor or advantage in the
- 34 dividends or other benefits to accrue thereon, or any valuable
- 35 consideration or inducement whatever, not specified in the policy of
- 36 insurance. Nothing herein contained shall be construed as ~~prohibiting~~
- 37 prohibiting: (i) the payment of commissions or other compensation to
- 38 regularly appointed and licensed insurance producers duly licensed by
- 39 this State; nor as ~~prohibiting~~ State, (ii) any participating insurer from
- 40 distributing to its policyholders dividends, savings or the unused or
- 41 unabsorbed portion of premiums and premium ~~deposits~~.
- 42 ~~deposits,~~ or
- 43 (iii) the trade practices permitted by sub-subdivision b. of this
- 44 subdivision.
- 45 d. An insurer, producer, or representative of either may not offer or
- 46 provide insurance as an inducement to the purchase of another policy
- 47 or otherwise use the words "free," "no cost," or words of similar
- 48 import, in an advertisement.

...."

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

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

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

18"

19 **SECTION 4.** This act is effective when it becomes law and applies to trade practices
20 related to insurance contracts issued, renewed, or amended on or after that date.