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National Council of Insurance Legislators (NCOIL)

Rebate Reform Model Act

**Sponsored by Rep. Matt Lehman (IN)*

**Adopted by the Financial Services & Multi-Lines Issues Committee and Executive Committee on March 8, 2020*

**To be considered for re-adoption by the Financial Services & Multi-Lines Issues Committee on November 14, 2025.*

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Section 1. Title

This Act shall be known as the [State] Rebate Reform Model Act.

Section 2. Purpose

The purpose of this Act is to modernize state anti-rebate statutes and regulations so that they recognize new products being offered by the insurance industry and maintain necessary consumer protections.

Section 3. Permissible Gifts and Prizes

Notwithstanding any other provision in the insurance code of [this state], an insurer, by or through its employees, affiliates, insurance producers or third-party representatives, or insurance producers acting on their own behalf, may:

- (A) offer or provide gifts in connection with the marketing, purchase, or retention of contracts of insurance, as long as the cost does not exceed [\$250] per year per person; and
- (B) conduct raffles or drawings, as long as there is no participation cost to entrants and as long as the prizes are not valued in excess of [\$500].

Pursuant to this section, gifts and prizes given may not be in the form of cash.

Drafting Note: States may wish to alter the financial limitations set forth in this section depending upon each state's economic environment.

Section 4. Permissible Value-Added Service or Activity

An insurer, by or through its employees, affiliates, insurance producers or third-party representatives, or insurance producers acting on their own behalf, may offer or provide products or services that relate to, or in conjunction with, a policy of insurance for free or at a discounted price that are primarily intended to educate about, assess, monitor, control, mitigate, or prevent risk of loss to persons, their lives, health or property; or that have a nexus to or enhance the value of the insurance benefits. The offer or provision of products or services in this subsection are exempt from the prohibitions set forth in [insert applicable citation].

Section 5. Services for Free or for Less than Market Value

This subsection does not prohibit an insurer, by or through its employees, affiliates, insurance producers or third-party representatives, or insurance producers acting on their own behalf, from offering or providing services not otherwise identified under Section 4, as long as the services are at least tangentially related to an insurance contract or the administration thereof, for free or for less than fair market value as long as the receipt of the services is not contingent upon the purchase of insurance and the services are offered on the same terms to all potential insurance customers. An insurer, by or through its employees, affiliates, insurance producers or third party representatives, or insurance producers acting on their own behalf, that offers or provides services under this subsection for free or for less than fair market value shall disclose conspicuously in writing to the recipient before the purchase of insurance, receipt of a quote of insurance for insurance or designation of an agent of record that receipt of the services is not contingent on the purchase of insurance.

Section 6. Rules

The commissioner may adopt rules as necessary to effectuate the provisions of this Act. Additionally, the commissioner is expressly authorized to increase, by rule, the explicit financial limitations set forth in Section 3 so as to keep those limits relevant consistent with changing economic times.

Drafting Note: "Commissioner" may be replaced with the title of the state's chief insurance regulatory officer.

Section 7. Effective Date

This Act is effective immediately.