

BILL ANALYSIS

H.B. 1905
By: Eiland
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that many states permit gifts of modest size as exceptions to the rebate and inducement prohibitions imposed on the insurance industry, with some evidence suggesting that such exceptions have not weakened the rebate or inducement restrictions in those states and have not caused consumers to experience the adverse effects that such restrictions exist to prevent. These parties further assert that although the decision to purchase insurance should be based on factors other than the consumer being offered or receiving anything of value, items of nominal value that are traditional courtesies or that are promotional in nature, such as pens, calendars, or notepads, do not genuinely induce purchasing decisions and should be permitted. H.B. 1905 seeks to permit certain insurers and insurance agents to give certain items of limited value in connection with an offer or sale of insurance.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1905 amends the Insurance Code to establish that it is not a prohibited rebate or prohibited discrimination to give, provide, or allow or offer to give, provide, or allow an item that is a promotional advertising item, educational item, or traditional courtesy commonly extended to consumers and that is valued at \$25 or less in connection with an offer or sale of a life insurance policy or contract, accident and health insurance policy or contract, or annuity contract.

H.B. 1905 establishes that specified statutory provisions establishing certain prohibited practices and rebates related to property and casualty insurance do not prohibit an insurer or other person or entity subject to those prohibitions from giving, providing, or allowing or offering to give, provide, or allow an item that is a promotional advertising item, educational item, or traditional courtesy commonly extended to consumers and that is valued at \$25 or less in connection with an offer or sale of an insurance policy or contract to which those statutory provisions apply.

H.B. 1905 establishes that specified statutory provisions prohibiting the payment of certain rebates or fees by an insurance agent other than a title insurance agent do not prohibit such an insurance agent from giving, providing, or allowing or offering to give, provide, or allow an item that is a promotional advertising item, educational item, or traditional courtesy commonly extended to consumers and that is valued at \$25 or less in connection with an offer or sale of an insurance policy.

EFFECTIVE DATE

September 1, 2013.