

BILL ANALYSIS

S.B. 840
By: Hancock
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that decisions to purchase insurance, or obtain information about insurance products and services, should be based on factors other than the consumer being offered or receiving anything of value. However, under current law, items of nominal value that are promotional, such as pens, calendars, and notepads, are not permitted and are viewed as rebating or inducements. Interested parties further contend that these items of nominal value are not meaningful rebates of premium, nor do they genuinely induce purchasing decisions. The parties report that nearly all states have enacted anti-rebating statutes, but several states have exempted items of nominal value from those restrictions. S.B. 840 seeks to make the Texas anti-rebating statute less restrictive.

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

S.B. 840 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.

S.B. 840 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.

S.B. 840 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.