

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 878 Session of 2017

INTRODUCED BY WHITE AND WARD, SEPTEMBER 6, 2017

REFERRED TO BANKING AND INSURANCE, SEPTEMBER 6, 2017

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
 2 act relating to insurance; amending, revising, and
 3 consolidating the law providing for the incorporation of
 4 insurance companies, and the regulation, supervision, and
 5 protection of home and foreign insurance companies, Lloyds
 6 associations, reciprocal and inter-insurance exchanges, and
 7 fire insurance rating bureaus, and the regulation and
 8 supervision of insurance carried by such companies,
 9 associations, and exchanges, including insurance carried by
 10 the State Workmen's Insurance Fund; providing penalties; and
 11 repealing existing laws," in general provisions relating to
 12 insurance companies, associations and exchanges, further
 13 providing for rebates and inducements prohibited.

14 The General Assembly of the Commonwealth of Pennsylvania
 15 hereby enacts as follows:

16 Section 1. Section 346 of the act of May 17, 1921 (P.L.682,
 17 No.284), known as The Insurance Company Law of 1921, is amended
 18 to read:

19 Section 346. Rebates and Inducements Prohibited; Revocation
 20 of Licenses; Penalties.--(a) No insurance company, association,
 21 or exchange, by itself or by its officers or members, attorney-
 22 in-fact or by any other party, shall offer, promise, allow,
 23 give, set off, or pay, directly or indirectly, any rebate of, or
 24 part of, the premium payable on the policy, or on any policy or

1 agent's commission thereon, or earnings, profit, dividends, or
2 other benefit founded, arising, accruing, or to accrue thereon
3 or therefrom, or any special advantage in date of policy or age
4 of issue, or any paid employment or contract for services of any
5 kind, or any other valuable consideration or inducement, to or
6 for insurance on any risk in this Commonwealth, now or hereafter
7 to be written, which is not specified in the policy contract of
8 insurance; nor shall any such company, association, or exchange,
9 personally or otherwise, offer, promise, give, option, sell, or
10 purchase any stocks, bonds, securities, or property, or any
11 dividends or profits accruing or to accrue thereon, or other
12 thing of value whatsoever, as inducement to insurance or in
13 connection therewith, which is not specified in the policy.
14 Nothing in this section shall be construed to prevent the taking
15 of a bona fide obligation, with legal interest, in payment of
16 any premium.

17 (b) Nothing in this section shall be construed as
18 prohibiting an insurance company, association or exchange, by
19 itself or by its officers or members, attorney-in-fact or by any
20 other party from offering or giving to an insured or prospective
21 insured money or any favor, advantage, object, valuable
22 consideration or anything other than money which has a cost of
23 or a redeemable value less than or equal to \$100. The
24 commissioner may increase this amount upon publication of notice
25 in the Pennsylvania Bulletin.

26 (c) Nothing in this section shall [prevent] be construed as
27 preventing a company transacting industrial life insurance on a
28 weekly payment plan from returning to policyholders, who have
29 made a premium payment for a period of at least one year, the
30 percentage of premium which the company would otherwise have

1 paid for the weekly collection of such premium.

2 (d) Nothing in this section shall be construed as
3 prohibiting an insurance company, association or exchange, by
4 itself or by its officers or members, attorney-in-fact or by any
5 other party from offering or giving to an insured or prospective
6 insured, for free or at a discounted price, services or other
7 offerings that relate to or enhance the value of the insurance
8 product being offered. Services not prohibited include, but are
9 not limited to, risk management services, including loss
10 control.

11 Section 2. This act shall take effect in 60 days.