



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1092

PRINTER'S NO. 1405

PRIME SPONSOR: DiSanto

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
Insurance Regulation and Oversight Fund	\$0	\$0

SUMMARY:

This legislation amends Title 40 (Insurance) of the Pennsylvania Consolidated Statutes to add requirements for Rebates and Inducements.

ANALYSIS:

Senate Bill 1092, Printer's Number 1405 amends Title 40 (Insurance) of the Pennsylvania Consolidated Statutes to add Chapter 47 Rebates and Inducements.

Section 4702 Rebates and inducements

The section provides for activities of insurance companies or insurance producers regarding rebates and inducements and that are unfair or deceptive acts. These acts include:

- Knowingly permitting, offering to make or making an insurance policy, or an agreement as to the insurance policy, other than as plainly expressed in the insurance policy that is issued.
- Paying, allowing or giving, or offering to pay, allow or give, directly or indirectly, as inducement to an insurance policy.
- Giving, selling or purchasing, or offering to give, sell or purchase any of the following not specified in the policy:
 - Stocks, bonds or other securities of a company or other corporation, association, or partnership.
 - Any dividends or profits accrued on these items.
 - Anything of value whatsoever.

This section establishes permissible activities, which include:

- Offer or give noncash gifts, items or services, including meals to or charitable donations on behalf of a customer.
- Offer to give noncash gifts, items or services, including meals to or charitable donations on behalf of a customer, to commercial or institutional customers.
- Conduct a raffle or drawing, to the extent permitted by law, if there is no financial cost for entrants to participate, the raffle or drawing does not obligate participants to purchase insurance, prizes are not valued in excess of \$125, and the raffle or drawing is open to the public.

Section 4703 Advertisements

An insurance company or insurance producer, or relative of an insurance company or insurance producer, may not offer or provide an inducement to the purchase of another policy or otherwise use the words "free", "no cost", or words of a similar meaning in an advertisement.

Section 4704 Pilot or testing program

If an insurance company or an insurance producer does not have sufficient evidence but believes that the product or service meets the criteria for a rebate or inducement, then the insurance company or insurance producer may provide the product or services to consumers in a manner that is not unfairly discriminatory as part of a pilot or testing program for no more than one year.

The insurance company or insurance producer must notify the department of the pilot or testing program prior to launching it. They may proceed with the program unless the department objects within 21 business days of the submission of the description of the program.

Section 4705 Penalties

A violation of these requirements will be deemed an unfair method of compensation and unfair or deceptive act or practice in accordance with Act 205 of 1974, known as the Unfair Insurance Practices Act.

Section 4706 Regulations

The department may promulgate regulations to implement, administer, and enforce the requirements in this legislation.

FISCAL IMPACT:

The Department of Insurance oversees the compliance by insurance companies and insurance producers with requirements included in Title 40. Currently, the department does not anticipate any increase in administrative costs as a result of this legislation, which is funded through the Insurance Regulation and Oversight Fund. Therefore, there is no fiscal impact to the commonwealth.

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House Appropriations Committee (D)

DATE: July 3, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.