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BULLETIN 19-21

To: Insurers and Producers

Re: Inducements, Rebates, or Other Consideration

Date: October 23, 2019

The purpose of this Bulletin is to alert carriers and producers to changes made by the General Assembly in 2018 to §§ 27-209 and 27-212 of the Insurance Article, Annotated Code of Maryland, and to remind our regulated entities of certain prohibited practices concerning inducements, premium rebates or other forms of valuable consideration not specified in a contract of insurance or in an annuity contract.

Specifically, under § 27-209(a)(2), a person may not knowingly pay, allow, give or offer to pay, allow, or give directly or indirectly as an inducement to an insurance contract or annuity:

- a rebate of premiums payable on the contract;
- a special favor or advantage in the benefits under the contract policy;
- paid employment or a contract for services of any kind; or
- any valuable consideration or other inducement not specified in the contract.

Section 27-212(b) similarly provides, with regard to insurance contracts others than life insurance, health insurance and annuities, that a person may not knowingly pay, allow, give or offer to pay, allow, or give directly or indirectly as an inducement to an insurance policy:

- a rebate, discount, abatement, credit, or reduction of the premiums stated in the policy;
- a special favor or advantage in the benefits under the policy;
- any valuable consideration or other inducement not specified in the policy.

In 2018, the General Assembly, pursuant to House Bill 1083 (Chapter 485) and Senate Bill 673 (Chapter 486) amended §§ 27-209(a)(4) and 27-212(d), effective October 1, 2018, to alter the limit on the amount of educational, promotional materials or article of merchandise permitted from \$25.00 to \$50.00.

This means that promotional items valued at more than \$50 may not be offered, promised, or given to consumers at any time, regardless of whether it is in conjunction with plan information or the sale of a policy. Additionally, items such as gift cards, prizes, raffle tickets and any other items of value may not be paid, allowed, given, or offered as incentive to get consumers to enroll in a plan.

Title insurance producers should review bulletin number 17-16 for additional prohibitions that apply to that line of authority.

Questions concerning this Bulletin may be directed to the following:

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