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INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
SENATE
128TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 382, L.D. 1161, Bill, “An Act To Amend the Insurance Laws Governing the Provision of Rebates”

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 24-A MRS §2163-A, as amended by PL 1999, c. 8, §1, is repealed and the following enacted in its place:

§2163-A. Permitted activities

1. Permissible gifts and prizes. Notwithstanding any other provision in sections 2160 to 2163, an insurer, an employee of an insurer or a producer may offer to give gifts in connection with marketing for the sale or retention of contracts of insurance, as long as the cost does not exceed \$100 per year per person, and conduct raffles or drawings, as long as there is no participation cost to entrants and as long as the prizes are not valued in excess of \$500. Nothing in sections 2160 to 2163 may be construed to prohibit an insurance producer from receiving a fee rather than commission on the sale of property and casualty insurance in accordance with section 1450 and rules adopted by the superintendent.

Gifts and prizes given pursuant to this section may not be in the form of cash.

2. Permissible value-added service or activity. An insurer, an employee of an insurer or a producer may offer to provide a value-added service or activity, offered or provided without fee or at a reduced fee, that is related to the coverage provided by an insurance contract if the provision of the value-added service or activity does not violate any other applicable statute or rule and is:

A. Clearly identified and included within the insurance contract; or

B. Directly related to the servicing of the insurance contract or offered or undertaken to provide risk control for the benefit of a client.

3. Services for free or for less than fair market value. This section does not prohibit a person from offering or providing services, whether or not the services are

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1 directly related to an insurance contract, for free or for less than fair market value as long
2 as the receipt of the services is not contingent upon the purchase of insurance and the
3 services are offered on the same terms to all potential insurance customers. A person that
4 offers or provides services under this subsection for free or for less than fair market value
5 shall disclose conspicuously in writing to the recipient before the purchase of insurance,
6 receipt of a quote for insurance or designation of an agent of record that receipt of the
7 services is not contingent on the purchase of insurance.

8 4. Rules. The superintendent may adopt rules as necessary to make reasonable
9 modifications to the standards in this section. Rules adopted pursuant to this subsection
10 are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.'

11 SUMMARY

12 This amendment is the majority report of the committee and replaces the bill. This
13 amendment retains the provision in the bill allowing a person to offer or provide services,
14 whether or not the services are directly related to an insurance contract, for free or for less
15 than fair market value, as long as the receipt of the services is not contingent upon the
16 purchase of insurance and the recipient of the services is notified in writing that the
17 services are not contingent on the purchase of insurance. The amendment also increases
18 the dollar limits for permissible gifts in connection with marketing and retention of
19 contracts from \$20 per person to \$100 per person and increases the maximum value of
20 prizes awarded in raffles and drawings from \$100 to \$500.