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NAIC Begins Review of State Anti-Rebate Laws

The National Association of Insurance Commissioners (NAIC), through its Innovation and Technology Task Force, has a review of state anti-rebating laws. The review is focused on whether current anti-rebate laws have created regulatory barriers to insurance-related innovated products and services that could help minimize risk and reduce premiums. NAIFA is participating in this process.

Motivated by a concern that some innovative products designed to help consumers and manage insurance costs and claims could be seen as violating state anti-rebating laws, the Task Force is exploring whether there is a need to differentiate the provision of things of value to consumers that are intended to induce the purchase of a policy (and thus would constitute an impermissible rebate) from products and services that will help minimize risk and potentially lower rates, such as wearable “smart” devices that track the insured’s level of activity. The regulators are exploring whether such products and services should not be considered impermissible rebates.

This project is in its early stages. As the NAIC continues this discussion, it will consider topics including whether these concerns can be addressed by insurance departments issuing guidelines and/or bulletins as opposed to the more complex process of amending an NAIC model law, whether anti-rebating laws should be abolished entirely, and whether the dollar limits on what can be given to the insured without violating the laws should be revised upward.

Prospects: Under NAIFA current policy, the association strongly supports anti-rebating laws. As part of its participation in the work of the NAIC Task Force initiative, NAIFA’s Government Relations Committee is considering these issues and studying whether existing association policy should be modified to address the Task Force concerns.

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