

The House Committee on Insurance offers the following substitute to HB 784:

A BILL TO BE ENTITLED
AN ACT

To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to provide that insurers and insurance producers may advertise or conduct certain promotional programs whereby certain items not to exceed a certain value may be provided and will not be considered an unfair trade practice or an unlawful inducement; to provide for definitions; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended in Code Section 33-6-4, relating to unfair trade practices, by revising subsection (a) and subparagraph (b)(8)(C) as follows:

"(a) As used in this Code section, the term '~~policy~~':

(1) 'Gift certificate' shall have the same meaning as provided in Code Section 10-1-393.

(2) 'Policy' means any insuring bond issued by an insurer.

(3) 'Store gift card' shall have the same meaning as provided in Code Section 10-1-393."

"(C) Nothing in subparagraphs (A) and (B) of this paragraph shall be construed as including within the definition of discrimination or rebates any of the following practices:

(i) In the case of any contract of life insurance or life annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, provided that any bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interest of the company and its policyholders;

(ii) In the case of life or accident and sickness insurance policies issued on the industrial debit or weekly premium plan, making allowance in an amount which fairly represents the saving in collection expense to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer;

(iii) Making a readjustment of the rate of premium for a policy based on the loss or expense experienced at the end of the first or any subsequent policy year of insurance thereunder, which adjustment may be made retroactive only for the policy year;

(iv) Issuing life or accident and sickness insurance policies covering bona fide employees of the insurer at a rate less than the rate charged other persons in the same class;

(v) Issuing life or accident and sickness policies on a salary-saving, payroll deduction, preauthorized, postdated, automatic check, or draft plan at a reduced rate commensurate with the savings made by the use of such plan;

(vi) Paying commissions or other compensation to duly licensed agents or brokers or allowing or returning dividends, savings, or unabsorbed premium deposits to participating policyholders, members, or subscribers;

(vii) Paying by an insurance agent of part or all of the commissions on public insurance to a nonprofit association of insurance agents which is affiliated with a recognized state or national insurance agents' association, which commissions are to be used in whole or in part for one or more civic enterprises;

(viii) Paying for food or refreshments by an insurer or an agent, broker, or employee of an insurer for current or prospective clients during group sales presentations and group seminars, provided that no insurance or annuity applications or contracts are offered or accepted at such presentations or seminars; ~~or~~

(ix) Paying for business meals and entertainment by an insurer or an agent, broker, or employee of an insurer, agent, or broker for current or prospective clients; or

(x) Advertising or conducting promotional programs by insurers or insurance producers whereby prizes, goods, wares, store gift cards, gift certificates, sporting event tickets, or merchandise, not exceeding \$50.00 in value per customer in the aggregate in any one calendar year, are given to current or prospective customers; provided, however, that the giving of any item or items of value under this subsection shall not be contingent on the sale or renewal of a policy;"

SECTION 2.

Said title is further amended by revising Code Section 33-9-36, relating to unauthorized premiums and unlawful inducements, as follows:

"33-9-36.

"(a) As used in this Code section, the term:

(1) 'Gift certificate' shall have the same meaning as provided in Code Section 10-1-393.

(2) 'Insurance' includes suretyship.

(3) 'Policy' includes bond.

(4) 'Store gift card' shall have the same meaning as provided in Code Section 10-1-393.

~~(a)(b)~~ No broker or agent shall knowingly charge, demand, or receive a premium for any policy of insurance except in accordance with this chapter.

~~(b)(c)~~ No insurer or employee of such insurer and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly as an inducement to insurance or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue on such policy of insurance, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent provided for in an applicable filing. No insured named in a policy of insurance nor any employee of the insured shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any special favor or advantage or valuable consideration or inducement.

~~(c)(d)~~ Nothing in this Code section shall be construed as prohibiting the payment of commissions or other compensation to duly licensed agents and brokers, nor as prohibiting any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits.

~~(d) As used in this Code section the word 'insurance' includes suretyship and the word 'policy' includes bond.~~

(e) Nothing in this Code section shall be construed as prohibiting the payment for food or refreshments by an insurer or an agent, broker, or employee of an insurer for current or prospective clients during sales presentations and seminars, provided that no insurance or annuity applications or contracts are offered or accepted at such presentations or seminars.

(f) Nothing in this Code section shall be construed as prohibiting insurers or insurance producers from advertising or conducting promotional programs by insurers or insurance producers whereby prizes, goods, wares, store gift cards, gift certificates, sporting event tickets, or merchandise, not exceeding \$50.00 in value per customer in the aggregate in any one calendar year, are given to current or prospective customers; provided, however, that the giving of any item or items of value under this subsection shall not be contingent on the sale or renewal of a policy."

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.