

Bulletin 01-002

April 30, 2001

**UNLAWFUL REBATES IN THE
SALE OF LIFE OR HEALTH INSURANCE**

Insurers who are offering “free insurance” for a limited period of time as an inducement to purchase life or health insurance are violating Nevada’s Unfair Trade Practices Law. It is unlawful for an insurer to offer any type of inducement, refund or rebate of insurance premium for life and health insurance to a customer. This type of activity is prohibited in NRS 686A.110, which states:

“Except as otherwise expressly provided by law, no person shall knowingly:

1. Permit to be made or offer to make or make any contract of life insurance, life annuity or health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, or knowingly accept, as an inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract.”

An offer of “free insurance” is considered an inducement and, therefore, an unlawful practice in the state of Nevada.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance