



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Bulletin 2-80

REBATING

December 5, 1980

Ark. Stat. Ann. § 66-3019(1) provides as follows:

“(1) No property, casualty or surety insurer or any employee thereof, and no broker, agent, or solicitor shall pay, allow, or give, directly or indirectly, as an inducement to the 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 thereon, *or any valuable consideration or inducement whatever not specified in the policy*, except to the extent provided for an applicable filing with the Commissioner as provided by law.” (emphasis supplied)

It has come to the Department’s attention that many insurers and agents are under the impression that “rebating” relates only to the return to the policyholder of a portion of the premium stated in the policy. The purpose of this Bulletin is to bring to the attention of insurers and agents that the underlined language in the statute greatly broadens the range of the types of activities that might be considered “rebating.” It would be impossible for the Department to specify which actions would be so considered rebating, but all insurers and agents should be cognizant of the fact that other valuable considerations or inducements could be considered rebating, on a case-by-case basis.

All insurers are directed to bring this matter to the attention of its licensed agents in the State of Arkansas.

W. H. L. Woodyard, III
INSURANCE COMMISSIONER