

Rebating

Rebating occurs if the buyer of an insurance policy receives any part of the producer *commission or anything else of significant value as an inducement* to purchase a policy. State regulations are very strict in this respect and are designed to prohibit discrimination in favor of, or against, policyowners.

In most states, rebating is allowed if the agent adheres to the following rules:

- The rebate has to be available to all insureds in the **same actuarial class**.
- The rebate must be in accordance with a rebating schedule **filed by the agent with the insurer issuing the policy** to which the rebate applies.
- The rebating schedule **must be uniformly applied** so that all insureds who purchase the same policy through that producer for the same amount of insurance **receive the same rebate percentage**.
- The rebate schedule must be **prominently displayed in public view** at the producer's place of business and a free copy made available to insureds on request.
- The age, sex, place of residence, race, nationality, ethnic origin, marital status, occupation or location of the risk cannot be used in determining the percentage of the rebate or whether a rebate will be available.