



Department of Business Regulation

Insurance Division

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Insurance Bulletin Number 2009-9

Rebating in the Sale of Insurance

Rhode Island General Laws prohibit “rebating” in the sale of insurance. R.I. Gen. Laws § 27-4-6, 27-6-46, 27-8-7, 27-9-44 and 27-29-4(8) prohibit a licensee from giving something of value either as an “inducement” or “in connection with” an insurance policy. Therefore a licensee is expressly prohibited from giving a “gift” which requires the actual purchase of an insurance policy.

However, these statutes do not prohibit the use of a “gift” as a marketing tool when the “gift” is given whether or not the individual actually purchases or renews the insurance. For example, a company or agent may offer a “gift” to all persons who receive a quote. The gift must be able to be retained whether or not a policy ever becomes effective.

Therefore, “gifts” may be offered in exchange for quotes *only* if:

- (1) the gift is not contingent on the purchase or renewal of a policy;
- (2) the value of the gift is minimal enough that it would not serve as an inducement to choose one policy over another similar policy; and
- (3) the gift is offered to the general public

Joseph Torti III
Associate Director and Superintendent of Insurance
November 20, 2009