



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 • Toll-free (877) 563-4467
<http://www.mass.gov/doi>

MAURA T. HEALEY
GOVERNOR

RACHEL M. DAVISON
ACTING COMMISSIONER OF INSURANCE

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

BULLETIN 2024-06

To: All Licensed Insurance Companies and Insurance Producers

From: Rachel M. Davison, Acting Commissioner of Insurance *Rachel Davison*

Date: May 24, 2024

Re: Inducements, Rebates and Affiliated Entities

The Division of Insurance (“Division”) issues this Bulletin to remind insurance companies, officers thereof, and insurance producers authorized to operate in Massachusetts that M.G.L. c. 176D, §3(8)¹ prohibits, as unfair or deceptive acts or practices in the business of insurance, such companies, officers and producers from paying, giving, or allowing to pay or give, directly or indirectly, “anything of value” or “any valuable consideration”, not specified in the insurance contract, as an inducement to the purchase of insurance or a rebate of insurance premium. M.G.L. c. 176D, §3(8) also prohibits insurance companies and insurance producers from providing or allowing “any special favor or advantage” to accrue to an insurance purchaser that is not specified in the contract.

Affiliated Non-Insurance Entities

Unlawful inducements or rebates are not limited to reductions on insurance premiums offered directly by an insurance company or producer to an insurance purchaser. They include payments, reductions or discounts, not specified in the insurance contract, that would bestow anything of value, valuable consideration, special favor or advantage on the insurance purchaser. M.G.L. c. 176D, §3 (8) also prohibits insurance companies and insurance producers from allowing an affiliated non-insurance entity to pay or give, to a customer of that affiliate, through any program, scheme or method “anything of value”, not specified in the insurance contract, that is contingent upon the purchase of insurance or intended to induce the purchase of insurance from the insurance company or producer. Any such payments, reductions or discounts by any unlicensed entity affiliated with an insurance company or an insurance producer in a commonly controlled business structure may be an unlawful inducement or rebate under M.G.L. c. 176D, §3 (8).

¹ See also M.G.L. c. 175, §§182-183.

For example, a licensed insurance producer, or its common parent, may not allow an affiliated non-insurance entity to pay “anything of value” or “any valuable consideration”, including offering a discounted price or rate on goods and services, to a customer of that affiliate where the consideration is intended to induce that customer to purchase insurance from the producer or where it is contingent upon the customer purchasing insurance from the producer. Doing so would indirectly provide the insurance purchaser with a “special favor or advantage” or “valuable consideration or inducement” not specified in the insurance contract and would thus be prohibited by M.G.L. c. 176D, §3 (8) as an unfair or deceptive act or practice in the business of insurance.

Questions regarding this Bulletin should be directed to the Division’s Office of the General Counsel at 617-521-7309.