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NORTH DAKOTA INSURANCE BULLETINS AND RELATED MATERIALS  
BULLETINS

Bulletin 20XX-X  
XXXX XX, XXXX

FROM:

DATE:

RE: RATE REDUCTION, LOSS CONTROL & LOSS MITIGATION VALUE-ADDED PRODUCTS AND SERVICES OFFERED OR PROVIDED BY INSURANCE COMPANIES

The Purpose of this bulletin is to distinguish value added services or products from a gift, prize, promotional article, logo merchandise, meal or entertainment activity an insurance producer may provide to a person in connection with marketing, promotion or advertising business under N.D.C.C. §§ 26.1-04-03 (8) and 26.1-25-16. This bulletin sets forth the Department's general position for insurers that choose to offer value-added services for loss control or loss mitigation to policyholders through a service or a product. Value-added services or products may be offered or provided at no additional charge, at a discounted price, or at market value, subject to the guidance in this bulletin without violation of the anti-rebating prohibition.

North Dakota law generally prohibits offering or providing anything of value not specified in the policy of insurance as an inducement to purchase insurance or rebate of premium. See N.D.C.C. §§ 26.1-04-03 (8) and 26.1-25-16.

It is the Department's position, however, that an insurer, by or through its employees, affiliates, or third-parties, may offer or provide value added services or products in conjunction with a policy of insurance for free, at a discount, or at market value that are intended to educate about, assess, monitor, control or otherwise mitigate risk of loss to persons or property, and such offer or provision of products or services are not prohibited by N.D.C.C. §§ 26.1-04-03 (8) and 26.1-25-16 and are not required to be included in the form or rate filings.

Every insurer, by or through its employees, affiliates or third-parties, providing the value-added services or products shall advise in writing to the Insurance Department of the service or product within thirty days after its first use in this state. The description shall briefly describe what the service is; who the service is offered to; when the service will be offered; and how the service or product will educate, assess, monitor, control or otherwise mitigate risk.

Each value-added service or product is fact specific, however, in general, the Insurance Department's expectation of the loss prevention services or products will have the following criteria:

1. Does the value-added service or product, taken as a whole, foster the solvency of the applicable insurers and protect consumers?
2. Is the value-added service or product, taken as a whole, offered in a manner that is not unfairly discriminatory to consumers?
3. Does the service or product mitigate loss or provide loss control that aligns with the risks of the policy, or educate about, assess or monitor risk, identify sources of risk, or develop strategies for eliminating or reducing those risks?

Value-added services or products must comply with all provisions of North Dakota law. For example, value-added services must not translate to excessive or inadequate policy rates or result in unfair discrimination and must be proportional to the risk insured.

The Department retains its authority to request additional information regarding any value-added service as it deems necessary.

Please note that the purpose of this bulletin is to provide guidance to insurers desiring to provide products or services that add value-related services to the insurance policy and are intended to educate about, assess, monitor, control or otherwise mitigate risk of loss to persons or property. The purpose of this bulletin is to distinguish a gift, prize, promotional article, logo merchandise, meal or entertainment activity an insurance producer may provide to a person in connection with marketing, promotion, or advertising business under N.D.C.C. §§ 26.1-04-03 (8) and 26.1-25-16.

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