

11 NCAC 12 .1016 PERMITTED COMPENSATION ARRANGEMENTS

(a) As used in this Rule:

- (1) "Compensation" means consideration or remuneration of any kind relating to the sale or renewal of a policy, including but not limited to commissions, bonuses, gifts, prizes, or awards.
- (2) "Policy" includes a certificate.
- (3) "Representative" includes an agent, general agent, manager, broker, or other producer.

(b) If a policy is replaced, no person shall provide and no representative shall receive compensation greater than that payable by the replacing insurer on renewal policies. This Paragraph does not apply if the benefits of the replacement policy are clearly and substantially greater than the benefits of the replaced policy.

(c) Each insurer shall establish marketing procedures that set forth a mechanism or formula for determining whether replacement policies contain benefits clearly and substantially greater than the benefits of replaced policies.

History Note: Authority G.S. 58-2-40; 58-54-15;

*Temporary Rule Eff. August 17, 1990 for a period of 180 days to expire on February 13, 1991;
Eff. February 1, 1991;*

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.