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COMMISSIONER OF INSURANCE
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STATE CAPITOL
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BULLETIN 85-5

TO: Lending Institutions/Insurance Agencies

FROM: Earl R. Pomeroy, Commissioner of Insurance

DATE: April 12, 1985

SUBJECT: Rebates

N.D.C.C. 26.1-04-03(8)(a) expressly prohibits the offer of a rebate of premium, either direct or indirect, or other offer of valuable consideration as inducement to sell insurance.

The North Dakota Insurance Department considers the following practice to fall within the prohibition of the above-referenced section:

> An offer by a lending institution to reduce the interest rate on a loan, note or obligation to a borrower in exchange for the borrower's purchase of specified insurance coverages through an insurance agency owned, controlled by, or associated with said lending institution.

In the event the Department, after investigation, determines the above act or practice is being used, the Department will initiate appropriate administrative action.

ERP:jmm