

BULLETIN 2019-04

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

Effective July 24, 2019

Technological innovations are having a significant impact on the insurance industry to the benefit of policyholders and insurers. Insurance companies wanting to provide innovative products and/or services that prevent or mitigate risk have questioned whether providing or offering such value-added products and services not specified in the policy of insurance constitutes rebating in Ohio. This bulletin sets forth the Department's general position on the offer or provision by insurance companies of rate reduction, loss control, and/or loss mitigation value-added products and services at no or reduced costs to policyholders when such products or services are not specified in the policy of insurance.

Ohio 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*, R.C. 3901.21(G)(1), R.C. 3911.20, R.C. 3933.01. Although the application of Ohio's laws to each situation is fact-specific, generally the Department does not interpret the offer or provision by an insurance company to a policyholder of a rate reduction, loss control, and/or loss mitigation value-added product or service at no or reduced cost to violate Ohio's anti-rebating provisions when the product or service is not specified in the insurance policy if the product or service is:

- (1) directly related to the type of insurance offered or purchased;
- (2) intended to mitigate risks or reduce rates or claims to the benefit of policyholders; and
- (3) offered or provided in a fair and nondiscriminatory manner to like policyholders.

This interpretation applies to insurance companies in both the property and casualty and life and health lines of business.

Because these emerging products and services are ever evolving, and assessment of whether the offering or providing of any product or service not specified in the insurance policy will always be fact-specific, the Department declines to generally sanction any particular product or service, but notes that examples include leak prevention systems, telematics devices, home sensors, wearables, and other connected devices.

The Department reserves the right to assess any given circumstance independently to determine whether the offer or provision of something of value not specified in the policy of insurance constitutes an inducement or rebate.

Superintendent of Insurance

A handwritten signature in blue ink that reads "Jillian Froment". The signature is written in a cursive, flowing style.

Jillian Froment
Director