

## Important Reminder about Rebating

508NB

North American appreciates your business and your efforts to sell our products the right way. We want to provide a friendly reminder about rebating - an important insurance concern and an activity prohibited by our Company and the laws of most states.

**Rebating** involves an applicant being given something of value that is not mentioned in the insurance policy as an inducement to purchase or retain a life insurance policy or annuity contract. Rebating also includes refunding any part of a commission to induce the purchase or retention of a contract. Examples include, but are not limited to, return/sharing of commissions earned, free or discounted insurance premiums, promotional activities such as raffles or drawings conducted at lunch/dinner seminars, gift cards and prepaid credit cards. This includes rebating to customers that are themselves also licensed as insurance agents.

Typically, state statutes provide that no insurer or producer shall pay, allow, give or offer to pay as an inducement with the purchase of any policy of life insurance or annuity contract, any valuable consideration or inducement whatsoever that is not specified in such policy or contract. Most states also have insurance laws which specifically prohibit any person from receiving rebates on life insurance policies, including deductions from any premiums or any valuable consideration, special favor or advantage whatsoever not specified in the policy as an inducement to take such policy or annuity contract.

North American has noticed an uptick in potential rebating activity and wants to provide a reminder that rebating is an activity that is expressly prohibited by your North American Agency Contract. Your Agent Contact states:

*"You are not authorized to pay any premium personally or rebate premium to any policyholder."*

For additional clarification, the North American Compliance Guide also states:

*"North American prohibits producers from giving anything of value in conjunction with the sale of insurance that is not specified in the policy or contract or approved by Compliance, from rebating commissions received, and from making any premium payments from funds or accounts under the control of the producer, regardless of applicable state law."*

North American takes instances of rebating seriously and investigates such matters thoroughly. We want to thank you for your partnership and your commitment to compliant business practices.

You can access our current [Compliance Guide here](#).

**If you have questions about this bulletin, please contact the Special Investigations Unit at [SIU@sfgmembers.com](mailto:SIU@sfgmembers.com).**

Sammons Financial<sup>®</sup> is the marketing name for Sammons<sup>®</sup> Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance<sup>®</sup>. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance.

**FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.**