

**OPINION
49-95**

March 22, 1949 (OPINION)

INSURANCE

RE: Sale of Stock With Policy

This is in answer to the last paragraph of your letter of January 18, 1949, wherein you ask, "I would like to know if this stock can be sold with insurance under the requirements of section 26-1010 of the North Dakota laws."

Section 26-1010 of the 1947 Supplement states in brief, that no insured person and no insurer can receive or grant rebates, favors, advantages or inducements not recited in the policy of insurance. It is evident from the documents in the file of the National Farmers Union Automobile and Casualty Company that they intend to sell stocks along with the sale of insurance. The legal meaning of rebate, favor, advantage and inducement as used in section 26-1010 of the 1947 Supplement is that "which is a motive or consideration that leads on to action" except that which is specified in the contract of insurance. The favors, inducements, etc. recited in the statute refers to a type of bonus or reward in addition to the provisions of the policy.

The sale of Farmers Union securities for a valuable consideration which amounts to an exchange of stock for money is an independent transaction and cannot be considered a favor, advantage, rebate or inducement to the sale of insurance as expressed in the statute. Each transaction, sale of securities and the sale of insurance have their separate and individual consideration even though the two transactions take place during one meeting between the insurer or his representative and the insured. It is a pertinent fact to note that this Farmers Union stock has no earning power and is only evidence of membership in the company.

It is, therefore, the opinion of this office that the securities, a copy of which is on file, can be sold along with the insurance and such sale would not be in violation of section 26-1010 of the 1947 Supplement.

WALLACE E. WARNER

Attorney General