

## **Bulletin 158**

### **Tie-in sales**

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Although tie-in sales in some instances are acceptable, the practice of tying the sales of one product to another may be an unfair trade practice in certain situations. These situations occur when:

1. The consumer is required to place additional coverage with an insurer not of the consumer's choice in order to obtain a desired coverage, and
2. The consumer's alternative opportunities to purchase the desired coverage are severely limited or non-existent (for example, where the insurer holds all or a substantial portion of the market share of the desired coverage).

Generally, tie-in sales are permitted where the consumer is free to reject the offer of tied coverages because alternate sources of the desired coverage are freely available. Some tie-in sales may even be beneficial and desired by the consumer because of convenience, better price, or avoidance of gaps in coverage. For example, insureds may benefit by placing coverage with one company because disputes between carriers over applicable coverage can be avoided. The consumer also may want coverage from only one company to avoid confusion when a claim must be made. The packaging of several products together may result in a lower total cost and more complete coverage for the insured.

Agents who wish to tie coverages should be cautious and should make sure that the consumer always has another choice available in the market. Without this choice the practice of tying coverages is coercive and may violate unfair trade practices laws.

Joseph A. Edwards  
Superintendent of Insurance

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