

HOUSE BILL 85

Unofficial Copy  
C3

2002 Regular Session  
2lr0134

(PRE-FILED)

---

By: **Chairman, Economic Matters Committee (Departmental - Insurance Administration, Maryland)**

Requested: November 14, 2001

Introduced and read first time: January 9, 2002

Assigned to: Economic Matters

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 19, 2002

---

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Producer Commissions**

3 FOR the purpose of prohibiting certain health insurance carriers ~~under certain~~  
4 ~~circumstances from discriminating on the~~ from varying the amount of  
5 commission payable to certain producers based on the size of a certain small  
6 employer group except under certain circumstances; and generally relating to  
7 the payment of producer commissions in the small group health insurance  
8 market.

9 BY adding to  
10 Article - Insurance  
11 Section 15-1206(f)  
12 Annotated Code of Maryland  
13 (1997 Volume and 2001 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Insurance**

17 15-1206.

18 ~~(F) A CARRIER MAY NOT DISCRIMINATE AMONG SMALL EMPLOYERS ON THE~~  
19 ~~COMMISSION PAYABLE TO THE PRODUCER.~~

1 (F) A CARRIER MAY NOT IMPLEMENT A PRODUCER COMMISSION SCHEDULE  
2 THAT VARIES THE AMOUNT OF A COMMISSION BASED ON THE SIZE OF A SMALL  
3 EMPLOYER GROUP UNLESS THE VARIATION:

4 (1) IS INVERSELY RELATED TO THE SIZE OF THE SMALL EMPLOYER  
5 GROUP;

6 (2) APPLIES TO THE CUMULATIVE PREMIUM PAID OVER A SPECIFIC  
7 PERIOD OF TIME, IS UNIFORMLY APPLIED, AND IS INVERSELY RELATED TO THE  
8 CUMULATIVE PREMIUM PAID DURING THE PERIOD OF TIME; OR

9 (3) IS ESTABLISHED BY A CONTRACT BETWEEN THE CARRIER AND EACH  
10 OUTSIDE PRODUCER, AND THE CARRIER:

11 (I) SPECIFIES IN THE CONTRACT THE GROUP SIZE TO WHICH THE  
12 VARIATION APPLIES;

13 (II) DIRECTS THE OUTSIDE PRODUCER TO REFER SMALL  
14 EMPLOYERS OF THE SPECIFIED SIZE TO AN EMPLOYEE OF THE CARRIER WHO IS A  
15 LICENSED PRODUCER OR TO A COMPANY AFFILIATED WITH THE CARRIER THROUGH  
16 COMMON OWNERSHIP WITHIN AN INSURANCE HOLDING COMPANY; AND

17 (III) PAYS A COMMISSION TO THE EMPLOYEE PRODUCER  
18 DESCRIBED IN ITEM (II) OF THIS ITEM.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to  
20 all policies, contracts, and health benefit plans issued, delivered, or renewed in the  
21 State on or after June 1, 2002.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 June 1, 2002.