

HOUSE BILL 982

C3

(2lr3031)

ENROLLED BILL

— Health and Government Operations/Finance —

Introduced by **Delegate Davis**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance – Fees for Administrative Services Provided by Insurance**
3 **Producers – Authorized**

4 FOR the purpose of authorizing an insurance producer who is licensed to sell health
5 insurance to charge reasonable fees for ~~services related to the administration of~~
6 ~~a health benefit plan~~ an administrative service that is sold by the insurance
7 producer to an employer ~~and covers eligible employees of the employer;~~
8 providing that fees may not be charged by an insurance producer for certain
9 services; requiring an insurance producer to disclose certain information on a
10 certain form and in a certain manner before a fee for administrative services is
11 charged; requiring the disclosure form to be signed by the insurance producer
12 and an authorized representative of the employer and retained by the insurance
13 producer as required by regulations adopted by the Maryland Insurance
14 Commissioner; ~~defining a certain term~~ certain terms; and generally relating to
15 fees for administrative services provided by insurance producers.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 BY repealing and reenacting, without amendments,
 2 Article – Insurance
 3 Section 27–216(a)
 4 Annotated Code of Maryland
 5 (2011 Replacement Volume)

6 BY adding to
 7 Article – Insurance
 8 Section 27–216(g)
 9 Annotated Code of Maryland
 10 (2011 Replacement Volume)

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

13 **Article – Insurance**

14 27–216.

15 (a) A person may not willfully collect a premium or charge for insurance if
 16 the insurance is not then provided, or is not in due course to be provided subject to
 17 acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by
 18 this article.

19 (G) (1) ~~(I)~~ IN THIS SUBSECTION, “ADMINISTRATIVE IN THIS
 20 SUBSECTION THE FOLLOWING WORDS HAVE THE MEANING INDICATED.

21 (II) “ADMINISTRATIVE SERVICE” MEANS A SERVICE, OTHER
 22 THAN A SERVICE RELATED TO THE SALE, SOLICITATION, NEGOTIATION, OR
 23 SERVICING OF A HEALTH BENEFIT PLAN, THAT AN INSURANCE PRODUCER
 24 PROVIDES TO ASSIST AN EMPLOYER IN:

25 ~~(H)~~ 1. COMPLYING WITH A STATUTORY OR REGULATORY
 26 REQUIREMENT;

27 ~~(H)~~ 2. PROVIDING AN EMPLOYEE BENEFIT ON BEHALF
 28 OF THE EMPLOYER; OR

29 ~~(H)~~ 3. PERFORMING FUNCTIONS RELATED TO THE
 30 MANAGEMENT OF EMPLOYEES OF THE EMPLOYER.

31 (III) “HEALTH BENEFIT PLAN” HAS THE MEANING STATED IN
 32 § 2–112.2 OF THIS ARTICLE.

1 (2) (I) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION
 2 AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN INSURANCE
 3 PRODUCER WHO IS LICENSED UNDER TITLE 10 OF THIS ARTICLE TO SELL
 4 HEALTH INSURANCE MAY CHARGE REASONABLE FEES FOR ~~SERVICES RELATED~~
 5 ~~TO THE ADMINISTRATION OF A HEALTH BENEFIT PLAN THAT:~~

6 ~~1.~~ AN ADMINISTRATIVE SERVICE THAT IS SOLD BY
 7 THE INSURANCE PRODUCER TO AN EMPLOYER;~~AND~~

8 ~~2.~~ ~~COVERS ELIGIBLE EMPLOYEES OF THE~~
 9 ~~EMPLOYER.~~

10 (II) AN INSURANCE PRODUCER MAY NOT CHARGE FEES
 11 UNDER THIS SUBSECTION FOR SERVICES THAT ARE:

12 1. COMPENSATED BY COMMISSIONS OR ~~SIMILAR~~
 13 ~~OTHER COMPENSATION REMUNERATION~~ PAID TO THE INSURANCE PRODUCER
 14 BY AN INSURER ~~FOR THE SALE OF~~, NONPROFIT HEALTH SERVICE PLAN, OR
 15 HEALTH MAINTENANCE ORGANIZATION RELATED TO A HEALTH BENEFIT PLAN
 16 ~~TO~~ OF AN EMPLOYER; OR

17 2. PERFORMED BY THE INSURANCE PRODUCER
 18 ACTING AS AN ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE
 19 OR AN ADVISER UNDER TITLE 10, SUBTITLE 2 OF THIS ARTICLE.

20 ~~(2)~~ (3) BEFORE A FEE FOR ADMINISTRATIVE SERVICES IS
 21 CHARGED, AN INSURANCE PRODUCER, ON A FORM ~~APPROVED~~ ADOPTED BY THE
 22 COMMISSIONER BY REGULATION, SHALL DISCLOSE IN A CLEAR AND
 23 CONSPICUOUS MANNER:

24 (I) EACH ADMINISTRATIVE SERVICE ~~OR GROUP OF~~
 25 ~~ADMINISTRATIVE SERVICES~~ TO BE PROVIDED;

26 (II) THE FEE FOR EACH ADMINISTRATIVE SERVICE ~~OR~~
 27 ~~GROUP OF ADMINISTRATIVE SERVICES~~ TO BE PROVIDED; AND

28 (III) IF THE INSURANCE PRODUCER SELLS A HEALTH
 29 BENEFIT PLAN TO THE EMPLOYER, THE AMOUNT OF COMMISSION OR ~~SIMILAR~~
 30 OTHER COMPENSATION THAT THE INSURANCE PRODUCER WILL RECEIVE FROM
 31 THE AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
 32 MAINTENANCE ORGANIZATION FOR THE SALE OF THE HEALTH BENEFIT PLAN
 33 TO THE EMPLOYER RELATED TO THE HEALTH BENEFIT PLAN.

1 ~~(3)~~ (4) THE DISCLOSURE FORM REQUIRED UNDER PARAGRAPH
2 ~~(2)~~ (3) OF THIS SUBSECTION SHALL BE:

3 (I) SIGNED BY THE INSURANCE PRODUCER AND AN
4 AUTHORIZED REPRESENTATIVE OF THE EMPLOYER; AND

5 (II) RETAINED BY THE INSURANCE PRODUCER AS REQUIRED
6 BY REGULATIONS ADOPTED BY THE COMMISSIONER.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.