

SENATE BILL 928

C3

2lr1306
CF HB 982

By: **Senators Astle and Middleton**

Introduced and read first time: February 10, 2012

Assigned to: Rules

A BILL ENTITLED

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 that is sold by the insurance producer to an employer and
7 covers eligible employees of the employer; providing that fees may not be
8 charged by an insurance producer for certain services; requiring an insurance
9 producer to disclose certain information on a certain form and in a certain
10 manner before a fee for administrative services is charged; requiring the
11 disclosure form to be signed by the insurance producer and an authorized
12 representative of the employer and retained by the insurance producer as
13 required by regulations adopted by the Maryland Insurance Commissioner; and
14 generally relating to fees for administrative services provided by insurance
15 producers.

16 BY repealing and reenacting, without amendments,
17 Article – Insurance
18 Section 27–216(a)
19 Annotated Code of Maryland
20 (2011 Replacement Volume)

21 BY adding to
22 Article – Insurance
23 Section 27–216(g)
24 Annotated Code of Maryland
25 (2011 Replacement Volume)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Insurance**

2 27–216.

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

7 **(G) (1) (I) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION**
8 **AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN INSURANCE**
9 **PRODUCER WHO IS LICENSED UNDER TITLE 10 OF THIS ARTICLE TO SELL**
10 **HEALTH INSURANCE MAY CHARGE REASONABLE FEES FOR SERVICES RELATED**
11 **TO THE ADMINISTRATION OF A HEALTH BENEFIT PLAN THAT:**

12 **1. IS SOLD BY THE INSURANCE PRODUCER TO AN**
13 **EMPLOYER; AND**

14 **2. COVERS ELIGIBLE EMPLOYEES OF THE**
15 **EMPLOYER.**

16 **(II) AN INSURANCE PRODUCER MAY NOT CHARGE FEES**
17 **UNDER THIS SUBSECTION FOR SERVICES THAT ARE:**

18 **1. COMPENSATED BY COMMISSIONS OR SIMILAR**
19 **REMUNERATION PAID TO THE INSURANCE PRODUCER BY AN INSURER FOR THE**
20 **SALE OF A HEALTH BENEFIT PLAN TO AN EMPLOYER; OR**

21 **2. PERFORMED BY THE INSURANCE PRODUCER**
22 **ACTING AS AN ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE**
23 **OR AN ADVISER UNDER TITLE 10, SUBTITLE 2 OF THIS ARTICLE.**

24 **(2) BEFORE A FEE FOR ADMINISTRATIVE SERVICES IS CHARGED,**
25 **AN INSURANCE PRODUCER, ON A FORM APPROVED BY THE COMMISSIONER,**
26 **SHALL DISCLOSE IN A CLEAR AND CONSPICUOUS MANNER:**

27 **(I) EACH ADMINISTRATIVE SERVICE OR GROUP OF**
28 **ADMINISTRATIVE SERVICES TO BE PROVIDED;**

29 **(II) THE FEE FOR EACH ADMINISTRATIVE SERVICE OR**
30 **GROUP OF ADMINISTRATIVE SERVICES TO BE PROVIDED; AND**

1 **(III) THE AMOUNT OF COMMISSION OR SIMILAR**
2 **COMPENSATION THAT THE INSURANCE PRODUCER WILL RECEIVE FROM THE**
3 **INSURER FOR THE SALE OF THE HEALTH BENEFIT PLAN TO THE EMPLOYER.**

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

6 **(I) SIGNED BY THE INSURANCE PRODUCER AND AN**
7 **AUTHORIZED REPRESENTATIVE OF THE EMPLOYER; AND**

8 **(II) RETAINED BY THE INSURANCE PRODUCER AS REQUIRED**
9 **BY REGULATIONS ADOPTED BY THE COMMISSIONER.**

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