

Chapter 622

(Senate Bill 928)

AN ACT concerning

Health Insurance – Fees for Administrative Services Provided by Insurance Producers – Authorized

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

BY repealing and reenacting, without amendments,

Article – Insurance
Section 27–216(a)
Annotated Code of Maryland
(2011 Replacement Volume)

BY adding to

Article – Insurance
Section 27–216(g)
Annotated Code of Maryland
(2011 Replacement Volume)

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

Article – Insurance

27–216.

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

(G) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANING INDICATED.

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

1. COMPLYING WITH A STATUTORY OR REGULATORY REQUIREMENT;
2. PROVIDING AN EMPLOYEE BENEFIT ON BEHALF OF THE EMPLOYER; OR
3. PERFORMING FUNCTIONS RELATED TO THE MANAGEMENT OF EMPLOYEES OF THE EMPLOYER.

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

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

- ~~1. AN ADMINISTRATIVE SERVICE THAT IS SOLD BY THE INSURANCE PRODUCER TO AN EMPLOYER; AND~~
- ~~2. COVERS ELIGIBLE EMPLOYEES OF THE EMPLOYER.~~

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 22, 2012.