

# SENATE BILL 928

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2lr1306  
CF HB 982

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By: **Senators Astle and Middleton**

Introduced and read first time: February 10, 2012

Assigned to: Rules

Re-referred to: Finance, February 20, 2012

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 22, 2012

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## 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 certain terms; and generally relating to fees for  
15 administrative services provided by insurance 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

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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.



1 Section 27–216(g)  
 2 Annotated Code of Maryland  
 3 (2011 Replacement Volume)

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

6 **Article – Insurance**

7 27–216.

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

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

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

18 **1. COMPLYING WITH A STATUTORY OR REGULATORY**  
 19 **REQUIREMENT;**

20 **2. PROVIDING AN EMPLOYEE BENEFIT ON BEHALF**  
 21 **OF THE EMPLOYER; OR**

22 **3. PERFORMING FUNCTIONS RELATED TO THE**  
 23 **MANAGEMENT OF EMPLOYEES OF THE EMPLOYER.**

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

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

31 **~~1.~~ AN ADMINISTRATIVE SERVICE THAT IS SOLD BY**  
 32 **THE INSURANCE PRODUCER TO AN EMPLOYER, ~~AND~~**

1 ~~2.~~ ~~COVERS ELIGIBLE EMPLOYEES OF THE~~  
2 ~~EMPLOYER.~~

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

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

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

13 ~~(2)~~ (3) BEFORE A FEE FOR ADMINISTRATIVE SERVICES IS  
14 CHARGED, AN INSURANCE PRODUCER, ON A FORM ~~APPROVED~~ ADOPTED BY THE  
15 COMMISSIONER BY REGULATION, SHALL DISCLOSE IN A CLEAR AND  
16 CONSPICUOUS MANNER:

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

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

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

27 ~~(3)~~ (4) THE DISCLOSURE FORM REQUIRED UNDER PARAGRAPH  
28 ~~(2)~~ (3) OF THIS SUBSECTION SHALL BE:

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

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.