

the payment of producer commissions in the small group health insurance market.

BY adding to

Article - Insurance

Section 15-1206(f)

Annotated Code of Maryland

(1997 Volume and 2001 Supplement)

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

Article - Insurance

15-1206.

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

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

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

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

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

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

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

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

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

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

Approved April 9, 2002.