

**R590. Insurance, Administration.**

**R590-272. Commission Compensation Reporting.**

**R590-272-1. Authority.**

This rule is promulgated pursuant to Subsections 31A-2-201(3) and 31A-23a-501(4)(f) that authorizes the commissioner to adopt a rule to educate producers, consultants, and affiliates of producers how to provide an annual accounting of commission compensation as a result of the sale or placement of ~~[insurance]~~ a health benefit plan to a large customer.

**R590-272-2. Scope.**

This rule applies to all producers, consultants, and affiliates of producers selling or placing ~~[insurance]~~ a health benefit plan to a large customer described in Subsection 31A-23a-501(4)(f)(A), (B), (C) or (D).

**R590-272-3. Purpose.**

The purpose of this rule is to create a format, other than an Internal Revenue Service Form 5500, to provide an annual reporting of commission compensation from an insurer or a third party administrator associated with the sale or placement of ~~[insurance]~~ a health benefit plan to a large customer.

**R590-272-4. Annual Accounting of All Compensation for Sale or Placement of Insurance to a Large Customer.**

(1) Any producer, consultant, or affiliate of a producer selling or placing ~~[insurance]~~ a health benefit plan to a large customer described in Subsection 31A-23a-501(4)(f)(A), (B), (C) or (D), shall provide the large customer an annual accounting of all commission compensation that has been received or shall be received from an insurer or third party administrator as the result of a sale or placement.

(2) The accounting shall be provided ~~[within fifteen days following the last day of the plan year]~~ prior to the last day of the seventh month after the plan year ends.

(3) A copy of this annual accounting must be kept on file from inception until three years after the completion of the contract, and must be made available upon request of the commissioner.

(4) The annual accounting must include, at minimum, one of the following:

(a) a completed Department of the Treasury Internal Revenue Form 5500, Annual Return / Report of Employee Benefit Plan, and its relevant attachments for the applicable plan year; or

(b) the following:

- (i) plan sponsor;
- (ii) name of plan;
- (iii) name and address of the plan administrator;
- (iv) name of the insurance company;
- (v) effective date of the plan;
- (vi) number of active participants at beginning of the plan year;
- (vii) total commission compensation paid or due during the plan year, and shall include on separate reporting lines:

(A) commissions;  
(B) overrides;  
(C) bonuses;  
(D) contingent bonuses; or  
(E) contingent commissions; and  
(F) the name and address of each producer, consultant or affiliate to whom commissions are paid or due; and  
(viii) signature lines for the plan administrator and the employer/plan sponsor for each producer, consultant or affiliate declaration[; or  
~~\_\_\_\_\_ (b) a completed Department of the Treasury Internal Revenue Form 5500(2014), Annual Return / Report of Employee Benefit Plan, version 140124].~~

(5) Each item listed in R590-272-4(4)([a]b)(vii) shall be separately identified in the report.

(6) A sample form, The Large Customer Compensation Disclosure Form, is available at the department and online at <http://www.insurance.utah.gov/legalresources/currentrules.html>.

**R590-272-5. Enforcement Date.**

The commissioner will begin enforcing the provisions of this rule 45 days from the rule's effective date.

**R590-272-6. Severability.**

If any provision or clause of this rule or its application to any person or situation is held invalid, that invalidity shall not affect any other provision or application of this rule which can be given effect without the invalid provision or application, and to this end the provisions of this rule are declared to be severable.