

R590. Insurance, Administration.

R590-207. Health Producer Commissions for Small Employer Groups.

R590-207-1. Authority.

This rule is issued and based upon the authority granted the commissioner under Subsections 31A-2-201(3) (a) and 31A-30-104(7).

R590-207-2. Purpose.

The purpose of this rule is to establish guidelines relating to commission structure for insurance producers in the small employer group market that affect access to health insurance coverage for small employer groups.

R590-207-3. Applicability.

This rule applies to all licensed carriers doing health insurance business under Title 31A, Chapter 30, the Individual and Small Employer Health Insurance Act.

R590-207-4. Definitions.

The definitions in Sections 31A-1-301 and 31A-30-103 apply to this rule.

R590-207-5. Commission Schedule Structure.

(1) A health insurance carrier shall not structure producer commission schedule in a way that, directly or indirectly, creates a restriction, hindrance, or barrier to access to coverage for the smallest size groups or groups with the greatest health risks.

(2) The commission in the commission schedule for the smallest size groups or the groups with the greatest health risks may not be designed to avoid, directly or indirectly, the requirements of guaranteed issue or renewal in the marketing of health insurance to small business owners.

(3) An insurer shall not design a commission structure that lessens the incentive to insure a small employer group that is smallest in size or with the greatest health risks.

(4) An insurer is not required to base commissions on a percentage. An insurer is permitted to pay no commissions on all business or to pay a dollar amount based on factors other than risk characteristics.

R590-207-6. Commission Structure Examples.

(1) Examples of commission structures that are in compliance would be:

(a) (i) a 10% commission for employer group size 2-5;

(ii) a 9% commission for group size 6-25; and

(iii) a 7% commission for group size 26-50; or

(b) (i) \$20/ Per Member Per Month (PMPM) for employer group size 2-5;

(ii) \$18/PMPM for group size 6-25; and

(c) \$16/PMPM for group size 26-50.

(2) An example of a commission structure that is not in compliance would be:

(i) 3% commission for employer group size 2-5;

(ii) 8% commission for group size 6-25; and

(iii) 7% commission for group size 26-50.

R590-207-7. Penalties.

Any carrier with a commission structure found to be in violation of this rule shall be subject to the penalties provided for in Section 31A-2-308.

R590-207-8. Enforcement Date.

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

R590-207-9. Severability.

If any provision or clause of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of these provisions shall not be affected.

KEY: insurance law

Date of Enactment or Last Substantive Amendment: August 2, 2011

Notice of Continuation: August 31, 2016

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-2-202