

1 H.437

2 Introduced by Representative Lippert of Hinesburg

3 Referred to Committee on

4 Date:

5 Subject: Health; health insurance; large group; brokers' fees

6 Statement of purpose of bill as introduced: This bill proposes to expand to the
7 large group market an existing prohibition in the individual and small group
8 market on including brokers' fees in the premiums for health insurance plans.

9 An act relating to prohibiting the inclusion of brokers' fees in premiums for
10 large group health insurance plans

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 Sec. 1. 8 V.S.A. § 4085a is amended to read:

13 § 4085a. REBATES AND COMMISSIONS PROHIBITED FOR GROUP
14 INSURANCE POLICIES

15 (a) As used in this section, "group insurance" means any policy described
16 in section 4079 of this title, except that it shall not include any small group
17 policy issued pursuant to section 4080a or 4080g of this title or to 33 V.S.A.
18 § 1811.

19 (b) No insurer doing business in this State and no insurance agent or broker
20 shall offer, promise, allow, give, set off, or pay, directly or indirectly, any

1 rebate of or part of the premium payable on a group insurance policy, ~~or on~~
2 ~~any group insurance policy or agent's commission thereon~~ or earnings, profits,
3 dividends, or other benefits founded, arising, accruing or to accrue thereon or
4 therefrom, or any special advantage in date of policy or age of issue, or any
5 paid employment or contract for services of any kind or any other valuable
6 consideration or inducement to or for insurance on any risk in this State, now
7 or hereafter to be written, or for or upon any renewal of any such insurance;
8 ~~which~~ that is not specified in the policy contract of insurance, or offer,
9 promise, give, option, sell, purchase any stocks, bonds, securities, or property
10 or any dividends or profits accruing or to accrue thereon, or other thing of
11 value whatsoever as inducement to insurance or in connection therewith, or
12 any renewal thereof, ~~which~~ that is not specified in the policy.

13 (c) No insured person under a group insurance policy or party or applicant
14 for group insurance shall directly or indirectly receive or accept or agree to
15 receive or accept any rebate of premium or of any part thereof ~~or all or any part~~
16 ~~of any agent's or broker's commission thereon~~, or any favor or advantage, or
17 share in any benefit to accrue under any policy of insurance, or any valuable
18 consideration or inducement, other than such as is specified in the policy.

19 (d) Nothing in this section shall be construed as prohibiting ~~the payment of~~
20 ~~commission or other compensation to any duly licensed agent or broker; or as~~
21 ~~prohibiting~~ any insurer from allowing or returning to its participating

1 policyholders dividends, savings, or unused premium deposits; or as
2 prohibiting any insurer from returning or otherwise abating, in full or in part,
3 the premiums of its policyholders out of surplus accumulated from
4 nonparticipating insurance, or as prohibiting the taking of a bona fide
5 obligation, with interest not exceeding six percent per annum, in payment of
6 any premium.

7 (e) ~~An insurer that pays a~~ No insurer shall pay any commission, fee, or
8 other compensation, directly or indirectly, to a licensed or unlicensed agent,
9 broker, or other individual ~~other than a bona fide employee of the insurer in~~
10 ~~connection with the sale of a group insurance policy shall clearly disclose to~~
11 ~~the purchaser of such group policy the amount of any such commission, fee, or~~
12 ~~compensation paid or to be paid, nor shall an insurer include in an insurance~~
13 ~~rate for a group insurance policy any sums related to services provided by an~~
14 ~~agent, broker, or other individual. A health insurer may provide to its~~
15 ~~employees wages, salary, and other employment-related compensation in~~
16 ~~connection with the sale of health insurance plans, but shall not structure any~~
17 ~~such compensation in a manner that promotes the sale of any particular health~~
18 ~~insurance plan or plans over other plans offered by that insurer.~~

1 Sec. 2. EFFECTIVE DATE

2 This act shall take effect on passage and shall apply to all health benefit
3 plans issued, offered, or renewed for coverage after that date, beginning with
4 plans for the 2020 plan year.