SENATE, No. 1123

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 30, 2020

Sponsored by:
Senator JOSEPH F. VITALE
District 19 (Middlesex)

SYNOPSIS

Requires health insurers to disclose broker commissions to purchasers.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning health benefits broker commissions and amending P.L.2008, c.38.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 25 of P.L.2008, c.38 (C.17:22A-41.1) is amended to read as follows:

25. a. An **[**insurance producer licensed pursuant to P.L.2001, c.210 (C.17:22A-26 et al.)**]** insurer who sells, solicits, or negotiates health **[**insurance policies or contracts**]** benefits plans to residents of this State shall notify the purchaser of the insurance, in writing, **[**of the amount**]** at the time of sale, of the amount of any commission **[**, service fee, brokerage, or other valuable consideration**]** that the insurer pays to an insurance producer **[**will receive**]** as a result of the sale **[**, solicitation or negotiation**]** of the health **[**insurance policy or contract**]** benefits plan. If the commission **[**, fee, brokerage, or other valuable consideration**]** is based on a percentage of the premium, the **[**insurance producer**]** insurer **[**shall**]** may include that information in the notification to the purchaser.

b. The commissioner may specify, by regulation, the information that shall be provided by an **[**insurance producer**]** insurer in the notification to a purchaser of health insurance and the procedure for providing the notification.

(cf: P.L.2008, c.38, s.25)

2. This act shall take effect immediately.

STATEMENT

This bill requires insurers to disclose to the purchaser of the insurance, in writing at the time of sale, the amount of any commission the insurer pays the insurance producer for the sale of a health benefits plan. Current law places this obligation on the insurance producer to notify the insurance purchaser of any commission or other compensation that the producer receives in connection with the sale.

The bill provides that if the commission is based on a percentage of the premium, the insurer may include that information in the notification to the purchaser.

The bill provides that the commissioner of the Department of Banking and Insurance may specify, by regulation, the information that shall be provided by an insurer in the notification to a purchaser of health insurance and the procedure for providing the notification.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.