

SENATE, No. 1267

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Clarifies that insurance broker transparency requirement only applies to sale of health benefits plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning insurance producers and amending P.L.2008,
2 c.38.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 25 of P.L.2008, c.38 (C.17:22A-41.1) is amended to
8 read as follows:

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

20 b. The commissioner may specify, by regulation, the
21 information that shall be provided by an insurance producer in the
22 notification to a purchaser of health insurance and the procedure for
23 providing the notification.

24 c. As used in this section, "health benefits plan" means: a
25 hospital and medical expense insurance policy or certificate; a
26 health, hospital, or medical service corporation contract or
27 certificate; or a health maintenance organization subscriber contract
28 or certificate delivered or issued for delivery in this State by any
29 carrier. For purposes of this section, "health benefits plan" does not
30 include one or more, or any combination of, the following:
31 coverage only for accident or disability income insurance, or any
32 combination thereof; coverage issued as a supplement to liability
33 insurance; liability insurance, including general liability insurance
34 and automobile liability insurance; workers' compensation or
35 similar insurance; automobile medical payment insurance; credit-
36 only insurance; coverage for on-site medical clinics; or other
37 similar insurance coverage, as specified in federal regulations,
38 under which benefits for medical care are secondary or incidental to
39 other insurance benefits. "Health benefits plan" does not include
40 the following benefits if they are provided under a separate policy,
41 certificate, or contract of insurance, or if they are otherwise not an
42 integral part of the plan: limited scope dental or vision benefits;
43 benefits for long-term care, nursing home care, home health care,
44 community-based care, or any combination thereof; or such other
45 similar, limited benefits as are specified in federal regulations.
46 "Health benefits plan" does not include hospital confinement

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.

1 indemnity coverage if the benefits are provided under a separate
2 policy, certificate or contract of insurance, there is no coordination
3 between the provision of the benefits and any exclusion of benefits
4 under any group health benefits plan maintained by the same plan
5 sponsor, and those benefits are paid with respect to an event without
6 regard to whether benefits are provided with respect to such an
7 event under any group health plan maintained by the same plan
8 sponsor. “Health benefits plan” does not include the following if it
9 is offered as a separate policy, certificate, or contract of insurance:
10 a Medicare supplemental policy as defined under section 1882(g)(1)
11 of the federal Social Security Act (42 U.S.C.s.1395ss(g)(1));
12 coverage supplemental to the coverage provided under chapter 55
13 of Title 10, United States Code (10 U.S.C.s.1071 et seq.); or similar
14 supplemental coverage provided to coverage under a group health
15 plan.
16 (cf: P.L.2008, c.38, s.25)

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18 2. This act shall take effect on the 60th day following
19 enactment.

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STATEMENT

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24 This bill amends section 25 of P.L.2008, c.38 (C.17:22A-41.1) to
25 clarify language regarding transparency in health insurance broker
26 commissions.

27 The bill specifies that the provisions of that section only apply to
28 the sale, solicitation, or negotiation of health benefits plans, rather
29 than health insurance policies and contracts, as the section
30 originally provided.

31 “Health benefits plan” includes a hospital and medical expense
32 insurance policy or certificate; a health, hospital, or medical service
33 corporation contract or certificate; or a health maintenance
34 organization subscriber contract or certificate delivered or issued
35 for delivery in this State by any carrier.