

# SENATE, No. 1002

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JANUARY 16, 2018

**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.



1 AN ACT concerning health benefits broker commissions and  
2 amending P.L.2008, 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.) **insurer** who sells, solicits, or negotiates  
11 health **insurance policies or contracts** benefits plans to residents  
12 of this State shall notify the purchaser of the insurance, in writing,  
13 **[of the amount]** at the time of sale, of the amount of any  
14 commission **[, service fee, brokerage, or other valuable**  
15 **consideration]** that the insurer pays to an insurance producer **[will**  
16 **receive]** as a result of the sale **[, solicitation or negotiation]** of the  
17 health **insurance policy or contract** benefits plan. If the  
18 commission **[, fee, brokerage, or other valuable consideration]** is  
19 based on a percentage of the premium, the **insurance producer**  
20 insurer **[shall]** may include that information in the notification to  
21 the purchaser.

22 b. The commissioner may specify, by regulation, the  
23 information that shall be provided by an **insurance producer**  
24 insurer in the notification to a purchaser of health insurance and the  
25 procedure for providing the notification.  
26 (cf: P.L.2008, c.38, s.25)

27  
28 2. This act shall take effect immediately.

29  
30 STATEMENT

31  
32 This bill requires insurers to disclose to the purchaser of the  
33 insurance, in writing at the time of sale, the amount of any  
34 commission the insurer pays the insurance producer for the sale of a  
35 health benefits plan. Current law places this obligation on the  
36 insurance producer to notify the insurance purchaser of any  
37 commission or other compensation that the producer receives in  
38 connection with the sale.

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

42 The bill provides that the commissioner of the Department of  
43 Banking and Insurance may specify, by regulation, the information  
44 that shall be provided by an insurer in the notification to a  
45 purchaser of health insurance and the procedure for providing the  
46 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.