

By: Thompson

H.B. No. 1243

A BILL TO BE ENTITLED

1 AN ACT

2 relating to compensation of insurance agents by small employer
3 health benefit plan carriers.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article 26.72, Insurance Code, is amended by
6 amending Subsection (c) and adding Subsection (e) to read as
7 follows:

8 (c) Subsection (b) of this article does not apply to an
9 arrangement that provides compensation to an agent on the basis of
10 percentage of premium, provided that:

11 (1) the percentage may not vary because of health
12 status or claim experience; and

13 (2) the small employer carrier does not:

14 (A) exclude any additional premium charged to the
15 small employer because of health status or claims experience from
16 the premium amount to which the percentage is applied; or

17 (B) apply a smaller percentage to any additional
18 premium charged to the small employer because of health status or
19 claims experience than is applied to other premiums charged to the
20 small employer.

21 (e) A small employer carrier may not use an agent
22 compensation schedule that provides compensation in a specific
23 dollar amount for each individual covered during a specified period
24 or for each group of individuals covered during a specified period.

1 SECTION 2. The change in law made by this Act applies only
2 to a compensation agreement entered into by a small employer
3 carrier and an agent on or after the effective date of this Act. A
4 compensation agreement entered into before the effective date of
5 this Act is governed by the law in effect immediately before that
6 date, and that law is continued in effect for that purpose.

7 SECTION 3. This Act takes effect September 1, 2003.