

## **BILL ANALYSIS**

Senate Research Center

H.B. 2051  
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Economic Development  
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Engrossed

### **DIGEST**

There is concern that certain insurance carriers' practice of significantly reducing the commission levels to agents for small employers is a disincentive to agents to solicit business from smaller employers. H.B. 2051 clarifies for small employer carriers when it is allowable to vary rates based on the number of employees. This bill also precludes carriers from varying commission rates based on the number of employees in a group.

### **PURPOSE**

As proposed, H.B. 2051 establishes conditions regarding classes of business for small employer health benefit plans.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 26.02(5), Insurance Code, to redefine "case characteristics."

SECTION 2. Amends Article 26.73, Insurance Code, by adding Subsection (c), to authorize a small employer carrier to vary the agent commission rates paid on small employer premiums, but only if the only factor that is used to differentiate agent commission levels is the number of employees covered under the small employer plan, and the commission levels are inversely related to the number of employees covered under the small employer plan.

SECTION 3. Effective date: September 1, 1999.  
Makes application of this Act prospective to January 1, 2000.

SECTION 4. Emergency clause.