

ALLOW HEALTH BENEFIT CORPORATION EMPLOYEES TO SELL HEALTH BENEFITS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6432 as enacted
Public Act 430 of 2018
Sponsor: Rep. Michael Webber
House Committee: Insurance
Senate Committee: Insurance
Complete to 3-21-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6432 amends the Health Benefit Agent Act to allow employees of health benefit corporations to act as health benefit agents.

The act previously allowed health benefits to be sold on behalf of a health benefit corporation either by a *health benefit agent* or by an employee of a health benefit corporation or its affiliate as long as he or she did not transact insurance during his or her tenure with the corporation or affiliate.

The bill modifies this provision so that health benefits may be sold on behalf of a health benefit corporation only by a health benefit agent.

The bill also removes a provision that prohibited an employee of a health benefit corporation or affiliate who is licensed as an insurance agent under the Insurance Code from transacting insurance during his or her employment with the corporation or affiliate.

Health benefit agent means a person who is licensed as an insurance agent under the Insurance Code and is authorized by a health benefit corporation to act as its agent.

The bill further specifies that if an application for health benefits that is packaged with insurance is submitted by an agent to a health benefit corporation or its affiliate and the corporation or affiliate knows the *agent of record* for the group's current health benefits, the health benefit corporation or its affiliate must notify the agent of record except under any of the following circumstances:

- The submitting agent is the agent of record.
- The group authorizes changing the agent of record to the submitting agent and the agent of record is not employed by a health benefit corporation or an affiliate.
- The group requests in writing that the agent of record not be notified.

If the health benefit corporation or its affiliate notifies the agent of record as described above, the corporation or affiliate cannot process the application for 14 days after the notification is given unless a shorter period of time is agreed to by the agent of record or

the corporation or affiliate receives a written request from the group to proceed with consideration of the application.

Agent of record means a person that is a health benefit agent authorized to represent a subscriber to transact insurance, including the purchasing, servicing, and maintenance of health benefits, and that is shown on the records of the health benefit corporation or its affiliate as the agent to whom commission is to be paid.

The bill took effect December 28, 2018.

MCL 550.1003 and 550.1009

BRIEF DISCUSSION:

According to House committee testimony, the bill would streamline the process for Michigan residents to purchase health benefits. Supporters testified that the law forbidding health benefit corporation employees from acting as health benefit agents is outdated and does not reflect current market practices. They argued that customers frequently want health benefits packaged with other products that an insurance provider may not manufacture directly, and that requiring customers to go instead through an independent insurance agent is an unnecessary added inconvenience.

FISCAL IMPACT:

The bill would not have a significant fiscal impact on the state or local units of government.

Legislative Analyst: Nick Kelly
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.