

Effective 5/13/2014

31A-30-106.7 Surcharge for groups changing carriers.

- (1)
 - (a) Except as provided in Subsection (1)(b), if prior notice is given, a covered carrier may impose upon a small group that changes coverage to that carrier from another carrier a one-time surcharge of up to 25% of the annualized premium that the carrier could otherwise charge under Section 31A-30-106.1.
 - (b) A covered carrier may not impose the surcharge described in Subsection (1)(a) if:
 - (i) the change in carriers occurs on the anniversary of the plan year, as defined in Section 31A-1-301;
 - (ii) the previous coverage was terminated under Subsection 31A-30-107(3)(e);
 - (iii) employees from an existing group form a new business; and
 - (iv) the surcharge is not applied uniformly to all similarly situated small groups.
- (2) A covered carrier may not impose the surcharge described in Subsection (1) if the offer to cover the group occurs at a time other than the anniversary of the plan year because:
 - (a)
 - (i) the application for coverage is made prior to the anniversary date in accordance with the covered carrier's published policies; and
 - (ii) the offer to cover the group is not issued until after the anniversary date; or
 - (b)
 - (i) the application for coverage is made prior to the anniversary date in accordance with the covered carrier's published policies; and
 - (ii) additional underwriting or rating information requested by the covered carrier is not received until after the anniversary date.
- (3) If a covered carrier chooses to apply a surcharge under Subsection (1), the application of the surcharge and the criteria for incurring or avoiding the surcharge shall be clearly stated in the:
 - (a) written application materials provided to the applicant at the time of application; and
 - (b) written producer guidelines.
- (4) The commissioner shall adopt rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to ensure compliance with this section.

Amended by Chapter 290, 2014 General Session

Amended by Chapter 300, 2014 General Session