



**Blue Cross
Blue Shield**
of Rhode Island

Guide for Brokers

A COMPREHENSIVE RESOURCE

This guide is designed to educate insurance brokers on the various guidelines, procedures, policies, and commission schedules that are applicable for being a broker with Blue Cross & Blue Shield of Rhode Island.

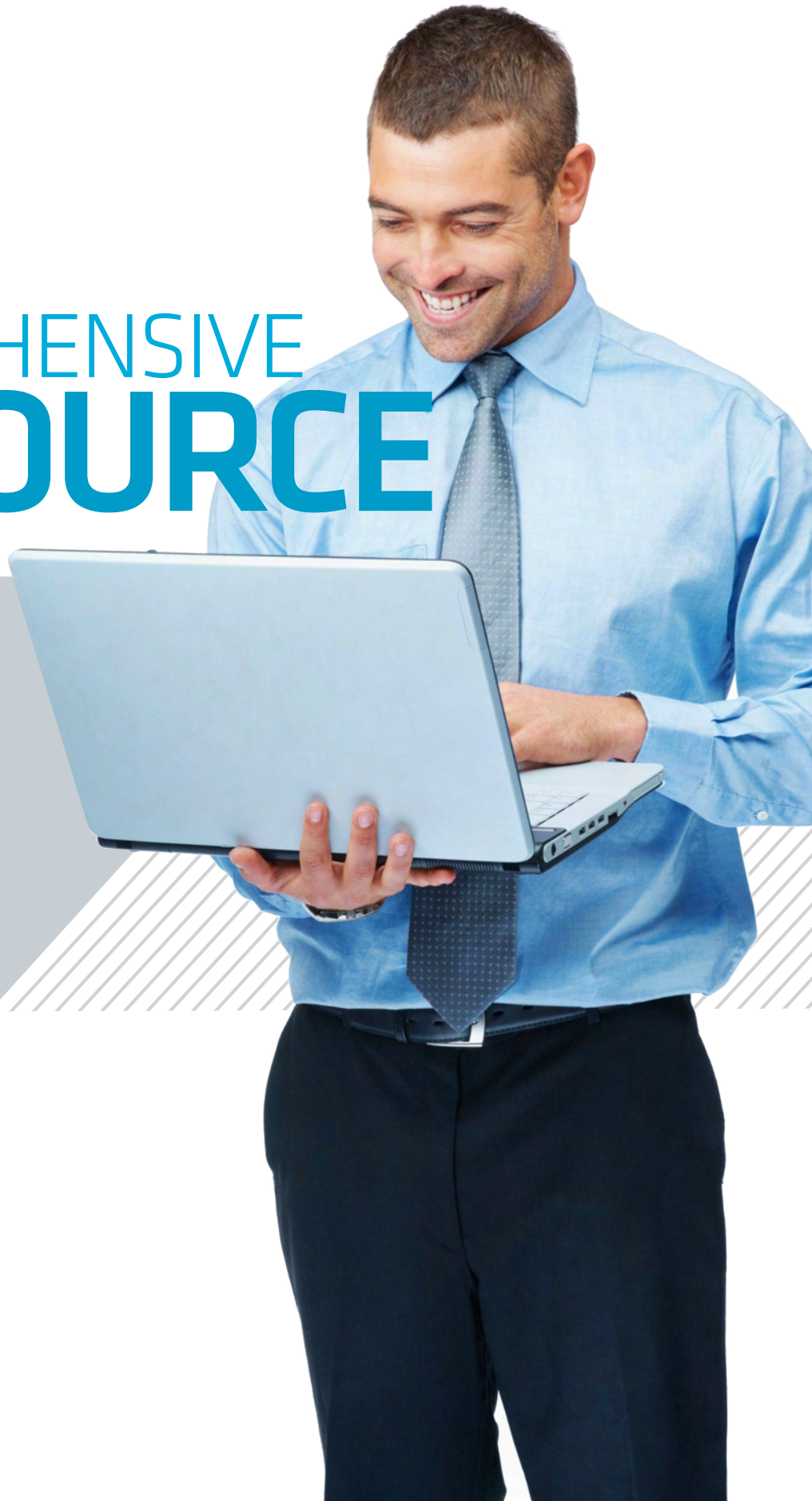


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I. BROKER OF Record Materials

A. Broker of Record Letter

Effective Date:	
Blue Cross & Blue Shield of Rhode Island Attn: Broker Relations 500 Exchange Street Providence, RI 02903	BCBSRI Group Line of Business: <input type="checkbox"/> BCBSRI Group Medical <input type="checkbox"/> BCBSRI Group Dental <input type="checkbox"/> BCBSRI Group Stop-Loss
Group Number(s): _____	
Group Name: _____	

To be completed by New Broker:	
As the new Broker, I accept the assignment of the above named group as their Broker of Record. I further certify that all the information shown above is correct and complete to the best of my knowledge. I understand that any compensation arrangements will be disclosed separately from this form and that this group will be included in my book of business based on the effective date of the change.	
BCBSRI Broker ID Number:	%:
Broker Name:	Agency Name:
Broker Signature:	Date:
BCBSRI Broker ID Number:	%:
Broker Name:	Agency Name:
Broker Signature:	Date:

To be completed by General Agent (If applicable):	
BCBSRI General Agent Number:	
General Agent Name:	
General Agent Signature:	

I understand that this Broker of Record letter will take effect on the first of the month following the receipt of this form by BCBSRI. In addition, this Broker of Record letter will allow BCBSRI to release information to the named broker(s) regarding my account, including rates, enrollment, and plan information. I am aware that this Broker of Record letter will terminate any prior temporary or permanent Broker of Record letters. I attest that I have the authority to make this appointment. This letter shall remain in force until terminated in writing.	
Company Officer Name:	
Title:	
Signature:	Date:

B. Broker of Record Letter Guidelines

1. **Effective Date:**

- a. All agreements must take effect on the first of the month. Mid-month transfers are not allowed.
- b. The Broker of Record letter must be received by BCBSRI prior to the effective date. Retroactivity is not allowed under any circumstances.
- c. If an account was considered as new business and was assigned a broker, the original broker is entitled to receive commission for the remaining 12 months or until the group's first renewal.

2. **BCBSRI Group Line of Business:** This specifies which line(s) of business (medical, dental, stop-loss) the broker will represent the account on. A group may use a different broker for each line of business if they choose to.

3. **BCBSRI Broker ID Number:** Broker ID numbers start with an alpha-prefix followed by unique numbers. This number is assigned by BCBSRI.

4. **%:** This is the percent of the account the Broker will have ownership of. If there is only one Broker assigned to the account then the % would be 100%. Commissions cannot be assigned at the affiliate level.

5. **Company Officer Name:** Signature of company-authorized representative is required.

The Broker of Record letter will not be processed if it is submitted with incomplete information. The change will be processed for the first of the month following the date a completed letter is received by BCBSRI.



2. BROKER STANDARDS and Policies

A. General Standards for Brokers

BCBSRI will enter into agreements with brokers who meet the following criteria:

1. Are licensed brokers in the state of Rhode Island, and prove licensure by providing a copy of such license to BCBSRI or its general agent.
2. Regularly serve the needs of organizations for group benefits and have a complete understanding of group benefits issues, as determined by BCBSRI.
3. Have adequate staff to service the needs of clients.
4. Have such errors and omissions coverage as required by Rhode Island law or regulations, and prove such coverage by providing a Certificate of Insurance to BCBSRI.
5. Agree to abide by all BCBSRI underwriting and procedural rules in the solicitation and sale of BCBSRI products.
6. Warrant strict adherence to and compliance with Rhode Island laws and regulations (including but not limited to the Small Employer Health Insurance Availability Act, the Rhode Island Confidentiality of Health Care Communications and Information Act, and applicable state regulations, interpretive bulletins, and guidance), as well as any applicable federal laws and regulations, and indemnify and hold BCBSRI harmless against all liability for the same.
7. Brokers must sign the “Broker Agreement” with BCBSRI.

B. Broker Policies

1. Commission System (Group Affiliations)

Broker commissions are paid at the account level. As a result, the main group and all affiliates need to have the same broker(s) for each product line (medical, dental, and stop-loss).

2. Broker of Record (BOR)

The BOR letter takes effect on the first of the month following receipt of the BOR letter by BCBSRI.

3. Broker Licensing

All brokers must be licensed at renewal in order to be paid commissions for the renewal period.

For small group accounts, the General Agent is required to verify the license of the broker at the time of sale and before sending out any renewal information to that broker.

For large group accounts, it is the broker’s responsibility to provide updated license information to BCBSRI. If a broker’s license has expired or been revoked, the broker shall not be paid any commissions for cases written or renewed after the date the license expired or was revoked. Unless proof of licensure is provided to BCBSRI, a hold will be placed on all commissions on all of the broker’s accounts.

If we receive a BOR letter from a broker who is not registered with BCBSRI, we will not set the broker up on the account nor assign that person a Broker ID number in our commission system until we receive the completed appointment paperwork. We need the documentation to know if the broker is eligible to sell insurance in Rhode Island. Also, the broker needs to agree to the terms of the Broker Agreement and Confidentiality Agreement before being eligible to receive commissions from BCBSRI.

4. **BOR (Split Payment)**

When a full commission is split between two brokers, a BOR letter will have to be submitted and signed by the account reflecting the appropriate split (e.g., 25%/75%).

5. **BOR (Broker Change)**

If an account was considered as new business and was assigned a broker, the original broker is entitled to receive commission for the remaining 12 months or until the group's first renewal.

6. **Form 5500s**

Our policy is to release form 5500s to accounts, not to brokers. Brokers can request payment information from BCBSRI's Broker Relations department and a written confirmation will be sent to the broker. Form 5500s are only released to accounts for the purpose of reporting information to the IRS.

7. **Broker Commissions (Large Group Renewals)**

Only the broker that was in force at the time the renewal was delivered can adjust the commission level and have it impact the renewal rate.

8. **Commission Adjustments Due to Payment Errors**

BCBSRI strongly encourages the monthly review of commission statements to ensure accuracy. BCBSRI will not adjust commission payments, except with respect to payments made to brokers, within one year prior to the date of the adjustment. BCBSRI may initiate an adjustment of a commission against a broker related to incorrect payments as long as the adjustment is made within one year of the date of the incorrect commission payment.

BCBSRI reserves the right to recover commission payments by reducing commission amounts due to the broker.



C. Policy for Elected Officials and Government Employees

The broker represents that they are neither an employee nor an elected official for the State of Rhode Island (respectively, “Government Employee” and “Elected Official”) and that no Government Employee or Elected Official (a) has a substantial financial interest (e.g., an ownership interest of 10% or greater equity interest) or (b) acts in the capacity of a major decision maker (e.g., CEO, CFO, COO, Chair of the Board, or other senior position) for the broker.

In the event either (a) the broker engages a Government Employee or Elected Official as an employee or as a subcontractor providing services to BCBSRI hereunder, or (b) a Government Employee or Elected Official acquires a substantial financial interest or decision-making authority for the broker, then the broker shall immediately notify BCBSRI of such relationship and shall cooperate with BCBSRI and provide documentation requested by BCBSRI to ensure that the Government Employee or Elected Official is compliant with the Rhode Island Code of Ethics, and that the ongoing relationship between the broker and BCBSRI is approved by the BCBSRI Audit Committee of the Board of Directors.



3. BROKER Commissions

A. Broker Commission Schedule

Large Group

For new and existing large group accounts (51 or more eligible employee contracts), compensation is made according to two available commission schedules:

Alternate Commission Arrangement

Commissions for Large Group Medical can be paid as an add-on to the premium rates based on the commission level negotiated during the group's proposal or renewal process. Commission reimbursement will be based on a percentage of the premium or a per-employee, per-month (PEPM) rate as approved by BCBSRI. The maximum commission for any single case in a twelve month period is \$200,000.

Standard Commission Schedule

Annual Paid Premium	Commission Percentage
\$0-\$100,000	4.0%
\$100,001-\$175,000	3.5%
\$175,001-\$350,000	1.5%
\$350,001-\$875,000	1.0%
\$875,001-\$1,750,000	0.5%
\$1,750,001-\$3,500,000	0.25%
\$3,500,001+	BCBSRI Consideration

Small Group

For new and existing small group accounts (up to 50 eligible employee contracts), compensation is made according to this commission schedule:

Group Size	Cost Per Contract
Group 1-50	\$20.00

Blue Cross Dental

For new and existing Blue Cross Dental accounts, compensation is made according to this commission schedule:

Annual Paid Premium	Commission Percentage
First \$5,000	10.0%
Next \$45,000	4.0%
Next \$200,000	2.0%
Next \$250,000	1.0%
All Excess	0.5%

B. Requirements for Brokers to Receive Compensation

To be compensated for a particular sale, a broker must hold an active, un superseded written designation as Broker of Record for an account, and the letter or designation to BCBSRI prior to the enrollment of the account. If a conflict exists as to which broker(s) is authorized to represent an existing or prospective account, the account's written statement designating its broker, in form and substance acceptable to BCBSRI, shall control.

In addition, the following requirements apply:

1. No commission or fee shall be paid or payable for services rendered by the broker or any of its employees or agents during any period that such person or entity is not licensed under Rhode Island General Laws.
2. No commission will be paid that is duplicative of any service fee received by the broker from any group or association.
3. No commission will be paid until BCBSRI receives the payment from the account on which the commission is based and the broker has complied with the terms of the broker agreement.
4. If Blue Cross or the account cancels a product and premiums are returned, the broker shall repay to BCBSRI, on demand, the full amount of the commission that BCBSRI has paid on the returned premiums (or BCBSRI shall withhold from future commission payments an amount equal to any commissions paid on the returned premiums), and all rights to commissions that might otherwise have accrued under such account shall cease.
5. No compensation shall be paid once premium collection is referred to a collection firm or, in any event, on premium payments ninety (90) days past due.
6. No commissions may be assigned unless approved in writing by BCBSRI.

C. Rules Regarding Commissionable Business

Regardless of the existence of a written Broker of Record letter, in no event may a broker convert an account directly written or handled by BCBSRI to a commissionable account except as specifically provided in this plan.

In determining whether business is commissionable, the following provisions apply:

1. A large group account that is otherwise non-commissionable can be treated as commissionable if the broker has a Broker of Record letter on file and obtains the account approval to pay a commission, provided that the commission is paid under an approved broker commission schedule, and with the commission added to the premium rate. This provision does not apply to accounts rated as small group.
2. If an otherwise non-commissionable account has been brokered with BCBSRI for at least three consecutive years, and the broker receives BCBSRI consent, the account can be treated as commissionable, beginning in year four upon renewal.

4. RESOURCES AND Glossary

Disclosure

BCBSRI is committed to the full disclosure of our broker compensation to our accounts. BCBSRI will share broker agreements and compensation policies with our accounts when required by law.

BCBSRI has adapted a policy of full disclosure with regards to our policy that accounts should be aware and understand how brokers are being reimbursed through our plan. Brokers are encouraged to share and explain to their accounts how they are compensated through our plan.

A. Broker Resources

Website

Brokers can find current information about BCBSRI in the Broker section of BCBSRI.com. This includes:

- Commission reports, billing, and payment reports
- Information on innovative products and services
- Sales collateral and forms
- Information about federal healthcare reform
- Current news updates pertaining to plan changes that affect brokers and our products

BrokerNetUSA

As the exclusive general agent for BCBSRI, BrokerNetUSA is able to deliver a wide array of group health and dental plans for small group clients. They also have a variety of services and ancillary products for clients and their employees.

BrokerNetUSA provides:

- Creative solutions
- A strong service orientation
- Marketing support
- On-site sales support
- Renewal reminders
- Continuing education

You can contact **BrokerNetUSA** at (401) 732-3636 or toll-free at 1-800-622-5248.

B. Definitions and Terms

Account: A group, association, or other entity having a contract with BCBSRI for one of BCBSRI's medical/dental insurance-related products.

Employee/Subscriber: Those individuals enrolled for coverage in a medical/dental insurance plan.

Group Size Designation: Broker compensation as stated in the guide will either apply to accounts rated as small group or large group:

Small Group – These are groups with up to 50 eligible employees. There are circumstances where a group designated as a small group can be classified as a large group, because of their affiliation to an account with over 51 eligible employees.

Large Group – These are groups with 51 or more eligible employees.

Member: Employees/subscribers and their covered dependents enrolled in coverage by a medical/dental insurance plan.

Producer/Broker: A person required under Rhode Island law to be licensed to sell, solicit, or negotiate insurance and or a company employing such person(s).

Underwriting Guidelines: BCBSRI's standards, rules, procedures, guidelines, instructions, and manuals in effect from time to time regarding underwriting, enrollment, billing, rating, and conditions governing BCBSRI's acceptance or rejection of new or renewal medical/dental insurance business.

Notes: _____



www.bcbsri.com

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Blue Cross & Blue Shield of Rhode Island is an independent licensee of the Blue Cross and Blue Shield Association.
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