



May 17, 2018

**HOUSE BILL 1078
COMMISSION EXPENSE REDUCTION PLANS
ALLOWED IN MARYLAND**

BACKGROUND In 2017, the Maryland Insurance Administration declared the use of Commission Expense Reduction Plans (CERPs) illegal under Maryland law absent certain circumstances.

A CERP gives a producer the discretion to lower the producer's commission in order to lower an insured's premium payment by an equal amount.

Maryland has now passed House Bill 1078 which permits companies to use CERPs in the sale of exempt commercial policies.

For information on exempt commercial policies see:

<http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?pid=&tab=subject5&stab=&ys=2018RS&article=gin§ion=11-206&ext=html&session=2018RS>

EFFECTIVE October 1, 2018

AVAILABILITY House Bill 1078 may be accessed on the Maryland.gov website.
<http://mgaleg.maryland.gov/2018RS/bills/hb/hb1078t.pdf>.

QUESTIONS Contact Trish Riggio at (800) 935-6900 or email at triggio@msonet.com.