

**§1906. Administrator requirements**

1. Each administrator shall identify to the superintendent any ownership interest or affiliation of any kind with any plan sponsor, health care service plan, health maintenance organization or insurer responsible directly or through reinsurance for providing benefits to any plan for which the administrator provides services as an administrator.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

2. An administrator shall provide services as an administrator only pursuant to a written agreement between the administrator and the plan sponsor, health care service plan, health maintenance organization or insurer. The administrator shall retain the written agreement as part of its records for the duration of the agreement and for 7 years after the agreement expires.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

3. An administrator shall maintain, in its principal office for the duration of the written agreement with any plan sponsor or insurer and for 7 years after the agreement expires, adequate books and records of all transactions involving a plan sponsor, health care service plan, health maintenance organization or insurer and covered individuals and beneficiaries. These books and records must be maintained in accordance with generally accepted standards of business recordkeeping. An administrator is not required to maintain copies of books and records if the originals are returned to the plan sponsor, health care service plan, health maintenance organization or insurer before the end of the 7-year period. The administrator shall maintain evidence of the return of the originals for the balance of the 7-year period.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

4. The administrator shall file with the superintendent the names and addresses of the insurers, health care service plans, health maintenance organizations and plan sponsors with whom the administrator has entered into written agreements. If an insurer, health care service plan, health maintenance organization or plan sponsor does not assume or bear the risk, the administrator must disclose the name and address of the ultimate risk bearer. In addition, at the time of a license renewal, the administrator shall also file with the superintendent for the most recent complete calendar year for all covered individuals in the State the total number of claims paid by the administrator by each plan sponsor and the total dollar amount of claims paid by each plan sponsor. This subsection applies to the initial application for an administrator's license and any renewal of a license.

[PL 2001, c. 457, §20 (AMD).]

5. An administrator may use advertising pertaining to the plan only if that advertising has been approved in advance by the plan sponsor, health care service plan, health maintenance organization or insurer.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

6. Upon receiving instructions from the plan sponsor, health care service plan, health maintenance organization or insurer, an administrator shall deliver promptly to covered individuals or beneficiaries all policies, certificate booklets, termination notices or other written communications.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

7. An administrator may not receive compensation from a plan sponsor, health care service plan, health maintenance organization or insurer that is contingent upon the loss ratio of the plan. This subsection does not, however, prevent the administrator from engaging in cost containment activities with a plan sponsor, health care service plan, health maintenance organization or insurer.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

8. An administrator may not receive from any plan sponsor, health care service plan, health maintenance organization, insurer, covered individual or beneficiary under a plan any compensation or other payments except as expressly set forth in the written agreement between the administrator and the plan sponsor, health care service plan, health maintenance organization or insurer.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

9. Upon request of the superintendent, an administrator shall make available for examination, either at the Bureau of Insurance or at the licensee's principal place of business, all basic organizational documents, including, but not limited to, articles of incorporation, articles of association, partnership agreements, trade name certificates, trust agreements, shareholder agreements and other applicable documents and all amendments to those documents, bylaws, rules and regulations or similar documents regulating the conduct of the administrator's internal affairs.

[PL 1989, c. 846, Pt. D, §2 (NEW); PL 1989, c. 846, Pt. E, §4 (AFF).]

10. When acting as an administrator, the acts of an insurance administrator are deemed to be the acts of the plan sponsor, health care service plan, health maintenance organization, fraternal benefit society, nonprofit hospital or medical service organization or insurer.

[PL 1997, c. 457, §30 (NEW).]

11. In addition to any other applicable provisions of law, the plan sponsor, health care service plan, health maintenance organization, fraternal benefit society, nonprofit hospital or medical service organization or insurer is accountable and may be penalized by the superintendent, as provided for in this Title, for the actions of its administrators.

[PL 1997, c. 457, §30 (NEW).]

#### SECTION HISTORY

PL 1989, c. 846, §§D2,E4 (NEW). PL 1997, c. 457, §30 (AMD). PL 2001, c. 457, §20 (AMD).

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