

191—37.25(514D) Permitted compensation arrangements.

37.25(1) *Definition of “compensation.”* For purposes of this rule:

“*Compensation*” includes pecuniary or nonpecuniary remuneration of any kind relating to the sale or renewal of the Medicare supplement or Medicare Select policy or certificate including, but not limited to, bonuses, gifts, prizes, awards and finder’s fees.

37.25(2) *Compensation to producer for sales.* An issuer or other entity may provide a commission or other compensation to a producer or other representative for the sale of a Medicare supplement policy or certificate only if the first-year commission or other first-year compensation is no more than 200 percent of the commission or other compensation paid for selling or servicing the Medicare supplement policy or certificate in the second year or period.

37.25(3) *Compensation to producer for renewals.* The commission or other compensation provided in subsequent (renewal) years must be the same as that provided in the second year or period and must be provided for no fewer than five renewal years.

37.25(4) *Compensation for renewals involving replacement.* No issuer or other entity shall provide compensation to its producers and no producer shall receive compensation greater than the renewal compensation payable by the replacing issuer on renewal Medicare supplement policies or certificates if an existing Medicare supplement policy or certificate is replaced.

[ARC 4394C, IAB 4/10/19, effective 5/15/19]