Arkansas Insurance Department

Mike Huckabee, Governor *Mike Pickens, Commissioner*

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DIRECTIVE 3-2001

TO: ALL LICENSED INSURERS REPORTING INDIVIDUAL LIFE INSURANCE PREMIUM AS OF DECEMBER 31, 1999 IN THE STATE OF ARKANSAS

RE: RACE-BASED PRICING

On June 26, 2000, I issued a survey, requiring domestic licensed life insurers to provide certain information related to race-based pricing of Arkansas life insurance policies. Although this agency is still in the process of investigating this matter, recently obtained information derived from the survey suggests that some insurers with in-force life insurance policies may currently be engaging in racially discriminatory practices as prohibited by Arkansas law.

The continued collection of racially discriminatory premiums and the payment of racially disproportionate benefits by any life insurer doing business in Arkansas constitute a potential violation of the Unfair Trade Practices Act under the Arkansas Insurance Code.

Therefore, if your company is currently collecting any race-based insurance premiums from Arkansas citizens, you are hereby directed immediately to cease and desist from collecting any premium differential which is based upon the race of the policyholder. This shall apply to any Arkansas policy ever issued or assumed by your company for which your company is currently collecting premiums. If it is determined that your company failed to comply with this Directive, all appropriate administrative remedies granted to the Arkansas Insurance Department or the Commissioner pursuant to the Arkansas Insurance Code will be pursued.

Nothing in this Directive shall be construed to limit my authority to take appropriate legal action against any insurer based on my ongoing investigation or subsequent examination of this matter.

Mike Pickens
Arkansas Insurance Commissioner