



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

1200 West Third Street
Little Rock, AR 72201-1904
501-371-2820
FAX 501-371-2629

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BULLETIN NO.: 1-95 AMENDMENT

It has come to the attention of the Department that some employers have been making direct payments for medical bills incurred on small workers' compensation claims, both with and without the knowledge of their insurer.

Please be advised that directly paying medical bills for injured employees may be considered a violation of Ark. Code Ann. §11-9-106(a), which deals with making materially false representations for the purpose of avoiding payment of the proper insurance premium.

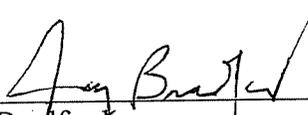
Some employers and insurers are operating under the mistaken impression that Ark. Code Ann. §11-9-813, which authorizes insurers to offer deductibles to policyholders, also authorizes an employer to make direct payments on claims under the deductible amount. The law simply does not allow for such direct payments, **WITH OR WITHOUT A VALID DEDUCTIBLE PROGRAM.**

Even with an authorized deductible program, all claims must be submitted for "first dollar" payment by the insurer. The insurer will be reimbursed by the employer for any deductible amounts paid by the insurer.

It is obvious that failure to report any worker injuries would affect an employer's experience rating and payment of the proper premium based thereon. History has already shown that employers who pay deductibles directly often negligently or intentionally fail to fully inform the insurer of worker injuries.

Therefore, if you are aware of such direct payments being made, you are advised to immediately notify the employer to cease this practice. Failure by the employer to do so may result in a criminal penalty.

Inquiries concerning the deductible program should be directed to Carol Stiffler, Property and Casualty Division, at 501-371-2800 or 800-282-9134. Reports of possible fraudulent activity should be directed to Greg Sink, Director, Criminal Investigation Division, at 501-371-2790 or 866-660-0888.



Jay Bradford
State Insurance Commissioner