

HEARING

**IN THE MATTER OF
PROPOSED AMENDED RULE 31
"PRE-LICENSE EDUCATION FOR PRODUCERS"**

DECEMBER 10, 2015

9:00 AM

**HONORABLE RUSS GALBRAITH, CHIEF DEPUTY
COMMISSIONER & HEARING OFFICER**

HEARING

IN THE MATTER OF

PROPOSED AMENDED RULE 31
"PRE-LICENSE EDUCATION FOR PRODUCERS"

HONORABLE RUSS GALBRAITH
CHIEF DEPUTY COMMISSIONER & HEARING OFFICER
ARKANSAS INSURANCE DEPARTMENT

HEARING PROCEEDINGS

DECEMBER 10, 2015

at 9:00 A.M.

APPEARANCES

ON BEHALF OF THE ARKANSAS INSURANCE DEPARTMENT:

MR GRAY ALLEN TURNER
ARKANSAS INSURANCE DEPARTMENT
1200 WEST THIRD STREET
LITTLE ROCK, ARKANSAS 72201-1904

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711 FOXBORO DRIVE
JACKSONVILLE, ARKANSAS 72076
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ORIGINAL

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CAPTION

PROCEEDINGS in the above-styled and numbered cause on the 10th day of December, 2015, before Faith Grigsby, Arkansas Supreme Court Certified Court Reporter #686, at 9:00 a.m., in the Hearing Room of the Arkansas Insurance Department, 1200 West Third Street, Little Rock, Arkansas, pursuant to the agreement hereinafter set forth.

* * * * *

PROCEEDINGS

DECEMBER 10, 2015

1 HEARING OFFICER: Today is December 10,
 2 2015, and we are here in the matter of Proposed
 3 Rule 31, Pre-Licensing Education for Producers.
 4 My name is Russ Galbraith, and Commissioner
 5 Kerr has appointed me to be the hearing officer
 6 in this matter. Present representing the
 7 Department is Mr. Gray Turner.
 8
 9

10 Mr. Turner, you may proceed.

11 MR. TURNER: Thank you, Mr. Hearing
 12 Officer. Today, we have Proposed Amended Rule
 13 31. This is a rule for pre-license education
 14 for producers. I have some exhibits I'd like
 15 to go through, then I'll explain the Rule, and
 16 then we'll welcome any comments on this Rule.

17 Our first exhibit today is the designation
 18 appointing you as the hearing officer. The
 19 second is our Notice of Public Hearing from
 20 November 5th. The third is a copy where we
 21 sent it to the Arkansas Gazette.

22 The fourth is where we sent it on November
 23 6 to the Arkansas Legislative Council Bureau of
 24 Legislative Research, and that includes the
 25 filed Rule 31, the Financial Impact Statement,

1 the Legislative Council Questionnaire, as well
2 as a summary of this Rule. Number 5 is where
3 the Notice of today's hearing ran in the paper
4 for three days.

5 Number 6 is a copy of where we sent this to
6 the Arkansas Secretary of State for filing.
7 Number 7 is a copy that we received two e-
8 mailed comments (one from Mr. Daniel Smith,
9 from New York Life; and the second from Mr.
10 Soto with Primerica Life Insurance Company)
11 both supporting our move toward electronic pre-
12 license education. And Exhibit Number 8 is
13 where we send an e-mail to the industry just
14 telling everybody about today's hearing.

15 I'd ask that Exhibits 1 through 8 be placed
16 into the record.

17 HEARING OFFICER: Department's Exhibits 1
18 through 8 will be placed into the record.

19 (WHEREUPON, Exhibits Number 1 through 8
20 were marked for identification and are attached
21 hereto.)

22 MR. TURNER: Mr. Hearing Officer, this Rule
23 is an amendment of our previous pre-license
24 education. This only affects pre-license
25 education for potential producers. What I

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basically did was went through here and everywhere it said that something had to be exclusively in a classroom, we struck that language from all the forms and we allowed it to be open entirely to electronic.

So, whereas, before, you could only do certain hours electronically, now, for pre-license education, that will be available for anybody to participate in. And then hopefully we'll have more providers that will come forward to provide those electronic hours for our producers.

We think that this Rule will open the door for people who might previously not been able to take the pre-licensing education, people who can't get off a week for school, people who can't attend in-class education. So we're hoping this will provide the opportunity for more people to be insurance producers in the State of Arkansas.

That is my summary. And I would invite anyone who would like to make a public comment today to come forward.

HEARING OFFICER: Is there anybody present for Rule 31, which is just changing it to

1 electronic?

2 If you would come forward and identify
3 yourself for the record.

4 MS. ANDERSON: My name is Brandi Anderson.
5 I'm a certified insurance instructor in the
6 State of Arkansas for various providers of pre-
7 licensing and other CE. My comments have to do
8 with the -- how the program will be
9 administered, how we're verifying that the
10 students that attend an on-line CE class will
11 be actually attending and accrue those specific
12 number of hours, how will it be implemented,
13 will we include the current providers, is it
14 something the Department will provide?

15 So I have some concerns on that because,
16 obviously, up and to this point as an educator
17 and as a -- we consider insurance to be a
18 professional industry. I have concerns that an
19 on-line CE -- you know, an on-line pre-
20 licensing class will not properly educate the
21 kind of agents that we need in the State of
22 Arkansas.

23 I'll let you guys answer those, if you have
24 those answers.

25 MR. TURNER: As far as answers for -- I

1 mean, we're just talking about the Rule today.
2 As far as the implementation, no. I mean, this
3 is an expansion of what we've already been
4 doing. We've already been allowing
5 electronic --

6 MS. ANDERSON: Right.

7 MR. TURNER: -- and we're just further
8 expanding that. So nothing is going to change
9 as far as the verification process.

10 HEARING OFFICER: Some of those questions
11 would probably be better answered by our
12 Licensing Division, so those are things that we
13 can talk to you about outside of the hearing
14 aspect.

15 I will say, though, that in researching
16 this Rule and getting this Rule active, we've
17 looked at other states who all do some type of
18 on-line pre-licensing. I believe Arkansas is
19 one of, if not the only state left that
20 requires classroom training only, and so what
21 this Rule will do is open it up for on-line as
22 well as classroom. It doesn't change anything
23 with the classroom aspect of it.

24 But the details of the implementation are
25 probably better answered by the Licensing

1 Division. It's something that we can set you
2 up with so you can talk to them.

3 MS. ANDERSON: The Rule itself, however,
4 won't change. It's not a mandate requiring
5 that students attend --

6 HEARING OFFICER: On-line?

7 MS. ANDERSON: -- on-line?

8 HEARING OFFICER: Absolutely not. No. It
9 opens up another alternative.

10 MS. ANDERSON: Sure.

11 HEARING OFFICER: We wanted to make sure
12 that it was not a mandate, because in, I guess,
13 the previous Rule, or a previous Rule,
14 basically did change it to a mandate for
15 classroom, even though the statute said that
16 on-line pre-licensing was allowed. So the
17 statute actually said it, but then a Rule
18 changed it to where it did mandate classroom.
19 We didn't want to do that. We just wanted to
20 open it up to the alternative.

21 MS. ANDERSON: That would be the end of my
22 comments, then.

23 MR. TURNER: We appreciate your comment.

24 HEARING OFFICER: Thank you.

25 MR. TURNER: Would anyone else like to make

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a public comment today?

(No audible response given)

MR. TURNER: With that being said, Mr. Hearing Officer, I'd ask that we close this hearing and we'll send it on for approval.

HEARING OFFICER: Without any objection, the record is closed and the hearing is adjourned for Proposed Amended Rule 31.

(WHEREUPON, the proceedings were concluded in this matter at 9:10 a.m.)

CERTIFICATE

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

I, Faith Grigsby, CCR, Certified Stenomask Reporter before whom the foregoing testimony was taken, do hereby certify that the witness was duly sworn by me; that the testimony of said witness was taken by me and was thereafter reduced to typewritten form under my supervision; that the deposition is a true and correct record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by the parties to the action in which this deposition was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially interested in the outcome of this action.

I FURTHER CERTIFY, that I have no contract with the parties within this action that affects or has a substantial tendency to affect impartiality, that requires me to relinquish control of an original deposition transcript or copies of the transcript before it is certified and delivered to the custodial attorney, or that requires me to provide any service not made available to all parties to the action.

WITNESS MY HAND AND SEAL this 21st day of Decemb


FAITH GRIGSBY
Arkansas Supreme Court
Certified Court Reporter #686

EXHIBIT LIST

DATE: DECEMBER 10, 2015

SUBJECT: RULE 31 "PRE-LICENSE EDUCATION FOR PRODUCERS"

HEARING OFFICER: HONORABLE RUSS GALBRAITH
CHIEF DEPUTY COMMISSIONER

EXHIBIT #	DESCRIPTION
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1. Designation of Hearing Officer
2. Copy of Arkansas Insurance Department November 5, 2015, NOTICE OF PUBLIC HEARING, concerning Rule 31 "Pre-License Education for Producers"
3. Copy of November 5, 2015, Arkansas Insurance Department electronic email to Ms. Pam Dicus, Arkansas Democrat-Gazette, with attached:
4. Copy of Arkansas Insurance Department November 6, 2015, letter to Donna Davis of Arkansas Legislative Counsel, Arkansas Bureau of Legislative Research, with attachments:
 - a. Filed Rule 31
 - b. Financial Impact Statement
 - c. Legislative Council Questionnaire
 - d. Rule 31 Summary
5. Newspaper Notice –Copy of Ad which ran for 3 days
6. Copy of November 6, 2015, Arkansas Insurance Department letter to Secretary of State
7. Public or Industry Comments or Legislative Research Questions
 - a. Letter dated November 30, 2015, from Daniel Smith, Managing Partner, New York Life
 - b. Letter dated November 16, 2015, from Suraya Soto, Associate Vice President, Primerica Life Insurance Company
8. Copy of the Department's electronic "AIDMAILOUT" dated November 6, 2015 .

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

DESIGNATION OF HEARING OFFICER

DATE: December 10, 2015

SUBJECT: PROPOSED RULE 31 "PRE-LICENSE EDUCATION FOR PRODUCERS" "

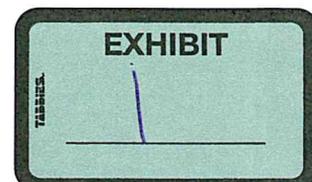
HEARING OFFICER: Russ Galbraith,
CHIEF DEPUTY COMMISSIONER

Pursuant to Ark. Code Ann. § 23-61-103(e)(1), I hereby delegate Russ Galbraith, Chief Deputy Commissioner, to serve as the Hearing Officer in the above-referenced matter. Pursuant to this Designation, Mr. Galbraith will have at his disposal all of the powers and duties vested in the office of the Commissioner of Insurance for the State of Arkansas.

A handwritten signature in blue ink, appearing to read "Allen Kerr", written over a horizontal line.

Allen Kerr
INSURANCE COMMISSIONER
STATE OF ARKANSAS

12/9/2015
Date



Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

DATE: NOVEMBER 5, 2015

TO: AUTHORIZED INSURANCE COMPANIES, HMO'S, HOSPITAL/ MEDICAL SERVICE CORPORATIONS, FARMER'S MUTUAL AID ASSOCIATIONS AND INSURER AND AGENT TRADE ASSOCIATIONS

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: RULE 31: "PRE-LICENSE EDUCATION FOR PRODUCERS"

NOTICE OF PUBLIC HEARING

Please find attached or available by electronic publication by the Arkansas Insurance Department ("Department") Proposed Rule 31, "PRE-LICENSE EDUCATION FOR PRODUCERS." The Arkansas Insurance Commissioner ("Commissioner") is filing for public comment and public hearing, a proposed regulation pre-licensing education for insurance producers.

Pursuant to Ark. Code Ann. §§ 23-99-417(a)(1), 23-99-417(e), 23-61-108(a)(1), and other applicable laws or rules, NOTICE is hereby given that a PUBLIC HEARING will be held on December 10, 2015 at 9:00 A.M., in the First Floor Hearing Room, Arkansas Insurance Department ("Department"), 1200 West Third Street, Little Rock, Arkansas.

The purpose of the Public Hearing will be to determine whether the Commissioner should adopt Proposed Rule 31, "PRE-LICENSE EDUCATION FOR PRODUCERS."

All interested persons are encouraged to make comments, statements or opinions to the address below or attend the Public Hearing and present, orally or in writing, statements, arguments or opinions on the proposed Rule. All licensees and other interested persons are responsible for notifying all their personnel, agents, and employees about this Public Hearing.

Persons wishing to testify should notify the Legal Division as soon as possible, and are requested to submit intended statements in writing in advance.

Direct your inquiries to the Legal Division at (501) 371-2820 or insurance.legal@arkansas.gov.

A copy of Proposed Rule 31 can be obtained or viewed on the Legal Division's Internet Web Site at <http://insurance.arkansas.gov/prop-rules.htm>.

Sincerely,

A handwritten signature in blue ink that reads "Gray Allen Turner".

Gray Allen Turner
Associate Counsel
Arkansas Insurance Department

EXHIBIT

2

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

November 5, 2015

Arkansas Democrat-Gazette
P O Box 2221
Little Rock, AR 72203
Attn: Ms. Pam Dicus, Legal Ad Department
Facsimile: 501-378-3591

RE: Legal Notices: Public Hearing on Proposed Rule # 31

Dear Ms. Dicus:

The Insurance Commissioner is proposing to adopt Rule 31, "Pre-Licensing Education for Producers." In order to publish it per the Arkansas Administrative Procedure Act, as amended, and per the Arkansas Insurance Code, we need to publish a **FULL RUN** legal ad or notice on the Commissioner's Public Hearing for the Rule set on December 10, 2015 at 9:00 a.m.

In compliance with Ark. Code Ann. § 25-15-204 and § 16-3-102, please find enclosed a legal ad for Notice of Public Hearing which should be published for three (3) consecutive days beginning on November 7, 2015.

Please send the billing invoices to Mrs. Pam Looney, Assistant Commissioner, Accounting Division, Arkansas Insurance Department, 1200 West Third, Little Rock, Arkansas 72201-1904, accompanied by a printed copy of the Legal Ad and proof of publication. Thank you in advance for your cooperation.

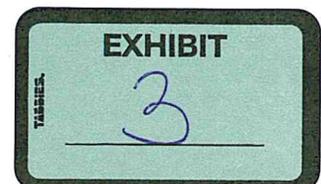
Sincerely,

Gray Allen Turner

Gray Allen Turner
Associate Counsel/Legal Division
Gray.turner@arkansas.gov

Attachment – Legal Ad for Proposed Rule 31 Adoption

cc: LoRaine Rowland, Administrative Analyst



NOTICE OF PUBLIC HEARING

The Arkansas Insurance Department will host a Public Hearing on December 10, 2015, beginning at 9:00 a.m. in the First Floor Hearing Room, Arkansas Insurance Department, 1200 West Third Street (Third and Cross Streets), Little Rock, Arkansas, to consider adoption of proposed RULE 31: "PRE-LICENSE EDUCATION FOR PRODUCERS." Copies of proposed Rule 31 may be obtained by writing or calling the Arkansas Insurance Department, or by visiting our Internet site at <http://www.insurance.arkansas.gov/prop-rules.htm>. Or www.accessarkansas.org/insurance for links there. For more information, please contact Ms. LoRraine Rowland, Legal Division, Arkansas Insurance Department at 501-371-2820.

LoRaine Rowland

From: Legal Ads <legalads@arkansasonline.com>
Sent: Thursday, November 05, 2015 9:29 AM
To: LoRaine Rowland
Subject: Re: Rule 57 and Rule 31

Received and processed both ads.
thanks
pam

From: [LoRaine Rowland](#)
Sent: Thursday, November 05, 2015 8:42 AM
To: [Legal Ads \(legalads@arkansasonline.com\)](#)
Cc: [LoRaine Rowland](#)
Subject: Rule 57 and Rule 31

Please find attached two Legal ads for the Department. Please confirm that you have received them and the run dates per the letter request.

Thank you,

LoRaine Rowland
Administrative Analyst/Legal Division
Arkansas Insurance Department
1200 West 3rd Street
Little Rock, AR 72201
501-371-2831 (office)
501-371-2639 (fax)
lorraine.rowland@arkansas.gov

"This will be the best day and the best year of my life"

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

November 6, 2015

RECEIVED

Via Hand Delivery

Donna Davis
Arkansas Legislative Council
Arkansas Bureau of Legislative Research
State Capitol, Suite 315
Little Rock, Arkansas 72201

NOV 06 2015

BUREAU OF
LEGISLATIVE RESEARCH

RE: Arkansas Insurance Department Proposed Rule 31, "Pre-License Education for Producers"

Dear Mrs. Davis:

Enclosed for your review and for filing with the Subcommittee of the Arkansas Legislative Council, is the Arkansas Insurance Department's Proposed Amended Rule 31, "Pre-License Education for Producers". The Department is proposing to amend Rule 31 to allow insurance producer applicants to participate in exclusively electronic pre-licensing education programs.

The Department has scheduled a public hearing for December 10, 2015, at 9:00 A.M., at our office in the first floor Hearing Room, to consider adopting this proposed amended Rule. I have enclosed a triplicate set of the proposed Rule, our Notice of Public Hearing, the standard Questionnaire, and Financial Impact Statement.

Please do not hesitate to contact me at (501) 371-2829 or gray.turner@arkansas.gov if you have any questions.

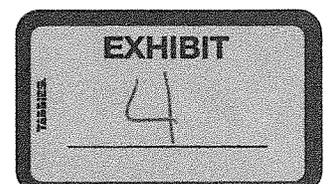
Sincerely,

A handwritten signature in black ink that reads "Gray Turner".

Gray Allen Turner
Associate Counsel

cc: LoRraine Rowland, Administrative Analyst

encl.



PROPOSED RULE 31

PRE-LICENSE EDUCATION FOR PRODUCERS

SECTION

- 1. Purpose
- 2. Authority
- 3. Applicability and Scope
- 4. Effective Date
- 5. Course Requirements
- 6. Instructor Qualifications
- 7. Course Provider Requirements
- 8. Program Review
- 9. Licensing Procedure of Applicant
- 10. Completion of Course Requirements
- 11. Violations
- 12. Severability

RECEIVED

NOV 06 2015

BUREAU OF LEGISLATIVE RESEARCH

APPENDICES

Appendix 1	Application for Approval As Course Provider
Appendix 2	Change in Curriculum or Instructor or Proctor
Appendix 3(A)	Life
Appendix 3(B)	Accident, Health, and Sickness
Appendix 3(C)	Casualty
Appendix 3(D)	Property
Appendix 3(E)	Personal Lines (Non-Commercial)
Appendix 4	Application for Approval as Instructor or Proctor

SECTION 1. PURPOSE

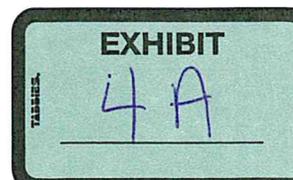
The purpose of this Rule ("Rule") is to implement Act 534 of 1983, as amended, and Ark. Code Ann. §23-64-202(b)(2), as amended by Act 1948 of 2005, by establishing curricula for courses of instruction required to be completed by applicants seeking insurance producer licenses in Arkansas, to establish criteria for approval of course providers of the courses of instruction, and to establish a mechanism of examination and review of the performance and quality of the instruction.

SECTION 2. AUTHORITY

This Rule is used pursuant to the authority vested in the Commissioner under Ark. Code Ann. Sections 23-61-108, §23-74-609(a), §23-75-102(5), §23-76-120(a), §§25-15-202, et seq., and Act 534 of 1983, as amended, and codified as Sections 23-64-201, et seq., and §§23-64-501, et seq.; and §§23-64-202, as amended by Act 1948 of 2005.

BY _____

STATE OF ARKANSAS
 REGISTER DIV.
 FILED
 NOV - 6 PM 12:54



SECTION 3. APPLICABILITY AND SCOPE

I. Applicability.

- A. This Rule shall apply to insurance producers, including original license applicants or currently-licensed applicants seeking an additional line of authority, which for purposes of this Rule shall be deemed to include all who are referred to collectively as insurance producers ("producers") under the Producer License Model Act ("PLMA"), Ark. Code Ann. §§23-64-501, et seq.
- B. This Rule shall also apply to:
 - 1. all applicants seeking a license as an insurance producer;
 - 2. all applicants seeking a license as a health maintenance organization ("HMO") producer, or as a producer for a limited benefit health maintenance organization, except those specifically exempted pursuant to the provisions of Arkansas law. This Rule is intended to complement the provisions of Rule 35, "Agent License for Health Maintenance Organizations", but is not intended to supersede it;
 - 3. all applicants seeking a license as a fraternal benefit society producer, except those specifically exempted pursuant to the provisions of Arkansas law;
 - 4. all applicants seeking a license as a producer for a hospital or medical service corporation; and
 - 5. all applicants who are producers from another state, and who are not licensed as a producer under the Producer License Model Act, shall be required to comply with this Rule in order to secure any new resident or non-resident producer license.

II. Exemptions. The following are exempt from this Rule:

- A. insurance adjusters, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);
- B. limited adjusters, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);
- C. insurance consultants, pursuant to Ark. Code Ann. §23-64-202(b)(2)(A)(iii)(d);
- D. surplus line brokers licensed pursuant to Ark. Code Ann. §§23-65-301, et seq., and Department Rule 24, and exempted pursuant to Ark. Code Ann. §23-64-501(c); and
- E. applicants licensed as a producer in good standing in another state under the Producer License Model Act, who thereafter move to Arkansas, who establish residency within the period required under Arkansas law, and who thereafter apply for a resident producer license.

SECTION 4. EFFECTIVE DATE

This Rule shall be effective January 1, 2016.

SECTION 5. COURSE REQUIREMENTS

- I. A. All applicants for a life line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following, as applicable:

1.	Introduction to Insurance	1 hour
2.	State Insurance Laws and Rules	5 hours
3.	Life Insurance Basics	5 hours
4.	Life Insurance Policies, Policy Options, and Policy Provisions	5 hours
5.	Annuity Contracts	3 hours
6.	Ethics	1 hour

- B. All applicants for an Arkansas accident, health, and sickness (A &H) line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following, as applicable:

1.	Introduction to Insurance	1 hour
2.	State Insurance Laws and Rules	5 hours
3.	Health Insurance Policy provisions	3 hours
4.	Disability Income Insurance	2 hours
5.	Medical Expense Insurance	1 hour
6.	Medicare Supplement Insurance	1 hour
7.	Long Term Care	2 hours
8.	Social Security and Medicare	2 hours
9.	Group Insurance	1 hour
10.	Health Maintenance Organizations	1 hour
11.	Ethics	1 hour

- C. All applicants for a casualty line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following:

1.	Introduction to Insurance	1 hour
2.	State Insurance Laws and Rules	5 hours
3.	Ocean (Wet Marine) and Inland Marine Insurance	1 hour
4.	General Liability Insurance	2 hours
5.	Automobile Insurance and Assigned Risk Plans, including Personal ("AIPSO") and Commercial ("CAIP")	5 hours
6.	Workers' Compensation and Assigned Risk Plan	3 hours
7.	Commercial Crime Insurance and Fidelity Bonds	1 hour
8.	Surety Bonds	1 hour
9.	Ethics	1 hour

- D. All applicants for a property line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction which includes, but is not limited to, all of the following:

1.	Introduction to Insurance	1 hour
2.	State Insurance Laws and Rules	5 hours
3.	Fire and Allied Lines; and Assigned Risk Plans ("ARRUA") and Arkansas Earthquake Authority ("AEA")	4 hours
4.	Homeowners Policies and Other Multiple-Line Products	5 hours
5.	National Flood Insurance-Federal	0.5 hour
6.	Commercial Property and Commercial Crime Insurance	3 hours
7.	Crop Insurance - FEDERAL ("FCIC")	0.5 hour
8.	Ethics	1 hour

- E. All applicants for a personal line of authority (non-commercial), called "Personal Lines", are hereby required to complete a course of instruction with a minimum of

twenty (20) hours of instruction which includes, but is not limited to, all of the following:

1.	Introduction to Insurance	1 hour
2.	State Insurance Laws and Rules	5 hours
3.	Fire and Allied Lines; including Manufactured Houses; and Assigned Risk Plans (“ARRUA”) and Arkansas Earthquake Authority (“AEA”)	2 hours
4.	Homeowners Policies and Other Multiple-Line Products and Assigned Risk Plans (“ARRUA”) and Arkansas Earthquake Authority (“AEA”);	5 hours
5.	Automobile Insurance and Assigned Risk Plans	5 hours
6.	Flood Insurance – Federal	1 hour
7.	Ethics	1 hour

II. EXCEPTIONS.

A. Notwithstanding the provisions of Subsection (I) above, an applicant for a new or additional line of authority shall be exempt from the five (5) hours of State Insurance Laws and Rules portion for:

1. Life
2. Accident/Health/Sickness
3. Casualty
4. Property
5. Personal Lines (non-commercial)

if the applicant has successfully completed this portion of the pre-license education within two (2) years of the filing date of his application for a new or additional line of authority. This exemption or waiver is provided by Ark. Code Ann. §23-64-202, as amended by Act 1948 of 2005.

B. Notwithstanding the provisions of Subsection (I) above, an applicant for a new or additional line of authority shall be exempt from the one (1) hour of Ethics course for:

1. Life
2. Accident/Health/Sickness
3. Casualty
4. Property
5. Personal Lines (non-commercial)

if the applicant has successfully completed this portion of the pre-license education within two (2) years of the filing date of his/her application for a new or additional line of authority.

III.

- A. Subsections I and II of Rule Section 5 apply to both classroom and/or electronic courses of study.
- B. Education course providers shall file procedures with the Department to illustrate how the electronic courses may be verified as self-study, and shall detail the exact length of time that the license applicant spends on the course.
- C. For classroom courses, the identity of the applicant and the length of time spent in that course must be monitored by the Instructor in the classroom.

SECTION 6. INSTRUCTOR AND ELECTRONIC EDUCATION INSTRUCTOR/PROCTOR QUALIFICATIONS

- A.
 - 1. Instructors must have had specific insurance training or educational experience satisfactory to and approved by the State Insurance Commissioner in order to be certified to teach any part of an approved course. Each instructor must have three (3) or more years of specific insurance experience and/or education in each part of the insurance training program in which he/she instructs and must be approved prior to teaching any course, or any part of a course, by the Insurance Commissioner.
 - 2. Individuals who will act as an electronic education instructor/proctor of electronic education courses must have the same credentials as a classroom instructor as provided by this Rule.
 - 3. Proctors or instructors must be a disinterested third party and shall not serve for examinations of: family members or relatives or dependents, employers or supervisors, employees or subordinates, partners or joint ventures or co-owners, current or former teachers or pupils, neighbors or personal friends or significant others, or for anyone in whom the proctor or instructor has an economic or other interest in assuring the successful outcome of the examination.
 - 4. Applicants for approval as a classroom instructor, or electronics course instructor/proctor shall complete and submit Appendix 4 to the Arkansas Insurance Department.

- B. No person will be approved as an instructor/proctor who has received disciplinary action by the Arkansas Insurance Department, the Insurance Department of another state, or any regulatory or governmental body, or state or federal court. The Commissioner shall have the authority to waive this requirement upon written request by the applicant. The applicant shall have the burden of proving his or her qualifications to the Commissioner to meet eligibility for serving as an instructor or proctor.

- C. This Rule prohibits the provider's officials, owners, instructors, or proctors from taking the licensing exam for the purpose of learning test questions in order to aid the provider's customers and/or to improve a provider's pass-fail rate. Any such entity or person discovered to have done this will lose Department approval to participate in the pre-licensure education program under this Rule, in addition to any other applicable penalties. An individual who acts as a proctor may take the exam to obtain an individual producer's license for his/her own benefit.

- D. This Rule authorizes the Department to compare the end-of-course examinations with Department examination results at any time, without prior notice to the course provider, its owners or managers, instructors, or proctors.

SECTION 7. COURSE PROVIDER REQUIREMENTS

- A. Application for approval as a course provider shall be submitted to the Arkansas Insurance Department not less than ninety (90) days prior to the expected use of the program. A course provider shall include the following information in duplicate:

1. Detailed description of the classroom or electronic course instruction program, including a course outline and list of resource materials.
 2. Completion of Appendix 1 for the initial certification; or completion of Appendix 2 upon any change in curriculum or instructor.
 3. Schedule of classes for all locations.
 4. All materials used for electronic education courses must be made available online to the Arkansas Insurance Department.
- B. Changes in class schedules are to be filed with the Insurance Department not later than two (2) weeks before each class begins. Course providers may file in writing or electronically a change or addition to the class schedule with the Department one (1) week in advance for a single course scheduled for an individual.
- C. The Commissioner may consider the type of facility to be used for training, the sufficiency of teaching aids, and the exclusive use of that portion of the facility being used for training, in making a determination to certify the provider.
- D. The course provider shall maintain detailed attendance records for all applicants for all classes for three (3) years following completion of the classes. Rosters, including courses completed and completion dates, shall be maintained for a minimum of two (2) years by course providers. These records may be reviewed by the Commissioner. In this regard, any studying which is not conducted under the direct supervision of the classroom instructor at the facility during scheduled classes may not be credited toward completion of the required twenty (20) hours; and electronic course providers must verify and confirm to the Department the work done by electronics course students for proper crediting of electronic hours.
- E. Forms. The following forms are prescribed by the Commissioner and are attached as exhibits to this Rule. All forms are available upon request to the Department, or via the Department's web site at <http://www.insurance.arkansas.gov/license/divpage.htm>.

Appendix 1	Application for Approval As Course Provider
Appendix 2	Change in Curriculum or Instructor or Proctor
Appendix 3(A)	Life
Appendix 3(B)	Accident, Health, and Sickness
Appendix 3(C)	Casualty
Appendix 3(D)	Property
Appendix 3(E)	Personal Lines (Non-Commercial)
Appendix 4	Application for Approval as Instructor or Proctor

- F. Alternate Forms. The Commissioner may accept, in lieu of Appendices 1 – 4 to the Rule in Item (E) above the most recent editions of comparable forms published by the National Association of Insurance Commissioners.

SECTION 8. PROGRAM REVIEW

The Department shall have the authority to visit a training facility and review its program at any time, including, but not limited to curriculum records and attendance records.

SECTION 9. LICENSING PROCEDURE OF APPLICANT

- A. The required hours of instruction must be completed prior to the date of the licensing examination.
- B. The instructor or designated official of the course provider shall complete an original and one (1) copy of each individual certification, Appendices 3(A) – 3(E), to give to the course attendee or applicant. The Certificate must include the type and length of study (either by live classroom instruction and/or by electronic media) selected by the course provider.
- C. Each individual certification must be on the form as shown in Appendices 3(A) – 3(E) and must be signed by the applicant and the instructor or designated official of the course provider where more than one instructor is used.

The individual original certification must be presented by the student to the exam vendor at the time the candidate is scheduled to sit for the exam. If the candidate fails to present the original certification to the exam vendor, the candidate will not be allowed to sit for the exam but must reschedule the exam for another time. The exam vendor will collect all valid certifications and file those with the Department along with the applications, fees, or other necessary documents.

SECTION 10. COMPLETION OF COURSE REQUIREMENTS

Educational requirements must be completed no more than two (2) years prior to taking the license exam for course certification to be valid.

SECTION 11. VIOLATIONS

Department approval of instructors and course providers of instruction courses may be withdrawn for violations of this Rule.

SECTION 12. SEVERABILITY

Any section or provision of this Rule held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this Rule.

ALLEN KERR
INSURANCE COMMISSIONER

DATE

**APPENDIX 2
CHANGE IN CURRICULUM OR INSTRUCTOR OR PROCTOR
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
Licensing Division
1200 West Third
Little Rock, AR 72201-1904

Name: _____
Name of Pre-licensing Education Course Provider: _____
Provider Number: _____
Course Number: _____
Name of contact person: _____
Telephone Number: _____
Address: _____
Email Address: _____
Facility or Course Provider Website: _____

The following changes have been made in our Course Curriculum and/or Instructors/Proctors:

ATTACH THE APPLICABLE CHANGES	
1.	Course Outline and Type of Study (Classroom or Electronic)
2.	List of Resource Materials
3.	Names of Instructors/Proctors and Qualifications
4.	Names of instructors serving as Designated Officials of Provider
5.	Names of proctors serving for electronic courses; disclose if you are serving as a Designated Official of the Provider

Typed Name of Pre-licensing Education Course Provider Official

Signature of Pre-licensing Education Course Provider Official

Date

FOR DEPARTMENT USE ONLY	
APPROVED BY:	DATE:
DISAPPROVED BY:	DATE:

**APPENDIX 3(A)
LIFE
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
License Division
1200 West Third
Little Rock, AR 72201-1904

This is to certify that the following applicant has satisfactorily completed twenty (20) hours of instruction in the area of **Life**.

Applicant Name: _____
Residence Address: _____
Social Security No. & License No: _____
Date of Birth: _____
Name of Approved Training Facility/Electronic Facility: _____
Date of Course Completion: _____

Study Method of Course Completion (in classroom or electronic media or both). Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	No. of Hrs Completed	No. Hrs Classroom("C"), Electronic("E") or Both("B")
Introduction to Insurance (1 hr)			
State Insurance Laws and Rules (5 hrs)			
Life Insurance Basics (5 hrs)			
Life Insurance Policies, Policy Options, and Policy Provisions (5 hrs)			
Annuity Contracts (3 hrs)			
Ethics (1 hr)			
TOTAL NUMBER OF HRS COMPLETED			

For those applicants seeking an exemption from the five (5) hours on State Insurance Laws and Rules, please initial here: _____. Applicant certifies that the portion of study on State Insurance Laws and Rules for a total of five (5) hours was completed on _____, and is therefore not required to be completed in this certification.
(course date)

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Applicant)

(Typed Name of Instructor/Proctor)

(Signature of Applicant)

(Signature of Instructor/Proctor)

(Provider Name)

(Provider Number)

(Date Signed)

(Date Signed)

**APPENDIX 3(B)
ACCIDENT, HEALTH, AND SICKNESS
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
License Division
1200 West Third
Little Rock, AR 72201-1904

This is to certify that the following applicant has satisfactorily completed twenty (20) hours of instruction in the area of **Accident, Health, and Sickness**.

Applicant Name: _____
Residence Address: _____
Social Security No. & License No.: _____
Date of Birth: _____
Name of Approved Training Facility/Electronic Facility: _____
Date of Course Completion: _____

Study Method of Course Completion (in classroom or electronic media or both). Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	No. of Hrs Completed	No. Hrs Classroom("C"), Electronic("E") or Both("B")
Introduction to Insurance (1 hr)			
State Insurance Laws and Rules (5 hrs)			
Health Insurance Policy Provisions (3 hrs)			
Disability Income Insurance (2 hrs)			
Medical Expense Insurance (1 hr)			
Medicare Supplement Insurance (1 hr)			
Long Term Care (2 hrs)			
Social Security and Medicare (2 hrs)			
Group Insurance (1 hr)			
Health Maintenance Organizations (1 hr)			
Ethics (1 hr)			
TOTAL NUMBER OF HRS COMPLETED			

For those applicants seeking an exemption from the five (5) hours on State Insurance Laws and Rules, please initial here: _____. Applicant certifies that the portion of study on State Insurance Laws and Rules for a total of five (5) hours was completed on _____, and is therefore not required to be completed in this certification.
(course date)

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Applicant)

(Typed Name of Instructor/Proctor)

(Signature of Applicant)

(Signature of Instructor/Proctor)

(Provider Name)

(Provider Number)

(Date Signed)

(Date Signed)

**APPENDIX 3(C)
CASUALTY
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
License Division
1200 West Third
Little Rock, AR 72201-1904

This is to certify that the following applicant has satisfactorily completed twenty (20) hours of instruction in the area of **Casualty**.

Applicant Name: _____
Residence Address: _____
Social Security No. & License No.: _____
Date of Birth: _____
Name of Approved Training Facility/Electronic Facility: _____
Date of Course Completion: _____

Study Method of Course Completion (in classroom or electronic media or both). Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	No. of Hrs Completed	No. Hrs Classroom("C"), Electronic("E") or Both("B")
Introduction to Insurance (1 hr)			
State Insurance Laws and Rules (5 hrs)			
Ocean [Wet Marine] and Inland Marine Insurance (1 hr)			
General Liability Insurance (2 hrs)			
Automobile Insurance and Assigned Risk Plans, including Personal ("AIPSO) and Commercial ("CAIP") (5 hrs)			
Workers' Compensation and Assigned Risk Plan (3 hrs)			
Commercial Crime Insurance and Fidelity Bonds (1 hr)			
Surety Bonds (1 hr)			
Ethics (1 hr)			
TOTAL NUMBER OF HRS COMPLETED			

For those applicants seeking an exemption from the five (5) hours on State Insurance Laws and Rules, please initial here: _____. Applicant certifies that the portion of study on State Insurance Laws and Rules for a total of five (5) hours was completed on _____, and is therefore not required to be completed in this certification.
(course date)

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Applicant)

(Typed Name of Instructor/Proctor)

(Signature of Applicant)

(Signature of Instructor/Proctor)

(Provider Name)

(Provider Number)

(Date Signed)

(Date Signed)

**APPENDIX 3(D)
PROPERTY
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
License Division
1200 West Third
Little Rock, AR 72201-1904

This is to certify that the following applicant has satisfactorily completed twenty (20) hours of instruction in the area of **Property**.

Applicant Name: _____
Residence Address: _____
Social Security No. & License No.: _____
Date of Birth: _____
Name of Approved Training Facility/Electronic Facility: _____
Date of Course Completion: _____

Study Method of Course Completion (in classroom or electronic media or both). Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	No. of Hrs Completed	No. Hrs Classroom("C"), Electronic("E") or Both("B")
Introduction to Insurance (1 hr)			
State Insurance Laws and Rules (5 hrs)			
Fire and Allied Lines; and Assigned Risk Plans ("ARRUA") and Arkansas Earthquake Authority ("AEA") (4 hrs)			
Homeowners Policies and other Multi-Line Products (5 hrs)			
National Flood Insurance - Federal (0.5 hr)			
Commercial Property and Commercial Crime Insurance (3 hrs)			
Crop Insurance - Federal ("FCIC")(0.5 hr)			
Ethics (1 hr)			
TOTAL NUMBER OF HOURS COMPLETED			

For those applicants seeking an exemption from the five (5) hours on State Insurance Laws and Rules, please initial here: _____. Applicant certifies that the portion of study on State Insurance Laws and Rules for a total of five (5) hours was completed on _____, and is therefore not required to be completed in this certification.
(course date)

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Applicant)

(Typed Name of Instructor/Proctor)

(Signature of Applicant)

(Signature of Instructor/Proctor)

(Provider Name)

(Provider Number)

(Date Signed)

(Date Signed)

**APPENDIX 3(E)
PERSONAL LINES (NON-COMMERCIAL)
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
License Division
1200 West Third
Little Rock, AR 72201-1904

This is to certify that the following applicant has satisfactorily completed twenty (20) hours of instruction in the area limited to **Personal Lines (non-commercial) only**.

Applicant Name: _____
Residence Address: _____
Social Security No. & License No.: _____
Date of Birth: _____
Name of Approved Training Facility/Electronic Facility: _____
Date of Course Completion: _____

Study Method of Course Completion (in classroom or electronic media or both). Classes were conducted on the following dates covering the following subject areas:

Subject Area	Date	No. of Hrs Completed	No. Hrs Classroom("C"), Electronic("E") or Both("B")
Introduction to Insurance (1 hr)			
State Insurance Law & Rules (5 hours)			
Fire and Allied Lines, including Manufactured Houses; and Assigned Risk Plans ("ARRUA") and Arkansas Earthquake Authority ("AEA") (2 hours)			
Homeowners Policies and other Multiple-Lines Products; and Assigned Risk Plans ("ARRUA") and Arkansas Earthquake Authority ("AEA") (5 hours)			
Automobile Insurance and Assigned Risk Plans (5 hours)			
Flood Insurance – Federal (1 hour)			
Ethics (1 hr)			
TOTAL NUMBER OF HOURS COMPLETED			

For those applicants seeking an exemption from the five (5) hours on State Insurance Laws and Rules, please initial here: _____. Applicant certifies that the portion of study on State Insurance Laws and Rules for a total of five (5) hours was completed on _____, and is therefore not required to be completed in this certification.
(course date)

We acknowledge that falsifying this statement will result in disciplinary action taken against us by the Arkansas Insurance Department.

(Typed Name of Applicant)

(Typed Name of Instructor/Proctor)

(Signature of Applicant)

(Signature of Instructor/Proctor)

(Provider Name)

(Provider Number)

(Date Signed)

(Date Signed)

**APPENDIX 4
APPLICATION FOR APPROVAL AS INSTRUCTOR OR PROCTOR
FOR USE WITH RULE 31**

To: Arkansas Insurance Department
Licensing Division
1200 West Third
Little Rock, AR 72201-1904

- 1) Name: _____ License Type: _____
 Address: _____
 Electronic Mail Address: _____
 Phone: Office () _____ Home () _____
- 2) Name and Address of Current Employer: _____

- 3) Name of Sponsoring Training Facility/Electronic Course Provider: _____
 Provider Name: _____ Provider Number: _____
 Address: _____
 Electronic Mail Address: _____
- 4) Please list all resident and non-resident insurance licenses you currently hold as producer, consultant, adjuster, limited adjuster, managing general agent, etc.: _____

- 5) Please summarize your insurance experience and training, totaling three (3) years. (Attach additional sheets, if necessary): _____

- 6) Please summarize your insurance education, including, but not limited to college/university insurance course(s) hours; insurance seminars and training course(s); number of hours completed toward certifications such as CLU, CPCU, FLMI, LOMA, ChFC, CIC, ARM, RHU, CRM, and LUTCF, etc. (Attach additional sheets, as necessary): _____

- [Note: As specific training on insurance is a prerequisite, please do not include general education hours or degrees, such as BA or MBA Degrees in Business, Marketing, etc.]
- 7) Courses of study at Training Facility for which you propose to serve as Instructor or Proctor or both: _____

ATTACH FOLLOWING DOCUMENTS	
a	Resume if any
b	Appendix 2 completed by Training Facility Official
c	As to non-resident applicants only, please attach written verification from your domiciliary state insurance department confirming that you have held an insurance license(s) for a minimum of three (3) years, and that your license(s) has not ever been suspended or revoked, fined or otherwise sanctioned.

State of Arkansas
County of: _____

Name of Applicant
Subscribed to and sworn or affirmed before me this _____ day of _____, 20_____

Notary Public
My Commission expires: _____

(Notary Seal)

FOR DEPARTMENT USE ONLY	
APPROVED BY:	DATE:
DISAPPROVED BY:	DATE:

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Insurance Department
DIVISION Legal
PERSON COMPLETING THIS STATEMENT Gray Turner
TELEPHONE NO. 3712829 **FAX NO.** 3712618 **EMAIL:** gray.turner@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Arkansas Insurance Department Rule 31: Pre-License Education for Producers

- 1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
- 2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No
- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

- (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

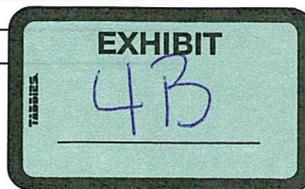
- (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____



Total Unknown at this time Total _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue	_____	General Revenue	_____
Federal Funds	_____	Federal Funds	_____
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____
Other (Identify)	_____	Other (Identify)	_____
Total	_____	Total	_____

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ None

\$ None

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

Unknown at
\$ this time

Unknown at
\$ ths time

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule's basis and purpose;

(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

(3) a description of the factual evidence that:

- (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
- (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE**

DEPARTMENT/AGENCY Arkansas Insurance Department
DIVISION Legal
DIVISION DIRECTOR Suzanne Tipton
CONTACT PERSON Gray Turner
ADDRESS 1200 W 3rd Str., Little Rock Ar 72201
PHONE NO. 5013712829 FAX NO. 5013712618 E-MAIL gray.turner@arkansas.gov
NAME OF PRESENTER AT COMMITTEE MEETING Gray Turner
PRESENTER E-MAIL Gray.turner@arkansas.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

**Donna K. Davis
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201**

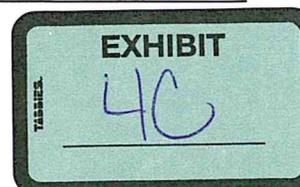
- 1. What is the short title of this rule? Arkansas Insurance Department Rule 31: Pre-License Education for Producers

- 2. What is the subject of the proposed rule? Electronic Pre-License Education for Producers

- 3. Is this rule required to comply with a federal statute, rule, or regulation? Yes No
If yes, please provide the federal rule, regulation, and/or statute citation. _____

- 4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes No
If yes, what is the effective date of the emergency rule? _____

- When does the emergency rule expire? _____



Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act?

Yes

No

5. Is this a new rule? Yes No

If yes, please provide a brief summary explaining the regulation. _____

Does this repeal an existing rule? Yes No

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. _____

Is this an amendment to an existing rule?

Yes

No

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Ark. Code Ann. §23-64-202

7. What is the purpose of this proposed rule? Why is it necessary? The purpose of this rule is to allow the expanded use of electronic education for insurance producer applicants.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). <http://insurance.arkansas.gov/prop-rules.htm/>

9. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: December 10, 2015

Time: 9:00 AM

Place: Ark Insurance Dept.

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

December 10 2015.

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

February 1, 2016

12. Do you expect this rule to be controversial? Yes No

If yes, please explain. _____

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

No groups have been identified at this time.

SUMMARY

ARKANSAS INSURANCE DEPARTMENT PROPOSED AMENDED RULE 31

PRE-LICENSING EDUCATION

- The Arkansas Insurance Department is responsible for establishing educational requirements for persons seeking an insurance producer's license.
- At this time, current rules prevent applicants from participating in a 100% electronic educational program. Instead, they are required to receive most of the educational requirements in person in a classroom.
- Most states allow insurance producer applicants to receive their pre-licensing education through electronic means.
- This rule would allow greater flexibility and choice in the types of educational programs potential insurance producers may participate.
- This rule will reduce the expenses potential insurance producers incur from travelling to a classroom setting to complete their educational requirements, which can involve lodging, food, and travel expenses.
- This rule will also increase the pool of potential insurance producer applicants who may not have the flexibility to take time off work to participate in a classroom setting.
- The rule will not prevent applicants from participating in classroom instruction.

EXHIBIT

4D

TABBS.

Arkansas Democrat Gazette

STATEMENT OF LEGAL ADVERTISING

ARK INSURANCE DEPARTMENT
1200 W THIRD
LITTLE ROCK AR 72201

REMIT TO:
ARKANSAS DEMOCRAT-GAZETTE, INC.
P.O. BOX 2221
LITTLE ROCK, AR 72203

ATTN: Pam Looney
DATE : 11/09/15 INVOICE #: 3062486
ACCT #: L801001 P.O. #:

BILLING QUESTIONS CALL 378-3812

STATE OF ARKANSAS, }
COUNTY OF PULASKI, } ss.

I, Yvette Hines, do solemnly swear that I am the Legal Billing Clerk of the Arkansas Democrat - Gazette, a daily newspaper printed and published in said County, State of Arkansas; that I was so related to this publication at and during the publication of the annexed legal advertisement in the matter of:

hearing
pending in the Court, in said County, and at the dates of the several publications of said advertisement stated below, and that during said periods and at said dates, said newspaper was printed and had a bona fide circulation in said County; that said newspaper had been regularly printed and published in said County, and had a bona fide circulation therein for the period of one month before the date of the first publication of said advertisement; and that said advertisement was published in the regular daily issues of said newspaper as stated below.

DATE	DAY	LINAGE	RATE	DATE	DAY	LINAGE	RATE
11/07	Sat	32	1.35				
11/08	Sun	32	1.57				
11/09	Mon	32	1.35				

TOTAL COST ----- \$136.64
Billing Ad #: 73444358

OFFICIAL SEAL - # 12381354
BENNIE J. FULLER
NOTARY PUBLIC - ARKANSAS
PULASKI COUNTY
MY COMMISSION EXPIRES: 3-21-2021

Subscribed and sworn to me this 9 day of Nov, 2015
Bennie J. Fuller
Notary Public

AD COPY

NOTICE OF PUBLIC HEARING
The Arkansas Insurance Department will host a Public Hearing on December 10, 2015, beginning at 9:00 a.m. in the First Floor Hearing Room, Arkansas Insurance Department, 1200 West Third Street (Third and Cross Streets), Little Rock, Arkansas, to consider adoption of proposed RULE 31: "PRE-LICENSE EDUCATION FOR PRODUCERS." Copies of proposed Rule 31 may be obtained by writing or calling the Arkansas Insurance Department, or by visiting our Internet site at <http://www.insurance.arkansas.gov/prop-rules.htm>. Or www.accessarkansas.org/insurance for links there. For more information, please contact Ms. Lorraine Rowland, Legal Division, Arkansas Insurance Department at 501-371-2820.
73444358

RECEIVED

NOV 12 2015

ACCOUNTING
ARKANSAS INSURANCE DEPARTMENT

EXHIBIT

5

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

November 6, 2015

Arkansas Secretary of State
State Capitol Building
Little Rock, AR 72201
Attn. Arkansas Register

Re: Proposed Rule 31, "Pre-Licensing Education for Producers."

Dear Secretary of State:

Arkansas Act 1478 of 2003 adds to requirements for adoption and re-adoption of public agency rules and regulations. In that regard, the new Act:

- (a) Requires notice of proposed Rule 31, as well as the Public Rule Hearing at the Arkansas Insurance Department, to be published by the Arkansas Secretary Of State on the Internet for thirty (30) days pursuant to Ark. Code Ann. § 25-15-218 of the Arkansas Administrative Procedure Act, as amended; and
- (b) Requires DOI filing of its adopted and proposed rules and notices with the Arkansas Secretary Of State in an electronic format acceptable to the Secretary.

In that regard, the Department has scheduled a public hearing as to proposed adoption of Rule 31. Enclosed are the DOI Notices of Public Hearing and a copy of the proposed rule.

Please arrange to publish the information in a format acceptable to the Secretary for at least 30 days in advance. Can you send us confirmation that we can use in the transcript as a public hearing exhibit?

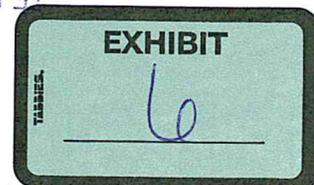
An electronic filing will be made within the statutorily required 7 days. Thanks for your help.

Sincerely,

A handwritten signature in black ink, appearing to read "Gray Turner".

Gray Turner
Associate Counsel/Legal Division
Gray.Turner@arkansas.gov
501-371-2820

BY _____
SECRETARY OF STATE
STATE OF ARKANSAS
15 NOV - 6 PM 12:54
REGISTER DIV.
FILED



Brandy Wedsted

From: Brandy Wedsted
Sent: Friday, November 06, 2015 1:46 PM
To: 'josh.bridges@sos.arkansas.gov'
Cc: Brandy Wedsted; LoRaine Rowland
Subject: Proposed Amended Rule 31
Attachments: File Stamped Proposed Amended Rule 31.pdf; Notice of Public Hearing - Proposed Amended Rule 31.pdf

Josh,

Please find attached the Proposed Amended Rule and Notice of Public Hearing for Proposed Rule 31. Upon your receipt, please confirm that you have received the attached documents.

Thank you,

Brandy Wedsted
Legal Support Specialist/Legal Division
Arkansas Insurance Department
1200 West 3rd Street
Little Rock, AR 72201
(Office Phone) 501-371-2832
(Office Fax) 501-371-2639
brandy.wedsted@arkansas.gov

Gray Turner

From: LoRaine Rowland
Sent: Monday, December 07, 2015 2:15 PM
To: Gray Turner; Booth Rand
Cc: LoRaine Rowland
Subject: FW: "Proposed Rule 31, Pre-License Education for Producers."

Please see the email below:

LoRaine Rowland
Administrative Analyst/Legal Division
Arkansas Insurance Department
1200 West 3rd Street
Little Rock, AR 72201
501-371-2831 (office)
501-371-2639 (fax)
lorraine.rowland@arkansas.gov

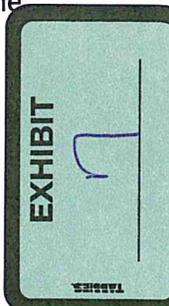
"This will be the best day and the best year of my life"

From: Daniel P Smith [<mailto:dpsmith@ft.newyorklife.com>]
Sent: Monday, November 30, 2015 2:55 PM
To: LoRaine Rowland
Subject: "Proposed Rule 31, Pre-License Education for Producers."

I am emailing as the Managing Partner for New York Life Insurance Company in Arkansas. Every year we hire insurance producers into the state and spend countless hours preparing the potential agents for a career in the insurance industry. We as a company are asking that the department of insurance allow online pre licensing.

- The Arkansas Insurance Department is responsible for establishing educational requirements for persons seeking an insurance producer's license.
- At this time, current rules prevent applicants from participating in a 100% electronic educational program. Instead, they are required to receive most of the educational requirements in person in a classroom.
- Most states allow insurance producer applicants to receive their pre-licensing education through electronic means.
- This rule would allow greater flexibility and choice in the types of educational programs potential insurance producers may participate.
- This rule will reduce the expenses potential insurance producers incur from travelling to a classroom setting to complete their educational requirements, which can involve lodging, food, and travel expenses.
- This rule will also increase the pool of potential insurance producer applicants who may not have the flexibility to take time off work to participate in a classroom setting.
- The rule will not prevent applicants from participating in classroom instruction.

This would allow more people to start a career in the insurance industry with flexibility of utilizing technology.



Daniel P. Smith, CLF, LUTCF

Managing Partner

New York Life Insurance Company

Registered Representative offering securities through NYLIFE Securities LLC (member FINRA/SIPC)

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New York Life Insurance Co., 51 Madison Ave, New York, NY 10010



1 Primerica Parkway
Duluth, Georgia 30099-0001

November 16, 2015

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904
Attention-Legal Division

RE: Proposed amendments to rule 31: "PRE-LICENSING FOR PRODUCERS"

We appreciate the opportunity to comment on the above-captioned proposed amendments and commend the department's efforts to align educational requirements and agent licensing with the NAIC Uniform Standards.

In keeping with those standards, we would like to express our support of the proposed Amendments to Rule 31, Pre-licensing Education for Producers. The amended rule would permit insurance producer applicants flexibility and choice of educational programs to include participation of online self-study courses to meet state pre-licensing requirements. By amending this Rule, it will bring Arkansas in line with the majority of states that currently allow for online pre-licensing education.

We appreciate the Department's commitment to achieving uniformity and we thank you for this opportunity to comment.

Sincerely,

Suraya Soto

Associate Vice President
Primerica Life Insurance Company

Brandy Wedsted

From: Arkansas Insurance Department
<insurance.legal@arkansas.gov@mail28.suw17.mcsv.net> on behalf of Arkansas Insurance Department <insurance.legal@arkansas.gov>
Sent: Friday, November 06, 2015 2:00 PM
To: Brandy Wedsted
Subject: Proposed Amended Rule 31: "Pre-License Education for Producers"

Proposed Amended Rule 31: "Pre-License Education for Producers"

[View this email in your browser](#)

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

Legal Notice

Proposed Amended Rule 31

Please click on the link below to view the Department's Proposed Amended Rule 31, "Pre-License Education for Producers".

<http://insurance.arkansas.gov/prop-rules.htm>

Direct your inquiries to Gray Turner, Legal Division of the Arkansas Insurance Department at (501) 371-2820 or insurance.legal@arkansas.gov.

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EXHIBIT

TAB#18

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