

BULLETIN 2-99

May 18, 1999

TO: ALL LICENSED FOREIGN, ALIEN & DOMESTIC STOCK & MUTUAL INSURERS, TITLE INSURERS, MUTUAL ASSESSMENT LIFE & DISABILITY INSURERS, STIPULATED PREMIUM PLAN & RECIPROCAL INSURERS, FARMERS' MUTUAL AID ASSOCIATIONS, HOSPITAL & MEDICAL SERVICE CORPORATIONS, HEALTH MAINTENANCE ORGANIZATIONS, RISK RETENTION GROUPS, FRATERNAL BENEFIT SOCIETIES, PREPAID LEGAL INSURERS, APPROVED BUT NOT-ADMITTED SURPLUS LINE INSURERS, PREPAID FUNERAL, PURCHASING GROUPS, INSURER & AGENT TRADE ASSOCIATIONS, RATE SERVICE OR ADVISORY ORGANIZATIONS, EMPLOYEE LEASING FIRMS & GROUPS, SURPLUS LINE BROKERS & OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

RE: DEPARTMENT OMNIBUS ACT 881 OF 1999

The purpose of this Bulletin is to summarize the provisions of Arkansas Act 881 of 1999, on insurance-related legislation enacted as the Department Omnibus Act during the 1999 State Legislative Session. Each recipient is hereby requested immediately to notify all officers, directors, managers, employees, agents & brokers & adjusters about this new Omnibus Act.

Please see the attached summary. Full text of this and other Acts can be obtained from the Arkansas Secretary of State, State Capitol Building, State Capitol Grounds, Little Rock, Arkansas, 72201, or 501-682-1010. Electronic [Internet] access to full texts of Acts is available with a link to the State General Assembly Home Page on the State's Web at www.state.ar.us

which is also available through a link to the Insurance Department's Home Page at www.state.ar.us/insurancedept/

These new provisions may be the subject of later bulletins or proposed Department rules and regulations. Please contact Jean Langford, Chief Counsel, Legal Division at 501-371-2820 or

Insurance.Legal@mail.state.ar.us

Mike Pickens
Insurance Commissioner

MP:JL:maw

Act 881 of 1999 was Senate Bill 785 of 1999. It is effective 3-25-99 by Emergency.

§1 - amends ACA §11-9-106(d) to clarify that Fraud Director may assign other investigations to Workers' Comp fraud investigators for best use of Department personnel & resources. Contact Mr. Marty Nevrla, Director, Fraud Division of Department, 501-371-2790.

§2 - Amends ACA §23-40-113 (c) to require the Commissioner's written approval rather than formal orders on sale or change in ownership of pre-need service contract issuers (funeral homes). Contact Mr. Rick Toland, Senior Examiner, Finance Division, 501-371-2665.

§3 - Amends ACA §23-40-120 on pre-need service contracts (funeral homes) to omit duplicative filing fees. Contact Mr. Rick Toland, Senior Examiner, Finance Division, 501-371-2665.

§4 - Repeals ACA §23-40-121 on deposits of pre-need service contract fees (duplicative) or exam costs on funeral homes. Contact Mr. Rick Toland, Senior Examiner, Finance Division, 501-371-2665.

§5 - Amends ACA §23-61-206(c) to credit reimbursement for costs of Department audits & examinations on insurers to "The State Insurance Department Trust Fund". Contact Mr. William J. Woodall, Chief Examiner, Finance Division, 501-371-2665.

§6 - Amends ACA §23-61-402 to allow the Insurance Commissioner to deposit undedicated fees into "The State Insurance Department Trust Fund". Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division, 501-371-2605.

§7 - Effective 7-1-99, amends ACA §23-61-707 to replace obsolete insurance department fees, & reduce amount of fees for electronic & fax copies. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division, 501-371-2605.

§8 - Amends §23-66-205 to add surplus lines insurers, so that surplus line company contracts & operations in Arkansas will comply with insurance trade practice laws (when appropriate). Contact Ms. Carol Stiffler, Senior Rate & Form Analyst, Property and Casualty Division, 501-371-2800.

§9 - Amends ACA §23-66-603(a) to correct inaccurate code cite.

§10 - Effective on & after 7-1-99, amends ACA §23-76-103 to apply group disability chapter provisions on continuation & conversion rights in contracts for Arkansas subscribers to health maintenance organizations. Contact Mr. John Shields, Director, Life and Health Division, 501-371-2800.

§11 - Amends ACA §23-76-109 to allow HMOs to contract with (honor billing requests on Arkansas HMO patients from) out-of-state doctors & hospitals. Contact Mr. John Shields, Director, Life and Health Division, 501-371-2800.

§12 - Amends ACA 23-76-131 to clarify premium tax (2.1/2%) on HMO copayments paid direct to doctors & hospitals; clarify HMO premium tax is due quarterly & annually to Insurance Commissioner. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division, 501-371-2605.

§13 - Amends ACA §23-79-119 to mandate guaranteed renewability of individual disability (health) insurance providing major medical coverage pursuant to Federal HIPPA Law. Contact Deputy Commissioner John Hartnedy, Administration Division, 501-371-2602.

§14 - Amends ACA §23-79-301 to exempt surplus line policies from compliance with minimum standards subchapter on commercial property & casualty insurance. Contact Ms. Carol Stiffler, Senior Rate & Form Analyst, Property and Casualty Division, 501-371-2800.

§15 - Corrects ACA §23-90-103(2)(C) on subrogation recoveries in Property & Casualty Guaranty Fund claims.

§16 - Deletes obsolete (b) of Property & Casualty Guaranty Fund Act in ACA §23-90-119. Contact Mr. Steve Uhrynowycz, Deputy Liquidator, Liquidation Division, 501-371-2776.

§17 - Amends ACA §23-92-307 to delete required filings of CPA payroll tax certifications by employee leasing firms. Exempts bond mandates for such firms with no "substantial presence" in Arkansas. Contact Ms. Carol Stiffler, Senior Rate & Form Analyst, Property and Casualty Division, 501-371-2800.

§18 - Effective beginning 6-1-99, amends ACA 23-92-311 to set a uniform annual renewal date of July 1st for employee leasing firms & groups. Contact Ms. Carol Stiffler, Senior Rate & Form Analyst, Property and Casualty Division, 501-371-2800.

§19 - §22 - Amends ACA §§23-100-102 through 23-100-107 to change word "fee" to "assessment" throughout, and to reduce impact of insurance retaliatory laws on Department's Fraud Division funding. Contact Mr. Marty Nevrla, Director, Fraud Division of Department, 501-371-2790.

§23 - Amends ACA §26-57-604, as to employee salary credits for insurers. Note §(a)(3)(A) is effective for tax years beginning prior to 1-1-2000; while §(a)(3)(B) is effective for tax years 2000 & subsequent years. Contact Ms. Leslie Fiskens, Associate Counsel, Legal Division, 501-371-2820.

§24 - Amends ACA §27-22-106 to remove restrictions to allow insurers to non-renew auto policy during "administrative suspension or revocation" of insured's driver license. Contact Ms. Leslie Fiskens, Associate Counsel, Legal Division, 501-371-2820.

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