



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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April 11, 2002

BULLETIN NO. 7-2002

TO: LICENSED LIFE AND HEALTH AGENTS, AGENCIES, AND PRODUCERS, AND AGENT TRADE ASSOCIATIONS

TO: ALL REGISTERED SELF-INSURED ACCIDENT & HEALTH PLANS, ALL REGISTERED METS, AND ALL REGISTERED MEWAS, ALL REGISTERED THIRD PARTY ADMINISTRATORS ("TPAs"), ALL LICENSED EMPLOYEE LEASING FIRMS (PEO)

CC: ALL LICENSED ACCIDENT AND HEALTH INSURANCE COMPANIES AND ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS (HMO) AND ALL LICENSED HOSPITAL OR MEDICAL SERVICE CORPORATIONS (HMD)

CC: THE UNITED STATES DEPARTMENT OF LABOR, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, INSURER TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: THE ARKANSAS INSURANCE DEPARTMENT

RE: 2002 UPDATE - SALE OF UNAUTHORIZED ACCIDENT AND HEALTH (DISABILITY) INSURANCE PRODUCTS IN THE STATE OF ARKANSAS

The Arkansas Insurance Department issued Department Bulletin 4-2001, dated October 18, 2001, about the sale of unauthorized accident and health (disability) insurance products in this State from self-funded or partially self-funded multiple employer welfare arrangements ("MEWAs"), multiple-employer trusts, or other plans.

In that earlier Bulletin, we announced that, undoubtedly, this Department can enforce state insurance laws against MEWAs operating in Arkansas to the extent provided by ERISA, as well as any such plans claiming to be regulated solely by ERISA, but which are not.

The Department is already processing consumer complaints about unpaid claims and abruptly terminated health coverage due to unauthorized MEWAs, including Providers Medical, Employers Mutual L.L.C., and others. In order to "get a handle" on these problems in our State, we need your cooperation and remedial actions.

No later than **July 1, 2002**, each registered self-insured plan, MET, MEWA, and TPA should submit in writing to the Consumer Services Division, the following information:

- List filer's name, mailing address & email address, phone and fax numbers;
- List a contact person, and update any information contained in your registration file in the License Division;
- Describe your current operations in the State of Arkansas;
- Are you currently marketing any group health plans in the State of Arkansas where the issuer is not a licensed health insurer or HMO or HMD here;
- List the total number of insureds or enrollees, by plan or MEWA, in Arkansas;
- List names and addresses of your Arkansas sales agents and producers;
- Describe whether the plans or MEWAs which operate here have pool funds, stop-loss insurance coverage, and whether you accept risk in that pool;
- List any states in which you are registered or licensed as a TPA, other than Arkansas;

-List your current unpaid Arkansas claims to date, by risk, and the date payment will be mailed and remitted to the claimant; and

-List the steps you will take to remedy these problems with this Department.
Submit this information to the Department by letter or chart, in the mail or via email.

Expect us to order agents, agencies, and producers (or an E & O carrier, if possible), to make restitution for actual and unpaid (but compensable) claims for Arkansas consumers placed with any unauthorized or insolvent health plans. We [will work with you if you will contact us and cooperate](#). But if you [ignore Arkansas law and sell unauthorized insurance in this state \(and virtually any MEWA sold by producers is illegal\)](#), then we have every intention of holding [you](#) accountable. We will fine or suspend your license when appropriate, and collect claims losses for needy Arkansas consumers from you and your E & O carrier.

Please direct your inquiries or replies to Insurance.Consumers@mail.state.ar.us Thank you for your prompt cooperation in this matter.

Mike Pickens
Insurance Commissioner
State of Arkansas