

APPLICATION FOR CERTIFICATE OF AUTHORITY HOSPITAL & MEDICAL  
SERVICE CORPORATION

Thank you for your recent inquiry about obtaining a Certificate of Authority to transact insurance in the State of Arkansas. We are enclosing copies of our general eligibility requirements, documents to be submitted for review, and the format in which the application must be submitted.

In addition to the material referred to in the enclosures, we would like to call your attention to A.C.A. 23-63-209, which states, in part, that applicants furnish “. . . such additional information as the commissioner may reasonably require. . . “. We feel the purpose of this requirement is to assure that the issuance of a Certificate of Authority is based not only upon a determination of successful financial operation will be in the best public interest. This dual responsibility will be reflected in our review of all companies.

Copies of your articles of incorporation, charter, and by-laws are corporate documents which, upon issuance of your Certificate of Authority in Arkansas, become permanent records in the Department and as such are subjected to frequent use and handling. Therefore, it is essential that these documents be sufficiently durable and of clear type and print.

After your application has been made, the documents will be examined and all information and reports reviewed. The Commissioner may call for such additional information as in his discretion he deems proper for considering the application of the company for an Arkansas Certificate of Authority. You will be notified by Department personnel of the Commissioner's decision.

Your admission packet and any subsequent correspondence should be addressed to:

*Market Analyst/Admissions Coordinator, Finance Division  
Arkansas Insurance Department  
1 Commerce Way, Suite 505  
Little Rock, AR 72202-2087  
501-371-2680, fax 501-371-2747*

## STATE OF ARKANSAS INSURANCE DEPARTMENT

### REQUIREMENTS FOR ORIGINAL CERTIFICATE OF AUTHORITY

#### I. GENERAL ELIGIBILITY REQUIREMENTS

The Commissioner shall issue an initial certificate of authority authorizing the applicant to issue contracts to its subscribers when it is shown to the satisfaction of the Commissioner that the following have been complied with:

1. The applicant is established as a bona fide nonprofit hospital or medical service corporation or a combination of the two.
2. The contracts, if any, between the applicant and the participating hospitals or physicians obligate each hospital or physician executing the contracts to render service to which each subscriber may be entitled under the terms of the contracts to be issued.
3. The amounts provided as working capital of the corporation are repayable, without interest, out of operating expenses.
4. The amount of money actually available for working capital is sufficient to carry on the plan for a period of six (6) months from the date of issuance of the certificate of authority.
5. Applicant has secured contracts of participation from sufficient hospital or physicians or both to provide ample protection for its subscribers within the area proposed to be served by the applicant.
6. A deposit of cash or securities, in the amount of fifteen thousand dollars (\$15,000). Every corporation shall deposit through the commissioner, not later than February 1, an amount equal to two percent (2%) of the gross subscriptions during the preceding calendar year until the deposit of the corporation reaches a total of fifty thousand (\$50,000).
7. Proposed contracts between the applicant and participating hospitals and physicians, showing the terms under which service is to be furnished to subscribers.
8. Proposed contracts to be issued to subscribers.
9. A table of rates to be charged to subscribers.

10. Copies of any service and/or management contracts or agreements to which the proposed insurer is, or will be, a party. If none are applicable, so state in your letter of transmittal.
11. A detailed summary of the proposed plan of operation of the insurer, including a statement of the geographic area in which the corporation proposes to operate and a description of the proposed method of marketing the plan.
12. If foreign entity, a power of attorney designating the Commissioner as agent for service of process.
13. Description of complaint procedures to be used.
14. Certified copy of any regulatory examinations performed and the organization's response to the examination results.

#### REQUIRED FORMAT OF APPLICATIONS

Admission materials should be submitted according to the following:

1. All documents requested on the Department's Admission List should be in corresponding order in three ring binder.
2. The company's application and attachments to the Plan of Operation (if applicable) should be affixed to the left side of the folder. The cover letter will be added by the Department.
3. The first item in the submission should be an index of Exhibits. The exhibits should be numbered to correspond directly with the listing of requirements. (Example: Item 8 on list is exhibit 8)
4. The exhibits should be identified with tabs indicating the exhibit number.
5. If an exhibit listed on the Department's list is not available or is inapplicable, a tabbed page should be inserted that specifies and explains the inapplicability or unavailability of the particular exhibit.

## II. APPLICATION REQUIREMENTS

If the company meets general eligibility requirements as noted in I. Above, it may apply for admission by submitting the following:

1. Admission application accompanied by applicable fees.

Admission fees:

- (a) Reviewing all documents for admission \$1,000. (Non-refundable)
  - (b) Issuance of Original Certificate of Authority . . . . . \$300.  
(Do not submit until notified by Department personnel.)
2. (a) A copy of corporate charter or articles of incorporation, and all amendments thereto.  
(b) A copy of by-laws with amendments, certified by the company's secretary or other officer having custody thereof. Include the conflicts of interest statement of officers and directors.
  3. Current Financial Statement signed by at least two executive officers of the insurer. This statement should include the amounts of contributions paid or agreed to be paid to the corporation for working capital and the names of each contributor and the terms of each contribution.
  4. Provide a list of controlling persons:
    - A. Board of Directors/Trustees
    - B. Governing Board
    - C. Officers/Partners/Members
  5. Provide biographical affidavits for those persons listed in item 4 above.  
Note: The biographical affidavit must be completed in strict compliance with the instructions pertaining thereto, including original signatures.
  6. Statement that the governing body is composed of at least (1) administrator or trustee of hospitals which have contracted with the Corporation to render hospital services to subscribers; one (1) physician and surgeon licensed to practice in this State who have contracted with the Corporation to render medical services to subscribers, and one (1) member of the general public, exclusive of hospital representation and physicians.