PROPOSED AMENDED RULE NO. 56
COMPANIES' FINANCIAL REGULATION FEES

SECTIONS

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SECTION 1. PURPOSE. The purpose of this Rule is to implement administrative and financial regulation fees as established in the State Insurance Department Trust Fund Act ("Trust Fund Act"), Ark. Code Ann. § 23-61-701 et seq.

SECTION 2. AUTHORITY AND SCOPE.

(A) AUTHORITY. The Insurance Commissioner ("Commissioner") hereby promulgates this Rule under his authority pursuant to Ark. Code Ann. §23-61-108 and §23-61-709.

(B) SCOPE. This Rule shall apply to all licensed insurers, including without limitation all authorized domestic, foreign, and/or alien stock and mutual insurers, mutual assessment life and disability insurers, health maintenance organizations ("HMO's"), fraternal benefit societies, hospital and medical service corporations, stipulated premium plan and reciprocal insurers, title insurance companies, prepaid legal insurance companies, and farmers' mutual aid associations ("FMAA's"). For purposes of this Rule, "insurers" shall mean all and any of the licensed or authorized insurers of the Commissioner referenced in this Rule and as defined in Ark. Code Ann. §23-60-102 (11).

(C) APPLICATION. The Rule is not intended to and shall not apply to approved but non-admitted surplus line insurers, registered foreign and alien risk retention groups, registered purchasing groups, risk-based provider organizations, or to licensed automobile clubs or associations. The Rule is intended to apply to licensed or authorized insurers with no annual direct written Arkansas premiums in the reported calendar year.

SECTION 3. ADMINISTRATIVE AND FINANCIAL REGULATION FEES.

(A) FEES DUE ON OR BEFORE JUNE 1st of each calendar year. All insurers are required by Ark. Code Ann. § 23-61-703 (a)(1) and by this Rule to forward to the Department the nonrefundable administrative and financial regulation fee, payable to **THE STATE INSURANCE DEPARTMENT TRUST FUND**, based upon the insurer's direct written premiums or annuity considerations (both new and renewal) written in the State of Arkansas during the previous calendar year, as evidenced on the Annual Statement Schedule T page. For Life, Accident and Health companies this would include the total amount from "Total Columns 2 through 5" on the Schedule T. For Property and Casualty companies this would be the total from column "Direct Premiums Written." The fees are to be determined and paid in accordance with the following schedule.

ARKANSAS PREMIUMS	REG FEE	ARKANSAS PREMIUMS	REG FEE
$0	$ 500	$10,000,000-19,999,999	$10,000
01-499,999	750	20,000,000-29,999,999	12,000
500,000-2,499,999	1,000	30,000,000-49,999,999	15,000
2,500,000-4,999,999	2,500	50,000,000-74,999,999	17,500
5,000,000-7,499,999	5,000	75,000,000-99,999,999	20,000
7,500,000-9,999,999	7,500	100,000,000 and up	25,000

(B) MANNER AND METHOD OF PAYMENT.

(1) The amount of the fee shall be reported on a form prescribed by the Commissioner, and the form and the assessment payment shall be tendered to the Arkansas Insurance Department using the OPT*ins* (Online Premium Tax for Insurance) system.

(2) No other required fees, licensure fees, fines or taxes shall accompany the filing and payment of these fees and any penalties required under this Rule; however, if by error any other fees, fines or taxes accompany or are included with this fee payment, the unrelated payment(s) shall be deposited pursuant to the other applicable law or rule.

(C) PAYMENT UPON VOLUNTARY WITHDRAWAL. Any insurer voluntarily withdrawing from the State of Arkansas, or voluntarily surrendering its Arkansas certificate of authority for cancellation, shall report and pay the fees owed under this Rule for the final report or calendar year of withdrawal before the Department cancels or expires the Arkansas license and before the Department releases any security deposit of the withdrawing insurer.

(D) FEES IN ADDITION TO OTHER REQUIRED PAYMENTS. The fees paid by insurers as required under this Rule are due and payable in addition to any other licensure, exam, appointment or registration, product or service fee, fine or tax or assessment required by any other law or Rule.

(E) DOMESTIC INSURERS' CREDITS FOR FEES PAID IN OTHER JURISDICTIONS. Pursuant to Ark Code Ann §23-63-116, insurers domiciled in Arkansas are entitled to list as a credit against their Arkansas premium taxes the retaliatory amount of fees paid in other states of licensure because of this State's imposition of the administrative and financial regulation fee under this Rule. For fees paid for a calendar year, a credit may be taken on the insurer's annual premium tax report due March 1st the following calendar year. In no event shall any such credits be allowed against quarterly estimated premium tax payments or referenced in such reports.

(F) FEES IN LIEU OF EXAMINERS' COMPENSATION.

(1) As to Department examinations of insurers, after an insurer has paid the fee imposed by this Rule, proof of its payment of the fee in Department records shall be evidence of its payment in lieu of insurers' remittance of examiners' salaries, wages or compensation during or after a Department examination. The examiners' salaries, wages or compensation shall be due and payable as to any examination of any insurer which has not paid its fee imposed by this Rule.

(2) This provision shall be in addition to any other section providing a remedy for nonpayment or noncompliance available to the Commissioner under this Rule. Any insurer undergoing Department examination shall continue to be liable for the payment of and shall pay

the examiners' reasonable expenses for food, lodging and travel pursuant to Ark. Code Ann. §23-61-201, et seq., regardless of payment or nonpayment of the fee or any penalties imposed under this Rule.

SECTION 4. PAYMENT EXTENSIONS AND WAIVERS; PENALTY FOR NONCOMPLIANCE.

(A) TIME EXTENSION. In his or her complete discretion and for good cause shown, the Insurance Commissioner may grant an extension for reporting and/or payment of the fee required by this Rule for any insurer applying for an extension with written notice received by the Commissioner not less than ten (10) days prior to the due date prescribed by this Rule.

(B) WAIVER; CESSATION OF WAIVER. The Commissioner in his or her complete discretion may waive all or any part of the fee assessed under this Rule due from an insurer if: (a) the insurer's Arkansas certificate of authority is suspended or revoked; or (b) if the Commissioner finds that the insurer is impaired or insolvent, or its continuing operations are hazardous to the insurance-buying public of the State; or (c) if the insurer is under domiciliary department supervision, or court-ordered conservation, rehabilitation, or liquidation in any state.

(C) PENALTY. (1) Upon failure of the insurer to report or pay the fees or penalties required by Ark. Code Ann. § 23-61-703 and this Rule when due, the insurer shall be subject to a penalty of one hundred dollars ($100) a day for each day of delinquency.

SECTION 5. SEVERABILITY. If any provision of this Rule or the application thereof to any insurer, person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Rule which can be given effect without the invalid provisions or application; and to this end, the provisions of this Rule are declared to be severable.

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ALAN McCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS

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