

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

Date: March 14, 2012

BULLETIN NO. 2-2012

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL OR MEDICAL SERVICES CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND INSURANCE COMPANY TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: 2012 COMPANY APPOINTMENT RENEWALS FOR PRODUCERS

Every licensed entity which appoints an insurance producer in this state shall annually file with the Insurance Commissioner a renewal appointment under the Producer License Model Act, specifically Ark. Code Ann. § 23-64-219, Ark. Code Ann. § 23-64-514(b), together with the fee amounts specified in Ark. Code Ann. § 23-61-401 and Arkansas Insurance Department Rule 57.

The insurance company's renewal of a producer's appointment indicates that the appointing company has reviewed the producer's background and fitness to continue to act as an agent of the company.

An insurance producer's appointments shall remain in effect during any period of active duty in any branch of the United States military pursuant to Ark. Code Ann. § 23-64-507(b)(2).

Under pertinent law, each appointment shall remain in effect until terminated. **CAVEAT** – Under Ark. Code Ann. § 23-64-507(c), an individual insurance producer who allows his or her license to lapse may reinstate the same license within twelve (12) months after the due date of the renewal fee, without the necessity of passing a written examination, by paying a penalty in the amount of double the unpaid renewal fee. However, the appointments are terminated at the time of lapse and are not reinstated if the license is reinstated. The company must file new appointments and pay the appointment fee for the producer if the license is reinstated or reactivated.

The following procedures apply in 2012 for appointment renewals and terminations. A company must annually review its records on its appointed Arkansas producers and business entities (insurance agencies) and decide whether the company will renew each appointment. The

company can research its appointed producers and business entities by going to the License Division page on the Arkansas Insurance Department ("Department") website at www.insurance.arkansas.gov/license/divpage.htm, selecting "Company Appointment Search" in the yellow box, and keying in the insurance company's NAIC number. All the appointments shown are active appointments for the company. If an appointment does not appear on this list, the appointment is not active. You can verify inactive appointment on the same website by selecting Company Appointment/Termination History and that search engine will list the most current appointment terminations first. The company should verify the status of the individual's or agency's license by using Producer Search or the Agency/Business Entity Search.

The company can also verify Arkansas appointments by use of the NAIC Producer Database (PDB) for individual appointments; however, the NAIC PDB will not show business entity appointments (agency shared appointments) or the individual producers who share that business entity appointment. The company can also order, for five dollars (\$5.00), a list in electronic format or, for ten dollars (\$10.00), a printed copy from the Department's Information Systems Division by calling 501-371-2657 or by sending an electronic request to insurance.Information.Systems@arkansas.gov and requesting a Company Appointment Listing.

To terminate an appointment, the company must process a termination with the Department. For individual appointments, the company may send the terminations on paper forms with a ten dollar (\$10.00) fee for each terminated appointment. The company can also process the individual termination electronically by accessing the Department's website at www.insurance.arkansas.gov/license/divpage.htm and selecting the "On-line Producer Address Change Request Form" link to be directed to the National Insurance Producer Registry (NIPR) website. The NIPR website provides specific instructions and includes a list of approved business partners.

Business entity appointments (agency shared appointments) can be terminated electronically through a system called LEO. To use this service, contact the service provider Aithent at <https://leo.aithent.com> for registration, services and cost information. The License Division does not have registration, service or cost information for LEO, since it is a service offered by an outside vendor. If the insurance company processes the terminations by paper, the Department must receive the terminations by May 1, 2012. Electronic terminations must be completed by May 31, 2012.

On June 1, 2012 the Department will generate and mail each insurance company an invoice for the annual renewal fees for all the company's active appointments as of May 31, 2012. This fee will renew the appointments until June 1, 2013. The company must return a copy of the invoice and the payment no later than thirty (30) days from the date of the invoice. The company's check must be made payable to the "Arkansas Insurance Department." By law, a penalty of up to **double the fee** may be charged to companies who fail to meet the invoice payment deadline. In addition, each company should verify the mailing address for its company licensing by going to the License Division website at www.insurance.arkansas.gov/license/divpage.htm and clicking "Verification of Insurance Company Address for License Process" in the yellow box. If the information displayed is not correct, the company should notify the License Division by e-mail at insurance.License@arkansas.gov prior to May 1, 2012, to ensure correct mailing of the company appointment invoice.

The company may view which appointments which generate the invoice amount by going to the License Division page on the Arkansas Insurance Department ("Department") website at www.insurance.arkansas.gov/license/divpage.htm, selecting "Renewal Invoice Lookup Page" in the yellow box, and keying in the insurance company's NAIC number. The invoice information will not be available until June 1, 2012 when the invoices are generated. If a company disputes the total dollar amount due for the renewal of appointments, the company must pay the amount of the invoice before the due date. The company should then send the License Division documentation supporting the disputed amount. The company's request for review and supporting documentation must be sent separate from the renewal invoice and fee. The Department will review the documentation and issue a refund if the matter is decided in the company's favor.

Questions concerning this Bulletin should be directed to the License Division at 501-371-2750 or by e-mail at insurance.License@arkansas.gov.

This Bulletin is intended to and shall rescind prior Bulletin 2-2011, entitled "2011 Company Appointment Renewals for Producers" and dated March 15, 2011.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS
March 14, 2012
DATE