

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

April 14, 2015

BULLETIN NO. 7-2015

TO: All Licensed Foreign, Alien and Domestic Insurers, Accredited/Trusteed Reinsurers, Farmers' Mutual Aid Associations, Hospital and Medical Service Corporations, Health Maintenance Organizations, Fraternal Benefit Societies, Insurer Trade Associations, Rate Service or Advisory Organizations, All Insurance Producer Trade Associations, Approved But Not Admitted Surplus Lines Insurers, Licensed Agencies, Licensed Surplus Lines Brokers, the National Association of Insurance Commissioners and Other Interested Parties

FROM: Arkansas Insurance Department

SUBJECT: 2015 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 Arkansas Code Annotated §§ 23-64-219 and 23-64-514(b), together with the fee amount specified in Arkansas Code Annotated § 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 Arkansas Code Annotated § 23-64-507(b)(2).

Under pertinent law, each appointment shall remain in effect until terminated. **CAVEAT** – Under Arkansas Code Annotated § 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 2015 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 <http://insurance.arkansas.gov/license.htm>, then selecting "On-line Services (SBS)," and then "Company Lookup" and type in the insurance company's NAIC number, and click "Submit." The system will display the company name and show a link for appointments on the right side of the screen. If you click on "**Appointments**" the system will list all active appointments for the company. If an appointment does not appear on this list, the appointment is not active. With the conversion to the new SBS system, the agency appointments are now separate from

the producer appointment and are no longer shared appointments. There should be a direct appointment for the agency and for each producer doing business with the company under the agency license. The company should verify the status of the individual or agency license by using the “Licensee Lookup” on the SBS services page by selecting Licensee Type “**Individual**” for the producer or Licensee Type “**Business Entity**” for the agency. The company can also verify Arkansas appointments by use of the **NAIC Producer Database (PDB)** for individual appointments. NIPR Subscriber Insurers can reconcile company appointments by obtaining a list of appointments via the **Company Appointment Report (CAR)** prior to renewal invoices being created.

The company appointment renewals will include all active appointments that are in effect May 18, 2015. The company should terminate all appointments that the company does not wish to renew. If the insurance company processes the terminations by paper, the Department must receive the terminations by May 11, 2015. Electronic terminations must be completed by May 25, 2015, via NIPR. NIPR and the Arkansas Department will not process any new appointments after May 18, 2015, to prepare for the appointment renewal process. For paper termination of 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/forms.htm and selecting the “National Insurance Producer Registry (NIPR)” link within the green box titled “**Links to On-Line Change of Address, Renewals, Appointments and Terminations.**” The NIPR website provides specific instructions and includes a list of approved business partners.

All company appointment renewals will be processed via NIPR for 2015. Please contact NIPR at 816-783-8467 or marketing@nipr.com for any questions regarding NIPR processes. On June 1, 2015, NIPR will allow for the renewal of company appointment after 8:00 a.m. CST. NIPR will turn off the appointment renewal process at 4:00 p.m. CST on June 30, 2015. Payment can be by credit card, electronic check or electronic funds transfer. NIPR will not accept paper check payments. If the company cannot renew electronically via NIPR, it must contact the Arkansas Insurance Department License Division directly after June 1, 2015, and explain why the company cannot renew electronically. The company may pay by paper check directly to the Arkansas Insurance Department. The check should be made payable to the Arkansas Insurance Department Trust Fund and should be attached to a letter stating the payment is for the annual company appointment renewal. The letter should list the name and the NAIC number of the company and list a contact name, contact phone and e-mail information. All unaccompanied checks will be returned to the company unprocessed. Any company attempting renewal after June 30, 2015, must contact the Arkansas Insurance Department. By law, a penalty of up to **double the fee** may be charged to companies who fail to meet the payment deadline.

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 5-2014, entitled “2014 Company Appointment Renewals for Producers” and dated February 27, 2014.



Allen Kerr
Insurance Commissioner
Arkansas Insurance Department

4/14/15
Date