

April 6, 2005

Bulletin: 2 -2005

TO: ALL LICENSED INSURERS, ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS (HMO'S), ALL LICENSED FRATERNAL BENEFIT SOCIETIES, ALL LICENSED FARMERS' MUTAL AID ASSOCIATIONS, ALL LICENSED HOSPITAL OR MEDICAL SERVICES ORGANIZATIONS, OTHER LICENSED AND APPOINTING ENTITIES, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: COMPANY APPOINTMENT RENEWALS

Every insurer ("company") that appoints a producer in this state shall file with the Insurance Commissioner an initial appointment and pay the applicable fee. The insurance company's appointment of a producer shall be an indication to the Commissioner that the company has reviewed the producer's background and fitness to be a producer. Each appointment shall remain in effect until terminated.

Effective immediately, the following procedures apply for appointment renewals and appointment terminations.

A company must annually review its appointed producers and business entities (agencies) and decide if the company will renew each appointment. The company can research its appointed producers and business entities by going to the Arkansas Insurance Department website at [www.arkansas.gov/insurance](http://www.arkansas.gov/insurance), clicking the General Data Services link, and selecting the Company Appointment link. This program will display all processed appointments and will show the status of each appointment. The company can also verify Arkansas appointments by use of the NAIC data base (PDB) for individual appointments; however, the NAIC data base will not show business entity appointments or the producers who share that business entity appointment. The company can also order (for a fee) a list from the Department's Information Systems Division by calling 501-371-2657 or by sending an electronic request to [Insurance.Information.Systems@arkansas.gov](mailto:Insurance.Information.Systems@arkansas.gov) RE: "Company Appointment Listings".

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 \$10.00 fee for each terminated appointment. The company can also process the individual termination electronically via the Department website at [www.arkansas.gov/insurance](http://www.arkansas.gov/insurance) by selecting the License Forms link and then selecting the *National Insurance Producer Registry (NIPR)* link.

Business entity (agency) appointments cannot be terminated electronically and the insurance company must submit completed paper forms and fees.

If the insurance company processes the terminations by paper, the Department must receive the terminations by May 1st annually. Electronic terminations must be completed by May 27<sup>th</sup>, annually.

Effective June 1, 2005, the Department will annually generate and mail each insurance company an invoice for the annual renewal fees for all the company's active appointments as of May 31<sup>st</sup>. This fee will renew the appointment until June 1<sup>st</sup> of the next year. 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 Trust Fund. A penalty of up to double the fee may be charged to companies who fail to meet the invoice payment deadline. Each company should ensure the Department has the correct address for licensing and appointment purposes so the invoice will not be mailed to the wrong address. Address updates must be received by the Department no later than May 1<sup>st</sup> of each year.

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 may then send documentation that supports the disputed amount. This request for review and supporting documentation must be sent under separate cover 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 Sherrell Givens, License Division at 501-371-2750 or e-mail at [sherrell.givens@arkansas.gov](mailto:sherrell.givens@arkansas.gov).

(signed by Julie Benafield Bowman)

(April 5, 2005)

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JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

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DATE