



**ARKANSAS INSURANCE DEPARTMENT  
LEGAL DIVISION**

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**RULE AND REGULATION 48**

**AGENT LICENSING FOR AUTOMOBILE CLUBS  
OR ASSOCIATIONS**

**SECTION**

1. Purpose
2. Authority
3. Effective Date
4. Applicability and Scope
5. Definitions
6. License Required
7. License Qualifications
8. License Issuance
9. Terms of License
10. License Sanctions
11. Severability

**SECTION 1. PURPOSE**

The purpose of this Rule is to set the standards and guidelines under which agents and representatives for Automobile Clubs or Associations can obtain and maintain licenses issued by the State of Arkansas.

**SECTION 2. AUTHORITY**

This Rule is issued pursuant to the authority vested in the Insurance Commissioner for the State of Arkansas under Ark. Code Ann. §§ 23-77-103(a), 23-77-105(a)(1), and 25-15-201, et seq.

**SECTION 3. EFFECTIVE DATE**

The provisions of this Rule shall become effective May 1, 1990.

**SECTION 4. APPLICABILITY AND SCOPE**

This Rule shall apply to all agents and representatives engaged in the solicitation and sale of Arkansas membership for automobile clubs and associations.

**SECTION 5. DEFINITIONS**

- a) "Agent" or "Representative" means any person who engages in solicitation and enrollment of Arkansas members for any authorized automobile club or association, but shall exclude any salaried officer or employee who has duties that are primarily administrative or clerical and who receives no commission or fee for applications taken, or for membership enrollments made, or for insurance policies sold to members.

- b) "Automobile Club" or "Automobile Association" shall be defined pursuant to Ark. Code Ann. §23-77-101(1) (1987).

## **SECTION 6. LICENSE REQUIRED**

Pursuant to Ark. code Ann. §§23-77-103(a) (1987) and 23-77-108(a) (1987), before any agent or representative shall solicit or sell memberships in an automobile club or association transacting business in this State, he or she shall obtain a license from the Insurance Commissioner of this State.

## **SECTION 7. LICENSE QUALIFICATIONS**

- a) Every person applying for an initial agent license or renewal license shall be qualified as follows:
  - (1) Must be of legal age, or must have had disabilities of minority removed for all general purposes;
  - (2) Must be a resident of this State, or a licensed resident automobile club or association agent of another state which will permit residents of Arkansas to act as an automobile club or association agent in the other state;
  - (3) Must be recommended and appointed by an authorized automobile club or association;
  - (4) Must be deemed by the Commissioner to be competent, trustworthy, financially responsible, of good personal and business reputation, and of good moral character, ability, and integrity; and
  - (5) Must have had sufficient experience, education or training as to the kinds of insurance and other motor club services defined in Ark. Code Ann. §23-77-101(2) (1987) which he or she will be selling or offering for sale to prospective Arkansas members of automobile clubs or associations.

## **SECTION 8. LICENSE ISSUANCE**

After receipt and review of completed applications, payment of license and renewal license fees, and receipt of initial and renewal appointments from authorized automobile clubs or associations, the Commissioner shall issue such licenses or renewal licenses to resident and non-resident individuals who are eligible pursuant to the provisions of Ark. Code Ann. §§23-77-101, et seq., and of this Rule.

## **SECTION 9. TERM OF LICENSE**

Every license issued under this Rule shall be valid for the calendar year when issued, and automobile club or association appointments may be renewed biennially in odd numbered years, contingent upon payment of the appropriate fees. Licensees shall send prompt written notice to the Commissioner upon any change of business or resident address.

## **SECTION 10. LICENSE SANCTIONS**

- a) The Commissioner may suspend for not more than twelve (12) months, or may revoke or refuse to continue any license issued under this Rule and Arkansas laws after notice to the licensee and a hearing is held under the provisions of Ark. Code Ann. §23-61-303, et seq., as provided under Ark. Code Ann. §23-77-102 (1987), and the Commissioner determines that any one or more of the following causes exists:
  - (1) Any cause for which issuance of the license could have been refused had it then existed and been known to the Commissioner;
  - (2) Violation of or noncompliance with any provision of Ark. Code Ann. §§23-77-101, et seq., or other applicable laws of this State, or for willful violation of any rule, regulation, or order of the Commissioner;
  - (3) Obtaining or attempting to obtain any such license through fraud or misrepresentation;
  - (4) Misappropriation conversion to his/her own use of any monies received in transacting business under the license that do not belong to him or her;
  - (5) Conviction of a felony;

- (6) If in the conduct of his affairs, the licensee has used fraudulent, or dishonest practices, or trade practices which are injurious or hazardous to the public;
  - (7) Solicitation or sale of automobile club or association memberships or insurance policies thereunder before initial or renewal licensing;
  - (8) Making false or misleading statements as to, or misrepresenting membership benefits or insurance policies thereunder;
  - (9) Making or offering to make to members or prospective members any unauthorized rebates or discounts or credits of membership dues or of premiums or other benefits of insurance policies provided as a motor club service to members;
  - (10) Participating a submission of false or fraudulent claims as to members' insurance policies or other membership benefits;
  - (11) Willfully collecting and/or retaining any sums as membership dues if the membership is not then provided or is not in due course to be provided; or willfully collecting and/or retaining a member's premiums or charges for insurance, which is not then provided or is not in due course to be provided;
  - (12) Willfully collecting as members' premiums or charges for insurance sums in excess of those specified in the policies and as fixed by the automobile club or association;
  - (13) Directly or indirectly sharing commissions or fees from membership dues or policy sales with persons not also licensed as agents for the automobile club or association involved, excluding payment of regular salaries due employees of the licensee; or
  - (14) Soliciting or selling a "24-hour" or "All Risk" accidental death and dismemberment policy which is not 100% underwritten by a licensed disability agent, which is marketed separately from other benefits included in the membership package, or for which an identifiable premium is collected from members.
- (b) If the Commissioner finds that any one (1) or more grounds exist for the non-renewal, suspension or revocation of any license, the Commissioner may in his discretion, in lieu of such non-renewal, suspension or revocation, impose an administrative penalty in the amount of three hundred dollars (\$300), or if the Commissioner has found willful misconduct or willful violation by the licensee, One Thousand Dollars (\$1,000).

## **SECTION 11. SEVERABILITY**

Any section or provision of this Rule held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this Rule.