

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

March 8, 2010

**BULLETIN NO. 1-2010**

**TO: ALL LIFE INSURERS AND PRODUCERS, THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES**

**FROM: ARKANSAS INSURANCE DEPARTMENT**

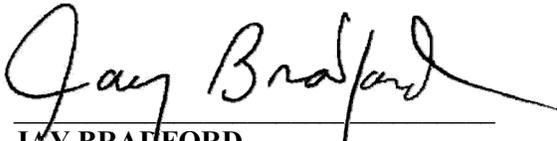
**RE: REPLACEMENT OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS; COMPLIANCE WITH DEPARTMENT RULE 97**

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On July 23, 2009, the Arkansas Insurance Department (“Department”) issued Bulletin 8-2009 informing the industry and other interested parties of the adoption of Department Rule 97, “Life Insurance and Annuities Replacement.”

It has come to the Department’s attention that some companies have interpreted §§4(A) and (B) of Rule 97 to require a Life Insurance and Annuities Replacement Memorandum (“Replacement Memorandum”) not only when coverage is being replaced, but also in all cases in which the potential insured has any existing coverage. This was not the Department’s intent and is contrary to our interpretation. Although §§4(A) and (B) may appear to include existing policies regardless of whether a replacement is contemplated, §1(A)(1) and (2) clearly state that the purpose of Rule 97 is to regulate the activities of insurers and producers with respect to the replacement of existing life insurance and annuities, and to protect the interests of life insurance and annuity purchasers by establishing minimum standards of conduct to be observed in replacement or financed purchase transactions. Therefore, Rule 97 does not apply in situations where a consumer with an existing policy purchases a new policy while maintaining the existing policy in force. In such cases, the Department will not require a Replacement Memorandum.

Questions concerning this Bulletin should be directed to the Arkansas Insurance Department’s Legal Division at (501) 371-2820 or via e-mail to [insurance.legal@arkansas.gov](mailto:insurance.legal@arkansas.gov).

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

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