August 4, 2004

BULLETIN NO.  10 -2004

TO: ALL LICENSED PROPERTY AND CASUALTY INSURERS
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS;
TRADE ASSOCIATIONS; AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: REINSTATEMENT OF AUTOMOBILE INSURANCE COVERAGE FOR
RETURNING U.S. ARMED FORCES

The Arkansas Insurance Department has received information indicating some automobile
insurance companies are denying reinstatement, refusing to write, or raising premium rates for
members of the U.S. Armed Forces who are returning from active military service. These
individuals discontinued their automobile insurance coverage here in Arkansas during active
military service overseas.

Underwriting and rating standards often appropriately take into consideration whether the
insurance applicant has had continuous insurance coverage. In this instance, however, these
underwriting requirements are inappropriate and should be waived.

The purpose of this bulletin is to request that, for returning members of our Armed Forces,
companies waive any such underwriting or rating requirements. These servicemen and women,
who have risked their lives on behalf of and in defense of our country, should not be penalized
for their service.

Accordingly, if a member of the U.S. Armed Forces was a policyholder in good standing at the
time of leaving for active duty, and can show proof that such active service was the reason for
the loss in continuity of insurance coverage, the Insurance Department requests that companies
reinstate the policies as if coverage were continuous.

Further, the Insurance Department asks companies to afford similar consideration to returning
members of the U.S. Armed Forces who are new insurance applicants to the companies. Thus,
if an applicant was in good standing with another insurance carrier prior to leaving for active
duty, and such active service was the reason for the loss in continuity of coverage, the company
should treat the applicant as having had continuous insurance coverage through their term of
active duty.

If there are questions regarding this bulletin, please call Claibourne C. Crews, Associate
Counsel at (501) 371-2820, or email at Clay.Crews@arkansas.gov; or General Counsel, Jay
Morgan, at the same number, or Jay.Morgan@arkansas.gov.

(signed by Mike Pickens)                              (August 4, 2004)

MIKE PICKENS                                          DATE
INSURANCE COMMISSIONER
STATE OF ARKANSAS