

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

September 11, 2019

BULLETIN NO. 11-2019

TO: ALL LICENSED INSURERS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: AFFILIATE TRANSFERS

Act 689 of 2019, codified at Ark. Code Ann. §§ 23-79-307; 23-79-102; 23-79-162; 23-88-105; and 23-89-301(6), amended and clarified the requirements for affiliate transfers. Act 689 of 2019 becomes effective July 24, 2019, ninety (90) days after the final, official day of the 2019 Regular Session of the 92nd General Assembly.

The Arkansas Insurance Department (“Department”) has received numerous inquiries related to the ninety (90) day notice requirement on affiliate transfers and whether it is required on individual affiliate transfers or if it is only required for bulk transfers.

“Renewal” or “Renew” means the issuance and delivery by an insurer of a policy superseding a policy previously issued by the insurer at the end of the previously issued policy period if the policy is delivered by: (1) the same insurer; or (2) an affiliate or subsidiary.

Pursuant to the additional section codified at Ark. Code Ann. § 23-79-162:

- Notice of nonrenewal is not required if insured is transferred from an insurer to an affiliate insurer for future coverage; and the transfer results in substantially similar or broader coverage to the insured.
- Notice of Renewal in an affiliate or subsidiary shall be provided to a policyholder and shall state: reason for the change, that coverage shall be provided by the affiliate unless the policyholder chooses otherwise, and changes to the policy’s deductible, provisions, and amount of premium.

- If an insurer is renewing policies in bulk in an affiliate or subsidiary then the insurer will need to notify the Insurance Commissioner ninety (90) days before mailing the policyholder its notice and provide a copy of that notice to the Insurance Commissioner.

Questions concerning this Bulletin should be directed to Suzanne L. Tipton, General Counsel at (501) 371-2825 or via e-mail to suzanne.tipton@arkansas.gov.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS

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DATE