

November 24, 1999

Bulletin No. 14-99

RE: URGENT BULLETIN RELATING TO THE HAGAN AGENCY

As you are aware, The Hagan Agency is continuing to experience financial difficulties. We are committed to enforcing Arkansas law to fully protect all Arkansas insurance consumers.

It is this Department's position that the agent and broker and any other sub-agents who may be involved have both actual and apparent authority to bind coverage with the insurers for whom they are appointed to produce business. Therefore, if an insured has in fact remitted premium payment(s) to the agent or broker or any sub-agent involved, consistent with the terms of the insurance contract, the insurer shall be bound and the insured shall have coverage in full force and effect consistent with the terms of the relevant policy(ies).

We are also concerned about consumers' ability to receive return premiums to which they may be entitled. Again, it is the Department's position the agent, broker or sub-agent is the direct extension of the insurance company; therefore, if the agent fails to remit return premiums to the client, the carrier is faced with the risk of paying the return premium twice. To avoid this risk, we strongly urge carriers to remit return premiums directly to the client.

If you have any questions regarding this Bulletin, please contact Mr. Bob Roddey, Associate Counsel in our Legal Division, at (501) 371-2820 or at by e-mail at legal.insurance@mail.state.ar.us.

Mike Pickens
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State of Arkansas