

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF ARKANSAS SUPERIOR
SELECT, INC.**

A.I.D. NO. 2020 - **36**

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2018, of Arkansas Superior Select, Inc. (“Company”), NAIC No. 15135, of Little Rock, Arkansas, is taken under consideration by Alan McClain, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Company is an Arkansas-domiciled health maintenance organization formed under Ark. Code Ann. §§ 23-76-101, *et seq.*
2. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2018.
3. Said examination was commenced by the Department on May 6, 2019, and completed on March 10, 2020.
4. The verified Report was filed with the Department on April 28, 2020. It was then mailed to the Company via certified mail on April 29, 2020. The Company

received the Report on May 1, 2020, according to the tracking service available through the United States Postal Service.

5. The Company does not maintain all of its agreements with affiliates in writing. Furthermore, all related parties do not always operate within the terms of the written agreements that do exist.

6. The Company made capital contributions to affiliates without prior approval from the Department.

7. The Company failed to account for and report all receivables.

8. Modifications were made to the Company's bylaws without notification to the Department.

9. The Company failed to notify the Commissioner of producer terminations.

10. The Company did not send notification of termination for cause to its producers' last known address.

11. Subsequent to the examination period, the Company failed to appoint every insurance producer acting as an agent of the Company.

12. On May 18, 2020, the Department received correspondence from the Company stating that it had no rebuttal to the Report and would waive the remaining time for review of the Report.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

3. The Company's failure to maintain written agreements with its affiliates is a violation of Ark. Code Ann. § 23-63-515.

4. Capital contributions to an affiliate without prior approval is a violation of Ark. Code Ann. § 23-76-109(b).

5. The Company's failure to account for and report all receivables is a violation of SSAP No. 25.

6. The Company's failure to file the amendment to its bylaws with the Department is a violation of Ark. Code Ann. § 23-69-119(e).

7. The lack of notice to the Department within thirty (30) days of a producer's termination is a violation of Ark. Code Ann. § 23-64-515(a) – (c).

8. The Company's failure to notify producers of an appointment termination to their last known address within fifteen (15) days is a violation of Ark. Code Ann. § 23-64-515(d).

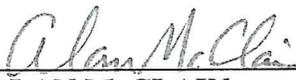
9. The Company's failure to appoint insurance producers acting as an agent of the Company is a violation of Ark. Code Ann. § 23-64-514(a).

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, the Commissioner hereby orders:

1. That the Company shall reduce its agreements with affiliates to writing and submit them to the Department for approval in accordance with Ark. Code Ann. § 23-63-515;

2. That all capital contributions to affiliates shall be submitted to the Department for prior approval in accordance with Ark. Code Ann. § 23-76-109(b);
3. That the Company shall account for and report all receivables in accordance with SSAP No. 25.
4. That all amendments to the Company's bylaws shall be filed with the Department in accordance with Ark. Code Ann. § 23-69-119(e).
5. That the Company shall notify the Department and its producers with regard to any termination as required by Ark. Code Ann. § 23-64-515.
6. That the Company shall appoint all insurance producers acting as an agent of the Company in accordance with Ark. Code Ann. § 23-64-514(a).
7. That the Report, as filed with the Department, is hereby adopted;
8. That the Department shall forward a copy of this Adoption Order and the adopted Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted Report and this Adoption Order;
9. That within twenty (20) days of receipt of this Adoption Order and the adopted Report, the Company shall file with the Department affidavits executed by each one of its directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Report; and
10. That the adopted Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order.

IT IS SO ORDERED this 9th day of June, 2020.



ALAN McCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS