



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Little Rock, AR 72201-1904
501-371-2820
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Bulletin 3-99

May 21, 1999

TO: All Licensed Foreign, Alien and Domestic Insurers, Accredited/Trusteed Reinsurers, Farmers' Mutual Aid Associations, Hospital and Medical Service Corporation, Health Maintenance Organizations, Fraternal Benefit Societies, Insurer Trade Associations, Rate Service or Advisory Organizations; All Agent and Broker Trade Associations, All Third Party Administrators, Adjuster Trade Association; Approved But Not Admitted Surplus Line Insurers and Licensed Funeral Directors Holding Permits to sell Prepaid Funeral Benefit Contract; Licensed Employee Leasing Firms/Groups; Licensed Managing General Agents/Agencies; Registered Life Care and Continuing Care Facilities; Licensed Surplus Line Brokers; Registered Notary Bond Surety Corporations; and Other Interested Parties.

FROM: The Arkansas Insurance Department

SUBJECT: 1999 ARKANSAS LEGISLATION

The purpose of this Bulletin is to summarize insurance- related legislation enacted during the 1999 State Legislative Session. The Department does not represent that this list is complete. It remains your duty to review new legislation. Each recipient is hereby requested **immediately** to notify all officers, directors, managers, employees, agents & brokers, adjusters about these new laws.

The effective date of all Acts not containing an Emergency clause or other specified effective or compliance date is **July 30, 1999**.

Please see the Attachment. Full texts of Acts can be obtained from the Arkansas Secretary of State, Room 256, State Capitol Building, State Capitol Grounds, Little Rock, Arkansas, 72201, or 501-682-1010. Electronic [Internet] access to full texts of Acts is available with a link to the State General Assembly Home Page on the State's Web at **www.state.ar.us** which is also available through a link to the Insurance Department's Home Page at **www.state.ar.us/insurance**

Please call the Arkansas Secretary of State's office to obtain copies of these Acts. **PLEASE DO NOT CALL THIS OFFICE TO OBTAIN COPIES OF ACTS.**

Mike Pickens
Insurance Commissioner

TOPICS OF INTEREST INCLUDE:

ADMINISTRATIVE PROCEDURE ACT
ACTS 778

AGENT & BROKER LICENSING
ACTS 115, 384, 657, 881, 943, 1270

AUTO OR COMMERCIAL DRIVERS' LICENSES OR TAGS
ACTS 25, 568, 881, 912, 1018, 1077, 1307, 1359, 1468

CORPORATE FRANCHISE TAXES
ACTS 522, 673, 1037, 1056

EARTHQUAKE
ACTS 1343, 1364, 1485

ELECTRONIC COMMERCE
ACTS 538, 648, 712, 713, 718, 1060, 1063, 1227

ELECTRONIC SIGNATURES
ACTS 119, 1132

EMPLOYEE LEASING FIRMS/GROUPS
ACTS 881, 1152, 1501

FALSE IDENTITY OFFENSES OR FRAUD
ACTS 568, 577

INDIVIDUAL RETIREMENT ACCOUNTS OR ROTH IRA'S
ACTS 513, 817, 867

INSURANCE GENERALLY
ACTS 118, 199, 301, 304, 327, 348, 381, 452, 453, 454, 458, 466, 468, 624, 645, 756, 849, 881, 899, 922, 1002, 1069, 1113, 1123, 1170, 1200, 1232, 1291, 1356, 1469, 1486, 1527, 1535, 1592

INSURANCE FRAUD
ACTS 313, 384, 881

LONG-TERM CARE
ACTS 1181

POWERS OF ATTORNEY
ACTS 1423, 1448

PREMIUM TAXES OR CREDITS, OTHER TAXES
ACTS 73, 881, 977, 1126, 1132, 1152, 1288, 1394, 1452, 1570

PRE-PAID FUNERAL SERVICE CONTRACTS
ACTS 347, 598, 881, 1249

RISK-BASED CAPITAL
ACTS 625, 580

STORAGE TANKS - ABOVE & UNDERGROUND
ACTS 599, 600, 601

UNCLAIMED OR ABANDONED PROPERTY
ACTS 720, 850

UNINSURED OR UNDERINSURED MOTORISTS COVERAGE
ACTS 899

VEHICLES - BRANDED TITLES, SALVAGE
ACTS 1279, 1303, 1572

WATERCRAFT LIABILITY INSURANCE
ACTS 468, 756

WORKERS COMPENSATION COMMISSION OR INSURANCE
20, 583, 1167, 1168, 1265

CONTACTS

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Finance Division, Mr. Mel A. Anderson, Ms. Malisa Landers, & Mr. Rick Toland, 501-371-2665
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Insurance.Legal@mail.state.ar.us
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Insurance.License@mail.state.ar.us
Life & Health Division, Mr. John Shields, 501-371-2800
Insurance.L&H@mail.state.ar.us
Liquidation Division, Mr. Steve Uhrynowycz, 501-371-2776
Insurance.Liquidation@mail.state.ar.us
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Insurance.P&C@mail.state.ar.us
Risk Management, Mr. Robert Sikes, 501-371-2690
Insurance.Risk.Management@mail.state.ar.us

OTHER STATE CONSTITUTIONAL OFFICES AND STATE AGENCIES, BOARDS & COMMISSIONS REFERENCED - WEB PAGE OR OFFICE E-MAIL ADDRESS

ARKANSAS ATTORNEY GENERAL - 501-682-2007
Web site www.ag.state.ar.us/
E-mail oag@ag.state.ar.us
ARKANSAS AUDITOR OF STATE - 501-682-6030
www.state.ar.us/auditor
Unclaimed Property Division - 501-682-6000
www.unclaimed.org
ARKANSAS DEPARTMENT OF FINANCE & ADMINISTRATION
www.state.ar.us/dfa/
Office of Driver Services, Motor Vehicle Commission
501-682-7059
ARKANSAS DEPARTMENT OF HEALTH - 501-661-2000
Health.state.ar.us
ARKANSAS DEPARTMENT OF HUMAN SERVICES - 501-682-1001
www.state.ar.us/dhs/
ARKANSAS DEPARTMENT OF LABOR - 501-682-4500
www.state.ar.us/labor/labor.htm
ARKANSAS SECRETARY OF STATE - 501-682-1010, Room 256 for Acts
www.sos.state.ar.us
www.sosweb.state.ar.us
Corporate Franchise Tax Division - 501-682-3409
ARKANSAS STATE BOARD OF CHIROPRACTIC EXAMINERS
501-682-9015
ARKANSAS STATE BUILDING SERVICES - 501-682-1833
www.asbs.com/
ARKANSAS STATE CONTRACTORS LICENSING BOARD
501-372-4661
www.state.ar.us/clb/
ARKANSAS STATE MEDICAL BOARD - 501-296-1802
Centralized Credentials Verification Service
Asmb@mail.state.ar.us
ARKANSAS STATE SECURITIES DEPARTMENT - 501-324-9260
www.state.ar.us/arsec/
ARKANSAS WORKERS' COMPENSATION COMMISSION
501-682-3930
www.awcc.state.ar.us

1999 LEGISLATION

ACT 20 (SB 86) ADDS "RESIDENCE" OF EMPLOYER TO DEFINITION OF "EMPLOYEE", AS GARDENER OR REPAIR WORKER FOR WHOM EMPLOYER IS NOT MANDATED TO PURCHASE WORKERS' COMPENSATION INSURANCE

Eff. 7-30-99. Amends §11-9-102 (12) on exempt employees in Workers' Compensation Code. Contact Arkansas Workers' Compensation Commission.

ACT 25 (HB 1079) RESTRICTS ISSUANCE OF PERSONAL (NON-COMMERCIAL) DRIVERS' LICENSE TO PERSON BETWEEN AGES OF 16--18 WHO HAS NOT HELD RESTRICTED LICENSE FOR LESS THAN SIX (6) MONTHS

Eff. 7-30-99. Amends §27-16-604(a) to add new (11) to issue noncommercial drivers' licenses to individuals from 16-18 years who have not held a restricted license for at least 6 months. Amends §27-16-802(a) to allow individual at least fourteen (14) to apply for instruction permit.

ACT 34 (SB 20) RESTRICTS STATE CONSTITUTIONAL OFFICERS OR THEIR SPOUSES FROM BECOMING STATE EMPLOYEES OR ENTERING INTO GRANTS, CONTRACTS OR LEASES WITH STATE OF ARKANSAS - Eff. 2-9-99 by Emergency.

ACT 37 (HB 1213) NEW 1999 PREMIUM TAX CREDIT FOR INSURERS & HMO'S & OTHERS PURCHASING STOCK OR INTEREST IN COUNTY & REGIONAL INDUSTRIAL DEVELOPMENT CORPORATIONS

Eff. 2-10-99 by Emergency. Amends §§15-4-1201 to allow certain tax credits for purchases of stock/units of interest in county or regional industrial development corporations or LLC's beginning tax year 1999 & retained through tax year 2003.

Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division of the Department.

ACT 115 (HB 1254) RENEWAL OF POLICIES UPON TERMINATION OF AGENT APPOINTMENTS - EXCEPTION

Eff. 7-30-99. Amends §23-64-230, limiting policy non-renewals after agent terminations, to add an exemption in (f) for agents under contract who must first submit all policy applications to a company or group which owns the book of business. Contact Mr. Fred Stiffler, Director, Agent License Division.

ACT 118 (HB 1333) REDUCE DEPARTMENT COPY FEES & CHARGES

Eff. 7-30-99. Amends §23-61-401 (14)(A); reduces from \$1 to 25 cents per page copies of documents & records on file in Insurance Commissioner's office.

ACT 119 (HB 1375) ALLOW INSURANCE COMMISSIONER TO ACCEPT & AUTHENTICATE SIGNATURES ON ELECTRONIC FILINGS

Eff. 7-30-99. Adds new (d) to §23-61-107 to allow Insurance Commissioner to determine methods to authenticate signatures on electronic, facsimile, computer-readable or diskette filings in his Office.

Contact Legal Division of Department.

ACT 135 (SB 154) POLICYHOLDERS NOT LIABLE FOR DEFENSE ATTORNEYS' FEES IN UNSUCCESSFUL SUITS AGAINST INSURERS

Eff. 2-17-99 by Emergency. Amends §23-79-208 as to damage awards against insurers for wrongful denials. Specifies that policyholders shall not be liable for defense attorneys' fees in lawsuits against insurers, fraternal benefit societies, & farmers' mutual aid associations, where insurer is found not liable for loss. Act to be applied **retroactively** to pending cases.

ACT 227 (HB 1059) AUCTIONEER'S LICENSING BOARD TRUST FUND FOR FEES FOR CLAIMS IN LIEU OF SURETY BOND

Eff. 7-30-99. Repeals §17-17-303 on surety bonds for licensed auctioneers. Amends §§17-17-304, et seq., to set up new trust fund for claims due to licensee misconduct on & after 12-31-99.

ACT 301 (HB 1328) CLARIFY INSURER & HMO FINANCIAL REPORTING FORMS; REQUIRE HMO QUARTERLY REPORTS AT & AFTER 1-1-2000

Eff. 7-30-99. Amends §23-63-216 to specify full titles (names) of annual reporting financial blanks (NAIC forms). Requires use of independent certified public accountant for the annual audited financial reports included in annual report.

Amends §23-76-113 to require HMO's, beginning on & after 1-1-2000, to file quarterly financial reports on NAIC forms. Empowers Insurance Commissioner to prescribe filing of HMO financial reports more frequently. Contact Assistant Commissioner Mel A. Anderson, Finance Division.

ACT 304 (SB 205) PERMIT INSURANCE COMMISSIONER TO EMPLOY PERSONS WITH DIRECT/INDIRECT INTEREST IN INSURANCE COMPANIES AFTER FULL DISCLOSURE

Eff. 7-30-99. Amends §23-61-106(a)(1); adds (D) on employment restrictions for agency personnel. Allows Insurance Commissioner to employ individuals with direct/indirect interest in companies (insurers, agencies, funeral homes, etc.) regulated by Insurance Commissioner, subject to full & complete written disclosure & subject to individual's agreement to adhere to reasonable restrictions on terms & conditions of employment which Insurance Commissioner may impose. Contact Administration Division.

ACT 313 (SB 126) AMENDS & CLARIFIES INSURANCE FRAUD ACT

Eff. 7-30-99. Amends §23-66-502. In (c), clarifies that persons convicted of a felony involving dishonesty or breach of trust cannot "participate in business of insurance", hold insurance licenses or be employed by insurers or others except for those with record expungements, those with Gubernatorial or Presidential pardons, or those who obtain written consent of Insurance Commissioner. Prohibits other persons from employing or allowing convicted felons to participate in business of insurance, unless felon has been pardoned, had a record expungement, or obtained written consent of the Insurance Commissioner. Empowers Insurance Commissioner to allow felons to participate in business of insurance if there is no endangerment to public health, safety & welfare. Contact Mr. Marty Nevrla, Director, Fraud Division of Department.

ACT 327 (SB 152) AMEND SERVICE CONTRACT PROVISIONS FOR DOMESTIC INSURERS IN CODE TO CLARIFY WHICH LAW APPLIES UNDER WHAT CIRCUMSTANCES

Eff. 7-30-99. Amends §23-63-105 to exclude application of this law when domestic insurer service contract is governed by holding company law (§23-63-514 & 515), or by the MGA laws (§§23-64-401, et seq.), or management & exclusive agency contract filing law on domestic stock or mutual insurers (§23-69-137).

Amends §23-69-137 to exclude application to domestic insurers of this "exclusive management and agency contract" filing law to contracts governed by the holding company laws (§§23-63-514 & 515), or filing law (§23-63-105), or by the MGA laws (§§23-64-401, et seq.). Contact Legal Division of Department.

ACT 347 (HB 1348) PROVIDE FOR COMMISSIONER'S REVIEW OF "COMPETENCE", "FINANCIAL RESPONSIBILITY" & "TRUSTWORTHINESS" OF NEW & RENEWAL APPLICANTS FOR LICENSE TO SELL PRE-NEED FUNERAL SERVICE CONTRACTS

Eff. 7-30-99. Amends §23-40-111; prior to issuance of a new or renewal license for pre-need funeral service contracts, the applicant must be deemed by Insurance Commissioner to be competent, trustworthy & financially responsible. Allows Commissioner to cancel, refuse or non-renew a license whose holder does not meet these requirements. Contact Mr. Rick Toland, Senior Examiner, Finance Division of Department.

ACT 348 (HB 1350) EXPANDS CONFIDENTIALITY OF ANCILLARY INFORMATION & RECORDS ON INSURERS ACQUIRED DURING INSURANCE DEPARTMENT EXAMINATIONS & AUDITS FOR SOLVENCY

Eff. 7-30-99. Amends §23-61-207 to add exam or audit workpapers, financial analyses & calculation documents produced by Department examiners & auditors, or submitted or disclosed to Department by insurers after request, during course of examination or investigation as to solvency of the insurer. Such records shall be confidential & not subject to subpoena except as outlined in §23-61-205. Contact Assistant Commissioner Mel A. Anderson in Finance Division of Department.

ACT 362 (SB 209) AMEND ARKANSAS MORTGAGE LOAN COMPANY & LOAN BROKER ACT AS TO SURETY BONDS REQUIRED AT REGISTRATION OR RENEWAL & OTHER PURPOSES
Eff. 1-1-2000 as to surety bonds in Act §§ 1 & 2; all remaining provisions are effective 7-30-99.

Amends §§23-39-304, 306, 307 & 309; Increases to \$35,000 the surety bond required of new & renewal mortgage loan company registrants eff. 1-1-2000. Clarifies insurer exemption from posting bonds & net worth applies to insurers licensed or authorized by Insurance Commissioner. Contact Arkansas Securities Department.

ACT 381 (HB 1320) ADD "NATIONAL ORIGIN" AS PROHIBITED "SOLE" GROUND FOR POLICY OR RENEWAL POLICY DENIALS

Eff. 7-30-99. Amends §23-66-206(7)(G) to add "national origin" to prohibited list of "sole" grounds for denial of policy or renewal policy issuance. Contact the Legal Division of the Department.

ACT 384 (HB 1364) REDUCE CERTAIN AGENT FEES

Eff. 7-30-99. Amends Subsections (6) and (10) of §23-61-401. Restates unchanged \$30 corporate broker license fees for nonresidents in order to delete obsolete "solicitor" license fees; reduce exam fees for agent or broker testing from former \$25 & \$15 to new \$10 & \$5. Contact Mr. Fred Stiffler, Director, Agent License Division of the Department.

ACT 452 (HB 1339) ALLOW SECURITIES BROKERAGE FIRMS TO ACT AS CUSTODIANS FOR BOOK-ENTRY SECURITIES OF DOMESTIC INSURERS

Eff. 3-9-99 by Emergency. Amends §23-69-134 to add new (b)(4). Provides that securities brokerage firms registered with the U.S. Securities & Exchange Commission (SEC) with certain net worth may hold book-entry securities of domestic insurers within & outside Arkansas. Requires broker-dealer custodian to have written agreement with domestic insurer to hold securities in name of domestic insurer or its nominee or depository corporation; to agree to segregate funds from custodian's proprietary assets; agree to provide reports to Commissioner and maintain insurance to protect custodied securities. Contact Assistant Commissioner Mel A. Anderson in Finance Division.

ACT 453 (HB 1347) MAKES ACTUARIAL REPORTS ON INSURERS FILED WITH INSURANCE DEPARTMENT CONFIDENTIAL

Eff. 7-30-99. Amends §23-61-103 to delete current (c)(4) and add new (c)(4) & (5) and renumber current (5) and new (6). Expands confidentiality of Department records to include actuary reports filed with insurers' rate & form filings, or with annual financial statements filed by insurers, HMO's, fraternal benefit societies & hospital or medical service corporations. Permits Commissioner's discretion for limited release to law enforcement agencies, NAIC, fraud tracking organizations, & aggrieved or affected persons. Act has no impact or effect on Rule 61 reports filed annually for public access on claims experience of property & casualty insurers per Act 166 of 1993. Contact Compliance Division Directors, Ms. Lenita Blasingame, P & C Division, and Mr. John Shields, L & H Division, as to rates & forms. On financial reports, contact Assistant Commissioner Mel A. Anderson, Finance Division.

ACT 454 (HB 1363) REQUIRES REGISTERED INSURERS TO REFILE A RESTATED FORM B REGISTRATION STATEMENT ANNUALLY WITH DEPARTMENT AS COMMISSIONER PRESCRIBES

Eff. 7-30-99. Amends §23-63-514 (d) to comply with Rule 15. Requires annual filing of restated Form B by registered insurers (domestic) under Arkansas Holding Company Act. Contact Assistant Commissioner Mel A. Anderson, Finance Division.

ACT 458 (HB 1441) COMMERCIAL LINES INSURANCE DE-REGULATION ACT

Eff. 7-30-99. This Act excludes in a competitive market property and casualty insurance for commercial risks (excluding workers' compensation, employers' liability and professional liability) from the rate filing and review provisions of the Arkansas Insurance Code. It also deletes the requirement for 'a' rate and 'consent to rate' filings with the Department. The Act also defines 'large commercial risk' and excludes forms for qualifying risks (excluding workers' compensation, employers' liability and professional liability) from form filing and minimum standards requirements of the Arkansas Insurance Code. "Large Commercial Risk" is defined as an insured with (a) a total premium of \$250,000 or more for property and casualty insurance; (b) at least 25 full time employees and (c) a full time certified risk manager. This Act also amended Ark. Code Ann. §23-27-307 (6) to clarify that notice to an insured and agent of a renewal premium with a rate increase equal to or greater than 25% need not state the exact percentage but rather

indicate that the increase will be "equal to or greater than twenty-five percent (25%). For further information, please contact Edith Roberts, Royce Wigley or Lenita Blasingame at (501) 371-2800 in the Property and Casualty Division.

ACT 466 (SB 151) PRESCRIPTION MEDICATION DEFINED FOR INSURANCE COVERAGES

Eff. 7-30-99. Amends §23-79-147. Adds (a)(3) to allow use of definition of "medical literature" by the US Dept. of Health & Human Services publications, in referencing permissible drugs for insurance benefits & coverages. Deletes former (b)(a)(A) reference to AMA drug evaluations. Deletes former (d)(2) & (3) on coverage for experimental drugs & dosages. Contact Mr. John Shields, Director, Life & Health Division.

ACT 468 (SB 238) REQUIRES LIABILITY INSURANCE FOR ARKANSAS MOTORBOATS & PERSONAL WATERCRAFT USING MORE THAN FIFTY (50) HORSEPOWER

Eff. 7-30-99. Amends §§27-101-304 & 27-101-306. Requires motorboats & personal watercraft to have minimum liability insurance of \$50,000 if using more than 50 horsepower motors. Penalizes uninsured watercraft. Requires proof of liability insurance to obtain new & renewal craft licenses. Exempts watercraft of United States, State of Arkansas & political subdivisions, and watercraft registered in other states. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division.

ACT 540 (SB 482) CREATES SCHOOL WORKER DEFENSE PROGRAM

Eff. 7-30-99. Amends §§6-17-1113, et seq. Creates School Worker Defense Program Advisory Board, to work with Arkansas Department of Education. Provides coverage up to \$250,000 for incidents of civil liability prior to 7-1-99 for school teachers & volunteers; provides \$150,000 for incidents occurring after 6-30-99.

ACT 543 (HB 1325) INCREASES MEMBERSHIP IN LOPFI PENSION REVIEW BOARD - Eff. 7-30-99. Amends §24-11-203.

ACT 553 (SB 182) AMENDS VARIOUS CAMPAIGN AND ETHICS LAWS

Eff. 7-30-99. Amends §§7-1-103, et seq. Limits filing of complaints with Arkansas Ethics Commission to 4 years after alleged offense. Increases permissible lobbyist provision of food, lodging & travel expenses from \$25 to \$40 for public officials or employees.

ACT 567 (HB 1117) PROFESSIONAL BAIL BOND LICENSING ACT

Eff. 7-30-99. Omnibus Act amends §§17-19-202, et seq. Requires sureties to appear to show cause why bond forfeiture should not be ordered in court hearing, which is to be set not more than 120 days from the arrestee's failure to appear.

ACT 580 (HB 1511) Risk-Based Capital Act for Health Maintenance Organizations

Eff. 7-30-99. NAIC Model Act for Risk-Based Capital reporting for domestic & foreign HMO's, hospital & medical service corporations, limited health service organization, dental or vision plan, hospitals, medical & dental immunity or service corporations.

Act excludes licensed life and health insurers or licensed property & casualty insurers and subject to other Arkansas RBC laws. Requires annual report to Insurance Commissioner and NAIC & special reports after occurrence of various event triggers. Contact Assistant Commissioner Mel A. Anderson, Finance Division.

ACT 583 (HB 1519) COUNTY OR MUNICIPALITY PROVISION OF WORKERS' COMPENSATION INSURANCE THROUGH SELF-FUNDING

Eff. 7-30-99. Amends §§14-26-104, workers' compensation for municipalities & counties, to authorize purchase of reinsurance from National League of Cities' Reinsurance Company or National League of Counties Reinsurance, Ltd., respectively. Contact Arkansas Workers' Compensation Commission.

ACT 598 (HB 1667) COMPENSATING USE TAXES ON PRE-PAID FUNERAL CONTRACTS

Eff. 1-1-2000. Person purchasing a pre-paid funeral contract may pay a gross receipts tax on the personal property in the contract on the date of purchase rather than date of death. Sets the rate per amount in Arkansas' Gross Receipts Tax Act in effect on date of contract purchase. Required language on the tax is to be inserted in each funeral contract. Contact Mr. Rick Toland, Senior Examiner, Finance Division.

ACT 624 (HB 1224) AMENDS DISABILITY INSURANCE PROVISIONS FOR INSURERS & HMO'S AS TO COORDINATION OF POLICY BENEFITS

Eff. 7-30-99. Amends §23-85-132 (individual disability policies) to delete subsection (d); amends §23-86-111 (group disability policies) & §23-76-104 (HMO policies & contracts). Requires HMO subscriber policies & contracts to contain a coordination of benefits (COB) provision. An insured or claimant cannot receive reimbursement for more than 100% of his expenses when two (or more) policies or contracts provide benefits for the claim. Contact Mr. John Shields, Director, Life & Health Division of the Department.

ACT 625 (HB 1228) AMEND INSURERS' RISK-BASED CAPITAL REPORTING REQUIREMENTS

Eff. 7-30-99. Amends §§23-63-1302 & 1310 to apply RBC reporting requirements to farmers' mutual aid associations (FMAAs) & fraternal benefit societies.

In §23-63-1310, substitutes new reporting exemptions for domestic insurers:

- (a) writing direct business only in Arkansas;
- (b) writing direct annual premiums of \$35,000,000 or less;
- (c) assuming no reinsurance in excess of 5% of direct premiums written.

Exemption amount in (b) is **reduced** to less than \$2,000,000 direct annual premiums on & after 1-1-2004. Deletes HMO reporting exemptions in former (D)(2). Contact Assistant Commissioner Mel A. Anderson in Finance Division.

ACT 635 (HB 1727) STATE CHARTERED TRUST COMPANIES

Eff. 7-30-99. Amends §§28-48-206 & 28-67-107 to allow state-chartered trust companies to act as court-appointed conservators; and to serve without posting a surety bond to State of Arkansas.

ACT 645 (HB 1278) INSURERS' SECURITY DEPOSITS WITH STATE INSURANCE COMMISSIONER

Eff. 7-30-99. Amends §23-63-206 (a)(3) to clarify that insurers licensed for more than 1 line of insurance in Arkansas must make/maintain deposit of \$100,000 upon admission or subsequent line additions. In other words, this \$100,000 security deposit is not interpreted as a "per each line" amount; but is **aggregate sum** for all combinations of insurance lines on Arkansas C/A. Amends (a)(3) to allow insurers to transact disability insurance without posting an additional deposit. Specifies disability insurers still owe the 4% deposit addition for any year they report writing over \$500,000 direct disability premiums in preceding calendar year. Amends Subsection (a) (4) to clarify that only insurers having surety as sole line on Arkansas C/A owe the full \$100,000 security deposit. Insurers with other lines may add surety on Arkansas C/A with additional deposit of only \$50,000. Contact Securities Custodian, Ms. Malisa Landers, in Finance Division.

ACT 647 (HB 1701) ARKANSAS UNIFORM PRINCIPAL & INCOME ACT

Eff. 1-1-2000. Act applies to existing trusts & decedents' estates, wills, or terms of any trust. Repeals §§28-70-101--28-70-118. Requires in new §407 that trustees allocate to principal the proceeds of life insurance policy (excluding annuities) in which trust/trustee is named as beneficiary; must allocate dividends to income if premiums on policy are paid from income; must allocate to principal premiums paid from principal. Trustee allocates to income proceeds of contract insuring trustee against loss of occupancy or other use, loss of income, or loss of profits in business. Addresses deferred compensation or annuities in §409. Defines "payment" as received over fixed number of years or during life of individual(s) for services rendered. Requires trustee to allocate to income an interest or dividend payment; or to principal payments or balances not attributed to interest or dividends.

ACT 657 (HB 1787) INSURANCE AGENT OMNIBUS ACT

Eff. 3-16-99 by emergency. Please see AID Bulletin 1-99 for a summary of this Act.

ACT 756 (HB 1537) REGULATE OPERATION OF PERSONAL WATERCRAFT

Eff. 7-30-99. Defines "watercraft" as less than 16 feet propelled by water pumps & used while person is sitting, standing or kneeling (not sitting or standing inside vehicle). Requires liveries to obtain \$500,000 liability insurance. Excludes liability coverage requirements for craft of State of Arkansas or counties & municipalities. Contact Ms. Lenita Blasingame, Director of Property & Casualty Division, at 501-371-2800.

ACT 778 (SB 489) AMENDS ARKANSAS ADMINISTRATIVE PROCEDURE ACT AS TO SERVING APPEAL PETITIONS ON STATE AGENCIES BY APPELLANTS AFTER THEIR RECEIPT OF AGENCY ORDERS

Eff. 7-30-99. Amends §25-15-212(b)(2) as to service of appeal petitions upon state agencies after the party receives an agency order and appeals to Arkansas court of record.

ACT 780 (SB 543) AMENDS LAWS ON TRANSPORTATION OF MANUFACTURED HOMES

Eff. 7-30-99. Amends §27-35-304, "...no municipality or county shall require local permits, **bonds**, fees or licenses for interstate or intrastate movement of manufactured homes permitted by..." the governing state agency.

ACT 845 (SB 771) BOND REQUIREMENTS FOR PEST CONTROL FACILITIES

Eff. 7-30-99. Amends §17-37-210(a)(2)(A) to increase from \$5000 to \$50,000 the surety bond required of pest control facilities; bond to be issued by a surety company licensed to do business in this State.

ACT 849 (SB 684) ESTABLISH ARKIDS FIRST PROGRAM ACT

Eff. 7-30-99. Purpose is to establish program to provide access to appropriate health care services for eligible children in Arkansas of 18 yrs or less without health care coverage in families with gross income not exceeding 200% of Federal poverty guidelines. Except as required by Federal law, no person enrolled in full Medicaid program can be concurrently enrolled in ARKids First Program. Applies to health care plans regulated by Arkansas Insurance Department, specifically including group & employer sponsored health insurance plans. Allows DHS to adopt rules to exclude plans or coverages from definition of health care coverage. Providers of covered services shall be providers enrolled as Medicaid providers. Establishes co-payment for services received in program as permitted by Medicaid waiver and set by rule. Contact the Arkansas Department of Human Services at 1-888-474-8275 or 501-682-3073.

ACT 850 (SB 405) UNCLAIMED PROPERTY ACT

Eff. 7-30-99. Sets out shorter time periods. Repeals former Uniform Disposition of Unclaimed or Abandoned Property Act under §§18-28-201--214.

Applies to **insurance companies** defined as an association, corporation, or fraternal or mutual benefit organization, whether or not for profit, engaged in the business of providing life endowments, annuities, or insurance, including accident, burial, casualty, credit life, contract performance, dental, disability, fidelity, fire, health, hospitalization, illness, life, malpractice, marine, mortgage, surety, wage protection, and workers' compensation insurance. **Property** includes money due & payable under terms of annuity or insurance policy, including policies providing life insurance, property & casualty insurance, workers' compensation insurance, or health & disability insurance. Act sets out transitional provisions for reports of abandoned property required under former law. Establishes May 1st as new annual reporting date for insurance companies to Arkansas Auditor of State as administrator under Act. Sets new 3-year period for property presumed abandoned held by insurers on life or endowment insurance policy or annuity that has matured or terminated. Time period is 3 years after obligation to pay arose. For policies or annuities payable upon proof of death, limit is 3 years after insured has attained or would have attained if living, the limiting age under mortality table on which the reserve is based.

Other time periods are:

- 15 years - travelers checks after issuance;
- 7 years - money orders after issuance;
- 5 years - stock or equity interest in business association or financial organization;
- 5 years - debt of business association or organization;
- 5 years - demand, savings or time deposit (including those automatically renewable);
- 3 years - individual IRA, defined benefit plan, or other account qualified for tax deferrals;
- 3 years - retail business transaction;
- 1 year - property distributable by business in dissolution;
- 1 year - property received by court in class action and not distributed pursuant to judgment;
- 1 year - property held by court or state agency or subdivision after property becomes distributable;
- 5 years - **all other property** after owners' right to demand or after obligation to pay arises, whichever is first.

Act has 10-year record retention requirement for holder after report to State Auditor. Contact Unclaimed Property Division of Arkansas Auditor of State.

ACT 851 (SB 417) PHYSICIAN ASSISTANT PRACTICE ACT REVISION OF 1999

Eff. 7-30-99. Repeals former governing chapter, §§17-94-101, et seq., effective 10-1-99. Authorizes Arkansas State Medical Board to govern physician's assistants, who must be supervised by licensed physicians. Act establishes credentials for applicants for Board license. Adds limited power for physicians to delegate to physician assistants authority to prescribe & administer certain controlled substances. Requires physician assistants to be covered under medical malpractice & legal liability insurance of their supervising physicians under §§16-114-201--209.

ACT 881 (SB 785) INSURANCE DEPARTMENT OMNIBUS ACT

Eff. 3-25-99 by Emergency. Please see AID Bulletin 2-99 for a summary of this Act.

ACT 899 (HB 1150) OFFER & REJECTION OF UNINSURED MOTORISTS COVERAGE ("UM") IN LIMITS EQUAL TO NAMED INSURED'S THIRD-PARTY LIABILITY LIMITS

Eff. 7-30-99. Ark. Code Ann. §23-89-403 requires personal auto liability insurers to offer higher limits of UM (above traditional \$25,000/\$50,000) in amount equal to the personal auto policy's third-party liability limits for the named insured who has purchased liability limits in excess of minimum \$25,000/\$50,000 required in law. §(a)(3) provides that insurance agent shall offer higher UM limits. Allows named insured to reject higher UM offer; agents must offer higher limits for UM for all new applicants. Requires written rejections of the UM higher offer as to new business on & after 1-1-2000. For existing business, insurers shall offer higher UM limits at next 2 successive policy renewals. For existing insureds, UM at less than higher limits in personal auto policy shall continue upon effective date of Act, unless named insured requests higher limits in writing. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division of Department.

ACT 910 (HB 1611) ABOLISH SURETY BOND TO SECURE PAYMENT OF MIXED DRINK TAX

Eff. 7-1-99 by Emergency. Amends §§3-9-213(c), et seq., to delete surety bond requirement for securing payment of mixed drink taxes to Arkansas DF & A.

ACT 922 (HB 1821) PROVIDE TERMINALLY ILL PATIENTS WITH HOSPICE CARE COVERAGE

Eff. 7-30-99. Requires every health insurance company, hospital service corporation, HMO, or other health insurance provider in this State to offer, in each master group contract, coverage for hospice facilities & programs defined under §20-7-117, subject to right of policy or contract holder to reject coverage. Requires written rejections of coverage. Act coverage is to provide terminally ill patients coverage for prognosis & treatment in at least rates of reimbursement for hospice care under Medicare, Health Insurance for Aged Act, Title XVIII of Social Security Amendments of 1965, in effect 1-1-99. Excludes application to contracts or policies for disability income, specified disease, hospital indemnity, long-term care, short-term limited duration, accident-only, Medicare Supplement, or other supplemental insurance. Act does not explicitly apply to fraternal benefit societies or medical service corporations licensed by the Insurance Commissioner and providing members or subscribers with disability benefits; however, those licensees are encouraged to comply with provisions of this Act, when & as appropriate.

Act does not explicitly apply to CHIPs' policies; nor to self-insured plans for disability coverage, including governmental plans; nor to registered MET's or MEWA plans, or ERISA-qualified plans. Contact Mr. John Shields, Director, Life & Health Division of Department.

ACT 943 (HB 1960) ACT TO PROVIDE NEW LIMITED LICENSE AS INSURANCE AGENT FOR PERSONAL AUTO RENTAL COMPANIES

Eff. 7-30-99. Adds new (g) to §23-64-205 to allow new limited license for personal auto rental companies to sell types of insurance which are incidental to 90-day or less rental of personal autos & which are underwritten by licensed insurers & approved non-admitted surplus lines carriers. Contact Mr. Fred Stiffler, Director, Agent License Division of the Department.

ACT 977 (HB 1416) TIME LIMITATIONS FOR ASSESSMENTS, COLLECTIONS & REFUNDS OF INSURANCE PREMIUM TAXES

Eff. 7-30-99. Adds limitation periods under §§26-57-601, et seq. Provides in (a) that no assessments for various insurance premium taxes under laws shall be made after expiration of 5 years from date tax report is due/was filed, whichever is later. Provides in (b) that no amended premium tax report, verified claim for refund, or refunds of tax overpayments shall be filed 5 years after date report was due/was filed, whichever is later. Act prohibits payment or allowance of credit, overpayment or previously unclaimed

offset, deduction, or other reduction if falls outside 5-year window. Requires retention, for 5 years after report was due or filed, of all usual & customary records used in preparation of tax reports. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division of Department.

ACT 981 (HB 1867) EXEMPTS DIRECTOR OF ARKANSAS DEPARTMENT OF LABOR FROM POSTING APPEALS BOND OR PAYING COURT COSTS IN CONTESTED CASES ON STATE MINIMUM WAGE LAWS. Eff. 7-30-99.

ACT 984 (HB 2028) GRANT LIMITED IMMUNITY TO BOARDS, COMMISSIONS, AUTHORITIES OF LOCAL GOVERNMENTS (COUNTIES, MUNICIPAL CORPORATIONS, SPECIAL IMPROVEMENT DISTRICTS, SCHOOL DISTRICTS).

Eff. 7-30-99. Amends §21-9-301 to include boards, commissions, agencies, authorities or other governing bodies of local governments with up-to-limit of applicable liability insurance.

ACT 1002 (SB 877) 12-MONTH INFORMATION DISCLOSURE TO GROUP HEALTH INSURANCE POLICYHOLDERS UNDER §23-86-119

Eff. 7-30-99. Adds §23-86-119 to require insurer issuing or delivering group health policy (disability insurance) to disclose non-confidential information to group policyholder with more than 99 employees under comprehensive health insurance policy. Disclosure is of information from most recent 12-month period, including claims incurred, premiums paid, claims exceeding \$10,000 on individual with diagnosis during same period. Contact Mr. John Shields, Director, L & H Division.

ACT 1059 (SB 885) ARKANSAS CONSUMER MOTOR VEHICLE LEASING ACT

Eff. 7-30-99. New Act applies to leases, for commissions or other compensation, of motor vehicles primarily for personal, family or household use for period exceeding four (4) months (including renewal periods) with or without option to purchase vehicle. Excludes lease for governmental, agricultural, business or commercial purpose. §2 (b) requires disclosure on lease if physical damage or liability insurance for BI or PD is NOT included in lease. Requires lease to disclose "capitalized costs" to consumer, which include charges for insurance & waiver of contractual obligation to pay "GAP" amount. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division of Department.

ACT 1069 (SB 219) AMENDS VALUED POLICY LAW TO COVER PROPERTY INSURANCE OTHER THAN FOR FLOOD & EARTHQUAKE; EXCLUDES "DETACHED OR APPURTENANT STRUCTURES"

Eff. 7-30-99. Amends §23-88-101(b) to exempt detached or appurtenant structures. Expands Act in §(a) from "fire insurance policy" to "property insurance policy other than for flood and earthquake insurance". Contact Ms. Lenita Blasingame, Director, Property & Casualty Division at 501-371-2800.

ACT 1113 (HB 1183) HEALTH PLANS ON & AFTER 1-1-2000 TO INCLUDE BENEFITS FOR TREATMENT FOR PHENYLKETONURIA IF MEDICALLY NECESSARY & COST EXCEEDS PER PERSON INCOME TAX CREDIT OF \$2400 ALLOWED

Eff. 7-30-99. Defines "health plans" as any group, blanket, or individual disability policy, contract or plan issued in State by insurance company, medical service corporation, or HMO. Applies to those plans issued, delivered, amended or modified after 1-1-2000. Includes new State income tax credit effective for tax year beginning 1-1-99, for purchase of medically necessary medical foods & low protein modified food products. Contact Mr. John Shields, Director, Life & Health Division.

ACT 1123 (SB 836) REQUIRE STATE DEPT OF EDUCATION TO PURCHASE EXCESS LIABILITY POLICY FOR STUDENT PASSENGERS

Eff. 7-1-99 by Emergency. Mandates purchase of liability insurance policy in addition to coverage under §21-9-303, which when combined will equal \$\$250,000 per incident per student passenger on school busses in accidents where driver is at fault. Liability insurance under §21-9-303 is designated as primary insurance. Doctrine of comparative fault is not affected by this Act.

ACT 1126 (HB 1220) INCOME TAX TECHNICAL CORRECTIONS ACT

Eff. 7-30-99. Omnibus Act on State Income Tax laws. Amends §26-51-404(b) to add, in the definition of "gross income" for purpose of computing income tax liability, the adoption of §138 of IRS Code as to pilot programs permitting senior citizens to establish a Medicare Choice Plus Medical Savings Account.

ACT 1152 (SB 457) CHANGES TO GROSS RECEIPTS TAX LAWS

Eff. 4-6-99 by Emergency. Amends 3% excise tax laws in §§26-52-301, et seq. Addresses exclusions from taxation for employee leasing companies.

ACT 1167 (SB 965) PROVIDE FOR SELECTION & CHANGING OF PHYSICIAN UNDER ARKANSAS WORKERS' COMPENSATION LAWS

Eff. 7-30-99. Amends §11-9-514(a)(3)(ii)(iii).

ACT 1168 (SB 967) CHANGES TO WORKERS' COMPENSATION LAWS NECESSITATED BY HOLDING OF UNCONSTITUTIONALITY BY ARKANSAS SUPREME COURT

Eff. 7-30-99. Amends §11-9-522(f) as to permanent total disability benefits. PTD benefits are payable for total of 260 weeks for injuries occurring after age 60. Contact Arkansas Workers' Compensation Commission.

ACT 1170 (SB 800) OFF-PREMISES CATERER'S PERMIT FOR SERVING FOOD AND ALCOHOLIC BEVERAGES

Eff. 7-30-99. Allows Arkansas Beverage Control Board to issue off-premises caterer's permit for service & sales of alcoholic beverages with catered food. Requires applicant for off-premises caterer's permit to show proof of \$200,000 general liability insurance.

ACT 1181 (SB 226) PROTECTION OF LONG-TERM CARE FACILITY RESIDENTS

Eff. 7-30-99. Repeals §20-10-224. Omnibus Act to provide for basic standards for health, care & treatment of residents of long-term care facilities.

ACT 1187 (SB 469) AUTHORIZES SECRETARY OF STATE TO DENY APPOINTMENTS OF NOTARY PUBLIC APPLICANTS; REVOKE NOTARY PUBLIC COMMISSIONS FOR MISCONDUCT - Eff. 7-30-99.

ACT 1198 (SB 635) SOLICITATION OF CHARITABLE FUNDS IN ARKANSAS & REGISTRATION OF PROFESSIONAL FUND-RAISERS

Eff. 7-30-99. Repeals former laws under §§4-28-401, et seq., & 17-41-101, et seq. Sets out new regulatory scheme under jurisdiction of Arkansas Attorney General.

ACT 1200 (SB 677) ESTABLISH QUALITY OF HEALTH CARE ASSESSMENT FOR ALL HEALTH CARRIERS & NETWORKS

Eff. 7-1-99 by Emergency. Requires all health carriers, who undertake to provide or arrange for one or more managed care plans, to establish a program of quality assessment & improvement, & grievance procedures. Excludes application to disability income, specified disease, Medicare Supplement, hospital indemnity, accident only policies, long-term care, short term limited duration insurance or other supplemental insurance products issued by health carriers. Authorizes Director of Health Department to work with Insurance Commissioner to adopt rules & regulations to improve quality of health care services. Act does not authorize Director's authority to apply to benefits offered by any health carrier, only quality of care provided. Contact Arkansas Department of Health.

ACT 1216 (SB 781) LICENSURE OF CHECK-CASHING BUSINESSES, INCLUDING POSTING \$50,000 SURETY BOND WITH ARKANSAS DF&A

Eff. 4-7-99 by Emergency. Applicants for licensure as check-cashing business post bond with DF & A.

ACT 1232 (HB 2118) PROVIDES DENTAL POINT-OF-SERVICE OPTION IN HEALTH CARE PLANS -

Eff. 7-30-99. November 27, 1999 - Insurance Commissioner's rule & regulation on Act due 120 days from Act effective date.

Applies to health carriers, meaning insurance companies, HMO's, hospital or medical service corporations. Excludes application to workers' compensation coverage, self-funded or self-insured plans (unless maintained for employees of governmental entities), & to contract limiting coverage for dental services treating accidental injury or non-dental psychological conditions. Act applies to health care plans issued, renewed, extended, or modified (including premium changes) on & after Act effective date. Requires health plans with dental benefits to include point-of-service option for benefits to covered persons through dentists not members of carrier's provider network.

Rates for reimbursement & co-payments & co-insurance & other cost-sharing features for out-of-network dentists may vary, but not more than 10% from rate for benefits for non-capitated dentists in network. Allows balance billing by out-of-network dentists. Contact Mr. John Shields, Director, Life & Health Division of Department.

ACT 1249 (HB 2270) PRE-PAID FUNERAL ORGANIZATION TRUST FUND SHORTAGES
Eff. 7-30-99. Adds new (f) to §23-40-119 to allow Insurance Department to use excess funds (if any) in next calendar year after hearing for reparations to petitioners as persons with un-retained cash in pre-paid funeral trust funds which are later declared insolvent by State or Federal courts or have insufficient funds as determined by Insurance Commissioner or State/Federal Court. Caps amount at aggregate \$1000 for each petitioner; excludes non-economic damages or interest. Subrogates State through Insurance Department for recovery of payments from State Insurance Department Pre-Paid Funeral Trust Fund for petitioner's claim for \$1,000 or less against funeral organization. Adds new Class D felony for trust fund misconduct of funeral organization directors, agents or employees, plus reparations, fines & imprisonment. Contact Associate Counsel Booth Rand in Legal Division or Senior Examiner Rick Toland in Finance Division.

ACT 1265 (SB 903) CHANGE EXPIRATION OF LETTERS OF CREDIT ISSUED TO WORKERS' COMPENSATION COMMISSION
Eff. 7-30-99. Amends §4-5-106 to exclude application of one & five year expiration dates in (c) & (d) to any letters of credit issued to Arkansas Workers' Compensation Commission. Contact Arkansas Workers' Compensation Commission.

ACT 1270 (HB 1271) REQUIRE SPONSORS TO INVESTIGATE APPLICANTS FOR INSURANCE AGENT LICENSE BEFORE APPOINTMENT
Eff. 7-30-99. Adds new (g) to §23-64-205 [may be codified as new (f) due to earlier 1999 legislation adding new (g)]. Does not apply to limited or restricted licenses; restricted licenses the Commissioner may exempt; temporary licenses; corporations, or partnerships or LLC's licensed as agencies, nor to renewal broker licenses. Investigations by broker sponsors shall occur with first-time applicants. Requires sponsors to investigate the applicant's identity, residence, experience or instruction in the kind of insurance to be transacted, character, financial condition & financial history. Investigation will disclose applicant's prior felonies, pending & prior litigation against applicant. Investigation is required for first company appointment on applicant's agent license; but not subsequent appointments nor to agent renewal licenses. Contact Mr. Fred Stiffler, Agent License Division of the Department.

ACT 1288 (HB 2058) ADDITIONAL ASSESSMENT FOR ARKANSAS FIRE POLICE & PENSION REVIEW BOARD FROM INSURANCE TAXATION REVENUES
Eff. 7-30-99. Amends §24-11-810. Adds new (g) to provide that no administrative charge for expenses or actuarial costs shall be imposed by Pension Review Board on fire & police pension funds at qualification. Adds new (h) to allow Pension Review Board to obtain a full additional 1% of insurance tax turnback funds to support administrative & actuarial costs for funds (formerly billed to each fund).

ACT 1291 (HB 2233) REQUIRES INSURER'S ITEMIZED LIST ON SPECIFIC AMOUNTS FOR AUTO VALUE & SALES TAXES TO ACCOMPANY LOSS PAYMENT ON TOTAL AUTO LOSSES
Eff. 7-30-99. Requires insurers settling total automobile losses to include with loss payment checks or drafts an itemized list containing disclosure of amount attributed to value of auto & amount attributed to sales tax on auto of that value. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division of the Department.

ACT 1302 (HB 1648) PROHIBIT USE OF PHYSICIANS' DEA NUMBERS BY INSURERS & HMO'S
Eff. 7-30-99. "Health carriers" shall not require physicians, pharmacists or others to disclose DEA registry numbers for purposes of identifications, payment of claims or patient reimbursements. "Health carriers" are any insurer or HMO subject to Insurance Code or Chapter 76. Not to be construed as prohibiting health carrier in credentialing to request evidence of physician's valid DEA certificate. Contact Mr. John Shields, Director, Life & Health Division of the Department.

ACT 1309 (HB 1950) DISPENSE WITH BID BONDS FOR STATE OR STATE AGENCY PUBLIC CONSTRUCTION PROJECTS UNDER \$20,000 (FORMERLY LESS THAN \$50,000) Eff. 7-30-99. Amends §22-9-203.

ACT 1312 (HB 2164) CREATES HOME INSPECTORS ADVISORY BOARD. REQUIRES SURETY (formerly "FIDELITY") BONDS OF \$10,000 PAYABLE TO SECRETARY OF STATE FOR HOME INSPECTOR LICENSE APPLICANTS
EFF. 4-9-99 by Emergency. Amends §§17-52-103, et seq.

ACT 1320 (SB 794) AMENDS ARKANSAS QUARRY OPERATION, RECLAMATION, & SAFE CLOSURE ACT; REQUIRES POSTING OF RECLAMATION BOND OF \$1,100 per acre (FORMERLY \$1,000) FOR PLANS TO RE-OPEN QUARRIES
Eff. 7-30-99. Amends §15-57-412.

ACT 1343 (HB 1835) ESTABLISH ARKANSAS EARTHQUAKE AUTHORITY
Eff. 7-30-99 This Act creates the Arkansas Earthquake Authority and establishes a two step process for maintaining a viable and orderly market for earthquake insurance in Arkansas. Step 1 involves the creation and implementation of a Market Assistance Program (MAP) to help consumers find earthquake insurance from private sector insurers. Step 2, having the Arkansas Earthquake Authority actually issue insurance policies, will be taken only if there are no insurers willing to write earthquake insurance as a MAP participant or if the MAP rates substantially exceed the rates that could be offered by the Authority. Questions concerning this act should be directed to Becky Harrington, Royce Wigley or Lenita Blasingame in the Property and Casualty Division of the Department at 501-371-2800.

ACT 1346 (HB 1883) CRIMINAL RECORDS CHECK ON APPLICANTS FOR PROFESSIONAL BAIL BONDSMAN LICENSE Eff. 7-30-99. Amends §17-19-203.

ACT 1356 (HB 2045) TECHNICAL AMENDMENTS TO COMPREHENSIVE HEALTH INSURANCE POOL ACT (CHIPs)
Eff. 7-30-99. Technical amendments to CHIPS Act. Amends §§23-79-503, et seq., to clarify the exclusions from CHIPS for residents legally domiciled in Arkansas who do not have health insurance but who are otherwise eligible for:

- group health plan coverages; or
- coverages for Part A & Part B under Medicare; or
- medical assistance(State medical assistance program under Title XIX of Social Security Act or similar programs in states other than Arkansas) & without other health insurance coverages.

Adds authority for CHIPS to enter into reciprocal agreements with other comparable state plans to cover persons who move between states. Clarifies exclusion of mandated health insurance benefits not provided in CHIPS Act. Contact Mr. John Shields, Director, Life & Health Division.

ACT 1359 (HB 2056) PROVIDE LIMITED ACCESS TO DRIVERS' INFORMATION BY INSURERS & CAR RENTAL COMPANIES
Eff. 7-30-99. Amends §27-50-906, et seq., to provide in new (6) that Office of Driver Services can furnish driver record abstracts to any insurer licensed to do business in Arkansas or its agents, employees or contractors. Act also provides in new (8) that driver license status reports are available to rental car companies.

ACT 1394 (HB 1412) DISTRIBUTION OF FOREIGN INSURER PREMIUM TAXES TO POLICE OFFICER PENSION FUNDS & TO ARKANSAS FIRE & POLICE PENSION RELIEF FUND
Eff. 7-13-99. Amends §24-11-301, et al, to change statutory formula which directs Insurance Commissioner to distribute premium tax revenues collected from foreign insurers on motor vehicles (except fire peril); new formula for distribution provides transfers of revenues to General Revenue, to Arkansas Fire & Police Officers' Relief Fund, and to Fire Protection Premium Tax Fund. See also other fire or police pension fund acts, Acts 1452 & 1570 of 1999. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division.

ACT 1406 (HB 2015) UNLAWFUL TO SOLICIT OR SELL HEALTH-RELATED CASH DISCOUNT CARDS

Eff. 7-30-99. Act defines violation of offer or sale of card or purchasing devices offering discounts or access to discounts from health care providers where cards or devices do not disclose in bold type the discounts are not insurance; that discounts are not authorized by separate & distinct contracts with each medical provider; or discounts or range offered are misleading, deceptive, fraudulent. Legal remedies include injunctive relief & triple actual damages sustained against promoters. Act does not apply to eye or vision care services, glasses or contact lens provided by optometrist or ophthalmologist. Contact Mr. John Shields, Director, Life & Health Division.

ACT 1410 (HB 2253) AUTHORIZE ARKANSAS STATE MEDICAL BOARD TO ESTABLISH PROVIDERS CREDENTIALING INFORMATION SYSTEM

Eff. 7-1-99 by Emergency. Repeals former §17-95-105. Allows State Medical Board to obtain & release information on health care providers to health care providers themselves, & certain credentialing organizations, including hospitals, clinics, managed care organizations, insurers & HMO's. Contact Arkansas State Medical Board.

ACT 1423 (HB 1292) UNIFORM STATUTORY FORM POWER OF ATTORNEY ACT

Eff. 7-30-99. In Act §1, provides specimen form to be used for Arkansas powers of attorney as legal documents. Sets guidelines on use of powers in broad areas; see insurance & annuity transactions in Act Section 10. Act guidelines for use of powers in other transactions include real property, tangible personal property, stocks & bonds, commodity & options, banking & other financial institutions, business operations, estate & trust & beneficiary, claims & litigation, personal & family maintenance, benefits from Social Security or Medicare/Medicaid or other governmental programs or military service, retirement plans, tax matters, & foreign interests.

ACT 1445 (HB 1163) LIMITS PERSONS AUTHORIZED UNDER LAW TO APPREHEND OR DETAIN OR ARREST DEFENDANT ON BAIL BONDS

Eff. 7-30-99. Amends §16-84-114 to specify law enforcement, licensed private investigators or their supervisees, & bail bond agents licensed by state where bail bond written, only ones authorized to detain & surrender defendants at liberty on bail. Violations are Class D felony.

ACT 1448 (HB 1331) DURABLE POWER OF ATTORNEY FOR HEALTH CARE ACT.

Eff. 7-30-99. Act recognizes right of person as principal to control his personal care & medical treatment. Act does not affect/invalidate health care agency (legal instrument) executed prior to 7-1-99; nor any act of agent (designee under power of attorney) prior to 7-1-99. Act is wholly independent of Title 28 as to wills, trusts, estates. Act not to alter/amend Ark Rights of Terminally Ill & Permanently Unconscious Act under §§20-17-201, et seq. Health care in Act shall not include decisions concerning life-sustaining treatment. Act not to be construed as authorizing euthanasia, suicides or assisted-suicide actions or other acts violating criminal laws. Person may execute power of attorney for health care. Power may be durable (i.e., designation of agent to act for principal will continue even if/when person later becomes incapacitated). "Health care agency" (legal instrument) shall be in writing, signed by principal or someone acting at his direction & in his presence, & shall be attested in presence of 2 or more witnesses at least 18 yrs in age.

ACT 1452 (HB 1443) INSURANCE TAX TURNBACK FOR FIRE & POLICE PENSION FUNDS

Eff. 7-1-99. Amends ACA 24-11-301. Creates Arkansas Policemen's Pension Supplement Program. Insurance revenues unallocated for Police Pension Funds and formerly directed to be distributed to State's General Revenue Account will now be distributed to new Program for police pensions, in conjunction with Acts 1394 & 1570 of 1999. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division.

ACT 1465 (HB 1564) ARKANSAS CONSUMER TELEPHONE PRIVACY ACT

Eff. 7-30-99. Arkansas Attorney General shall establish a single statewide database of phone numbers for consumers objecting to phone solicitations. Consumers may have listings there for \$10 & \$5 annual renewal. Violation of Act for solicitors to phone consumer without first checking AG database. Attorney General regulates violations.

Act excludes solicitations by insurance agents, defined under §23-64-102(20), with active current license whose call to consumer is for purpose of soliciting, advising or adjusting claims on insurance policies. Other exclusions include solicitations for sale or rent of real estate, vehicle dealers, licensed broker-dealers & other licensees selling securities, solicitors for charitable organizations, newspapers for subscriptions, calls on banking services (Federal or State-chartered bank) other than as to credit cards, & funeral establishments as to funeral services. Contact Office of Arkansas Attorney General.

ACT 1469 (HB 1703) FREEDOM OF CHOICE AMONG HEALTH BENEFIT PLANS ACT

Eff. 7-30-99. Act effective as to plans issued or renewed on or after 1-1-2000. HMO's may offer health benefit plans which reimburse/arrange for covered health services through limited network plans upon condition:

1) HMO or its insurer for annual options allow covered persons to choose health benefit plan or point-of-service plan;

2) Difference in options in (1) above shall not exceed 25% of benefit level under limited benefit plan;

3) Employer or group contract-holder shall provide equal contribution per covered person regardless of option chosen; and

4) Rate of reimbursement for providers for out-of-network services shall be no higher than normal, customary, usual rate charged services on regular basis, although co-payments, co-insurance, or cost-sharing features may differ.

Act does not prohibit HMO from pricing any health benefit plan according to sound actuarial principles; nor require HMO to cover any specific health care service. Contact Mr. John Shields, Director, Life & Health Division.

ACT 1474 (HB 1820) PROVIDES LIMITED IMMUNITY TO CURRENT OR FORMER EMPLOYERS WHO DISCLOSE JOB INFORMATION ON EMPLOYEES TO PROSPECTIVE EMPLOYERS

Eff. 7-30-99. Applies only to causes of action arising on & after Act effective date. Grants limited civil immunity to current & former employers releasing job information with written consent about current & former employees to prospective employers. Written consent must be on separate form. Act does not mandate disclosure or request for disclosure.

ACT 1482 (HB 1968) IMMUNITY FOR YEAR 2000 ERRORS

Eff. 4-15-99 by Emergency. Grants limited immunity to State, political subdivisions, public officers and employees against suits for failure of government computer systems, or their errors produced, calculated or generated. Permits declaratory or injunctive relief or illegal exaction actions. Does not provide immunity for person deliberately tampering with system to prevent it being Y2K compliant; or persons immediately returning benefit received by computer error but for which person is NOT entitled.

ACT 1485 (HB 1982) AMEND EARTHQUAKE RESISTANT DESIGNS FOR PUBLIC STRUCTURES

Eff. 7-30-99. Amend §12-80-102, et seq. Requires educational & institutional structures in Seismic Hazard Exposure Group III (NE Arkansas) to have non-structural interior components (bookshelves, light fixtures, shelving, hot water tanks, oxygen tanks) meet EQ resistant guidelines.

ACT 1486 (HB 1989) PRESCRIPTION DRUG BENEFIT EQUITY ACT

Eff. 7-30-99. Amends §17-92-401 to require non-resident pharmacies to have Arkansas licensed pharmacist on staff in home office if routinely shipping dispensed legal drugs into Arkansas.

Adds new §23-79-101, et seq., as to prescription drug benefits of insurers, HMO's & hospital/medical service organizations; stipulates they must contract only with Ark-licensed pharmacists (resident or non-resident) for legal drugs shipped/dispensed in state. Requires each insurance policy to apply same co-insurance, co-payment & deductible factors to covered drug prescriptions of pharmacy participating in network if provider meets explicit product cost determination, those these may differ between generic & brand name drugs. Prohibits insurance policies from limiting quantity of drugs which enrollees may obtain at one time, unless limitation is uniform to network providers. Requires enrollee & provider to agree before changes to maintenance drugs, as defined. Requires Insurance Commissioner to enforce penalties for violations of this Section. Contact Mr. John Shields, Director, Life and Health Division.

ACT 1493 (HB 2062) OMNIBUS ACT ON PRIVATE INVESTIGATORS & PRIVATE SECURITIES AGENCIES & FIRE ALARM SYSTEMS COMPANIES

Eff. 7-30-99. Amends §§17-40-102, et seq. Retains investigator license exemptions for state employees; retains exemptions for "admitted" insurers, insurance adjusters, agents & insurance brokers. Retains license exemptions for person checking financial responsibility of applicants for property insurance & indemnity or surety bonds. Increases public liability insurance limits for various fire alarm licenses.

ACT 1501 (HB 2109) ESTABLISH NEW STANDARDS OF PROHIBITED CONDUCT FOR EMPLOYEE LEASING FIRM/GROUP (ELF); BARS ELF'S FROM TRANSACTING INSURANCE EXCEPT THROUGH LICENSED INSURANCE AGENTS (RESIDENT OR NON-RESIDENT)

Eff. 7-30-99. Adds conduct standards for ELF's in §23-92-316. Contact Ms. Lenita Blasingame or Ms. Carol Stiffler, Property & Casualty Division.

ACT 1507 (HB 2195) REQUIRE ARKANSAS RURAL DEVELOPMENT COMMISSION TO STUDY RURAL FIRE DEPTS & ISO RATINGS

Eff. 7-30-99. Commission shall study rural fire departments among 940 or so fire stations in State to discover why so many have ISO rating over 8; list factors to lower ISO ratings, & report to specified Legislative committees & Governor by 7-1-2000. Contact Ms. Lenita Blasingame, Director, Property and Casualty Division.

ACT 1526 (SB 384) ARKANSAS OPEN-CUT LAND RECLAMATION ACT

Eff. 4-15-99 by Emergency. Amends §§15-57-303, et seq. Changes provisions as to open-cut mining operator's permit bond & forfeitures thereon posted with Arkansas Department of Environmental Quality (formerly PC & E).

ACT 1527 (SB 385) RAISE MINIMUM VEHICLE PROPERTY DAMAGE LIABILITY LIMITS ON VEHICLE INSURANCE POLICIES FROM \$15,000 TO \$25,000 FOR LIABILITY PURPOSES & POSTING PROOF OF FINANCIAL RESPONSIBILITY FOLLOWING ACCIDENTS

Eff. 7-30-99. Amends §§27-19-603 & 605, 27-19-701 & 709 & 713, and 27-22-104 to raise PD liability limits to \$25,000. Vehicle liability policy limits would thus be \$25,000/\$50,000/\$25,000 on & after Act is effective. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division.

ACT 1535 (SB 524) BROADEN CODE ON CONSUMER REPORTS ON CREDIT WORTHINESS TO ADD OTHER FACTORS AS APPLICABLE TO PROPERTY & CASUALTY INSURERS' EVALUATION OF RISKS IN UNDERWRITING INSURANCE

Eff. 7-30-99. Applies ONLY to personal lines property & casualty insurance.

Amends §23-66-317 to define "consumer report" to broaden the underwriting facts in such reports obtained by personal lines property & casualty insurers on consumers addressing credit ratings, to include other factors such as character, general reputation, personal characteristics, mode of living (excludes vehicle records & vehicle claims records).

Prohibits insurers refusing to issue or renew policies or limiting coverages due solely to "consumer reports", unless: report identifies characteristics which can demonstrate an increased risk of loss; insurer or agent send refusal or cancellation notice disclosing reliance on consumer report, report preparer, & how to obtain free copies of report. Requires insurers to file credit-scoring methods with Insurance Commissioner if used in rating. Prohibits conditioning issuance of policy (or denial) on fact that person does not have credit card. Contact Ms. Lenita Blasingame, Director, Property & Casualty Division.

ACT 1536 (SB 527) ACT ON TECHNICAL CODE ERRORS OR OMISSIONS. AMENDS CODE ON HIV SHIELD LAWS & FURNISHING MEDICAL REPORTS

Eff. 7-30-99. Amends §20-15-905, as to consent and liability pertaining to HIV testing & release of test information; retains confidentiality of HIV testing.

ACT 1544 (SB 656) MEDICAL ASSISTANCE PROGRAMS INTEGRITY LAW - TO COMBAT FRAUD & ABUSE OF MEDICAID Eff. 7-30-99.

ACT 1552 (SB 773) ESTABLISH VOLUNTARY PROGRAM FOR DRUG-FREE WORKPLACE - W.C.C. Eff. 7-30-99. Rating Plans under Section 12 must take effect 1-1-2000.

Authorizes employers to establish voluntary program for drug-free workplaces; allows drug-testing for job applicants, current employees; testing in post-accident cases in workplace.

Act Section 12 requires Insurance Commissioner to approve rating plans for Workers' Compensation insurance that give identifiable consideration in setting rates for employers who implement drug-free workplace programs (alcohol & drugs) pursuant to rules adopted by specified division of the Arkansas Workers' Compensation Commission. Rating plans must be actuarially sound, state anticipated savings by drug-testing. Sets credit of at least 5% in rates unless Insurance Commissioner determines that is actuarially unsound.

Also authorizes Insurance Commissioner to set schedule of premium credits for workers' compensation insurance for employers with safety programs attaining certain levels. Insurance Commissioner shall consult with Arkansas Department of Labor in setting criteria for workplace safety standards to be considered in insurance rating. Contact Ms Lenita Blasingame, Director, Property & Casualty Division of Insurance Department as to rate filings or premium credits. Contact Arkansas Workers' Compensation Commission about rules for drug-free workplace in connection with employers' duty to provide workers' compensation insurance. Contact Arkansas Department of Labor as to employer safety programs for workplace.

ACT 1570 (SB 879) APPROPRIATION OF INSURANCE PREMIUM TAXES & QUALIFYING FACTORS FOR CITY, TOWN OR FIRE PROTECTION DISTRICTS TO PARTICIPATE IN FIRE & POLICE PENSION FUNDS

Eff. 4-15-99 by Emergency. Amends §§24-11-301, et seq. Repeals §26-57-609. Amendments to statutory formulas for distributions of tax revenues collected & apportioned to certified fire & police pension funds. See also Acts 1394 & 1452 of 1999. Contact Ms. Pam Looney, Assistant Commissioner, Accounting Division of the Department.

ACT 1572 (SB 887) AMENDS VEHICLE SALVAGE TITLE LAWS

Eff. 7-30-99. Amends §27-14-2303 to provide buyer can render voidable purchase. Seller will not have further liability if refunds full purchase price within 10 days after receipt of buyer's election to void sale. Buyer can elect to void purchase 60 days after sale (formerly 30). Adds vehicle titles branded must retain brand on title for life of vehicle.

ACT 1585 (SB 715) PROVIDE FOR HEALTH INSURANCE BENEFITS FOR EMPLOYEES OF DOG RACING FACILITIES Eff. 7-30-99. Repeals §23-111-509(b)(2)(A)(iii).

ACT 1592 (HB 1988) REQUIRE INSURERS TO CONTINUE GROUP MEDICAL BENEFITS TO EMPLOYEES AFTER CONTRACT IS CANCELLED DUE TO EMPLOYER BANKRUPTCY

Eff. 4-1-99 by Emergency. Expires 5-31-99. May exclude benefits for dental care or vision services. Excludes application to employers' self-insured plans. Excludes individuals eligible for Medicare or other insurance (with coverage for pre-existing conditions). Allows individuals in writing to request continuation of coverage within 31 days after group policy termination. Individuals must be Arkansas residents & continuously insured 3 months prior to termination; must pay premiums directly to insurers. Sets period when continuation coverage ends. Contact Mr. John Shields, Director, Life & Health Division of this Department.

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