

Arkansas Insurance Department

Mike Huckabee
Governor



Julie Benafield Bowman
Commissioner

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TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS (HMOs), FRATERNAL BENEFIT SOCIETIES,, FARMERS' MUTAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL OR MEDICAL SERVICES CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND INSURANCE COMPANY TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: 2006 COMPANY APPOINTMENT RENEWALS FOR PRODUCERS

Every licensed entity which appoints an insurance producer in this state shall annually file with the Insurance Commissioner a renewal appointment under the Producer License Model Act, Ark. Code Ann. §23-64-514(e), together with the fee amounts specified in Ark. Code Ann. §23-61-401 and Rule 57.

The insurance company's renewal of a producer's appointment indicates that the appointing company has reviewed the producer's background and fitness to continue to act as an agent of the company.

An insurance producer's appointments shall remain in effect during any period of active duty in any branch of the United States military services, Ark. Code Ann. §23-64-507 (b)(2)(Supp. 2005).

By law, each appointment shall remain in effect until terminated. **CAVEAT** – Under Ark. Code Ann. §23-64-507(c) (Supp. 2005), an individual insurance producer who allows his or her license to lapse may reinstate the same license within twelve (12) months after the due date of the renewal fee without the necessity of passing a written examination by paying a penalty in the amount of double the unpaid renewal fee. However the appointments are terminated at the time of lapse and are not reinstated if and when the license is reinstated. The company must file new appointments and pay the appointment fee for the producer if the license is reinstated or reactivated.

The following procedures apply in 2006 for appointment renewals and terminations. A company must annually review its records on its appointed Arkansas producers and business entities (insurance agencies) and decide whether the company will renew each appointment. The company can research its appointed producers and business entities by going to the Arkansas Insurance Department ("Department") website at www.insurance.arkansas.gov, locating **Look UP/Search** and selecting **AID Online Search Engines**, which links to the **Online Search** website, selecting **Company Appointments**, and keying in the insurance company NAIC number. All the appointments shown are active appointments for the company. If an appointment does not appear on this list, the appointment is not active.

The company can also verify Arkansas appointments by use of the NAIC Producer Data Base (PDB) for individual appointments; however, the NAIC data base will not show business entity appointments or the individual producers who share that business entity appointment. The company can also order for five dollars (\$5.00) a list in electronic format, or for ten dollars (\$10.00) a printed copy, from the Department's Information Systems Division by calling

501-371-2657 or by sending an electronic request to insurance.Information.Systems@arkansas.gov and requesting a "Company Appointment Listing".

To terminate an appointment, the company must process a termination with the Department. For individual appointments, the company may send the terminations on paper forms with a ten dollars (\$10.00) fee for each terminated appointment. The company can also process the individual termination electronically via the Department website at www.insurance.arkansas.gov by selecting the *License Forms* link and then selecting the *National Insurance Producer Registry (NIPR)* link.

At this time, business entity (agency) appointments cannot be terminated electronically; and the insurance company must submit completed paper forms and fees. If the insurance company processes the terminations by paper, the Department must receive the terminations by May 1st annually. Electronic terminations must be completed by May 27th, annually.

On June 1, 2006, the Department will generate and mail each insurance company an invoice for the annual renewal fees for all the company's active appointments as of May 31, 2006. This fee will renew the appointment until June 1, 2007. The company must return a copy of the invoice and the payment no later than thirty (30) days from the date of the invoice. The company's check must be made payable to the "Arkansas Insurance Department". By law a penalty of up to **double the fee** may be charged to companies who fail to meet the invoice payment deadline. Each company should make certain the Department has the correct address for licensing and appointment purposes so the invoice will not be misdirected. Address updates must be received by the Department no later than May 1, 2006.

If a company disputes the total dollar amount due for the renewal of appointments, the company must pay the amount of the invoice before the due date. The company should then send the License Division documentation supporting the disputed amount. The company's request for review and supporting documentation must be sent under separate cover from the renewal invoice and fee. The Department will review the documentation and issue a refund if the matter is decided in the company's favor.

Questions concerning this Bulletin should be directed to the License Division, at 501-371-2750, e-mail

insurance.License@arkansas.gov

This Bulletin is intended to and shall rescind prior Bulletin 2-2005, entitled "Company Appointment Renewals", dated April 6, 2005.

(signed by Julie Benafield Bowman)

JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS