JUNE 29, 2010

BULLETIN NO. 4-2010

TO: ALL LICENSED INSURERS, ALL LICENSED INSURANCE PRODUCERS,
INSURER TRADE ASSOCIATIONS, NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: INSTALLMENT PLANS FOR PAYMENT OF PREMIUM

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Insurance companies, agencies, brokers and producers may offer installment payment plans to
policyholders for the payment of premium. However, except for those fees specifically allowed
by Ark. Code Ann. § 23-66-308, such fees must be included in any rate filing made by the
insurer with this Department pursuant to Ark. Code Ann. §§ 23-67-201, et seq. The
Commissioner will disapprove any installment fee that is excessive or exceeds the actual cost of
processing and servicing the installment payment plan. The charging of such a fee absent the
requisite filings pursuant to Ark. Code Ann. §§ 23-67-201, et seq., would constitute a violation
of Ark. Code Ann. § 23-66-310(b)(1), which prohibits collection of a fee in excess of the
premium rate as filed and approved, where necessary, by the Commissioner or a fee that exceeds
the premiums and charges specified in the policy.

If an installment payment fee is charged and the fee was not specified in the policy itself, except
to the extent provided in an applicable filing with this Department, the fee could be a violation of
Ark. Code Ann. § 23-66-308. Subsection (a) of that statute prohibits the provision of credit or
any other benefit not specified in the policy as an inducement to insure.

This bulletin is not intended, and should not be interpreted, to prohibit any charges allowable

If you have any questions regarding this bulletin, please contact the Department’s Legal Division
at (501) 371-2820.

JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS

DATE

6/29/10

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