

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

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

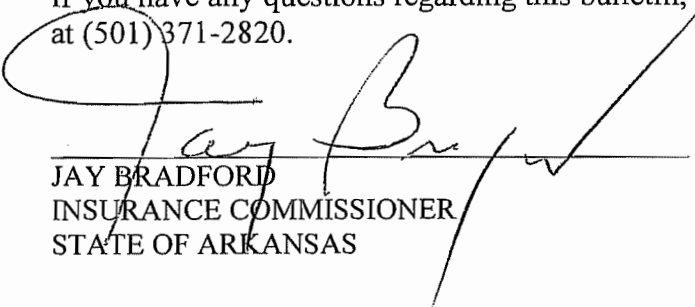
SUBJECT: INSTALLMENT PLANS FOR PAYMENT OF PREMIUM

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 pursuant to Ark. Code Ann. § 23-66-310.

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