

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

August 24, 2011

**BULLETIN NO. 5-2011**

**TO: ALL INSURERS ELIGIBLE TO WRITE NONADMITTED INSURANCE IN THE STATE OF ARKANSAS, ALL LICENSED SURPLUS LINES BROKERS, ALL INSURED INDEPENDENTLY PROCURING NONADMITTED INSURANCE, THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND OTHER INTERESTED PARTIES**

**FROM: ARKANSAS INSURANCE DEPARTMENT**

**SUBJECT: IMPLEMENTATION OF THE FEDERAL NONADMITTED AND REINSURANCE REFORM ACT IN ARKANSAS**

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The purpose of this bulletin is to outline nationwide regulatory changes that will affect the placement of nonadmitted insurance in Arkansas. The Nonadmitted and Reinsurance Reform Act of 2010 ("NRRA"), 15 U.S.C. §§ 8201, *et seq.*, became effective on July 21, 2011 and provides that only an insured's "Home State" may require the payment of premium tax for nonadmitted insurance. The NRRA subjects the placement of nonadmitted insurance solely to the statutory and regulatory requirements of the insured's Home State. The term "nonadmitted insurance" applies only to property and casualty insurance (excluding workers' compensation). "Home State," "Nonadmitted Insurance" and all other relevant terms are defined in Ark. Code Ann. § 23-65-304.

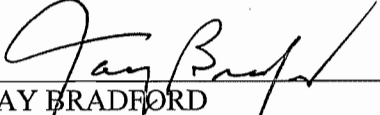
Arkansas is the insured's Home State if the insured maintains its principal place of business here or, in the case of an individual, the individual's principal residence is here. If Arkansas is considered the insured's Home State, only Arkansas' requirements regarding the placement of business will apply. If one hundred percent (100%) of the insured risk is located outside of Arkansas, then the insured's Home State is the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

If more than one insured from an affiliate group are named insureds on a single nonadmitted insurance placement, Arkansas will be considered the Home State for that placement if Arkansas is the Home State of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

The NRRA permits only the insured's Home State to require the payment of premium tax for nonadmitted insurance. It is the intent of the Department to issue additional bulletins if and when Arkansas begins participating in a tax sharing arrangement with other states. Until additional

bulletins are issued, the Arkansas tax rate should be applied to new and renewal policies with an effective date on or after July 21, 2011, when Arkansas is the insured's Home State.

If you have any questions regarding this bulletin or provisions of the NRRA, please contact the Legal Division at (501) 371-2820.

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

8/24/11  
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DATE