



ARKANSAS INSURANCE DEPARTMENT

LEGAL DIVISION

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Little Rock, AR 72201-1904
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November 9, 2001

TO: ALL LICENSED INSURERS, SURPLUS LINES BROKERS AND AGENT TRADE ASSOCIATIONS

Bulletin 6 - 2001

REPORTING OF INSURANCE PRODUCER PREMIUM REMITTANCE DELINQUENCIES

Act 1827 of 2001, effective August 13, 2001, places new reporting requirements on insurers, surplus line brokers, agents and agencies regarding delinquent premium receivables.

Essentially, this new law requires insurers (and, in certain circumstances, surplus lines brokers) to report delinquencies, as defined in the Act, to the Commissioner on a form approved by the Commissioner, after a demand to cure the deficiency has been made to the insurance producer. The agent or agency is required to respond to the insurer's demand via Affidavit.

More specifically, under the Act, when an insurance producer fails to remit premium that has become a "reconciled item" within the time provided by the agreement between the insurer and insurance producer (or within 60 days, if no agreement), then the insurer is required to send a demand to the producer who, in turn, has 30 days to cure the default and respond via the Affidavit. The reporting form, the insurer's demand letter, and the insurance producer's Affidavit response must be filed with the Commissioner by the end of each month in which a demand letter was mailed to a producer in the prior month.

The prescribed reporting form (number AID-LE-001) is attached. A suggested insurance producer Affidavit response form is also attached.

Failure of the insurance producer to comply with the requirements of the Act constitutes a Class A misdemeanor, as well as subjecting the producer to other applicable sanctions that may be imposed by the Commissioner. Failure to comply with the reporting requirements by insurers and surplus line brokers will result in administrative fines and penalties available to be imposed by the Commissioner pursuant to the Arkansas Insurance Code.

Insurers are instructed to distribute a copy of this Bulletin to their appointed agents.

Direct your inquiries to Mary Coney, at (501) 371-2820.

Mike Pickens
Insurance Commissioner

Agent's Affidavit Pursuant To Act 1827 Of 2001

State of _____)

County of _____)

County of _____)

Before the undersigned notary public, duly qualified and acting in and for said county and state, appeared the undersigned to me well known or satisfactorily proven to be the Affiant herein, who stated the following under oath:

My name is: _____
(please print full name as it appears on your insurance license)

Name of Agency: _____
(if applicable)

Address: _____

(please provide current mailing address)

Business telephone number: _____.

I hold a current insurance agent's or insurance producer's license either as a resident or non-resident producer, agent or broker from the Arkansas Insurance Department. The license or other identification number on said license issued by the Department is:

(please enter appropriate number)

I have received a demand under Act 1827 of 2001 from an insurer or surplus lines broker. Because of that demand I am required to complete this affidavit and state that:

1. _____ That I have cured any alleged default giving rise to the demand;

or

_____ I dispute the alleged default because:

(check whichever situation applies - please give the reason you dispute the default – be specific.
You may attach exhibits or additional pages if more space is needed)

2. That the total of available cash and cash equivalent assets exceeds the total of all receivables that are due all of my clients/customers and any insurers with which I hold an appointment or have a contractual relationship; and
3. I also wish to state that:

(please give any other reasons you believe is relevant to your situation – be specific. You may attach exhibits or additional pages if more space is needed)

I have read the above and foregoing statements and that they are true and correct to the best of my knowledge and belief.

In witness whereof, I hereunto set my hand this _____ day of _____, 20____.

Affiant
(please sign your name before a notary public)

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public

My commission expires: _____
(seal)

Insurer and Surplus Lines Broker Report Form
(complies with Act 1827 of 2001)

For Month ending (must be filed no later than the last date of the next month):

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Agent or Agency Name	Amount of Premiums in Default	Date of Inception of Policy or Endorsement for which Premium is in Default	Date of Transaction Reconciliation	Date Demand Sent to Agent	Agent Response Attached? (please check)

(Only sign last page of report)
 Reporting Company/Broker Name: _____
 By: _____, title: _____
 Signature: _____, date _____

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