

Arkansas Insurance Department

Mike Beebe
Governor



Julie Benafield Bowman
Commissioner

BULLETIN NO. 6-2008

TO: ALL LICENSED INSURANCE COMPANIES, HEALTH MAINTENANCE ORGANIZATIONS, HOSPITAL MEDICAL SERVICE CORPORATIONS, RATE SERVICE OR ADVISORY ORGANIZATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: APPLICATIONS FOR STOP LOSS INSURANCE POLICIES

EFFECTIVE DATE: June 1, 2008

DATE: April 3, 2008

The Arkansas Insurance Department ("Department") is issuing this Bulletin on applications for stop loss insurance policies to set forth the Department's position regarding Ark. Code Ann. §23-62-111. It is the Department's position that a disclosure to policyholders is needed to inform the employer/applicant that the purchase of stop loss coverage does not fully relieve the employer of all potential risks. This Bulletin shall apply to all applications used by all insurance companies selling stop loss policies to self-funded medical plans.

Accordingly, the Department will require the following notice to be added to all applications for stop loss insurance. This requirement will apply to stop loss policies written by accident and health carriers as well as casualty carriers that are writing this type of policy.

NOTICE: Employers/plan sponsors of self-funded health plans should not consider the purchase of stop loss coverage and/or excess loss coverage as complete protection from all liability created by the self-funded health plan. Employers/plan sponsors should be aware that the failure to comply with the terms of the stop loss policy and/or the provisions in the self-funded health plan may cause the employer/plan sponsor to incur liabilities under the health plan. For instance, if medical claims are paid on an ineligible individual, the stop loss carrier may deny the reimbursement under the stop loss policy. In addition, the Arkansas Life and Health Insurance Guaranty Association does not cover claims reimbursable under a stop loss policy.

To comply with this requirement:

1. Carriers may add this notice to their stop loss applications and file the applications with the Department for approval. If the amended application is filed electronically with a certification that the only change is the addition of above Notice along with the \$20 filing fee, the Insurance Department will process the filing within two business days; or
2. If after the effective date of this Bulletin any carrier has not filed an amended application for approval, carriers should deliver a copy of the required disclosure notice with their stop loss applications including a signature section whereby the applicant acknowledges the receipt of the disclosure notice.
3. All stop loss applications used in this State after December 31, 2008 must include the required Notice.

Questions concerning this Bulletin should be directed to the Arkansas Insurance Department Legal Division at 501-371-2820 or by e-mail to legal.division@arkansas.gov.

(signed by Julie Benafield Bowman)

JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS