



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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BULLETIN 6-99

DATE: July 8, 1999

TO: ALL LICENSED PROPERTY, CASUALTY, SURETY & MARINE INSURERS,
ALL LICENSED RATE SERVICE OR ADVISORY ORGANIZATIONS,
INSURER & AGENT TRADE ASSOCIATIONS, OTHER INTERESTED
PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: RATE AND FORM FILING ISSUES:
COMMERCIAL LINES DE-REGULATION UNDER ACT 458 OF 1999; &
CONFIDENTIALITY OF ACTUARIAL SUPPORT UNDER ACT 453 OF 1999

Arkansas Act 458 of 1999, and Act 453 of 1999, both effective July 30, 1999, made some sweeping changes in the way commercial lines rate and form filings are handled for licensed insurers in the State of Arkansas. The following is a synopsis of those changes:

Act 458 of 1999

RATE FILINGS:

1. In a **competitive market** (defined as a market in which a reasonable degree of competition exists and which has not been found to be non-competitive pursuant to Ark. Code Ann. §23-67-207), rates for commercial property and casualty insurance products are exempted from the rate filing and review provisions of Arkansas law with the following exceptions:
 - a. workers' compensation and employers' liability insurance; and
 - b. professional liability insurance.

Rates for items a. and b. above will continue to be filed and reviewed as they have been in the past.
2. "A" rates and individual risk filings are no longer required to be submitted to the Department. Insurers will be required to maintain complete files on how the rate for such risks was determined and must make these files available to the Commissioner upon request.
3. "Consent to Rate" forms are no longer required to be filed with the Department. They are, however, still required to be executed by the insured and retained in the office of the producing agent or broker. If utilized for workers' compensation and employers' liability or professional liability lines, they must continue to be filed with the Department.

FORM FILINGS:

1. Policy or coverage forms for large commercial risks are **exempt** from the form filing and approval process. **Large Commercial Risk** is defined as an insured that has:
 - a. A total premium of two hundred fifty thousand (\$250,000) dollars ; and
 - b. At least twenty-five (25) full-time employees; and
 - c. A full time certified risk manager to procure property/casualty insurance.
2. The **Large Commercial Risk** form filing exemption is **not** applicable to:
 - a. workers' compensation and employers' liability insurance; or
 - b. professional liability insurance.
3. A **Large Commercial Risk** is required to certify that:
 - a. It meets the criteria for an exempt commercial policyholder as set out in the law;
 - b. It is aware that the policy is unregulated as to rates and forms; and
 - c. It has the necessary expertise to negotiate its own policy language.
4. The certification is required to be completed annually and remain on file with the producing agent or broker. No specific certification form is mandated; however, the form developed by the company must contain verification of all the criteria set out in Item 3 of this Section and contain the signature of a company official.
5. Forms for Large Commercial Risks are also exempt from compliance with Ark. Code Ann. § 23-79-111 – Standard Provisions; Ark. Code Ann. §23-79-112 – Policy Content and Identification; Ark. Code Ann. §23-79-123 – Renewal by Certificate or Endorsement; and Ark. Code Ann. §§23-79-301, et seq. – Minimum Standards for Commercial Property and Casualty Insurance Policies.

ACT 453 OF 1999

Unless otherwise exempted by Ark. Code Ann. §23-61-103(c)(5), actuarial formulas and assumptions certified by a qualified actuary are confidential and privileged when submitted to comply with a rate or form filing requirement of the Arkansas Insurance Department. There are limited circumstances under which this information may be released to a limited number of people.

When submitting actuarial information which you wish to remain confidential, you will need to do the following:

1. You must separate this information from the remainder of the filing and bind or clip it together;
2. You must stamp "confidential" on each page you wish to have kept confidential; and
3. **Only actuarial information certified by a qualified actuary qualifies for this exemption. Please do not attempt to include documents other than actuarial formulas and assumptions.**

Obtain copies of Arkansas Acts from the Arkansas Secretary of State at 501-682-1010 or on-line through the State of Arkansas web page at www.state.ar.us. Please contact Ms. Edith Roberts or Mr. Royce Wigley, Rate and Form Analysts for the Department, or Ms. Lenita Blasingame, Director, Property & Casualty Division of the Department, with any questions at 501-371-2800, or Insurance.P&C@mail.state.ar.us

See also Department Bulletin 3-99, dated May 21, 1999 which addresses both Acts 458 and 453 of 1999.

Mike Pickens
Insurance Commissioner