

ARKANSAS REGISTER

Transmittal Sheet



FILED
AR. REGISTER DIV.
95 JUN 21 PM 3:42

SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

W. J. "Bill" McCuen
Secretary of State
State Capitol Rm. 010
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 6/21/95 Code Number 054.00.95 -- 002

Name of Agency Arkansas Insurance Department

Department Legal Division

Contact Person Jean Langford, 686-2999

Statutory Authority for Promulgating Rules ACA §§ 23-61-108, 25-15-201, 23-76-120 ^{et seq.}

Intended Effective Date	<u>emergency</u> REG 35	Date
<input checked="" type="checkbox"/> Emergency	Legal Notice Published	<u>permanent</u> <u>7-3-95</u> <u>7-19-95</u>
<input type="checkbox"/> 20 Days After Filing	Final Date for Public Comment	<u>permanent</u> <u>7-20-95</u>
<input type="checkbox"/> Other	Filed With Legislative Council ^{emergency}	<u>permanent</u> <u>6-26-95</u>
<u>on/after 6-21-95</u> <u>upon statutory</u> <u>filing</u>	Reviewed by Legislative Council ^{emergency}	<u>N/A</u>
	Adopted by State Agency ^{emergency}	<u>6-21-95</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted In Compliance with Act 434 of 1967 As Amended.

Jean Langford
Signature

Chief Counsel
Title

6-21-95
Date

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2
3 EMERGENCY
4 RULE AND REGULATION 35

5 AGENT LICENSE FOR HEALTH MAINTENANCE
6 ORGANIZATIONS
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FILED
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SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS
BY _____

10 SECTION

- 11
12 1. Purpose
13 2. Authority
14 3. Effective Date
15 4. Applicability and Scope
16 5. Definitions
17 6. License Qualifications
18 7. Fees
19 8. Term of License
20 9. Revocation and Suspension of License
21 10. Severability
22

23 SECTION 1. PURPOSE

24
25 The purpose of this Emergency Rule is to set the standards and
26 guidelines under which agents for Health Maintenance Organizations
27 ("HMO") can be licensed by the State of Arkansas.
28

29 SECTION 2. AUTHORITY: EMERGENCY ADOPTION

30
31 The authority for this Emergency Rule is the power given to the
32 Insurance Commissioner for the State of Arkansas by Ark. Code Ann.
33 §§23-61-108, 23-76-120, and the emergency adoption provisions of the
34 Administrative Procedure Act, §25-15-204 (b), et seq.
35

36 SECTION 3. EFFECTIVE DATE: EMERGENCY

37
38 It is hereby declared that the immediate adoption of this Rule is
39 necessary to implement and clarify the provisions of Ark. Code Ann.
40 §23-76-120, as to nonresident HMO agent licensure. Immediate adoption
41 is necessary to prevent imminent peril to the public health, safety or
42 welfare to the citizens of this State. Therefore the provisions of this
43 Emergency Rule shall become effective immediately upon signature by the
44 Commissioner and filing. The Emergency Rule shall expire one hundred
45 and twenty (120) days from its effective date, unless sooner replaced
46 with a permanent Rule adopted by the Commissioner after public notice
47 and a hearing.
48

49 SECTION 4. APPLICABILITY AND SCOPE

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51 This Emergency Rule shall apply to all persons engaged in the business
52 of marketing contracts, soliciting enrollments, or offering memberships
53 with a Health Maintenance Organization.
54

1 SECTION 5. DEFINITIONS

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3 a) "Agent" means any person who engages in solicitation and
4 enrollment for any Health Maintenance Organization, but shall
5 exclude any salaried officer or employee who has duties that
6 are primarily administrative and who receives no commission
7 for applications taken or enrollments made.

8

9 b) "Applicant" means any person, firm or corporation who has
10 applied for a certificate of authority as a Health
11 Maintenance Organization.

12

13 SECTION 6. LICENSE QUALIFICATIONS

14

15 a) Every person applying for an agent license shall be qualified as
16 follows:

17

18 (1) Must be of legal age.

19

20 (2) Must be a resident of this state or a licensed non-resident.

21

22 (3) Must be appointed by a licensed Health Maintenance
23 Organization or an applicant for said license.

24

25 (4) Must be deemed by the Commissioner to be competent,
26 trustworthy, financially responsible and of good personal and
27 business reputation.

28

29 (5) Must pass such written examination as required by the
30 Commissioner.

31

32 SECTION 7. FEES

33

34 a) There shall be a Thirty Dollar (\$30.00) examination fee paid to the
35 Commissioner prior to the examination, and a \$30.00 retake fee.

36

37 b) There shall be a Twenty-Five Dollar (\$25.00) licensing fee paid to
38 the Commissioner for the issuance of an agent's license.

39

40 c) There shall be a Twenty-Five Dollar (\$25.00) renewal fee paid to
41 the Commissioner for the renewal of an agent's license.

42

43 d) There shall be a Thirty-five Dollar (\$35.00) regulatory fee (ALF
44 fee) due annually from each licensee per Commissioner's Rule 57.

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46 SECTION 8. TERM OF LICENSE

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48 Every license issued under this Emergency Rule shall be valid for the
49 calendar year when issued and must be renewed annually. Licenses will
50 be renewed when the Department receives written notice and agent
51 appointments from the HMO of its intent to have its agents' licenses
52 continued.

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1 SECTION 9. REVOCATION AND SUSPENSION OF LICENSE

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3 a) The Commissioner may suspend for not more than twelve (12) months,
4 or may revoke or refuse to continue any license issued under this
5 Emergency Rule after notice to the licensee and a hearing is held
6 under the provisions of Ark Code Ann. §§23-61-303, et seq., and the
7 Commissioner finds that any one or more of the following causes
8 exist:

9

10 (1) Any cause for which issuance of the license could have been
11 refused had it then existed and been known to the
12 Commissioner.

13

14 (2) Violation of or noncompliance with any provision of the
15 insurance code, or for willful violation of any rule,
16 regulation or order of the Commissioner.

17

18 (3) Obtaining or attempting to obtain any such license through
19 fraud or misrepresentation.

20

21 (4) Misappropriation or conversion to his own use any moneys
22 received through the course of business that do not belong to
23 him.

24

25 (5) Conviction of a felony.

26

27 (6) If in the conduct of his affairs, the licensee has used
28 fraudulent, or dishonest practices, or trade practices
29 prohibited by the insurance code.

30

31 b) If the Commissioner finds that any one (1) or more grounds exist
32 for the suspension or revocation of any license, the Commissioner
33 may in his discretion, in lieu of such suspension or revocation,
34 impose an administrative penalty in the amount of three hundred
35 dollars (\$300), or if the Commissioner has found willful misconduct
36 or willful violation by the licensee, one thousand dollars
37 (\$1,000).

38

39 SECTION 10. SEVERABILITY

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41 Any section or provision of this Emergency Rule held by a court to be
42 invalid or unconstitutional will not affect the validity of any other
43 section or provision of this rule.

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LEE DOUGLASS
INSURANCE COMMISSIONER

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BY: Ronald L. Sheffield
RONALD L. SHEFFIELD
DEPUTY COMMISSIONER

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June 21, 1995
DATE

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