

ARKANSAS REGISTER

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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 9/1/95 Code Number 054.00.95--004

Name of Agency Arkansas Insurance Department

Department Legal Division, 686-2999

Contact Person Jean Langford, Chief Counsel

Statutory Authority for Promulgating Rules § 23-61-108, § 23-76-120, §§ 25-

15-201, et seq.

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Date

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

8-25-95
Date

Date

AGENT LICENSE FOR HEALTH MAINTENANCE ORGANIZATIONS

FILED
REGISTER DIV.

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SHARON FRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

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SECTION

- 1. Purpose
- 2. Authority
- 3. Effective Date
- 4. Applicability and Scope
- 5. Definitions
- 6. License Qualifications
- 7. Fees
- 8. Term of License
- 9. Revocation and Suspension of License
- 10. Severability

SECTION 1. PURPOSE

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The purpose of this Rule is to set the standards and guidelines under which agents for Health Maintenance Organizations can be licensed by the State of Arkansas.

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SECTION 2. AUTHORITY

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The authority for this Rule is the power given to the Insurance Commissioner for the State of Arkansas by Ark. Code Ann. §§23-61-108, 23-61-701, et seq., 25-15-201, et seq., and 23-76-120.

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SECTION 3. EFFECTIVE DATE

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The Rule shall be effective on September 1, 1995.

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SECTION 4. APPLICABILITY AND SCOPE

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This Rule shall apply to all individuals, corporate or partnership agencies engaged in the business of marketing contracts, soliciting enrollments, or offering memberships with a Health Maintenance Organization ("HMO").

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SECTION 5. DEFINITIONS

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

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3 b) "Applicant" means any person, firm or corporation who has
4 applied for a certificate of authority as a Health
5 Maintenance Organization, or who has applied for a license as
6 an HMO agent.
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8 SECTION 6. LICENSE QUALIFICATIONS
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10 a) Every individual person applying for an agent license shall be
11 qualified as follows:
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- 13 (1) Must be of legal age.
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15 (2) Must be a resident of this state or a licensed non-resident.
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17 (3) Must be appointed by a licensed Health Maintenance
18 Organization or an applicant for said Certificate of
19 Authority.
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21 (4) Must be deemed by the Commissioner to be competent,
22 trustworthy, financially responsible and of good personal and
23 business reputation.
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25 (5) Must pass such written examination as required by the
26 Commissioner. Must complete required hours of pre-licensure
27 education as is required by the Commissioner's Rule and
28 Regulation 31, "Educational Requirements for Insurance
29 Agents".
30
31 (6) Must file letter of certification issued within ninety (90)
32 days, evidencing the resident HMO agent license is current or
33 in good standing from supervisory insurance official from
34 state of domicile, if a nonresident.
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36 b) Every corporate or partnership agency applying for an agent license
37 shall be qualified as follows:

- 38 (1) Must be domiciled in this state or a licensed non-resident.
39 (2) Must file partnership articles or agreement, if a general or
40 limited partnership, resident or nonresident. Must file
41 registration from the Arkansas Secretary of State, if a
42 limited Arkansas partnership.
43 (3) Must file articles of incorporation duly certified by the
44 proper domiciliary state official, if a resident or
45 nonresident corporation. Must file registration from the
46 Arkansas Secretary of State, if a foreign corporation.
47 (4) Must be appointed by a licensed Health Maintenance
48 Organization or an applicant for said Certificate of
49 Authority.
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(5) Must file letters of certification issued within ninety (90) days evidencing the resident HMO agency licensure and each individual agent from that state is current or in good standing from supervisory insurance official from state of domicile, if a nonresident.

SECTION 7. FEES

a) Licensure Fees Payable by APPLICANT ONLY for Resident Agent/Agency License:

(1) There shall be a Thirty Dollar (\$30.00) examination fee paid to the Commissioner prior to examination of resident individuals, and a \$30.00 retake fee.

(2) There shall be a Thirty-Five Dollar (\$35.00) regulatory fee (ALF fee per Rule 57) for each issuance/annual renewal of each resident and non-resident agent and agency license.

b) Licensure Fees Payable by the HEALTH MAINTENANCE ORGANIZATION on behalf of an Applicant for Agent/Agency License:

(1) There shall be a Sixty Dollar (\$60.00) initial/annual fee amount paid to the Commissioner for the initial/annual renewal appointment of an INDIVIDUAL NONRESIDENT agent's license.

(2) There shall be a Sixty Dollar (\$60.00) initial/annual fee amount paid to the Commissioner for the initial/renewal appointment of a CORPORATE OR PARTNERSHIP AGENCY license from a NONRESIDENT.

(3) There shall be a Twenty Dollar (\$20.00) initial/annual fee amount paid to the Commissioner for the initial/renewal appointment of an INDIVIDUAL RESIDENT agent's license.

(4) There shall be a Forty Dollar (\$40.00) initial/annual fee amount paid to the Commissioner for the initial/renewal appointment of a CORPORATE OR PARTNERSHIP AGENCY license from a RESIDENT.

(c) There shall be a Ten Dollar (\$10.00) fee paid to the Commissioner to cancel, nonrenew or otherwise terminate an appointment on any RESIDENT or NONRESIDENT AGENT or AGENCY license by either the agent, agency or HMO, per appointment.

(d) All fees shall be remitted to the Agent License Division of the Department, and shall be payable to The State Insurance Department Trust Fund with a check or money order from the Agent or Agency or HMO as required by and appropriate with the Commissioner's Rule 57.

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SECTION 8. TERM OF LICENSE

Every license and HMO appointment issued under the Rule shall be valid for the calendar year when issued and each HMO appointment must be renewed biennially on even numbered years contemporaneous with life and/or disability insurance agent appointments under Ark. Code Ann. §§23-64-221 (c). HMO agent licenses will be renewed when the Department receives the appointment forms, Forms I-45, the HMO appointment fees, and any ALF fees due or overdue from the HMO agent or agency. The amount of fees filed for licenses issued in odd-numbered years will vary. In addition, each resident HMO agent who is not otherwise exempt must file certifications and the accompanying Rule 57 fee of \$10 for timely compliance with continuing education hours as mandated by the Commissioner's Rule 50, "Agents' Continuing Education", to be eligible for renewal licensure.

SECTION 9. REVOCATION AND SUSPENSION OF LICENSE

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

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- (1) Any cause for which issuance of the license could have been refused had it then existed and been known to the Commissioner.
- (2) Violation of or noncompliance with any provision of the Insurance Code, or for willful violation of any rule, regulation or order of the Commissioner.
- (3) Obtaining or attempting to obtain any such license through fraud or misrepresentation.
- (4) Misappropriation of or conversion to his own use any moneys received through the course of business that do not belong to him.
- (5) Conviction of a felony.
- (6) If in the conduct of his affairs, the licensee has used fraudulent, or dishonest practices, or trade practices prohibited by the insurance code.
- (7) Failure to provide a written response after receipt of an written inquiry from the Commissioner or his representative as to transactions under the license within thirty (30) days after receipt thereof; or failure to notify the Commissioner promptly of any change of address in writing.

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(8) Having an insurance agent or broker license or HMO agent license or other insurance license or registration suspended or revoked in this State or any other state, province, district, or territory; or if the licensee no longer meets the qualifications for licensure as described in this Rule and applicable laws.

b) If the Commissioner finds that any one (1) or more grounds exist for the suspension or revocation of any license, the Commissioner may in his discretion, in lieu of or in addition to such suspension or revocation, impose an administrative penalty in the amount of three hundred dollars (\$300), or if the Commissioner has found willful misconduct or willful violation by the licensee, one thousand dollars (\$1,000). The Commissioner may take judicial notice of prior sanction orders issued against the licensee in this or other licensed jurisdictions and enhance or increase the penalties ordered in any current misconduct proceeding as to the licensee, without an abuse of discretion. The Commissioner may in his discretion order the licensee to pay restitution of actual losses to affected persons as specified in an order/consent order against the licensee, in addition to other sanctions imposed under this Rule.

c) The Commissioner may not again issue any license under this Rule to any person whose license has been revoked until after expiration of three (3) years, and upon the same conditions expressed in Ark. Code Ann. §23-64-219 (c) as for insurance agents and brokers.

SECTION 10. SEVERABILITY

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



LEE DOUGLASS, INSURANCE COMMISSIONER

8.14.95

DATE

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