

ARKANSAS REGISTER

Transmittal Sheet



Sharon Priest
Secretary of State
State Capitol Rm. 01
Little Rock, Arkansas 72201-1094

For Office
Use Only:

Effective Date 8/1/97 Code Number 054.00.97--008

Name of Agency Arkansas Insurance Department

Department Insurance Fraud Investigation Division

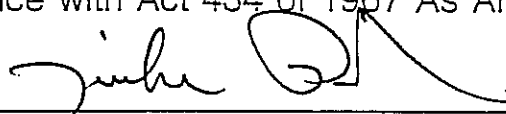
Contact Person Danny W. Broaddrick, Chief Counsel Phone 371-2790

Statutory Authority for Promulgating Rules A.C.A. 23-66-511

<i>Reg 6b</i>		Date
Intended Effective Date	Legal Notice Published	<u>5/15-5/21/97</u>
<input type="checkbox"/> Emergency	Final Date for Public Comment	<u>7/15/97</u>
<input type="checkbox"/> 10 Days After Filing	Filed With Legislative Council	<u>5/15/97</u>
<input checked="" type="checkbox"/> Other	Reviewed by Legislative Council	<u>7/3/97</u>
<u>August 1, 1997</u>	Adopted by State Agency	<u>7/17/97</u>

CERTIFICATION OF AUTHORIZED OFFICER

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


Signature

501-371-2790
Phone Number

Insurance Commissioner - State of Arkansas
Title

July 17, 1997
Date

BY

SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

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FILED
AR. REGISTERED DIV.

RULE AND REGULATION 66

ANTIFRAUD INITIATIVE REQUIREMENTS

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AD. REGISTER DIV.
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SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

BY _____

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SECTION 1. Purpose

The purpose of this rule is to assist insurers in complying with the antifraud initiative requirements of Arkansas Code Annotated §23-66-510.

SECTION 2. Authority

This rule is issued pursuant to the authority vested in the commissioner by Arkansas Code Annotated §23-66-511, and other applicable provisions of Arkansas law.

SECTION 3. Applicability and Scope

This rule applies to all licensed insurers in the State of Arkansas.

SECTION 4. Effective Date

The effective date of this rule is August 1, 1997.

SECTION 5. Definitions

The definitions set forth in Arkansas Code Annotated §23-66-501 shall apply to this rule.

1 SECTION 6. Antifraud Initiative Requirements

2 The antifraud initiative requirements of Arkansas Code
3 Annotated §23-66-510(a) may be satisfied by an insurer by means
4 of:

5 (1) Fraud investigators, who may be insurer employees or
6 independent contractors and who are in full compliance with
7 Section (7) of this rule; or

8 (2) An antifraud plan submitted to, and approved by, the
9 commissioner, and which is in full compliance with Section (8)
10 of this rule; or

11 (3) An alternative antifraud initiative submitted to, and
12 approved by, the commissioner, under the provisions of Arkansas
13 Code Annotated §23-66-510(a); or

14 (4) An exemption from the antifraud initiative
15 requirements granted by the commissioner pursuant to Arkansas
16 Code Annotated §23-66-510(b).

17 SECTION 7. Fraud Investigators and Independent Contractors

18 A. Fraud investigators who are employees of an insurer:

19 (1) shall be qualified by education, experience or
20 training in the detection, investigation and proper reporting
21 of suspected fraudulent insurance acts, and may be employees
22 whose principal responsibilities are the processing and
23 disposition of claims, if they meet the qualification
24 requirements herein stated; and

25 (2) shall complete a minimum of three (3) hours of
26 continuing education annually in the detection, investigation
27 and proper reporting of suspected fraudulent insurance acts.
28 The specific curriculum, location and certification of said
29 continuing education courses are not mandated but shall be
30 consistent with industry standards for continuing education for
31 insurance fraud prevention, detection, or investigation.

32 B. Independent contractors hired by an insurer as fraud
33 investigators shall be investigation companies licensed by the
34 State of Arkansas under the provisions of Arkansas Code
35 Annotated §17-40-201, et seq., or duly exempted from licensure
36 by the Arkansas Board of Private Investigators and Private
37 Security Agencies.

1 SECTION 8. Antifraud Plans

2 A. Antifraud plans shall be submitted to the commissioner .
3 for approval and shall outline specific procedures to:

4 (1) prevent, detect, and investigate suspected fraudulent
5 insurance acts;

6 (2) educate and train appropriate employees in the
7 insurer's antifraud plan, as well as in the identification of
8 suspected fraudulent insurance acts;

9 (3) comply with the mandatory reporting requirements of
10 Arkansas Code Annotated §23-66-505 and §11-9-106(d)(6)
11 regarding suspected fraudulent insurance acts;

12 (4) increase awareness of the impact of fraudulent
13 insurance acts and the methods of preventing insurance fraud;

14 (5) pursue civil remedies for financial loss caused by
15 fraudulent insurance acts, where appropriate; and

16 (6) facilitate assistance and communication with the
17 Insurance Fraud Investigation Division of the Arkansas
18 Insurance Department by identifying a representative within the
19 employ of the insurer to act as a liaison on insurance fraud
20 matters.

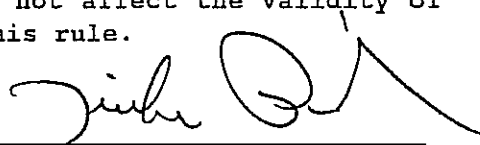
21 B. Each antifraud plan shall state a specific
22 implementation date and a mechanism for review of the plan for
23 effectiveness, which review shall be undertaken no less than
24 every twenty-four (24) months.

25 C. Amendments to an approved plan shall be submitted to
26 the commissioner within thirty (30) days after their
27 implementation.

28 SECTION 9. Severability

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

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MIKE PICKENS
INSURANCE COMMISSIONER
ARKANSAS INSURANCE DEPARTMENT

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7/17/97

DATE