

Act 710 of the 1989 Regular Session.

Act 710

HB1896

By: Representatives S. Miller, McCuiston, Maddox and Foster

"AN ACT TO AMEND ARKANSAS CODE ANNOTATED 23-79-109, TO REQUIRE FILING AND APPROVAL OF RATING METHODOLOGY AS TO MEDICARE SUPPLEMENT INSURANCE POLICIES; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Declaration of Purpose. The purpose of this act is to assure that persons over the age of sixty-five (65) and eligible for Medicare, no matter how advanced in age, may have the opportunity to purchase or retain Medicare Supplement Insurance at more affordable prices. The implementation of this act is intended to effectively level the cost as related to age, of such insurance for persons over age sixty-five (65) of this state, thereby addressing the increasingly pervasive problem of Medicare Supplement Insurance premiums pricing persons eligible for Medicare out of the supplement market.

SECTION 2. Arkansas Code 23-79-109 is hereby amended to read as follows:
"23-79-109. Filing and approval of forms.

(a) No basic insurance policy, or annuity contract form, or application form where written application is required and is to be made a part of the policy or contract, or printed rider or endorsement form or form of renewal certificate, shall be issued, delivered, or used as to a subject of insurance resident, located, or to be performed in this state unless the form has been filed with and approved by the commissioner and, in the case of individual disability contracts, the rates have been filed with and approved by the commissioner.

(1) This subsection shall not apply to surety bonds, nor to policies, riders, endorsements, or forms of unique character designed for, and used with relation to, insurance upon a particular subject, or which relate to the manner of distribution of benefits or to the reservation of rights and benefits under life and disability insurance policies and are used at the request of the individual policyholder, contract holder, or certificate holder.

(2) As to group insurance policies effectuated and delivered outside this state but covering persons resident in this state, the group certificates to be delivered or issued for delivery in this state shall be filed with and approved by the commissioner.

(3) No group disability certificate of insurance may be extended to residents of this state under a group disability policy issued outside this state which does not include the provisions required for group policies issued in this state, unless the commissioner determines that the provisions are not appropriate for the coverage provided. Upon request of the Insurance Commissioner, copies of such group disability policies issued outside this state shall be made available on an informational basis.

(4) No Medicare supplement policy, contract, rider or endorsement form or certificate, whether group or individual, shall be issued, delivered, or used as to a subject of insurance resident, located, or to be performed in this state unless the rates have been filed with and approved by the Commissioner.

(5) On and after January 1, 1990, all Medicare Supplement rates shall be based on a composite age basis only, and shall not be based on any age banding or other groupings.

(6) Nothing in this subsection shall prohibit an insurer or hospital and medical service corporation issuing Medicare Supplement insurance policies from using its usual and customary underwriting procedures or excluding pre-existing health conditions; provided, that no insurer shall refuse to issue a Medicare Supplement policy based solely on the age of the applicant.

(b) Every filing shall be made not less than thirty (30) days in advance of any delivery. At the expiration of the thirty (30) days, the form or rate so filed shall be deemed approved unless prior thereto it has been affirmatively approved or disapproved by the commissioner.

(1) Approval of the form or rate by the commissioner shall constitute a waiver of any unexpired portion of the waiting period.

(2) The commissioner may extend by not more than an additional thirty (30) days the period within which he may so affirmatively approve or disapprove the form or rate by giving notice of the extension before expiration of the initial thirty-day period.

(3) At the expiration of the period as so extended, and in the absence of prior affirmative approval or disapproval, the form or rate shall be deemed approved.

(4) The commissioner may at any time, after notice and for cause shown, withdraw approval.

(c) Notification disapproving the form or withdrawing a previous approval shall state the grounds therefor.

(d) By order, the commissioner may exempt from the requirements of this section, for so long as he deems proper, any insurance document or form or type thereof as specified in the order to which, in his opinion, this section may not practically be applied or the filing and approval of which are, in his opinion, not desirable or necessary for the protection of the public.

(e) This section shall apply also to any form used by domestic insurers for delivery in a jurisdiction outside this state, if the insurance supervisory official of the jurisdiction informs the commissioner that the form is not subject to approval or disapproval by that official, and upon the commissioner's written notice requiring the form to be submitted to him for the purpose. The same standards which are applicable to forms for domestic use shall apply to such forms."

SECTION 3. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: March 20, 1989
