

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

As Engrossed: H3/10/11

# A Bill

HOUSE BILL 1813

5 By: Representative Hyde  
6 By: Senator Teague  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE REQUIREMENTS FOR ANNUAL FILINGS  
10 OF INSURERS TO INCLUDE MARKET CONDUCT ANNUAL  
11 STATEMENTS; AND FOR OTHER PURPOSES.  
12  
13

## Subtitle

15 TO AMEND THE REQUIREMENTS FOR ANNUAL  
16 FILINGS OF INSURERS TO INCLUDE MARKET  
17 CONDUCT ANNUAL STATEMENTS.  
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19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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22 SECTION 1. Arkansas Code § 23-63-216 is amended to read as follows:  
23 23-63-216. Annual statement and other information.

24 (a)(1) Annually on or before March 1 or within ~~any~~ an extension of  
25 time ~~which~~ that the Insurance Commissioner for good cause may have granted,  
26 each authorized insurer shall file with the commissioner a full and true  
27 statement of its financial condition, transactions, and affairs as of the  
28 December 31 preceding.

29 (2) The statement shall be the appropriate and most recent  
30 National Association of Insurance Commissioners':

31 (A) "Annual Statement Blank For Life And Accident And  
32 Health";

33 (B) "Property And Casualty Annual Statement Blank";

34 (C) "Title Insurance Annual Statement Blank";

35 (D) "Annual Statement Blank for Health" for use by  
36 hospital, medical, and dental service or indemnity corporations;



- 1 (E) "Fraternal Annual Statement Blank";
- 2 (F) "Annual Statement Blank for Health" for health
- 3 insurers or health maintenance organizations and others; or
- 4 (G) Other National Association of Insurance Commissioners'
- 5 convention blank as appropriate.
- 6 (3) The statement shall be prepared in accordance with the most
- 7 recent and appropriate companion National Association of Insurance
- 8 Commissioners' "Annual Statement Instructions" and follow those accounting
- 9 practices and procedures prescribed by the most recent and appropriate
- 10 companion National Association of Insurance Commissioners' Accounting
- 11 Practices and Procedures Manual.
- 12 (4) Arkansas domestic insurers shall file the statement with the
- 13 commissioner in hardcopy format.
- 14 (5) Authorized foreign and alien insurers complying with
- 15 subsection (b) of this section are deemed to have satisfied the requirement
- 16 to file the statement with the commissioner.
- 17 (6) The commissioner ~~is authorized to~~ may allow a life insurer
- 18 or property and casualty insurer whose insurance premiums and required
- 19 statutory reserves for accident and health insurance constitute at least
- 20 ninety-five percent (95%) of its total premium considerations or total
- 21 statutory required reserves, respectively, to file the "Annual Statement
- 22 Blank for Health" as its annual statement with the companion quarterly
- 23 statement forms.
- 24 (7)(A) The National Association of Insurance Commissioners'
- 25 annual statement convention blank shall be verified by the oath of the
- 26 insurer's president or vice president and secretary or actuary as applicable
- 27 or, if a reciprocal insurer, by the oath of its attorney in fact or its like
- 28 officers if a corporation.
- 29 (B)(i) The statement of an alien insurer shall be verified
- 30 by the oath of the insurer's United States manager or other officer
- 31 authorized and shall relate only to its transactions and affairs in the
- 32 United States unless the commissioner requires otherwise.
- 33 (ii) If the commissioner requires a statement as to
- 34 the alien insurer's affairs throughout the world, the insurer shall file the
- 35 statement with the commissioner as soon as reasonably possible.
- 36 (C) The commissioner may waive ~~any~~ a requirement under

1 this section for verification under oath.

2 (8)(A) The commissioner may refuse to continue the insurer's  
3 certificate of authority, as provided in § 23-63-211, or ~~in his or her~~  
4 ~~discretion~~ may suspend or revoke the certificate of authority of an insurer  
5 failing to file its annual statement when due.

6 (B)(i) In addition, the insurer shall be subject to a  
7 penalty of one hundred dollars (\$100) for each day of delinquency.

8 (ii) The penalty shall be collected by the  
9 commissioner, if necessary, by a civil suit brought by the commissioner in  
10 Pulaski County Circuit Court, unless the penalty is waived by the  
11 commissioner upon a showing by the insurer of good cause for its failure to  
12 file its report on or before the date due.

13 (9) At the time of filing, the insurer shall pay the fee for  
14 filing its annual statement as prescribed by § 23-61-401.

15 (10) In addition to information called for and furnished in  
16 connection with its annual statement, an insurer shall furnish to the  
17 commissioner as soon as reasonably possible ~~such that~~ information with  
18 respect to ~~any of~~ its transactions or affairs as the commissioner ~~may from~~  
19 ~~time to time request~~ requests in writing.

20 (11)(A) In accordance with the specifications applicable to  
21 annual financial statements, each authorized domestic insurer and health  
22 maintenance organization and hospital or medical service corporation, or  
23 other domestic licensee so directed by the State Insurance Department in  
24 writing, shall also file with the commissioner a quarterly financial  
25 statement on a form prescribed by the commissioner, not later than forty-five  
26 (45) days following the end of each of the first three (3) calendar quarters  
27 of each year, excepting the fourth quarter of each calendar year, ~~which that~~  
28 shall be reconciled in the annual financial statement.

29 (B) The filing specifications of this section for annual  
30 financial reports apply to quarterly financial reports.

31 ~~(b)(1)(A) Annually on or before March 1, each domestic, foreign, and~~  
32 ~~alien insurer authorized to transact business in this state shall file with~~  
33 ~~the National Association of Insurance Commissioners a copy of its annual~~  
34 ~~statement convention blank, along with such additional filings as prescribed~~  
35 ~~by the commissioner as of the December 31 preceding.~~

36 ~~(B) The information filed with the National Association of~~

1 ~~Insurance Commissioners shall be in the same format and scope as that~~  
2 ~~required by the commissioner and shall include the signed jurat page and the~~  
3 ~~actuarial certification.~~

4 ~~(C) Any amendments and addendums to the annual statement~~  
5 ~~filing subsequently filed with the commissioner shall also be filed with the~~  
6 ~~National Association of Insurance Commissioners.~~

7 ~~(2) Foreign insurers that are domiciled in a state with a law~~  
8 ~~substantially similar to this subsection and comply with their state's law~~  
9 ~~shall be deemed in compliance with this subsection.~~

10 ~~(3) In the absence of actual malice, members of the National~~  
11 ~~Association of Insurance Commissioners, their duly authorized committees,~~  
12 ~~subcommittees, task forces, delegates, employees, and all others charged with~~  
13 ~~the responsibility of collecting, reviewing, analyzing, and disseminating the~~  
14 ~~information developed from the filing of the annual statement convention~~  
15 ~~blanks shall be acting as agents of the commissioner under the authority of~~  
16 ~~this subsection and shall not be subject to civil liability for libel,~~  
17 ~~slander, or any other cause of action by virtue of their collection, review,~~  
18 ~~and analysis or dissemination of the data and information collected from the~~  
19 ~~filings required hereunder.~~

20 ~~(4) The commissioner may impose the sanctions set out in~~  
21 ~~subdivision (a)(8) of this section on any insurer failing to file its annual~~  
22 ~~statement with the National Association of Insurance Commissioners when due~~  
23 ~~or within any extension of time which the commissioner for good cause may~~  
24 ~~have granted.~~

25 ~~(5) Each authorized insurer shall submit its annual and~~  
26 ~~quarterly statement and supplemental information to the National Association~~  
27 ~~of Insurance Commissioners in electronic format as specified by the National~~  
28 ~~Association of Insurance Commissioners. In addition to the information~~  
29 ~~required by subsection (a) of this section, a Market Conduct Annual Statement~~  
30 ~~shall be filed, when applicable, with the commissioner. Property and~~  
31 ~~casualty insurers reporting seven million dollars (\$7,000,000) or more in~~  
32 ~~homeowner or private passenger automobile gross premiums and life and annuity~~  
33 ~~insurers reporting seven million dollars (\$7,000,000) or more in individual~~  
34 ~~or group life or individual annuity gross premiums shall submit the following~~  
35 ~~information by the date prescribed by the commissioner:~~

36 ~~(1) Policies and procedures regarding the handling of claims;~~

1           (2) Any complaints received during the covered period and the  
2 nature and disposition of those complaints; and

3           (3) Any other market conduct functions the commissioner  
4 considers relevant.

5           ~~(c)(1) Each domestic insurer authorized to transact business in this~~  
6 ~~state shall include in its annual statement an opinion, as is relevant to the~~  
7 ~~lines of business the domestic insurer is authorized to write, on its life~~  
8 ~~and health policy and claim reserves and its property and liability loss and~~  
9 ~~loss adjustment expense reserves by a qualified actuary.~~

10           ~~(2) The opinion shall be in the format prescribed by the~~  
11 ~~National Association of Insurance Commissioners' Annual Statement Instruction~~  
12 ~~Handbook. *Insurers shall submit the Market Conduct Annual Statement data*~~  
13 ~~*required by subsection (b) of this section in an electronic format and manner*~~  
14 ~~*as prescribed by the commissioner. The commissioner may designate the*~~  
15 ~~*National Association of Insurance Commissioners to receive the Market Conduct*~~  
16 ~~*Annual Statement on his or her behalf, for the purpose of collecting,*~~  
17 ~~*compiling, aggregating, and reporting on Market Conduct Annual Statement*~~  
18 ~~*data.*~~

19           (2) Any forms or data submitted by the insurer as Market Conduct  
20 Annual Statement data under this subsection are deemed to be documents or  
21 information obtained from the insurer by the department as examination under  
22 § 23-61-207 without the necessity of a formal examination notice under § 23-  
23 61-203 or examination report and adoption order under § 23-61-205.

24           (d)(1)(A) Annually on or before March 1, each domestic, foreign, and  
25 alien insurer authorized to transact business in this state shall file with  
26 the National Association of Insurance Commissioners a copy of its annual  
27 statement convention blank, along with such additional filings as prescribed  
28 by the commissioner as of the December 31 preceding.

29           (B) The information filed with the National Association of  
30 Insurance Commissioners shall be in the same format and scope as that  
31 required by the commissioner and shall include the signed jurat page and the  
32 actuarial certification.

33           (C) Any amendments and addendums to the annual statement  
34 filing subsequently filed with the commissioner shall also be filed with the  
35 National Association of Insurance Commissioners.

36           (2) Foreign insurers that are domiciled in a state with a law

1 substantially similar to this subsection and comply with their state's law  
2 are in compliance with this subsection.

3 (3) In the absence of malice, members of the National  
4 Association of Insurance Commissioners, their committees, subcommittees, task  
5 forces, delegates, employees, and others charged with the responsibility of  
6 collecting, reviewing, analyzing, and disseminating the information developed  
7 from the filing of the annual statement convention blanks shall be acting as  
8 agents of the commissioner under the authority of this subsection and shall  
9 not be subject to civil liability for libel, slander, or an other cause of  
10 action by virtue of their collection, review, and analysis or dissemination  
11 of the data and information collected from the filings required in this  
12 section.

13 (4) The commissioner may impose the sanctions set out in  
14 subdivision (a)(8) of this section on an insurer failing to file its annual  
15 statement with the National Association of Insurance Commissioners when due  
16 or within an extension of time that the commissioner for good cause has  
17 granted.

18 (5) Each authorized insurer shall submit its annual and  
19 quarterly statement and supplemental information to the National Association  
20 of Insurance Commissioners in electronic format as specified by the National  
21 Association of Insurance Commissioners.

22 (e)(1) Each domestic insurer authorized to transact business in this  
23 state shall include in its annual statement an opinion, as is relevant to the  
24 lines of business the domestic insurer is authorized to write, on its life  
25 and health policy and claim reserves and its property and liability loss and  
26 loss adjustment expense reserves by a qualified actuary.

27 (2) The opinion shall be in the format prescribed by the  
28 National Association of Insurance Commissioners' Annual Statement Instruction  
29 Handbook.

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31 /s/Hyde  
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34 **APPROVED: 04/01/2011**  
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