

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

SENATE BILL 1145

4  
5 By: Senator Critcher

## For An Act To Be Entitled

9 AN ACT TO REGULATE THE CLOSING OF BLOCKS OF  
10 BUSINESS BY HEALTH CARRIERS; AND FOR OTHER  
11 PURPOSES.

## Subtitle

14 AN ACT TO REGULATE THE CLOSING OF BLOCKS  
15 OF BUSINESS BY HEALTH CARRIERS.

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

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20 SECTION 1. Arkansas Code Title 23, Chapter 79, Subchapter 1 is amended  
21 to add an additional section to read as follows:

22 23-79-152. Health insurance – Closing a block of business.

23 (a) As used in this section:

24 (1) "Block of business" means a particular policy form or  
25 contract providing health insurance coverage that includes distinct benefits,  
26 services, and terms issued by a carrier to one (1) or more individuals;

27 (2) "Carrier" means an entity subject to the insurance laws of  
28 the State of Arkansas or the jurisdiction of the Insurance Commissioner that  
29 contracts or offers to contract to provide health insurance coverage,  
30 including, but not limited to, an insurance company, a health maintenance  
31 organization, or a hospital medical service corporation;

32 (3) "Closed block of business" means a block of business that a  
33 carrier ceases to actively offer or sell to new applicants; and

34 (4)(A) "Health insurance coverage" means benefits consisting of  
35 medical, pharmacy, surgical, hospitalization, or similar goods or services  
36 for the purpose of preventing, alleviating, curing, or healing human illness



1 provided directly or indirectly, through insurance, reimbursement, or  
2 otherwise, including items and services paid for under any policy,  
3 certificate, or agreement offered by a carrier.

4 (B) "Health insurance coverage" does not include policies  
5 or certificates covering only accident, credit, disability income, long-term  
6 care, hospital indemnity, Medicare supplemental policy as defined in 42  
7 U.S.C. § 1395ss(g)(1) as it existed on January 1, 2005, a specified disease,  
8 other limited benefit health insurance, automobile medical payment insurance,  
9 or claims under the Workers' Compensation Law, § 11-9-101 et seq., or the  
10 Public Employee Workers' Compensation Act, § 21-5-601 et seq.

11 (b) No block of business shall be closed by a carrier unless the  
12 carrier:

13 (1) Permits existing contract holders to purchase a contract  
14 from any block of business that is not closed and that provides comparable  
15 benefits, services, and terms with no additional underwriting requirement or  
16 waiting period; and

17 (2) Pools the experience of the closed block of business with  
18 all blocks of business that are not closed for the purpose of determining the  
19 premium rate of any contract within the closed block, with no rate penalty or  
20 surcharge beyond that which reflects the experience of the combined pool.

21 (c)(1) Unless an insurer presents evidence satisfactory to the  
22 Insurance Commissioner to the contrary, a block of business shall be presumed  
23 to be closed if the block has been in existence for more than twelve (12)  
24 months and:

25 (A) For a period of twelve (12) months, the number of  
26 contracts for the block has decreased by twelve percent (12%) or more; or

27 (B) The block has less than two hundred fifty (250)  
28 contracts in the State of Arkansas.

29 (2) The fact that a block of business does not meet one (1) of  
30 the presumptions set forth in this subsection (c) shall not preclude a  
31 determination that it is closed.

32 (d)(1) A carrier shall notify the commissioner in writing within  
33 thirty (30) days of:

34 (A) Its decision to close a block of business; or

35 (B) Falling within one (1) of the presumptions set forth  
36 in subsection (c) of this section.

1           (2) The notice shall fully disclose all information required to  
2 show the carrier's compliance with subsection (b) of this section.

3           (3) The carrier shall provide any additional information  
4 requested by the commissioner within fifteen (15) business days of the  
5 request.

6           (e) A carrier shall preserve, for a period of not less than five (5)  
7 years in an identified location that is readily accessible for review by the  
8 commissioner, all books and records relating to any action taken by the  
9 carrier under subsection (b) of this section.

10          (f) No carrier with the purpose of evading this section shall:

11           (1) Offer or sell any contract; or

12           (2) Provide false or misleading information about the active or  
13 closed status of a block of business.

14          (g) A carrier shall bring any block of business closed prior to the  
15 effective date of this section into compliance with the terms of this section  
16 no later than January 1, 2006.

17          (h) Any violation of this section shall be deemed an unfair or  
18 deceptive act or practice in the business of insurance under § 23-66-206  
19 punishable under § 23-66-210.

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