

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 86th General Assembly  
3 Regular Session, 2007  
4

# A Bill

HOUSE BILL 1381

5 By: Representatives Wyatt, Maloch, Thyer  
6  
7

## For An Act To Be Entitled

9 AN ACT TO ALLOW THE INSURANCE COMMISSIONER TO  
10 ORDER THE REMOVAL OF A DIRECTOR OR AN OFFICER FOR  
11 MISCONDUCT; TO REQUIRE A HEARING AND WRITTEN  
12 FINDINGS; AND FOR OTHER PURPOSES.  
13

## Subtitle

14 TO ALLOW THE INSURANCE COMMISSIONER TO  
15 ORDER THE REMOVAL OF A DIRECTOR OR AN  
16 OFFICER FOR MISCONDUCT AND TO REQUIRE A  
17 HEARING AND WRITTEN FINDINGS.  
18  
19  
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 SECTION 1. Arkansas Code Title 23, Chapter 61, Subchapter 1 is amended  
24 to add an additional section to read as follows:

25 23-61-116. Removal of officers and directors by Insurance Commissioner  
26 - Grounds - Procedure.

27 (a) As used in this section "regulated insurance company" means a  
28 domestic insurance company, health maintenance organization, farmers' mutual  
29 aid association, hospital and medical service corporation, stipulated premium  
30 insurer, or fraternal benefit society.

31 (b) The Insurance Commissioner may order the removal of a director or  
32 an officer of a regulated insurance company if after a hearing the  
33 commissioner makes a written finding that the continued service of the  
34 director or officer is hazardous or injurious to the regulated insurance  
35 company or its policyholders and that the director or officer:

36 (1) Is guilty of or has pleaded guilty or molo contendere to a



1 felony or a crime involving moral turpitude;

2 (2) Has improperly manipulated the assets or records of the  
3 regulated insurance company;

4 (3) Has intentionally subjected the regulated insurance company  
5 to or has engaged in acts or omissions that could cause a hazardous financial  
6 condition for the regulated insurance company's policyholders or creditors or  
7 for the general public; or

8 (4) Has been disciplined or sanctioned by an agency or a  
9 political subdivision of this state or any other state.

10 (c) If within thirty (30) days after service by the commissioner of a  
11 removal order under subsection (a) of this section the regulated insurance  
12 company does not comply with the order, the commissioner may suspend or  
13 revoke the regulated insurance company's certificate of authority or  
14 otherwise penalize the regulated insurance company until the regulated  
15 insurance company complies with the order.

16 (d) Any action taken by a regulated insurance company or a director or  
17 an officer of a regulated insurance company pursuant to an order issued by  
18 the commissioner under this section shall be considered to be in good faith  
19 and shall not be the basis for subjecting the regulated insurance company or  
20 a director or an officer of the regulated insurance company to civil  
21 liability.

22 (e) An order of the commissioner under this section is subject to  
23 review under the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36