

**ARKANSAS SENATE**  
85th General Assembly - Regular Session, 2005  
**Amendment Form**

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**Subtitle of Senate Bill No. 233**

"AN ACT TO PROVIDE COMPREHENSIVE AND UNIFORM INSURANCE REFORM."

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**Amendment No. 1 to Senate Bill No. 233.**

Amend Senate Bill No. 233 as originally introduced:

Page 3, delete line 26 and substitute:

"(c) This section shall not apply to annuities or workers' compensation, life, disability,"

AND

Page 5, delete Sections 9 and 10, and substitute the following:

"SECTION 9. Arkansas Code Title 23, Chapter 64, subchapter 5 is amended to add a section to read as follows:

§ 23-64-520. Compensation disclosure.

(a) As used in this section:

(1) "Affiliate" means a person that controls, is controlled by, or is under common control with a producer;

(2)(A) "Compensation from an insurer or other third party" means payments, commissions, fees, overrides, bonuses, contingent commissions, loans, stock options, or any other form of valuable consideration, whether or not payable pursuant to a written agreement.

(B) Awards, gifts, and prizes shall be considered "compensation from an insurer or other third party" if the award, gift, or prize is directly tied to the producer's performance; and

(3) "Compensation from the customer" shall not include any fee or similar expense under § 23-66-310 or any fee or amount collected by or paid to the producer that does not exceed an amount established by the Insurance Commissioner.

(b)(1) Before the placement of insurance business, all insurance producers shall disclose:

(A) Whether the producer or its affiliate represents the customer or the insurer; and

(B) The source or sources of the producer's or affiliate's compensation for the placement.

(2) If the producer represents the insurer, the producer shall disclose to the customer that the producer provides services to the customer on behalf of the insurer.



(3) If the producer receives compensation from the customer or represents the customer, the producer shall disclose:

(A) The source or sources of the producer's or affiliate's compensation for the placement; and

(B) Whether the producer or its affiliate will receive compensation for the placement from the insurer or other third party based upon volume, profitability, or other factors, and if the customer requests, the producer shall provide a reasonable estimate of the amount of compensation.

(c) A person shall not be considered a "customer" for purposes of this section if the person is merely:

(1) A participant or beneficiary of an employee benefit plan; or

(2) Covered by a group or blanket insurance policy or group annuity contract sold, solicited or negotiated by the producer or affiliate.

(d) This section shall not apply to:

(1) A person licensed as a producer who acts only as an intermediary between an insurer and the customer's producer, including, but not limited to, a managing general agent, a sales manager, or wholesale broker when acting only as an intermediary;

(2) A reinsurance intermediary;

(3) Any placement involving a residual market mechanism;

(4) Renewals, unless the information previously disclosed under subsection (b) has substantially changed; or

(5) Any placement of credit life or credit disability insurance."

AND

Page 10, line 10, delete "Willfully embezzles" and substitute "Embezzles"

AND

Page 10, line 17, delete "conspiracy" and substitute "~~conspiracy~~ conspires"

AND

Page 11, delete line 24 and substitute "expiration of the waiting period or sooner if approved by the commissioner."

AND

Page 16, line 20, delete "(b)" and substitute "(b)(1)"

AND

Page 16, line 22, delete "(c) Proceedings" and substitute "(2) Any appeal"

AND

Page 17, delete Section 21

AND

Page 24, delete line 35 and substitute "it existed on January 1, 2004:"

AND

Page 25, line 9, delete "amended" and substitute "it existed on January 1, 2004"

AND

Page 25, line 20, delete "amended" and substitute "it existed on January 1, 2004"

AND

Page 25, line 33, delete "amended" and substitute "it existed on January 1, 2004"

AND

Page 26, line 1, delete "amended" and substitute "it existed on January 1, 2004"

AND

Page 27, line 30, delete "or"

AND

Page 33, line 13, delete "amended" and substitute "it existed on January 1, 2004"

AND

Page 49, line 13, delete "or claim"

AND

Appropriately renumber all sections of the bill.

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator B. Johnson

DLP/RCK - 02-01-2005 09:01

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Secretary