

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999

# A Bill

HOUSE BILL 1511

4  
5 By: Representative Wilkins  
6  
7

## For An Act To Be Entitled

8  
9 "THE RISK BASED CAPITAL ACT FOR HEALTH  
10 MAINTENANCE ORGANIZATIONS."

### Subtitle

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12  
13 "TO IMPOSE RISK BASED CAPITAL  
14 REQUIREMENTS ON HEALTH MAINTENANCE  
15 ORGANIZATIONS."  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

#### SECTION 1. Definitions.

20  
21 As used in this Act, these terms shall have the following meanings:

22 (1) "Adjusted RBC report" means an RBC report which has been adjusted  
23 by the commissioner in accordance with Section 2(d).

24 (2) "Corrective order" means an order issued by the commissioner  
25 specifying corrective actions which the commissioner has determined are  
26 required.

27 (3) "Domestic health organization" means a health maintenance  
28 organization domiciled in this state, as established under Ark. Code Ann. §23-  
29 76-107, or a hospital and medical service corporation as defined in Ark. Code  
30 Ann. §23-75-101.

31 (4) "Foreign health organization" means a health organization that is  
32 licensed to do business in this state but is not domiciled in this state.

33 (5) "NAIC" means the National Association of Insurance Commissioners.

34 (6) "Health organization" means a health maintenance organization,  
35 hospital and medical service corporation, limited health service organization,  
36 dental or vision plan, hospital, or a medical and dental indemnity or service

1 corporation. This definition does not include an organization that is licensed  
 2 as either a life and health insurer or a property and casualty insurer and  
 3 that is otherwise subject to either the life or property and casualty RBC  
 4 requirements.

5 (7) "RBC instructions" means the RBC report including risk-based  
 6 capital instructions adopted by the NAIC, as these RBC instructions may be  
 7 amended by the NAIC from time to time in accordance with the procedures  
 8 adopted by the NAIC.

9 (8) "RBC level" means a health organization's Company Action Level RBC,  
 10 Regulatory Action Level RBC, Authorized Control Level RBC, or Mandatory  
 11 Control Level RBC where:

12 (9)(A) "Company Action Level RBC" means, with respect to any health  
 13 organization, the product of 2.0 and its Authorized Control Level RBC;

14 (B) "Regulatory Action Level RBC" means the product of 1.5 and  
 15 its Authorized Control Level RBC;

16 (C) "Authorized Control Level RBC" means the number determined  
 17 under the risk-based capital formula in accordance with the RBC Instructions;

18 (D) "Mandatory Control Level RBC" means the product of .70 and  
 19 the Authorized Control Level RBC.

20 (10) "RBC plan" means a comprehensive financial plan containing the  
 21 elements specified in Section 3(b). If the commissioner rejects the RBC plan,  
 22 and it is revised by the health organization, with or without the  
 23 commissioner's recommendation, the plan shall be called the "revised RBC  
 24 plan."

25 (11) "RBC report" means the report required in Section 2.

26 (12) "Total adjusted capital" means the sum of:

27 (A) A health organization's statutory capital and surplus (i.e.  
 28 net worth) as determined in accordance with the statutory accounting  
 29 applicable to the annual financial statements required to be filed; and

30 (B) Such other items, if any, as the RBC instructions may  
 31 provide.

32  
 33 SECTION 2. RBC Reports.

34 (a) A domestic health organization shall, on or prior to each March 1  
 35 (the "filing date"), prepare and submit to the commissioner a report of its  
 36 RBC levels as of the end of the calendar year just ended, in a form and

1 containing such information as is required by the RBC instructions. In  
2 addition, a domestic health organization shall file its RBC report:

3 (1) With the NAIC in accordance with the RBC instructions; and

4 (2) With the insurance commissioner in any state in which the  
5 health organization is authorized to do business, if the insurance  
6 commissioner has notified the health organization of its request in writing,  
7 in which case the health organization shall file its RBC report not later than  
8 the later of:

9 (A) Fifteen (15) days from the receipt of notice to file  
10 its RBC report with that state; or

11 (B) The filing date.

12 (b) A health organization's RBC shall be determined in accordance with  
13 the formula set forth in the RBC instructions. The formula shall take the  
14 following into account (and may adjust for the covariance between) determined  
15 in each case by applying the factors in the manner set forth in the RBC  
16 instructions:

17 (1) Asset risk;

18 (2) Credit risk;

19 (3) Underwriting risk; and

20 (4) All other business risks and such other relevant risks as are  
21 set forth in the RBC instructions.

22 (c) An excess of capital (i.e. net worth) over the amount produced by  
23 the risk-based capital requirements contained in the Act and the formulas,  
24 schedules and instructions referenced in this Act is desirable in the business  
25 of health insurance. Accordingly, health organizations should seek to maintain  
26 capital above the RBC levels required by this Act. Additional capital is used  
27 and useful in the insurance business and helps to secure a health organization  
28 against various risks inherent in, or affecting, the business of insurance and  
29 not accounted for or only partially measured by the risk-based capital  
30 requirements contained in this Act.

31 (d) If a domestic health organization files an RBC report that in the  
32 judgment of the commissioner is inaccurate, then the commissioner shall adjust  
33 the RBC report to correct the inaccuracy and shall notify the health  
34 organization of the adjustment. The notice shall contain a statement of the  
35 reason for the adjustment. An RBC report as so adjusted is referred to as an  
36 "adjusted RBC report."

1  
2 SECTION 3. Company Action Level Event.

3 (a) "Company Action Level Event" means any of the following events:

4 (1) The filing of an RBC report by a health organization that  
5 indicates that the health organization's total adjusted capital is greater  
6 than or equal to its Regulatory Action Level RBC but less than its Company  
7 Action Level RBC;

8 (2) Notification by the commissioner to the health organization  
9 of an adjusted RBC report that indicates an event in subdivision (a)(1) of  
10 this subsection, provided the health organization does not challenge the  
11 adjusted RBC report under Section 7; or

12 (3) If, pursuant to Section 7, a health organization challenges  
13 an adjusted RBC report that indicates the event in subdivision (a)(1) of this  
14 subsection, the notification by the commissioner to the health organization  
15 that the commissioner has, after a hearing, rejected the health organization's  
16 challenge.

17 (b) In the event of a Company Action Level Event, the health  
18 organization shall prepare and submit to the commissioner an RBC plan that  
19 shall:

20 (1) Identify the conditions that contribute to the Company  
21 Action Level Event;

22 (2) Contain proposals of corrective actions that the health  
23 organization intends to take and that would be expected to result in the  
24 elimination of the Company Action Level Event;

25 (3) Provide projections of the health organization's financial  
26 results in the current year and at least the two (2) succeeding years, both in  
27 the absence of proposed corrective actions and giving effect to the proposed  
28 corrective actions, including projections of statutory balance sheets,  
29 operating income, net income, capital and surplus, and RBC levels. The  
30 projections for both new and renewal business might include separate  
31 projections for each major line of business and separately identify each  
32 significant income, expense and benefit component;

33 (4) Identify the key assumptions impacting the health  
34 organization's projections and the sensitivity of the projections to the  
35 assumptions; and

36 (5) Identify the quality of, and problems associated with, the

1 health organization's business, including but not limited to its assets,  
2 anticipated business growth and associated surplus strain, extraordinary  
3 exposure to risk, mix of business and use of reinsurance, if any, in each  
4 case.

5 (c) The RBC plan shall be submitted:

6 (1) Within forty-five (45) days of the Company Action Level  
7 Event; or

8 (2) If the health organization challenges an adjusted RBC report  
9 pursuant to Section 7, within forty-five (45) days after notification to the  
10 health organization that the commissioner has, after a hearing, rejected the  
11 health organization's challenge.

12 (d) Within sixty (60) days after the submission by a health  
13 organization of an RBC plan to the commissioner, the commissioner shall notify  
14 the health organization whether the RBC plan shall be implemented or is, in  
15 the judgment of the commissioner, unsatisfactory. If the commissioner  
16 determines the RBC plan is unsatisfactory, the notification to the health  
17 organization shall set forth the reasons for the determination, and may set  
18 forth proposed revisions which will render the RBC plan satisfactory, in the  
19 judgment of the commissioner. Upon notification from the commissioner, the  
20 health organization shall prepare a revised RBC plan, which may incorporate by  
21 reference any revisions proposed by the commissioner, and shall submit the  
22 revised RBC plan to the commissioner:

23 (1) Within forty-five (45) days after the notification from the  
24 commissioner; or

25 (2) If the health organization challenges the notification from  
26 the commissioner under Section 7, within forty-five (45) days after a  
27 notification to the health organization that the commissioner has, after a  
28 hearing, rejected the health organization's challenge.

29 (e) In the event of a notification by the commissioner to a health  
30 organization that the health organization's RBC plan or revised RBC plan is  
31 unsatisfactory, the commissioner may at the commissioner's discretion, subject  
32 to the health organization's right to a hearing under Section 7, specify in  
33 the notification that the notification constitutes a Regulatory Action Level  
34 Event.

35 (f) Every domestic health organization that files an RBC plan or  
36 revised RBC plan with the commissioner shall file a copy of the RBC plan or

1 revised RBC plan with the insurance commissioner in any state in which the  
 2 health organization is authorized to do business if:

3 (1) The state has an RBC provision substantially similar to  
 4 Section 8(a); and

5 (2) The insurance commissioner of that state has notified the  
 6 health organization of its request for the filing in writing, in which case  
 7 the health organization shall file a copy of the RBC plan or revised RBC plan  
 8 in that state no later than the later of:

9 (A) Fifteen (15) days after the receipt of notice to file  
 10 a copy of its RBC plan or revised RBC plan with the state; or

11 (B) The date on which the RBC plan or revised RBC plan is  
 12 filed under Subsections (c) and (d) of this section.

13  
 14 SECTION 4. Regulatory Action Level Event.

15 (a) "Regulatory Action Level Event" means, with respect to a health  
 16 organization, any of the following events:

17 (1) The filing of an RBC report by the health organization that  
 18 indicates that the health organization's total adjusted capital is greater  
 19 than or equal to its Authorized Control Level RBC but less than its Regulatory  
 20 Action Level RBC;

21 (2) Notification by the commissioner to a health organization of  
 22 an adjusted RBC report that indicates the event in subdivision (a)(1),  
 23 provided the health organization does not challenge the adjusted RBC report  
 24 under Section 7;

25 (3) If, pursuant to Section 7, the health organization  
 26 challenges an adjusted RBC report that indicates the event in subdivision  
 27 (a)(1), the notification by the commissioner to the health organization that  
 28 the commissioner has, after a hearing, rejected the health organization's  
 29 challenge;

30 (4) The failure of the health organization to file an RBC report  
 31 by the filing date, unless the health organization has provided an explanation  
 32 for the failure that is satisfactory to the commissioner and has cured the  
 33 failure within ten (10) days after the filing date;

34 (5) The failure of the health organization to submit an RBC plan  
 35 to the commissioner within the time period set forth in Section 3(c);

36 (6) Notification by the commissioner to the health organization

1 that:

2 (A) The RBC plan or revised RBC plan submitted by the  
3 health organization is, in the judgment of the commissioner, unsatisfactory;  
4 and

5 (B) Notification constitutes a Regulatory Action Level  
6 Event with respect to the health organization, provided the health  
7 organization has not challenged the determination under Section 7;

8 (7) If, pursuant to Section 7, the health organization  
9 challenges a determination by the commissioner under subdivision (a)(6), the  
10 notification by the commissioner to the health organization that the  
11 commissioner has, after a hearing, rejected the challenge;

12 (8) Notification by the commissioner to the health organization  
13 that the health organization has failed to adhere to its RBC plan or revised  
14 RBC plan, but only if the failure has a substantial adverse effect on the  
15 ability of the health organization to eliminate the Company Action Level Event  
16 in accordance with its RBC plan or revised RBC plan and the commissioner has  
17 so stated in the notification, provided the health organization has not  
18 challenged the determination under Section 7; or

19 (9) If, pursuant to Section 7, the health organization  
20 challenges a determination by the commissioner under subdivision (a)(8), the  
21 notification by the commissioner to the health organization that the  
22 commissioner has, after a hearing, rejected the challenge.

23 (b) In the event of a Regulatory Action Level Event the commissioner  
24 shall:

25 (1) Require the health organization to prepare and submit an RBC  
26 plan or, if applicable, a revised RBC plan;

27 (2) Perform such examination or analysis as the commissioner  
28 deems necessary of the assets, liabilities and operations of the health  
29 organization including a review of its RBC plan or revised RBC plan; and

30 (3) Subsequent to the examination or analysis, issue an order  
31 specifying such corrective actions as the commissioner shall determine are  
32 required (a "corrective order").

33 (c) In determining corrective actions, the commissioner may take into  
34 account factors the commissioner deems relevant with respect to the health  
35 organization based upon the commissioner's examination or analysis of the  
36 assets, liabilities and operations of the health organization, including, but

1 not limited to, the results of any sensitivity tests undertaken pursuant to  
 2 the RBC instructions. The RBC plan or revised RBC plan shall be submitted:

3 (1) Within forty-five (45) days after the occurrence of the  
 4 Regulatory Action Level Event;

5 (2) If the health organization challenges an adjusted RBC report  
 6 pursuant to Section 7 and the challenge is not frivolous in the judgment of  
 7 the commissioner within forty-five (45) days after the notification to the  
 8 health organization that the commissioner has, after a hearing, rejected the  
 9 health organization's challenge; or

10 (3) If the health organization challenges a revised RBC plan  
 11 pursuant to Section 7 and the challenge is not frivolous in the judgment of  
 12 the commissioner, within forty-five (45) days after the notification to the  
 13 health organization that the commissioner has, after a hearing, rejected the  
 14 health organization's challenge.

15 (d) The commissioner may retain actuaries and investment experts and  
 16 other consultants as may be necessary in the judgment of the commissioner to  
 17 review the health organization's RBC plan or revised RBC plan, examine or  
 18 analyze the assets, liabilities and operations (including contractual  
 19 relationships) of the health organization and formulate the corrective order  
 20 with respect to the health organization. The fees, costs and expenses relating  
 21 to consultants shall be borne by the affected health organization or such  
 22 other party as directed by the commissioner.

23  
 24 SECTION 5. Authorized Control Level Event.

25 (a) "Authorized Control Level Event" means any of the following events:

26 (1) The filing of an RBC report by the health organization that  
 27 indicates that the health organization's total adjusted capital is greater  
 28 than or equal to its Mandatory Control Level RBC but less than its Authorized  
 29 Control Level RBC;

30 (2) The notification by the commissioner to the health  
 31 organization of an adjusted RBC report that indicates the event in subdivision  
 32 (a)(1), provided the health organization does not challenge the adjusted RBC  
 33 report under Section 7;

34 (3) If, pursuant to Section 7, the health organization  
 35 challenges an adjusted RBC report that indicates the event in subdivision  
 36 (a)(1), notification by the commissioner to the health organization that the



1 commissioner has, after a hearing, rejected the health organization's  
 2 challenge;

3 (4) The failure of the health organization to respond, in a  
 4 manner satisfactory to the commissioner, to a corrective order (provided the  
 5 health organization has not challenged the corrective order under Section 7);  
 6 or

7 (5) If the health organization has challenged a corrective order  
 8 under Section 7 and the commissioner has, after a hearing, rejected the  
 9 challenge or modified the corrective order, the failure of the health  
 10 organization to respond, in a manner satisfactory to the commissioner, to the  
 11 corrective order subsequent to rejection or modification by the commissioner.

12 (b) In the event of an Authorized Control Level Event with respect to a  
 13 health organization, the commissioner shall:

14 (1) Take such actions as are required under Section 4 regarding  
 15 a health organization with respect to which an Regulatory Action Level Event  
 16 has occurred; or

17 (2) If the commissioner deems it to be in the best interests of  
 18 the policyholders and creditors of the health organization and of the public,  
 19 take such actions as are necessary to cause the health organization to be  
 20 placed under regulatory control under rehabilitation and liquidation. In the  
 21 event the commissioner takes such actions, the Authorized Control Level Event  
 22 shall be deemed sufficient grounds for the commissioner to take action under  
 23 rehabilitation and liquidation, and the commissioner shall have the rights,  
 24 powers and duties with respect to the health organization as are set forth in  
 25 rehabilitation and liquidation. In the event the commissioner takes actions  
 26 under this paragraph pursuant to an adjusted RBC report, the health  
 27 organization shall be entitled to such protections as are afforded to health  
 28 organizations under the provisions of rehabilitation and liquidation.

29  
 30 SECTION 6. Mandatory Control Level Event.

31 (a) "Mandatory Control Level Event" means any of the following events:

32 (1) The filing of an RBC report which indicates that the health  
 33 organization's total adjusted capital is less than its Mandatory Control Level  
 34 RBC;

35 (2) Notification by the commissioner to the health organization  
 36 of an adjusted RBC report that indicates the event in subdivision (a)(1),

1 provided the health organization does not challenge the adjusted RBC report  
 2 under Section 7; or

3 (3) If, pursuant to Section 7, the health organization  
 4 challenges an adjusted RBC report that indicates the event in subdivision  
 5 (a)(1), notification by the commissioner to the health organization that the  
 6 commissioner has, after a hearing, rejected the health organization's  
 7 challenge.

8 (b) In the event of a Mandatory Control Level Event, the commissioner  
 9 shall take such actions as are necessary to place the health organization  
 10 under regulatory control under rehabilitation and liquidation. In that event,  
 11 the Mandatory Control Level Event shall be deemed sufficient grounds for the  
 12 commissioner to take action under rehabilitation and liquidation, and the  
 13 commissioner shall have the rights, powers and duties with respect to the  
 14 health organization as are set forth in rehabilitation and liquidation.  
 15 Notwithstanding any of the foregoing, the commissioner may forego action for  
 16 up to ninety (90) days after the Mandatory Control Level Event if the  
 17 commissioner finds there is a reasonable expectation that the Mandatory  
 18 Control Level Event may be eliminated within the ninety-day period.

19  
 20 SECTION 7. Hearings.

21 Upon the occurrence of any of the following events the health  
 22 organization shall have the right to a confidential departmental hearing, on a  
 23 record, at which the health organization may challenge any determination or  
 24 action by the commissioner. The health organization shall notify the  
 25 commissioner of its request for a hearing within five (5) days after the  
 26 notification by the commissioner under subsections (1) through (4). Upon  
 27 receipt of the health organization's request for a hearing, the commissioner  
 28 shall set a date for the hearing, which shall be no less than ten (10) nor  
 29 more than thirty (30) days after the date of the health organization's  
 30 request. The events include:

31 (1) Notification to a health organization by the commissioner of an  
 32 adjusted RBC report;

33 (2) Notification to a health organization by the commissioner that:

34 (A) The health organization's RBC plan or revised RBC plan is  
 35 unsatisfactory; and

36 (B) Notification constitutes a Regulatory Action Level Event

1 with respect to the health organization;

2 (3) Notification to a health organization by the commissioner that the  
3 health organization has failed to adhere to its RBC plan or revised RBC plan  
4 and that the failure has a substantial adverse effect on the ability of the  
5 health organization to eliminate the Company Action Level Event with respect  
6 to the health organization in accordance with its RBC plan or revised RBC  
7 plan; or

8 (4) Notification to a health organization by the commissioner of a  
9 corrective order with respect to the health organization.

10  
11 SECTION 8. Confidentiality & Prohibition on Announcements - Prohibition  
12 on Use in Ratemaking.

13 (a) All RBC reports (to the extent the information is not required to  
14 be set forth in a publicly available annual statement schedule) and RBC plans  
15 (including the results or report of any examination or analysis of a health  
16 organization performed pursuant to this statute and any corrective order  
17 issued by the commissioner pursuant to examination or analysis) with respect  
18 to a domestic health organization or foreign health organization that are  
19 filed with the commissioner constitute information that might be damaging to  
20 the health organization if made available to its competitors, and therefore  
21 shall be kept confidential by the commissioner. This information shall not be  
22 made public or be subject to subpoena, other than by the commissioner and then  
23 only for the purpose of enforcement actions taken by the commissioner pursuant  
24 to this Act or any other provision of the insurance laws of this state.

25 (b) It is the judgment of the legislature that the comparison of a  
26 health organization's total adjusted capital to any of its RBC levels is a  
27 regulatory tool which may indicate the need for corrective action with respect  
28 to the health organization, and is not intended as a means to rank health  
29 organizations generally. Therefore, except as otherwise required under the  
30 provisions of this Act, the making, publishing, disseminating, circulating or  
31 placing before the public, or causing, directly or indirectly to be made,  
32 published, disseminated, circulated or placed before the public, in a  
33 newspaper, magazine or other publication, or in the form of a notice,  
34 circular, pamphlet, letter or poster, or over a radio or television station,  
35 or in any other way, an advertisement, announcement or statement containing an  
36 assertion, representation or statement with regard to the RBC levels of any

1 health organization, or of any component derived in the calculation, by any  
 2 health organization, agent, broker or other person engaged in any manner in  
 3 the insurance business would be misleading and is therefore prohibited;  
 4 provided, however, that if any materially false statement with respect to the  
 5 comparison regarding a health organization's total adjusted capital to its RBC  
 6 levels (or any of them) or an inappropriate comparison of any other amount to  
 7 the health organizations' RBC levels is published in any written publication  
 8 and the health organization is able to demonstrate to the commissioner with  
 9 substantial proof the falsity of the statement, or the inappropriateness, as  
 10 the case may be, then the health organization may publish an announcement in a  
 11 written publication if the sole purpose of the announcement is to rebut the  
 12 materially false statement.

13 (c) It is the further judgment of the legislature that the RBC  
 14 instructions, RBC reports, adjusted RBC reports, RBC plans and revised RBC  
 15 plans are intended solely for use by the commissioner in monitoring the  
 16 solvency of health organizations and the need for possible corrective action  
 17 with respect to health organizations and shall not be used by the commissioner  
 18 for ratemaking nor considered or introduced as evidence in any rate proceeding  
 19 nor used by the commissioner to calculate or derive any elements of an  
 20 appropriate premium level or rate of return for any line of insurance that a  
 21 health organization or any affiliate is authorized to write.

22  
 23 SECTION 9. Supplemental Provisions - Rules - Exemption.

24 (a) The provisions of this Act are supplemental to any other provisions  
 25 of the laws of this state, and shall not preclude or limit any other powers or  
 26 duties of the commissioner under such laws.

27 (b) The commissioner may adopt reasonable rules necessary for the  
 28 implementation of this Act.

29 (c) The commissioner may exempt from the application of this Act a  
 30 domestic health organization that:

31 (1) Writes direct business only in this state;

32 (2) Assumes no reinsurance in excess of five percent (5%) of  
 33 direct premium written; and

34 (3) Writes direct annual premiums for comprehensive medical  
 35 business of two million dollars (\$2,000,000) or less; or

36 (4) Is a limited benefit health maintenance organization.

1  
2 SECTION 10. Foreign Health Organizations.

3 (a) (1) A foreign health organization shall, upon the written request  
4 of the commissioner, submit to the commissioner an RBC report as of the end of  
5 the calendar year just ended the later of:

6 (A) The date an RBC report would be required to be filed by  
7 a domestic health organization under this Act; or

8 (B) Fifteen (15) days after the request is received by the  
9 foreign health organization.

10 (2) A foreign health organization shall, at the written request  
11 of the commissioner, promptly submit to the commissioner a copy of any RBC  
12 plan that is filed with the insurance commissioner of any other state.

13 (b) In the event of a Company Action Level Event, Regulatory Action  
14 Level Event or Authorized Control Level Event with respect to a foreign health  
15 organization as determined under the RBC statute applicable in the state of  
16 domicile of the health organization (or, if no RBC statute is in force in that  
17 state, under the provisions of this Act), if the insurance commissioner of the  
18 state of domicile of the foreign health organization fails to require the  
19 foreign health organization to file an RBC plan in the manner specified under  
20 that state's RBC statute (or, if no RBC statute is in force in that state,  
21 under Section 3 of this Act), the commissioner may require the foreign health  
22 organization to file an RBC plan with the commissioner. In such event, the  
23 failure of the foreign health organization to file an RBC plan with the  
24 commissioner shall be grounds to order the health organization to cease and  
25 desist from writing new insurance business in this state.

26 (c) In the event of a Mandatory Control Level Event with respect to a  
27 foreign health organization, if no domiciliary receiver has been appointed  
28 with respect to the foreign health organization under the rehabilitation and  
29 liquidation statute applicable in the state of domicile of the foreign health  
30 organization, the commissioner may make application under rehabilitation and  
31 liquidation with respect to the liquidation of property of foreign health  
32 organizations found in this state, and the occurrence of the Mandatory Control  
33 Level Event shall be considered adequate grounds for the application.

34  
35 SECTION 11. Immunity.

36 There shall be no liability on the part of, and no cause of action shall

1 arise against, the commissioner or the insurance department or its employees  
2 or agents for any action taken by them in the performance of their powers and  
3 duties under this Act.

4  
5 SECTION 12. Notices.

6 All notices by the commissioner to a health organization that may result  
7 in regulatory action under this Act shall be effective upon dispatch if  
8 transmitted by registered or certified mail, or in the case of any other  
9 transmission shall be effective upon the health organization's receipt of  
10 notice.

11  
12 SECTION 13. All provisions of this Act of a general and permanent  
13 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
14 Code Revision Commission shall incorporate the same in the Code.

15  
16 SECTION 14. If any provision of this Act or the application thereof to  
17 any person or circumstance is held invalid, such invalidity shall not affect  
18 other provisions or applications of the Act which can be given effect without  
19 the invalid provision or application, and to this end the provisions of this  
20 Act are declared to be severable.

21  
22 SECTION 15. All laws and parts of laws in conflict with this Act are  
23 hereby repealed.

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