

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

A Bill

SENATE BILL 152

4
5 By: Senator Critcher
6
7

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 23-63-105 TO ADD A NEW
10 FILING EXEMPTION FOR DOMESTIC SERVICE CONTRACTS
11 REVIEWED UNDER THE INSURANCE HOLDING COMPANY
12 REGULATORY ACT, THE MANAGING GENERAL AGENTS ACT, AND
13 OTHERS; TO AMEND ARKANSAS CODE 23-69-137 TO ADD A NEW
14 FILING EXEMPTION FOR SERVICE CONTRACTS REVIEWED UNDER
15 THE INSURANCE HOLDING COMPANY REGULATORY ACT, THE
16 MANAGING GENERAL AGENTS ACT, AND OTHERS; AND FOR OTHER
17 PURPOSES. "

Subtitle

18
19 "TO ADD NEW FILING EXEMPTIONS TO THE
20 INSURANCE CODE FOR SERVICE CONTRACTS
21 REVIEWED UNDER THE HOLDING COMPANY LAWS,
22 THE MANAGING GENERAL AGENTS LAW, AND
23 OTHER LAWS. "
24

25
26
27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. Arkansas Code § 23-63-105 is amended to read as follows:

30 "23-63-105. Service contracts to perform administrative functions.

31 (a) No domestic insurer shall make any contract with any insurance
32 company or holding company or any other type of company whereby the company is
33 to perform substantially all of the administrative functions for the insurer
34 until that contract is filed with and has received prior written approval by
35 the Insurance Commissioner. Administrative functions of an insurer include,
36 but are not limited to, underwriting, policy issue, accounting, premium notice

1 preparation, agents' commission statements, other periodical accounting
 2 reports, preparation of annual convention statements, and managerial
 3 consulting services.

4 (b) Any disapproval by the commissioner shall be delivered to the
 5 insurer in writing, stating the grounds therefor.

6 (c) The commissioner shall disapprove any contract if he finds that it:

- 7 (1) Subjects the insurer to excessive charges; or
- 8 (2) Is to extend for an unreasonable length of time; or
- 9 (3) Does not contain fair and adequate standards of performance;

10 or

11 (4) Contains other inequitable provisions which impair the proper
 12 interests of stockholders or policyholders of the insurer.

13 (d)(1) All service contracts approved under this section shall be
 14 submitted annually to the commissioner for review and approval on the
 15 anniversary date of first approval.

16 (2) The commissioner, in his discretion, may require submission
 17 of a contract for review at any time if he feels a review would be in the best
 18 interest of stockholders or policyholders of the insurer.

19 (3) Any contract not submitted in accordance with this act shall
 20 be deemed disapproved as of the day following the day that contract should
 21 have been submitted.

22 (e) The provisions of this section shall not apply to contracts of
 23 domestic licensees governed by the provisions of 23-63-514 and 23-63-515, in
 24 the Insurance Holding Company Regulatory Act, by the provisions of 23-64-401 -
 25 23-64-408, in the Managing General Agents Act, and by the provisions of 23-69-
 26 137, concerning contracts for management and exclusive agents."

27
 28 SECTION 2. Arkansas Code § 23-69-137 is amended to read as follows:

29 "23-69-137. Management and exclusive agency contracts.

30 (a) No domestic insurer shall make any contract whereby any person is
 31 granted or is to enjoy in fact the management of the insurer to the
 32 substantial exclusion of its board of directors or to have the controlling or
 33 preemptive right to produce substantially all insurance business for the
 34 insurer unless the contract is filed with and approved by the commissioner.

35 (1) The contract shall be deemed approved unless disapproved by
 36 the commissioner within twenty (20) days after the date of filing, subject to

1 such reasonable extension of time as the commissioner may require by notice
2 given within the twenty (20) days.

3 (2) Any disapproval shall be delivered to the insurer in writing,
4 stating the grounds therefor.

5 (b) The commissioner shall disapprove any contract if he finds that it:

6 (1) Subjects the insurer to excessive charges; or

7 (2) Is to extend for an unreasonable length of time; or

8 (3) Does not contain fair and adequate standards of performance;

9 or

10 (4) Contains other inequitable provisions which impair the proper
11 interests of stockholders or members of the insurer.

12 (c) The provisions of this section shall not apply to contracts of
13 domestic licensees governed by the provisions of 23-63-514 and 23-63-515, in
14 the Insurance Holding Company Regulatory Act, by the provisions of 23-64-401 -
15 23-64-408, in the Managing General Agents Act, and by the provisions of 23-63-
16 105, concerning service contracts to perform administrative functions."

17
18 SECTION 3. All provisions of this act of a general and permanent nature
19 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
20 Revision Commission shall incorporate the same in the Code.

21
22 SECTION 4. If any provision of this act or the application thereof to
23 any person or circumstance is held invalid, such invalidity shall not affect
24 other provisions or applications of the act which can be given effect without
25 the invalid provision or application, and to this end the provisions of this
26 act are declared to be severable.

27
28 SECTION 5. All laws and parts of laws in conflict with this act are
29 hereby repealed.

30
31
32
33
34
35
36