

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: H3/10/11

A Bill

HOUSE BILL 1813

5 By: Representative Hyde
6 By: Senator Teague
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE REQUIREMENTS FOR ANNUAL FILINGS
10 OF INSURERS TO INCLUDE MARKET CONDUCT ANNUAL
11 STATEMENTS; AND FOR OTHER PURPOSES.
12
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Subtitle

14 TO AMEND THE REQUIREMENTS FOR ANNUAL
15 FILINGS OF INSURERS TO INCLUDE MARKET
16 CONDUCT ANNUAL STATEMENTS.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 23-63-216 is amended to read as follows:
23 23-63-216. Annual statement and other information.

24 (a)(1) Annually on or before March 1 or within ~~any~~ an extension of
25 time ~~which~~ that the Insurance Commissioner for good cause may have granted,
26 each authorized insurer shall file with the commissioner a full and true
27 statement of its financial condition, transactions, and affairs as of the
28 December 31 preceding.

29 (2) The statement shall be the appropriate and most recent
30 National Association of Insurance Commissioners':

31 (A) "Annual Statement Blank For Life And Accident And
32 Health";

33 (B) "Property And Casualty Annual Statement Blank";

34 (C) "Title Insurance Annual Statement Blank";

35 (D) "Annual Statement Blank for Health" for use by
36 hospital, medical, and dental service or indemnity corporations;



- 1 (E) "Fraternal Annual Statement Blank";
2 (F) "Annual Statement Blank for Health" for health
3 insurers or health maintenance organizations and others; or
4 (G) Other National Association of Insurance Commissioners'
5 convention blank as appropriate.

6 (3) The statement shall be prepared in accordance with the most
7 recent and appropriate companion National Association of Insurance
8 Commissioners' "Annual Statement Instructions" and follow those accounting
9 practices and procedures prescribed by the most recent and appropriate
10 companion National Association of Insurance Commissioners' Accounting
11 Practices and Procedures Manual.

12 (4) Arkansas domestic insurers shall file the statement with the
13 commissioner in hardcopy format.

14 (5) Authorized foreign and alien insurers complying with
15 subsection (b) of this section are deemed to have satisfied the requirement
16 to file the statement with the commissioner.

17 (6) The commissioner ~~is authorized to~~ may allow a life insurer
18 or property and casualty insurer whose insurance premiums and required
19 statutory reserves for accident and health insurance constitute at least
20 ninety-five percent (95%) of its total premium considerations or total
21 statutory required reserves, respectively, to file the "Annual Statement
22 Blank for Health" as its annual statement with the companion quarterly
23 statement forms.

24 (7)(A) The National Association of Insurance Commissioners'
25 annual statement convention blank shall be verified by the oath of the
26 insurer's president or vice president and secretary or actuary as applicable
27 or, if a reciprocal insurer, by the oath of its attorney in fact or its like
28 officers if a corporation.

29 (B)(i) The statement of an alien insurer shall be verified
30 by the oath of the insurer's United States manager or other officer
31 authorized and shall relate only to its transactions and affairs in the
32 United States unless the commissioner requires otherwise.

33 (ii) If the commissioner requires a statement as to
34 the alien insurer's affairs throughout the world, the insurer shall file the
35 statement with the commissioner as soon as reasonably possible.

36 (C) The commissioner may waive ~~any~~ a requirement under

1 this section for verification under oath.

2 (8)(A) The commissioner may refuse to continue the insurer's
3 certificate of authority, as provided in § 23-63-211, or ~~in his or her~~
4 ~~discretion~~ may suspend or revoke the certificate of authority of an insurer
5 failing to file its annual statement when due.

6 (B)(i) In addition, the insurer shall be subject to a
7 penalty of one hundred dollars (\$100) for each day of delinquency.

8 (ii) The penalty shall be collected by the
9 commissioner, if necessary, by a civil suit brought by the commissioner in
10 Pulaski County Circuit Court, unless the penalty is waived by the
11 commissioner upon a showing by the insurer of good cause for its failure to
12 file its report on or before the date due.

13 (9) At the time of filing, the insurer shall pay the fee for
14 filing its annual statement as prescribed by § 23-61-401.

15 (10) In addition to information called for and furnished in
16 connection with its annual statement, an insurer shall furnish to the
17 commissioner as soon as reasonably possible ~~such that~~ information with
18 respect to ~~any of~~ its transactions or affairs as the commissioner ~~may from~~
19 ~~time to time request~~ requests in writing.

20 (11)(A) In accordance with the specifications applicable to
21 annual financial statements, each authorized domestic insurer and health
22 maintenance organization and hospital or medical service corporation, or
23 other domestic licensee so directed by the State Insurance Department in
24 writing, shall also file with the commissioner a quarterly financial
25 statement on a form prescribed by the commissioner, not later than forty-five
26 (45) days following the end of each of the first three (3) calendar quarters
27 of each year, excepting the fourth quarter of each calendar year, ~~which that~~
28 shall be reconciled in the annual financial statement.

29 (B) The filing specifications of this section for annual
30 financial reports apply to quarterly financial reports.

31 ~~(b)(1)(A) Annually on or before March 1, each domestic, foreign, and~~
32 ~~alien insurer authorized to transact business in this state shall file with~~
33 ~~the National Association of Insurance Commissioners a copy of its annual~~
34 ~~statement convention blank, along with such additional filings as prescribed~~
35 ~~by the commissioner as of the December 31 preceding.~~

36 ~~(B) The information filed with the National Association of~~

1 ~~Insurance Commissioners shall be in the same format and scope as that~~
2 ~~required by the commissioner and shall include the signed jurat page and the~~
3 ~~actuarial certification.~~

4 ~~(C) Any amendments and addendums to the annual statement~~
5 ~~filing subsequently filed with the commissioner shall also be filed with the~~
6 ~~National Association of Insurance Commissioners.~~

7 ~~(2) Foreign insurers that are domiciled in a state with a law~~
8 ~~substantially similar to this subsection and comply with their state's law~~
9 ~~shall be deemed in compliance with this subsection.~~

10 ~~(3) In the absence of actual malice, members of the National~~
11 ~~Association of Insurance Commissioners, their duly authorized committees,~~
12 ~~subcommittees, task forces, delegates, employees, and all others charged with~~
13 ~~the responsibility of collecting, reviewing, analyzing, and disseminating the~~
14 ~~information developed from the filing of the annual statement convention~~
15 ~~blanks shall be acting as agents of the commissioner under the authority of~~
16 ~~this subsection and shall not be subject to civil liability for libel,~~
17 ~~slander, or any other cause of action by virtue of their collection, review,~~
18 ~~and analysis or dissemination of the data and information collected from the~~
19 ~~filings required hereunder.~~

20 ~~(4) The commissioner may impose the sanctions set out in~~
21 ~~subdivision (a)(8) of this section on any insurer failing to file its annual~~
22 ~~statement with the National Association of Insurance Commissioners when due~~
23 ~~or within any extension of time which the commissioner for good cause may~~
24 ~~have granted.~~

25 ~~(5) Each authorized insurer shall submit its annual and~~
26 ~~quarterly statement and supplemental information to the National Association~~
27 ~~of Insurance Commissioners in electronic format as specified by the National~~
28 ~~Association of Insurance Commissioners. In addition to the information~~
29 ~~required by subsection (a) of this section, a Market Conduct Annual Statement~~
30 ~~shall be filed, when applicable, with the commissioner. Property and~~
31 ~~casualty insurers reporting seven million dollars (\$7,000,000) or more in~~
32 ~~homeowner or private passenger automobile gross premiums and life and annuity~~
33 ~~insurers reporting seven million dollars (\$7,000,000) or more in individual~~
34 ~~or group life or individual annuity gross premiums shall submit the following~~
35 ~~information by the date prescribed by the commissioner:~~

36 ~~(1) Policies and procedures regarding the handling of claims;~~

1 (2) Any complaints received during the covered period and the
2 nature and disposition of those complaints; and

3 (3) Any other market conduct functions the commissioner
4 considers relevant.

5 ~~(c)(1) Each domestic insurer authorized to transact business in this~~
6 ~~state shall include in its annual statement an opinion, as is relevant to the~~
7 ~~lines of business the domestic insurer is authorized to write, on its life~~
8 ~~and health policy and claim reserves and its property and liability loss and~~
9 ~~loss adjustment expense reserves by a qualified actuary.~~

10 ~~(2) The opinion shall be in the format prescribed by the~~
11 ~~National Association of Insurance Commissioners' Annual Statement Instruction~~
12 ~~Handbook. *Insurers shall submit the Market Conduct Annual Statement data*~~
13 ~~*required by subsection (b) of this section in an electronic format and manner*~~
14 ~~*as prescribed by the commissioner. The commissioner may designate the*~~
15 ~~*National Association of Insurance Commissioners to receive the Market Conduct*~~
16 ~~*Annual Statement on his or her behalf, for the purpose of collecting,*~~
17 ~~*compiling, aggregating, and reporting on Market Conduct Annual Statement*~~
18 ~~*data.*~~

19 (2) Any forms or data submitted by the insurer as Market Conduct
20 Annual Statement data under this subsection are deemed to be documents or
21 information obtained from the insurer by the department as examination under
22 § 23-61-207 without the necessity of a formal examination notice under § 23-
23 61-203 or examination report and adoption order under § 23-61-205.

24 (d)(1)(A) Annually on or before March 1, each domestic, foreign, and
25 alien insurer authorized to transact business in this state shall file with
26 the National Association of Insurance Commissioners a copy of its annual
27 statement convention blank, along with such additional filings as prescribed
28 by the commissioner as of the December 31 preceding.

29 (B) The information filed with the National Association of
30 Insurance Commissioners shall be in the same format and scope as that
31 required by the commissioner and shall include the signed jurat page and the
32 actuarial certification.

33 (C) Any amendments and addendums to the annual statement
34 filing subsequently filed with the commissioner shall also be filed with the
35 National Association of Insurance Commissioners.

36 (2) Foreign insurers that are domiciled in a state with a law

1 substantially similar to this subsection and comply with their state's law
2 are in compliance with this subsection.

3 (3) In the absence of malice, members of the National
4 Association of Insurance Commissioners, their committees, subcommittees, task
5 forces, delegates, employees, and others charged with the responsibility of
6 collecting, reviewing, analyzing, and disseminating the information developed
7 from the filing of the annual statement convention blanks shall be acting as
8 agents of the commissioner under the authority of this subsection and shall
9 not be subject to civil liability for libel, slander, or an other cause of
10 action by virtue of their collection, review, and analysis or dissemination
11 of the data and information collected from the filings required in this
12 section.

13 (4) The commissioner may impose the sanctions set out in
14 subdivision (a)(8) of this section on an insurer failing to file its annual
15 statement with the National Association of Insurance Commissioners when due
16 or within an extension of time that the commissioner for good cause has
17 granted.

18 (5) Each authorized insurer shall submit its annual and
19 quarterly statement and supplemental information to the National Association
20 of Insurance Commissioners in electronic format as specified by the National
21 Association of Insurance Commissioners.

22 (e)(1) Each domestic insurer authorized to transact business in this
23 state shall include in its annual statement an opinion, as is relevant to the
24 lines of business the domestic insurer is authorized to write, on its life
25 and health policy and claim reserves and its property and liability loss and
26 loss adjustment expense reserves by a qualified actuary.

27 (2) The opinion shall be in the format prescribed by the
28 National Association of Insurance Commissioners' Annual Statement Instruction
29 Handbook.

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31 */s/Hyde*
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