

**Occupational Authorizations**

for the meeting of the

ALC-OCCUPATIONAL LICENSING REVIEW SUBCOMMITTEE

Thursday, August 22, 2024 at 2:00 PM

**Arkansas Insurance Department**

**CLAIMS ADJUSTER**

Authorization Type: Licensure # of Individuals Regulated:

Entity Division Name: License Division

Scope of Practice: As defined in our Code: An “adjuster” is an individual, firm, limited liability company, or corporation who for compensation as an independent contractor or as the employee of an independent contractor or for fee or commission investigates and negotiates, on behalf of the insurer, settlement of claims arising under insurance contracts.

Statutory Requirement(s): 23-64-209 (a)  
 No person shall, in this state, act as or hold himself or herself out to be an adjuster unless then licensed therefor under this chapter. Application for license shall be made to the Insurance Commissioner according to forms as prescribed and furnished by him or her.

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member’s spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description              | Amount (\$) | Frequency  |
|----------|------------------------------|-------------|------------|
| Fee      | Application                  | \$55.00     | Once       |
| Fee      | Background Check             | \$24.00     | Once       |
| Fee      | Renewal - Resident           | \$140.00    | Biennially |
| Fee      | Renewal - NonResident        | \$120.00    | Biennially |
| Fee      | Exam Fee                     | \$50.00     | Once       |
| Fee      | PreLicense course            | \$225.00    | Once       |
| Fee      | Continuing Education classes | \$45.00     | Biennially |

**Administrative Rules Documents**

| Document Type | Document                        |
|---------------|---------------------------------|
| Rules         | <a href="#">rule_50 (1).pdf</a> |
| Rules         | <a href="#">rule_68.pdf</a>     |
| Rules         | <a href="#">rule_31.pdf</a>     |

**Supporting Evidence Documents**

No Supporting Evidence Documents Provided

**INSURANCE CONSULTANT**

Authorization Type: Licensure # of Individuals Regulated:

Entity Division Name: License Division

**Arkansas Insurance Department (Continued)**

**INSURANCE CONSULTANT (Continued)**

Scope of Practice: Consultants counsel and advise a consumer about his insurance needs and coverage for a reasonable fee.

Statutory Requirement(s): 23-64-201. (a) No insurance producer, insurer, insurance consultant, or adjuster shall permit any person not properly licensed under this chapter to solicit, sell, negotiate, engage, consult, or adjust in the business of insurance on behalf of the insurance producer, insurer, insurance consultant, or adjuster.

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member’s spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

No

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description            | Amount (\$) | Frequency  |
|----------|----------------------------|-------------|------------|
| Fee      | Consultant Application     | \$60.00     | Once       |
| Fee      | Background Check           | \$24.00     | Once       |
| Fee      | Consultant license renewal | \$60.00     | Biennially |

**Administrative Rules Documents**

*No Administrative Rules Documents Provided*

**Supporting Evidence Documents**

*No Supporting Evidence Documents Provided*

**INSURANCE BROKER (SURPLUS LINE)**

Authorization Type: Licensure # of Individuals Regulated: 2347

Entity Division Name: License Division

Scope of Practice: Surplus Lines Insurance Brokers take consumer and insurance agent calls for excess or surplus insurance for a property or casualty risk of persons or businesses, after rejection by insurance companies in the admitted market.

Statutory Requirement(s): 23-65-308. Licensing of Surplus Lines broker

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member’s spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

No

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description                     | Amount (\$) | Frequency |
|----------|-------------------------------------|-------------|-----------|
| Fee      | New License Surplus Lines Insurance | \$1,035.00  | Once      |
| Fee      | Renewal                             | \$60.00     | Annually  |

**Administrative Rules Documents**

**Arkansas Insurance Department (Continued)**

**INSURANCE BROKER (SURPLUS LINE) (Continued)**

|               |                             |
|---------------|-----------------------------|
| Document Type | Document                    |
| Rules         | <a href="#">rule_24.pdf</a> |

**Supporting Evidence Documents**

*No Supporting Evidence Documents Provided*

**INSURANCE SALES PRODUCER (AGENT)**

Authorization Type: Licensure # of Individuals Regulated:

Entity Division Name: License Division

Scope of Practice: Insurance producers are licensed to sell and negotiate life, health, property, or other types of insurance offered by an insurance company.

Title insurance agents are licensed as insurance produces.

Limited lines producers licenses:

- Funeral Expense- can issue life insurance policies up to \$15,000
- Agent License for Health Maintenance Organizations
- Agent Licensing for Automobile Clubs and Associations
- Travel Insurance

- Statutory Requirement(s):
- 23-64-506 Application for Licensure
  - 23-103-401 et seq. Title Insurance
  - 23-64-202 Funeral expense
  - 23-76-120 Agent license for health maintenance organizations
  - 23-77-103 Agent licensing for automobile clubs or associations
  - 23-64-234 Travel insurance

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member’s spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description                          | Amount (\$) | Frequency  |
|----------|--|-------------|------------|
| Fee      | Resident Major Line Application          | \$20.00     | Once       |
| Fee      | Resident Limited Line Application        | \$70.00     | Once       |
| Fee      | Resident and NonResident Renewal         | \$70.00     | Biennially |
| Fee      | CE Filing Fee on Resident Renewal        | \$20.00     | Biennially |
| Fee      | Background Check on resident application | \$24.00     | Once       |
| Fee      | Resident PreLicense Course               | \$200.00    | Once       |
| Fee      | Continuing Education Course              | \$40.00     | Biennially |

**Administrative Rules Documents**

**Arkansas Insurance Department (Continued)****INSURANCE SALES PRODUCER (AGENT) (Continued)**

| Document Type | Document                     |
|---------------|------------------------------|
| Rules         | <a href="#">rule_51.pdf</a>  |
| Rules         | <a href="#">rule_50.pdf</a>  |
| Rules         | <a href="#">rule_87.pdf</a>  |
| Rules         | <a href="#">rule_88.pdf</a>  |
| Rules         | <a href="#">rule_30.pdf</a>  |
| Rules         | <a href="#">rule_35.pdf</a>  |
| Rules         | <a href="#">rule_48.pdf</a>  |
| Rules         | <a href="#">rule_112.pdf</a> |

**Supporting Evidence Documents***No Supporting Evidence Documents Provided***MANAGING GENERAL AGENT (MGA) [INSURANCE]**

Authorization Type: Licensure # of Individuals Regulated:

Entity Division Name: License Division

Scope of Practice: A managing general agent (MGA) is an insurance producer authorized by an insurance company to manage all or part of the insurer's business in a specific geographic territory. Activities on behalf of the insurer may include marketing, underwriting, issuing policies, collecting premiums, appointing and supervising other agents, paying claims, and negotiating reinsurance. Many states regulate the activities and contracts of MGAs.

Statutory Requirement(s): 23-64-403 (a) No person, firm, association, limited liability company, or corporation shall act in the capacity of a managing general agent with respect to risks located in this state for an insurer licensed in this state unless the person is a licensed managing general agent in this state.

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member's spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description | Amount (\$) | Frequency |
|----------|-----------------|-------------|-----------|
| Fee      | Application fee | \$1,500.00  | Once      |
| Fee      | Renewal         | \$500.00    | Annually  |

**Administrative Rules Documents***No Administrative Rules Documents Provided***Supporting Evidence Documents***No Supporting Evidence Documents Provided***THIRD PARTY ADMINISTRATOR (TPA) [INSURANCE]**

**THIRD PARTY ADMINISTRATOR (TPA) [INSURANCE] (Continued)**

Authorization Type: Registration # of Individuals Regulated:

Entity Division Name: License Division

Scope of Practice: “third-party administrator”:  
 (1) Means a person, firm, or partnership that collects or charges premiums from or adjusts or settles claims on residents of this state in connection with life or accident and health coverage provided by a self-insured plan or a multiple-employer trust or multiple-employer-welfare arrangement;2) Includes an administrative-services-only contract offered by insurers and health maintenance organizations.....

Statutory Requirement(s): 23-92-203  
 (a) No person shall act or hold himself or herself out as an administrator unless he or she obtains a certificate of registration from the Insurance Commissioner. (b) The certificate may be obtained by submitting an application on a form prescribed by the commissioner, paying a twenty-five dollar (\$25.00) filing fee, and placing with the commissioner a surety bond as described in § 23-92-204 . (c) Each application shall have attached to it a list of all self-insured plans and trusts that have entered into service contracts with the applicant for administrative services. Every administrator shall update the list whenever ...

Pursuant to Arkansas Code §17-4-104, do you provide an automatic licensure to a uniformed service member stationed in the State of Arkansas, a uniformed service veteran who resides in or establishes residency in the State of Arkansas; and the spouse of a uniformed service member who is stationed in, resides in, or establishes residency in the State of Arkansas; a uniformed service member who is assigned a tour of duty that excludes the uniformed service member’s spouse from accompanying the uniformed service member and the spouse relocates to this state; and a uniformed service member who is killed or succumbs to his or her injuries or illness in the line of duty if the spouse establishes residency in the state?

If NO, the rule establishing the expedited process and procedure:

- [Rule for Expedited Process and Procedure for Military Service Member or Spouse](#)

**Fees & Penalties**

| Fee Type | Fee Description  | Amount (\$) | Frequency |
|----------|------------------|-------------|-----------|
| Fee      | Registration Fee | \$100.00    | Once      |
| Fee      | Renewal          | \$100.00    | Annually  |

**Administrative Rules Documents**

*No Administrative Rules Documents Provided*

**Supporting Evidence Documents**

*No Supporting Evidence Documents Provided*

## ALC – Occupational Licensing Review Subcommittee Occupational Entity Questionnaire

Responses to the following questions are due via email to Subcommittee staff no later than the 15<sup>th</sup> of the month immediately preceding the month the occupational authorization is scheduled for review by the Subcommittee.

1. Would consumers be at risk of substantial harm if Arkansas did not have this occupational authorization? **Yes. Consumers and business owners rely on insurance producers to explain to them what types of insurance coverage they need, and the nuances involved in procuring such coverages.** What instances of specific and substantial harm have been documented in the past year? **Administrative actions, including a letter of reprimand, probation, fines, suspension and revocation, were levied against 33 agents in the last year for the following violations: 1 case of a title insurance agency who failed to have a physical presence in Arkansas and engaged in the unlicensed issuance of title policies; 9 cases of agents who submitted false and fraudulent information on applications for insurance; 5 cases of agents who submitted applications for insurance without the knowledge or consent of the consumers; 3 cases of agents who mishandled premium funds collected from consumers; 6 cases of agents who allowed unlicensed persons to engage in the business of insurance; 1 case of an agent of selling insurance policies on a suspended producer license; 1 case of an agent who submitted life insurance applications on deceased consumers; and 7 cases of agents incompetently advising consumers about insurance coverage.**
2. How many complaints were made to the occupational entity by consumers being harmed by unauthorized practitioners? **In the past year, the Department has received 3 complaints on individuals who are not licensed.** What specific action was taken by the occupational entity? **One cease and desist order was issued, and the other two actions are still open. The Department received one complaint for public adjusting and that was referred to the Arkansas Supreme Court Committee on the Unauthorized Practice of Law, as that entity has jurisdiction over public adjusting.**
3. How many complaints were made to the occupational entity by consumers being harmed by authorized practitioners? **77 consumer complaints were filed in the last year.** What specific action was taken by the occupational entity? **Probation was ordered in 6 cases,**

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the license was revoked in 12 cases, a letter of reprimand was issued in 1 case, suspension was order in 1 case, and a fine was ordered in 1 case. There were an additional 10 administrative actions taken against insurance agents who did not have a consumer complaint filed against them; rather their appointments with carriers were terminated. Of those 10 cases, revocation was ordered in 9 cases, and a term of probation with a fine was ordered in 1 case.

4. Were any applicants who otherwise met authorization requirements denied an authorization in the past year? If so, why? **No. Any application not granted was based upon requirements not being met.**
5. How much does the occupational entity collect annually in fees, and what are annual expenses? **AID collected \$27,675,695 in license fees from June 15, 2023 to June 15, 2024. The annual amount collected will vary each year based on the number of licenses that are issued. These license fees, along with other fees collected by various AID Divisions are used to support the general operations of AID. The 5-year average revenue collection for the general operation fund is \$36.9 million. Expenses for the general operations of AID average approximately \$11.3 million annually. AID is required by statute (Ark. Code Ann. § 23-61-710) to keep only 1 years' worth of funding, and the remainder must be swept every 2 years from AID to DFA to help fund the State's General Revenue fund account. How much money does the occupational entity have in reserves? **AID does not have reserves.****
6. If the occupational entity has a positive amount in reserves, when was the last time reserve funds were used? For what purpose? **AID does not use reserve funding to support licensing.**
7. Does the occupational entity have any other sources of revenue? Could occupational authorization fees be reduced without causing the occupational entity to be underfunded? **AID is funded by fees and assessments levied upon individuals and entities regulated by AID. If fees were reduced, it would ultimately affect the amount of general revenue reclaimed by DFA each biennium, but AID would remain fully funded.**

The licensing program itself does not have any other sources of income that could be used to support a fee reduction. AID in general, however, does have other fund sources

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that combine with licensing fees in the agency's main operating fund (TSI4500), that could be used to support AID, and therefore be used to support the licensing program. Only TSI4500 can be used to support the licensing program. All other AID funds are restricted by statute to directly support the various programs they are allocated to.

Because of the high amount of revenue collection that occurs in TSI4500, and because of the statutory requirement to keep only 1 years' worth of funding and the biennial sweep: any reduction in licensing fees would create a dollar-for-dollar reduction in the total amount swept to DFA to support various general revenue agencies.

8. How many applicants for the occupational authorization fail each year? **Approximately 3.5% of applicants did not pass the insurance examination in the past year; approximately 2% of applicants were denied licensure in the past year because they did not meet the qualifications to become licensed as an insurance producer. Does the occupational entity track how many applicants that do not progress are veterans, women, or minorities? AID does not track how many applicants that do not progress are veterans, women, or minorities.**
9. Can applicants complete the training requirements for this occupational authorization with vocational or non-traditional education (e.g., apprenticeships)? **No.** What percentage of applicants complete apprenticeships? **N/A.**
10. In what ways would removal of the occupational authorization or reduction of occupational authorization requirements be harmful to current authorization holders? **Removing the licensure requirement for insurance producers would be extremely harmful to Arkansans. Many consumers and business owners already have a difficult time understanding a highly complex and technical industry, and without a licensed producer to explain coverages, Arkansans would likely end up with coverage not appropriate for their needs. One compelling example for regulation of insurance producers is title insurance. In this business, on a day-to-day basis, title insurance agents and title insurance agencies handle hundreds of thousands, sometimes millions of dollars, which belong to consumers, the purchasers and sellers of real estate. Historically in the title insurance business, defalcation (mishandling of consumer funds) has by far been the most serious violation to enforce.**