

ARKANSAS INSURANCE

RULE AND REGULATION 66

ANTIFRAUD INITIATIVE REQUIREMENTS

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SECTION 1. Purpose

The purpose of this rule is to assist insurers in complying with the antifraud initiative requirements of Arkansas Code Annotated §23-66-510.

SECTION 2. Authority

This rule is issued pursuant to the authority vested in the commissioner by Arkansas Code Annotated §23-66-511, and other applicable provisions of Arkansas law.

SECTION 3. Applicability and Scope

This rule applies to all licensed insurers in the State of Arkansas.

SECTION 4. Effective Date

The effective date of this rule is August 1, 1997.

SECTION 5. Definitions

The definitions set forth in Arkansas Code Annotated §23-66-501 shall apply to this rule.

SECTION 6. Antifraud Initiative Requirements

The antifraud initiative requirements of Arkansas Code Annotated §23-66-510(a) may be satisfied by an insurer by means of:

(1) Fraud investigators, who may be insurer employees or independent contractors and who are in full compliance with Section (7) of this rule; or

(2) An antifraud plan submitted to, and approved by, the commissioner, and which is in full compliance with Section (8) of this rule; or

(3) An alternative antifraud initiative submitted to, and approved by, the commissioner, under the provisions of Arkansas Code Annotated §23-66-510(a); or

(4) An exemption from the antifraud initiative requirements granted by the commissioner pursuant to Arkansas Code Annotated §23-66-510(b).

SECTION 7. Fraud Investigators and Independent Contractors

A. Fraud investigators who are employees of an insurer:

(1) shall be qualified by education, experience or training in the detection, investigation and proper reporting of suspected fraudulent insurance acts, and may be employees whose principal responsibilities are the processing and disposition of claims, if they meet the qualification requirements herein stated; and

(2) shall complete a minimum of three (3) hours of continuing education annually in the detection, investigation and proper reporting of suspected fraudulent insurance acts. The specific curriculum, location and certification of said continuing education courses are not mandated but shall be consistent with industry standards for continuing education for insurance fraud prevention, detection, or investigation.

B. Independent contractors hired by an insurer as fraud investigators shall be investigation companies licensed by the State of Arkansas under the provisions of Arkansas Code Annotated §17-40-201, et seq., or duly exempted from licensure by the Arkansas Board of Private Investigators and Private Security Agencies.