

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter A. Generally
Part 14. Prelicense Education for Insurance Producers and Adjusters

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Authority.

This Rule is used pursuant to the authority vested in the Commissioner under Ark. Code Ann. Sections 23-61-108, § 23-74-609(a), § 23-75-102(5), § 23-76-120(a), § 25-15-202, Act 534 of 1983, as amended and codified §§ 23-64-201 & 23-64-501 and § 23-64-202(b)(2), as amended by 397 of 2021."

"Effective date.

This Rule shall be effective February 14, 2022."

Subpart 1. Generally

23 CAR § 14-101. Purpose.

The purpose of this part is to:

(1) Implement Acts 1983, No. 534, as amended, and Arkansas Code § 23-64-202(b)(2), as amended by Acts 2021, No. 397, by establishing curricula for courses of instruction required to be completed by applicants seeking insurance producer and adjuster licenses in Arkansas;

(2) Establish criteria for approval of course providers of the courses of instruction; and

(3) Establish a mechanism of examination and review of the performance and quality of the instruction.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-102. Applicability and scope.

(a) **Applicability.**

(1) This part shall apply to insurance producers, including original license applicants or currently licensed applicants seeking an additional line of authority, which for purposes of this part shall be deemed to include all who are referred to collectively as insurance producers ("producers") under the Producer Licensing Model Act, Arkansas Code § 23-64-501 et seq.

(2) This part shall also apply to all applicants seeking a license as:

(A) An insurance adjuster;

(B)(i) A health maintenance organization (HMO) producer or as a producer for a limited benefit health maintenance organization, except those specifically exempted pursuant to the provisions of Arkansas law.

(ii) This part is intended to complement the provisions of Agent License for Health Maintenance Organizations, 23 CAR pt. 95, but is not intended to supersede it;

(C) A fraternal benefit society producer, except those specifically exempted pursuant to the provisions of Arkansas law; and

(D) A producer for a hospital or medical service corporation.

(3) All applicants who are producers or adjusters from another state, and who are not licensed as a producer or adjuster under the Producer Licensing Model Act, Arkansas Code § 23-65-501 et seq., shall be required to comply with this part in order to secure any new resident or nonresident producer or adjuster license.

(b) **Exemptions.** The following are exempt from this part:

(1) Insurance consultants, pursuant to Arkansas Code § 23-64-202(b)(2)(A)(iii)(d);

(2) Surplus line brokers licensed pursuant to Arkansas Code § 23-65-301 and Surplus Line Insurance, 23 CAR pt. 201, and exempted pursuant to Arkansas Code § 23-64-501(c);

(3) Applicants licensed as a producer or adjuster in good standing in another state under the Producer Licensing Model Act who:

(A) Thereafter move to Arkansas;

(B) Establish residency within the period required under Arkansas law;

and

(C) Thereafter apply for a resident producer or adjuster license; and

(4) Applicants for an adjuster license holding a current certification issued by a national or state claims association that is a continuing education provider approved by the Insurance Commissioner.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-103. Course requirements.

(a) All applicants for an Arkansas life line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following, as applicable:

- (1) Introduction to insurance, one (1) hour;
- (2) State insurance laws and rules, five (5) hours;
- (3) Life insurance basics, five (5) hours;
- (4) Life insurance policies, policy options, and policy provisions, five (5) hours;
- (5) Annuity contracts, three (3) hours; and
- (6) Ethics, one (1) hour.

(b) All applicants for an Arkansas accident and health or sickness (A&H) line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following, as applicable:

- (1) Introduction to insurance, one (1) hour;
- (2) State insurance laws and rules, five (5) hours;
- (3) Health insurance policy provisions, three (3) hours;
- (4) Disability income insurance, two (2) hours;
- (5) Medical expense insurance, one (1) hour;
- (6) Medicare supplement insurance, one (1) hour;
- (7) Long-term care, two (2) hours;
- (8) Social Security and Medicare, two (2) hours;
- (9) Group insurance, one (1) hour;
- (10) Health maintenance organizations, one (1) hour; and
- (11) Ethics, one (1) hour.

(c) All applicants for a casualty line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

- (1) Introduction to insurance, one (1) hour;
- (2) State insurance laws and rules, five (5) hours;
- (3) Ocean (wet marine) and inland marine insurance, one (1) hour;
- (4) General liability insurance, two (2) hours;
- (5) Automobile insurance and assigned risk plans, including personal (AIPSO) and commercial (CAIP), five (5) hours;
- (6) Workers' compensation and assigned risk plan, three (3) hours;
- (7) Commercial crime insurance and fidelity bonds, one (1) hour;
- (8) Surety bonds, one (1) hour; and
- (9) Ethics, one (1) hour.

(d) All applicants for a property line of authority are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

- (1) Introduction to insurance, one (1) hour;

- (2) State insurance laws and rules, five (5) hours;
- (3) Fire and allied lines, assigned risk plans (ARRUA), and Arkansas Earthquake Authority (AEA), four (4) hours;
- (4) Homeowners policies and other multiple-line products, five (5) hours;
- (5) National Flood Insurance Program, one-half (0.5) hour;
- (6) Commercial property and commercial crime insurance, three (3) hours;
- (7) Federal Crop Insurance Corporation (FCIC), one-half (0.5) hour; and
- (8) Ethics, one (1) hour.

(e) All applicants for a personal line of authority (noncommercial), called "personal lines", are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

- (1) Introduction to insurance, one (1) hour;
- (2) State insurance laws and rules, five (5) hours;
- (3) Fire and allied lines, including manufactured houses, and assigned risk plans (ARRUA) and Arkansas Earthquake Authority (AEA), two (2) hours;
- (4) Homeowners policies and other multiple line products and assigned risk plans (ARRUA) and Arkansas Earthquake Authority (AEA), five (5) hours;
- (5) Automobile insurance and assigned risk plans, five (5) hours;
- (6) National Flood Insurance Program, one (1) hour; and
- (7) Ethics, one (1) hour.

(f) All applicants for a property adjuster license are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

- (1) Insurance concepts, risk, insurable interest, loss valuation, market value, stated value, salvage value, deductible, occurrence, negligence, and comparative fault, three (3) hours;
- (2) General adjusting definitions, policies, binders, subrogation, value, appraisal, duties of the insured after a loss, first-party claimants, and third-party claimants, two and one-half (2.5) hours;
- (3) General property definitions, policies, concurrent insurance, actual cash value, replacement cost, causation, and proof of loss, two and one-half (2.5) hours;
- (4) General adjusting practices, liability, representation, investigation, and duties of the insurance company, two (2) hours;
- (5) Arkansas property adjusting, loss settlement, total/partial loss, and coinsurance, two (2) hours;
- (6) State insurance laws and rules, five (5) hours;
- (7) Unfair claims settlement practices and unfair trade practices, two (2) hours; and
- (8) Ethics, one (1) hour.

(g) All applicants for a casualty adjuster license are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

(1) Insurance concepts, risk, insurable interest, loss valuation, market value, stated value, salvage value, deductible, occurrence, negligence, and comparative fault, three (3) hours;

(2) General adjusting definitions, policies, binders, subrogation, value, appraisal, duties of the insured after a loss, proof of loss, first-party claimants, and third-party claimants three (3) hours;

(3) General property definitions, policies, concurrent insurance, actual cash value, replacement cost, and causation, two (2) hours;

(4) General adjusting practices, liability, representation, investigation, and duties of the insurance company, two (2) hours;

(5) Arkansas property adjusting, loss settlement, total/partial loss, and coinsurance, two (2) hours;

(6) State insurance laws and rules, five (5) hours;

(7) Unfair claims settlement practices and unfair trade practices, two (2) hours; and

(8) Ethics, one (1) hour.

(h) All applicants for a workers' compensation insurance adjuster license are hereby required to complete a course of instruction with a minimum of twenty (20) hours of instruction that includes, but is not limited to, all of the following:

(1) Insurance concepts, risk, insurable interest, loss valuation, market value, stated value, salvage value, deductible, occurrence, negligence, comparative fault, two (2) hours;

(2) General adjusting definitions, policies, binders, subrogation, duties of the insured after a loss, proof of loss, two (2) hours;

(3) General workers' compensation definitions, causation, bodily injury, prior injury, statements, burden of proof, waivers, employee, employer, independent contractor, certificate of noninsurance and waiting period, two (2) hours;

(4) General adjusting practices, liability, covered claim, representation, investigation, duties of the insurance company, three (3) hours;

(5) Arkansas workers' compensation adjusting, Arkansas Workers' Compensation Commission, wage determinations, hearing, medical examinations and settlements and awards, three (3) hours;

(6) State insurance laws and rules, five (5) hours;

(7) Unfair claims settlement practices and unfair trade practices, two (2) hours; and

(8) Ethics, one (1) hour.

(i) **Exceptions.** Notwithstanding the provisions of subsections (a) through (h) of this section, an applicant for a new license or additional line of authority shall be exempt from the:

(1)(A) Five (5) hours of state insurance laws and rules portion for life, accident/health/sickness, casualty, property, personal lines (noncommercial), property adjuster, casualty adjuster, and workers' compensation adjuster if the applicant has successfully completed this portion of the prelicense education within two (2) years of the filing date of his or her application for a new license or additional line of authority.

(B) This exemption or waiver is provided by Arkansas Code § 23-64-202; and

(2) One (1) hour of ethics course for life, accident/health/sickness, casualty, property, personal lines (noncommercial), property adjuster, casualty adjuster, and workers' compensation adjuster if the applicant has successfully completed this portion of the prelicense education within two (2) years of the filing date of his or her application for a new license or additional line of authority.

(j)(1) Subsections (a) through (i) of this section apply to both classroom and/or electronic courses of study.

(2) Education course providers shall:

(A) File procedures with the State Insurance Department to illustrate how the electronic courses may be verified as self-study; and

(B) Detail the exact length of time that the license applicant spends on the course.

(3) For classroom courses, the identity of the applicant and the length of time spent in that course must be monitored by the instructor in the classroom.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-104. Instructor and electronic education instructor/proctor qualifications.

(a)(1)(A) Instructors must have had specific insurance training or educational experience satisfactory to and approved by the Insurance Commissioner in order to be certified to teach any part of an approved course.

(B) Each instructor must:

(i) Have three (3) or more years of specific insurance experience and/or education in each part of the insurance training program in which he or she instructs; and

(ii) Be approved prior to teaching any course, or any part of a course, by the commissioner.

(2) Individuals who will act as an electronic education instructor/proctor of electronic education courses must have the same credentials as a classroom instructor as provided by this part.

(3) Proctors or instructors must be a disinterested third party and shall not serve for examinations of:

- (A) Family members;
- (B) Relatives;
- (C) Dependents;
- (D) Employers;
- (E) Supervisors;
- (F) Employees;
- (G) Subordinates;
- (H) Partners;
- (I) Joint ventures;
- (J) Co-owners;
- (K) Current or former teachers or pupils;
- (L) Neighbors;
- (M) Personal friends;
- (N) Significant others; or
- (O) Anyone in whom the proctor or instructor has an economic or other interest in ensuring the successful outcome of the examination.

(4) Applicants for approval as a classroom instructor or electronics course instructor/proctor shall complete and submit Appendix 4 to the State Insurance Department.

(b)(1) No person will be approved as an instructor/proctor who has received disciplinary action by:

- (A) The State Insurance Department;
- (B) The insurance department of another state;
- (C) Any regulatory or governmental body; or
- (D) A state or federal court.

(2) The commissioner shall have the authority to waive this requirement upon written request by the applicant.

(3) The applicant shall have the burden of proving his or her qualifications to the commissioner to meet eligibility for serving as an instructor or proctor.

(c)(1) This part prohibits the provider's officials, owners, instructors, or proctors from taking the licensing exam for the purpose of learning test questions in order to aid the provider's customers or to improve a provider's pass-fail rate.

(2) Any such entity or person discovered to have done this will lose State Insurance Department approval to participate in the prelicensure education program under this part, in addition to any other applicable penalties.

(3) An individual who acts as a proctor may take the exam to obtain an individual producer's license for their own benefit.

(d) This part authorizes the State Insurance Department to compare the end-of-course examinations with State Insurance Department examination results at any time, without prior notice to:

- (1) The course provider;
- (2) Its owners or managers;
- (3) Instructors; or
- (4) Proctors.

Authority. Arkansas Code § 23-61-108.

Codification Notes. Appendix 4 is found on the website of the State Insurance Department, at <https://insurance.arkansas.gov/pages/industry-regulation/licensing/forms-instructions/> or by contacting the Licensing Division at 501-371-2750.

23 CAR § 14-105. Course provider requirements.

(a)(1) Application for approval as a course provider shall be submitted to the State Insurance Department not less than ninety (90) days prior to the expected use of the program.

(2) A course provider shall include the following information:

(A) Detailed description of the classroom or electronic course instruction program, including a course outline and list of resource materials;

(B) Completion of Appendix 1 for the initial certification or completion of Appendix 2 upon any change in curriculum or instructor;

(C) Schedule of classes for all locations; and

(D) All materials used for electronic education courses must be made available online to the department.

(b)(1) Changes in class schedules are to be filed with the department not later than two (2) weeks before each class begins.

(2) Course providers may file in writing or electronically a change or addition to the class schedule with the department one (1) week in advance for a single course scheduled for an individual.

(c) The Insurance Commissioner may consider the type of facility to be used for training, the sufficiency of teaching aids, and the exclusive use of that portion of the facility being used for training in making a determination to certify the provider.

(d)(1) The course provider shall maintain detailed attendance records for all applicants for all classes for three (3) years following completion of the classes.

(2) Rosters, including courses completed and completion dates, shall be maintained for minimum of two (2) years by course providers.

(3) These records may be reviewed by the commissioner.

(4) In this regard:

(A) Any studying that is not conducted under the direct supervision of the classroom instructor at the facility during scheduled classes may not be credited toward completion of the required twenty (20) hours; and

(B) Electronic course providers must verify and confirm to the department the work done by electronic course students for proper crediting of electronic hours.

(e) The following forms are available via the department's website at <https://insurance.arkansas.gov/pages/industry-regulation/licensing/forms-instructions/> or by contacting the Licensing Division at 501-371-2750:

(1) Appendix 1, Application for Approval as Course Provider;

(2) Appendix 2, Change in Curriculum or Instructor or Proctor;

(3) Appendix 3(A), Life;

(4) Appendix 3(B), Accident and Health or Sickness;

(5) Appendix 3(C), Casualty;

(6) Appendix 3(D), Property;

(7) Appendix 3(E), Personal Lines (noncommercial);

(8) Appendix 3(F), Property Adjuster;

(9) Appendix 3(G), Casualty Adjuster;

(10) Appendix 3(H), Worker's Compensation Adjuster; and

(11) Appendix 4, Application for Approval as Instructor or Proctor.

(f) **Alternate forms.** The commissioner may accept, in lieu of Appendices 1 – 4 to this part in subsection (e) of this section:

(1) The most recent editions of comparable forms published by the National Association of Insurance Commissioners; or

(2) Substantially similar forms as approved by the commissioner.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-106. Program review.

The State Insurance Department shall have the authority to visit a training facility and review its program at any time including, but not limited to, curriculum records and attendance records.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-107. Licensing procedure of applicant.

(a) The required hours of instruction must be completed prior to the date of the licensing examination.

(b)(1) The instructor or designated official of the course provider shall complete an original and one (1) copy of each individual certification, Appendices 3(A) – 3(H), as

found on the State Insurance Department's website (<https://insurance.arkansas.gov/pages/industry-regulation/licensing/forms-instructions/>), to give to the course attendee or applicant.

(2) The certificate must include the type and length of study (either by live classroom instruction or by electronic media) selected by the course provider.

(c)(1) Each individual certification must be:

(A) On the form as shown in Appendices 3(A) – 3(H), as found on the department's website, <https://insurance.arkansas.gov/pages/industry-regulation/licensing/forms-instructions/>; and

(B) Signed by the applicant and the instructor or designated official of the course provider where more than one (1) instructor is used.

(2) An electronic signature may be used.

(d)(1) The individual original certification or electronic copy must be presented by the student to the exam vendor at the time the candidate is scheduled to sit for the exam.

(2) If the candidate fails to present the original or electronic copy certification to the exam vendor, the candidate will not be allowed to sit for the exam but must reschedule the exam for another time.

(3) The exam vendor will collect all valid certifications and file those with the department by mail or electronically along with the:

(A) Applications;

(B) Fees; or

(C) Other necessary documents.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-108. Completion of course requirements.

Educational requirements must be completed no more than two (2) years prior to taking the license exam for course certification to be valid.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-109. Violations.

State Insurance Department approval of instructors and course providers of instruction courses may be withdrawn for violations of this part.

Authority. Arkansas Code § 23-61-108.

23 CAR § 14-110. Severability.

Any section or provision of this part held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this part.

Authority. Arkansas Code § 23-61-108.