

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter A. Generally
Part 26. Antifraud Initiative Requirements

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

"SECTION 2. Authority

This rule is issued pursuant to the authority vested in the commissioner by Arkansas Code Annotated §2366-511, and other applicable provisions of Arkansas law."

"SECTION 4. Effective Date

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

Subpart 1. Generally

23 CAR § 26-101. Purpose.

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

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-102. Applicability and scope.

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

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-103. Definitions.

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

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-104. Antifraud initiative requirements.

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

- (1) Fraud investigators, who:
 - (A) May be insurer employees or independent contractors; and
 - (B) Are in full compliance with 23 CAR § 26-105;
- (2) An antifraud plan:
 - (A) Submitted to, and approved by, the Insurance Commissioner; and
 - (B) Which is in full compliance with 23 CAR § 26-106;
- (3) An alternative antifraud initiative submitted to, and approved by, the commissioner, under the provisions of Arkansas Code § 23-66-510(a); or
- (4) An exemption from the antifraud initiative requirements granted by the commissioner pursuant to Arkansas Code § 23-66-510(b).

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-105. Fraud investigators and independent contractors.

- (a) Fraud investigators who are employees of an insurer shall:
 - (1) 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)(A) Complete a minimum of three (3) hours of continuing education annually in the detection, investigation, and proper reporting of suspected fraudulent insurance acts.

(B) 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:

- (i) Prevention;
- (ii) Detection; or
- (iii) Investigation.

(b) Independent contractors hired by an insurer as fraud investigators shall be investigation companies:

- (1) Licensed by the State of Arkansas under the provisions of Arkansas Code § 17-40-301 et seq.; or
- (2) Duly exempted from licensure by the Division of Arkansas State Police.

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-106. Antifraud plans.

(a) Antifraud plans shall be submitted to the Insurance Commissioner for approval and shall outline specific procedures to:

- (1) Prevent, detect, and investigate suspected fraudulent insurance acts;
- (2) Educate and train appropriate employees in the insurer's antifraud plan as well as in the identification of suspected fraudulent insurance acts;
- (3) Comply with the mandatory reporting requirements of Arkansas Code § 23-66-505 and § 11-9-106(d)(6) regarding suspected fraudulent insurance acts;
- (4) Increase awareness of the impact of fraudulent insurance acts and the methods of preventing insurance fraud;
- (5) Pursue civil remedies for financial loss caused by fraudulent insurance acts, where appropriate; and
- (6) Facilitate assistance and communication with the Criminal Investigation Division of the State Insurance Department by identifying a representative within the employ of the insurer to act as a liaison on insurance fraud matters.

(b) Each antifraud plan shall state a specific implementation date and a mechanism for review of the plan for effectiveness, which review shall be undertaken no less than every twenty-four (24) months.

(c) Amendments to an approved plan shall be submitted to the commissioner within thirty (30) days after their implementation.

Authority. Arkansas Code § 23-66-511.

23 CAR § 26-107. 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 § 23-66-511.