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**CONTACT:** Jennifer Bruce ([Jennifer.bruce@arkansas.gov](mailto:Jennifer.bruce@arkansas.gov)) • 501.371.2622)

## Arkansas Insurance Department Lauds New Insurance Business Transfer Law

**LITTLE ROCK, Ark.** – Earlier this spring, Arkansas joined a handful of U.S. states in adopting the new insurance business transfer model called the Insurance Business Transfer (IBT) Act. The law provides insurance companies an organized and efficient process to transfer blocks of insurance business from any jurisdiction to another insurance company in Arkansas, benefiting insurers seeking to restructure and improve operational efficiency, and ultimately creating a unique opportunity for Arkansas to attract new business to the state.

Modeled after the highly successful Part VII transfer process in the United Kingdom and EU, Arkansas' new IBT Act provides a unique mechanism for insurers to absolutely transfer blocks of insurance business to another insurance company. The IBT provides an efficient and straightforward process to transferring and assuming companies, while also providing legal finality.

The Arkansas Insurance Department (AID) was not a passive observer as the Arkansas Legislature considered and ultimately passed the IBT Act during the 2021 Legislative Session. AID was committed to working closely with bill sponsor, Senator Jason Rapert of Conway, as well as stakeholders, and will bring the same level of commitment to the implementation process. The Insurance Department promises to provide the dedicated staff and resources necessary for each IBT application to be thoroughly and expeditiously reviewed.

The finalized legislation requires that the Arkansas Insurance Commissioner promulgate rules necessary for proper implementation of the IBT Act. AID is currently working with stakeholders on a rule to support the legislation and expects it to be formally promulgated and effective later this year.

There are several safeguards throughout the IBT application review process to ensure that the interests of policyholders are protected. An application must be reviewed and approved by both the Arkansas Insurance Commissioner and a court of general jurisdiction. Once approved, an IBT will result in a novation of the transferred contracts of insurance or reinsurance resulting in the assuming insurer becoming directly liable to the policyholders or reinsureds of the transferring insurer and extinguishing the transferring insurer's insurance obligations or risks under the contracts.

“This is an exciting accomplishment for our state,” Arkansas Insurance Commissioner Alan McClain said. “We expect the IBT to bring tremendous opportunities to Arkansas—more jobs to the state, more options for consumers, and a more competitive environment for insurers.”

Arkansas' IBT law will become effective on July 28, 2021. The process closely mirrors Part VII of the Financial Services & Markets Act of 2000 in the United Kingdom, which has resulted in more than 300 successful transfers in the last 20 years. This cutting-edge mechanism focuses on the protection of consumers while allowing insurance companies to strategically deploy assets to their areas of focus.

If you have questions about the IBT Act or other insurance issues, contact the Arkansas Insurance Department at 800-852-5494 or visit our website at [insurance.arkansas.gov](https://insurance.arkansas.gov).

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**About the Arkansas Insurance Department:**

The Arkansas Insurance Department, a division of the Arkansas Department of Commerce, was created on March 7, 1917, by an Act of the Arkansas General Assembly. For more information on the Arkansas Insurance Department, please visit <https://insurance.arkansas.gov>, follow us on Twitter at <https://twitter.com/ARInsuranceDept> and Facebook at <https://www.facebook.com/ArkansasInsuranceDepartment>.