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BULLETIN

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RE : Approval of Arbitration Agreements
Departmental Guidelines and Requirements

FROM: Richard H. Cater
Commissioner of Insurance

DATE: March 5, 1998

This Bulletin is written to advise all insurance companies, health maintenance organizations or any other corporation filing policies with this state containing arbitration provisions, certain guidelines and requirements must be complied with before approval will be granted. The guidelines, which are available from the Department, address the style of type, notification to the insured, cost of arbitration, location of the arbitration, rules governing the proceedings and the fact non-binding mediation be used as a prerequisite to arbitration. Other factors are included in the guidelines which should be reviewed carefully prior to submitting policies for approval containing binding arbitration provisions. No binding arbitration provisions will be approved unless they comply specifically and exactly to the guidelines.

These policy guidelines do not affect any arbitration agreements previously approved. The policy guidelines only affect the following:

1. New submissions with arbitration clauses;
2. Adding arbitration to existing policies;
3. Any changes or modifications to existing arbitration agreements;
4. Any modification to a policy which contains arbitration agreements, regardless of whether the modifications affect arbitration, shall include the policy guidelines.

The notice disclosure shall be implemented within thirty (30) days of receipt of this bulletin.

MAB/bb