

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**  
4 **By: Senator Ross**

# A Bill

**ACT 1145 OF 1993**  
**SENATE BILL 68**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §23-66-206(9) TO  
9 PROHIBIT INSURANCE COMPANIES FROM REQUIRING AS A CONDITION  
10 OF PAYMENT OF A CLAIM THAT REPAIRS MUST BE MADE BY A  
11 PARTICULAR CONTRACTOR, SUPPLIER, OR REPAIR SHOP; AND FOR  
12 OTHER PURPOSES."

## Subtitle

14 "AN ACT TO PROHIBIT INSURANCE COMPANIES FROM REQUIRING  
15 THAT REPAIRS MUST BE MADE BY A PARTICULAR CONTRACTOR,  
16 SUPPLIER, OR REPAIR SHOP."  
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18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code Annotated §23-66-206(9) is amended to read as  
22 follows:

23 "(9) Unfair claims settlement practices are committing or performing  
24 with such frequency as to indicate a general business practice any of the  
25 following:

26 (A) Misrepresenting pertinent facts or insurance policy  
27 provisions relating to coverages at issue;

28 (B) Failing to acknowledge and act reasonably and promptly upon  
29 communications with respect to claims arising under insurance policies;

30 (C) Failing to adopt and implement reasonable standards for the prompt  
31 investigation of claims arising under insurance policies;

32 (D) Refusing to pay claims without conducting a reasonable  
33 investigation based upon all available information;

34 (E) Failing to affirm or deny coverage of claims within a  
35 reasonable time after proof of loss statements have been completed;

36 (F) Not attempting in good faith to effectuate prompt, fair, and

1 equitable settlements of claims in which liability has become reasonably  
2 clear;

3 (G) Attempting to settle claims on the basis of an application  
4 which was altered without notice to, or knowledge or consent of, the insured;

5 (H) Making claim payments to policyholders or beneficiaries not  
6 accompanied by a statement setting forth the coverage under which payments are  
7 being made;

8 (I) Delaying the investigation or payment of claims by requiring  
9 an insured or claimant, or the physician of either, to submit a preliminary  
10 claim report and then requiring the subsequent submission of formal proof of  
11 loss forms, both of which submissions contain substantially the same  
12 information;

13 (J) Failing to promptly provide a reasonable explanation of the  
14 basis in the insurance policy in relation to the facts of applicable law for  
15 denial of a claim or for the offer of a compromise settlement;

16 (K) Compelling insureds to institute litigation to recover  
17 amounts due under an insurance policy by offering substantially less than the  
18 amounts ultimately recovered in actions brought by those insureds;

19 (L) Attempting to settle a claim for less than the amount to  
20 which a reasonable man would have believed he was entitled by reference to  
21 written or printed advertising material accompanying or made part of an  
22 application;

23 (M) Making known to insureds or claimants a policy of appealing  
24 from arbitration awards in favor of insureds or claimants for the purpose of  
25 compelling them to accept settlements or compromises less than the amount  
26 awarded in arbitration;

27 (N) Failing to promptly settle claims, where liability has become  
28 reasonably clear, under one (1) portion of the insurance policy coverage in  
29 order to influence settlements under other portions of the insurance policy  
30 coverage;

31 (O) Requiring as a condition of payment of a claim that repairs  
32 must be made by a particular contractor, supplier, or repair shop;"

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34 SECTION 2. All provisions of this act of a general and permanent nature  
35 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

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3 SECTION 3. If any provision of this act or the application thereof to  
4 any person or circumstance is held invalid, such invalidity shall not affect  
5 other provisions or applications of the act which can be given effect without  
6 the invalid provision or application, and to this end the provisions of this  
7 act are declared to be severable.

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9 SECTION 4. All laws and parts of laws in conflict with this act are  
10 hereby repealed.

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13 APPROVED: 4/14/93

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