

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

# **A Bill**

**ACT 288 OF 1993**  
**SENATE BILL 301**

## **For An Act To Be Entitled**

8 "AN ACT TO DEFINE HOME SERVICE INSURANCE, AND TO DEFINE  
9 HOME SERVICE INSURANCE DECEPTIVE PRACTICES; AND FOR OTHER  
10 PURPOSES."

### **Subtitle**

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13 **"AN ACT TO DEFINE HOME SERVICE INSURANCE, AND TO**  
14 **DEFINE HOME SERVICE INSURANCE DECEPTIVE**  
15 **PRACTICES."**

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17 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:**

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19 **SECTION 1. Short Title. This Act may be cited as the "Home Service Act".**

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21 **SECTION 2. Definitions. As used in this Act: (a) "Home service insurance"**  
22 **means any property, casualty, life or disability insurance policy where such policy is marketed,**  
23 **sold, issued or delivered through the debit system, whereby premiums for such policy are**  
24 **customarily collected at the payor\_s home or business by an agent of the company to whose**  
25 **account such premiums are debited by the company.**

26 **(b) "Commissioner" means the Insurance Commissioner of this state.**

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28 **SECTION 3. Rules and regulations. The Commissioner shall have such authority as**  
29 **he deems reasonably necessary to regulate home service insurance, and to that end, to**  
30 **promulgate, adopt and enforce reasonable rules and regulations necessary and proper to**  
31 **regulate home service insurance.**

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33 **SECTION 4. Deceptive Practices. Home service insurance deceptive practices are**  
34 **committing or performing any of the following in the marketing, selling or servicing of home**  
35 **service insurance:**

1 (a) Demanding, charging, collecting, receiving or attempting an agent to demand,  
2 charge, collect or receive " blind advances" whereby an agent collects premiums from a  
3 policyholder where no premiums are due and owed at the time collected and, without the  
4 knowledge of the policyholder, credits the premiums collected to coverage which the  
5 policyholder has or may purchase in the future;

6 (b) Failure of the agent to remit premiums collected from policyholders to the company  
7 as they are collected;

8 (c) Failure of the agent to provide to the policyholder, for each policy sold, a premium  
9 receipt book: (i) containing the names, addresses and telephone numbers of the agent and the  
10 insurer; (ii) showing the paid to date, the date last paid, the amount of premium, the premium  
11 payor, the insured, and if different, the owner, the frequency of payment; and (iii) containing  
12 the agent\_s dated signature acknowledging receipt of each premium collected;

13 (d) Taking or removing the premium receipt book from the possession of the  
14 policyholder by the agent or insurer without leaving a duplicate premium receipt book or other  
15 evidence of coverage with the policyholder containing the information required by subdivision  
16 (c) of this subsection up to and including the date the premium receipt book is received by the  
17 agent or insurer;

18 (e) Failure of an authorized supervisory official of the insurer to "call the account" of  
19 the agent on a monthly basis whereby the agent\_s records are audited to determine whether the  
20 agent is in compliance with this subsection; or

21 (f) Terminating a policy due to nonpayment of premiums that has been in force for  
22 twenty-four (24) months or one hundred and four (104) weeks without or unless and until the  
23 insurer has provided a written notice to the insured/owner and the premium payor at least two  
24 (2) weeks in advance, such notification shall include the date the policy will lapse, the amount  
25 of premium necessary to continue the policy and in the case of life insurance which contains  
26 nonforfeiture values the nonforfeiture values available under the contract.

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28 SECTION 5. Effective Date. Compliance with this Act shall be required for all home  
29 service insurance transactions on and after January 1, 1994.

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31 SECTION 6. All provisions of this act of a general and permanent nature are  
32 amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision  
33 Commission shall incorporate the same in the Code.

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35 SECTION 7. If any provision of this act or the application thereof to any person or

1 **circumstance is held invalid, such invalidity shall not affect other provisions or applications of**  
2 **the act which can be given effect without the invalid provision or application, and to this end**  
3 **the provisions of this act are declared to be severable.**

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5 **SECTION 8. All laws and parts of laws in conflict with this act are hereby repealed.**

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**APPROVED: 03/01/93**

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