

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H3/31/03

A Bill

Act 1400 of 2003
HOUSE BILL 2812

5 By: Representative Biggs
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For An Act To Be Entitled

9 AN ACT TO AUTHORIZE THE INSURANCE COMMISSIONER TO
10 DISAPPROVE A DOMESTIC INSURER SALE OR MERGER IF
11 HE OR SHE FINDS THAT THE PROPOSED OWNER,
12 PURCHASER, OFFICER, OR DIRECTOR OF THE ACQUIRING
13 PARTY IS NOT COMPETENT, TRUSTWORTHY, OR
14 FINANCIALLY RESPONSIBLE; AND FOR OTHER PURPOSES.

Subtitle

16 TO AUTHORIZE GROUNDS FOR WHICH THE
17 INSURANCE COMMISSIONER MAY DISAPPROVE A
18 PROPOSED SALE OR MERGER OF A DOMESTIC
19 STOCK OR MUTUAL INSURER.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 23-69-142(c) concerning domestic stock or
26 mutual insurer charter purchases or mergers, is amended to read as follows:

27 *(c)(1) No merger or consolidation or exchange of stock shall be*
28 *effectuated unless, in advance, thereof the plan and or agreement therefor*
29 *have has been filed with the Insurance Commissioner and approved in writing*
30 *by him or her after a hearing thereon. With regard to proposed affiliations*
31 *between a depository institution, or any affiliate, thereof, and an insurer,*
32 *the hearing shall be concluded and the order issued within the sixty-day*
33 *period preceding the effective date of the transaction, and these orders*
34 *shall be final upon entry, pursuant to federal law. Further, any restoration*
35 *of capital or surplus or special surplus required for approval of the*
36 *transaction affecting the depository institution's affiliate or subsidiary*



1 shall also be accomplished within the same sixty-day period.

2 (2) The commissioner shall give such approval within a
3 reasonable time after the filing unless he or she finds ~~such a~~ that the plan
4 or agreement:

5 ~~(1)~~(A) Is contrary to law;

6 ~~(2)~~(B) Is inequitable to the stockholders of any domestic
7 insurer involved; or

8 ~~(3)~~(C) Would substantially reduce the security of and
9 service to be rendered to policyholders of the domestic insurer in this state
10 or elsewhere.

11 (3) In reviewing any plan or agreement, the commissioner may
12 consider whether any proposed owner, purchaser, director, or officer of the
13 acquiring party was subject to:

14 (A) Any conviction for any felony or misdemeanor, other
15 than minor traffic violations, during the past twenty (20) years;

16 (B) A misconduct order by a regulatory agency or a court
17 of competent jurisdiction or was found to be in violation of any insurance
18 laws by a misconduct order of the commissioner or of another state's
19 insurance commissioner;

20 (C) An order by a regulatory agency or a court of
21 competent jurisdiction and was found to have committed any unfair insurance
22 trade practice or fraud; or

23 (D) Having an insurance producer license, or its
24 equivalent, denied, suspended, or revoked in any other state, province,
25 district, or territory for foreign or alien country.

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27 /s/ Biggs

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30 APPROVED: 4/15/2003