

As Engrossed: 2/28/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Jack Gibson**

A Bill

SENATE BILL 518

For An Act To Be Entitled

8 "AN ACT TO AMEND PROVISIONS OF ARKANSAS CODE ANNOTATED
9 23-62-205; AND FOR OTHER PURPOSES."

10

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

12

13 SECTION 1. Arkansas Code 23-62-205 is hereby amended to read as
14 follows:

15 "23-62-205. - Approval and Notice.

16 (a) Every insurer authorized to do business in the State of Arkansas,
17 whether foreign, domestic or alien, including but not limited to farmers
18 mutual aid associations, reciprocal insurers, stipulated premium insurers,
19 mutual assessment life and disability companies, and foreign fraternal benefit
20 societies, shall petition the Commissioner for prior approval of any agreement
21 of bulk reinsurance or assumptive reinsurance which provides for the ceding of
22 Arkansas risks to an insurer *not authorized to do business in this State*.

23 (b) After notice and hearing, the Commissioner may approve the agreement
24 for reinsurance if it is found:

25 (1) that the agreement is fair and equitable and does not lessen
26 or diminish any benefit to a policyholder which would have been provided by
27 the ceding entity;

28 (2) that the agreement promotes the public interest and does
29 not create a monopoly;

30 (3) that the agreement is not harmful to the best interests of the
31 policyholders;

32 (4) that the agreement will not impair the financial condition of
33 either the ceding insurer or the assuming insurer;

34 (5) that the assuming insurer is in sound financial condition; and

35 (6) *that the assumption certificates, after being filed with and*

1 approved by the Commissioner, shall be given to Arkansas policyholders
2 affected by the agreement, provided, that notice to credit life and credit
3 disability policyholders may be given to the creditor beneficiary of the
4 credit life or credit disability policy.

5 (c) The Commissioner, in his sole discretion, may waive notice and
6 hearing as to any agreement under subsection (b) pursuant to written motion by
7 any party to the agreement.

8 (d) Every insurer authorized to do business in the State of Arkansas,
9 whether foreign, domestic or alien, including but not limited to farmers
10 mutual aid associations, reciprocal insurers, stipulated premium insurers,
11 mutual assessment life and disability companies, and foreign fraternal benefit
12 societies, shall file with the Commissioner any agreement of bulk insurance or
13 assumptive reinsurance which provides for the ceding of Arkansas risks to any
14 insurer authorized to do business in this State. The agreement shall be
15 deemed approved within thirty (30) days after the date filed.

16 (e) Any assumption certificates issued to Arkansas policyholders
17 pursuant to bulk assumptive reinsurance agreements shall be filed with and
18 approved by the Commissioner prior to delivery to policyholders.

19 (f) Domestic stock and domestic mutual insurers shall be exempt from
20 the requirements of subsections (a), (b), (c) and (d) of this subsection, but
21 shall comply with the provisions of § 23-69-149 and §23-69-150 respectively.

22 (g) Domestic fraternal benefit societies shall be exempt from the
23 requirements of subsections (a), (b), (c) and (d) of this subsection, but
24 shall comply with the provisions of § 23-74-304.

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26 SECTION 2. Arkansas Code 23-71-103 is hereby amended by adding new
27 subsection (14) as follows:

28 "(14) Section 23-62-205. Reinsurance."
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30 SECTION 3. Arkansas Code 23-72-103 is hereby amended by adding new
31 subsection (13) as follows:

32 "(13) Section 23-62-205. Reinsurance."
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34 SECTION 4. Arkansas Code 23-73-104 is hereby amended by adding new
35 subsection (9) as follows:

