

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**

# **A Bill**

**HOUSE BILL 1987**

4 **By: Representatives McGee and Walker**

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

8 "AN ACT TO AMEND ARKANSAS CODE TITLE 28, CHAPTER 89,  
9 SUBCHAPTER 1 TO REQUIRE THAT THE INDIVIDUAL NONRENEWAL OF  
10 PERSONAL AUTO, HOMEOWNERS AND DWELLING COVERAGES MAY ONLY  
11 BE FOR CAUSE; TO PROHIBIT INSURERS FROM NONRENEWING SUCH  
12 COVERAGES ON THE BASIS OF SINGLE NOT-AT-FAULT INCIDENTS  
13 SO LONG AS THE INSURED RISK CONTINUES TO MEET INSURER\_S  
14 UNDERWRITING GUIDELINES ORIGINALLY IN EFFECT UPON POLICY  
15 ISSUANCE; AND FOR OTHER PURPOSES."

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## **Subtitle**

18 "AN ACT TO PROHIBIT WHOLESALE NONRENEWALS WITHOUT CAUSE  
19 PERSONAL TO THE INSURED."

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

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23 *SECTION 1. Arkansas Code Title 23, Chapter 89, Subchapter 1, is amended*  
24 *to add a new section to read as follows:*

25 *"23-89-103. Limitations on Nonrenewals.*

26 *(a) No insurer shall be entitled to nonrenew any private passenger*  
27 *automobile, homeowners, or dwelling coverage solely by reason of a claim*  
28 *resulting from a single 'not-at-fault' accident or incident or a single 'Act*  
29 *of God'.*

30 *(b) No insurer may, without a substantial business reason, reasonably*  
31 *satisfactory to the Insurance Commissioner, bulk nonrenew or refuse to*  
32 *continue private passenger automobile, homeowners or dwelling policies*  
33 *insuring personal risks in this state so long as the insurer is still actively*  
34 *writing any business of that line within this state.*

35 *(c) Nothing in this section shall apply to or be deemed to apply to:*

1           (1) A licensed insurer's merger, consolidation, or bulk or  
2 assumption reinsurance transaction(s) with another insurer(s);

3           (2) Commercial or business property or casualty insurance  
4 policies or contracts or other personal property or casualty policies not  
5 enumerated in subsection (a) of this section;

6           (3) Private passenger automobile policies issued or issued for  
7 delivery in this state under an automobile assigned risk plan;

8           (4) Property insurance policies issued pursuant to the Arkansas  
9 Rural Risk Underwriting Act;

10          (5) Insurance policies of a particular line or class which the  
11 Commissioner may by order exempt upon showing of good cause therefor;

12          (6) Policies cancelled or nonrenewed for nonpayment of premium;  
13 or

14          (7) Policies properly cancelled in accordance with the procedure  
15 mandated by A.C.A. §23-66-206(11) or §23-89-303."

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17          SECTION 2. All provisions of this act of a general and permanent  
18 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
19 Code Revision Commission shall incorporate the same in the Code.

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

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

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30          SECTION 5. EMERGENCY. It is hereby found and determined by the General  
31 Assembly that some insurers have adopted a practice of nonrenewing insurance  
32 policies held by insureds for reasons or causes unrelated to any factor  
33 rationally affecting the insured\_s insurability, or to a legitimate business  
34 interest of the insurer. Such nonrenewals without cause peculiar to the  
35 insured are against the public interest of the people of the state of

1 Arkansas, and therefore this amendment should go into effect immediately in  
2 order to protect the public interest as soon as possible. Therefore, an  
3 emergency is hereby declared to exist and this act being necessary for the  
4 immediate preservation of the public peace, health and safety shall be in full  
5 force and effect from and after its passage and approval.

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*/s/Rep. McGee, et al*

***As Engrossed: 4/6/93***

**HB 1987**

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