

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

A Bill

SENATE BILL

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

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

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

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

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

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

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

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1 SECTION 4. Deceptive Practices. Home service insurance deceptive
2 practices are committing or performing any of the following in the marketing,
3 selling or servicing of home service insurance:

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

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

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

18 (d) Taking or removing the premium receipt book from the possession of
19 the policyholder by the agent or insurer without leaving a duplicate premium
20 receipt book or other evidence of coverage with the policyholder containing
21 the information required by subdivision (c) of this subsection up to and
22 including the date the premium receipt book is received by the agent or
23 insurer;

24 (e) Failure of an authorized supervisory official of the insurer to
25 "call the account" of the agent on a monthly basis whereby the agent_s records
26 are audited to determine whether the agent is in compliance with this
27 subsection; or

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

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

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

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

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

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