

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

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §23-66-206(9) TO
9 PROHIBIT INSURANCE COMPANIES FROM REQUIRING AS A CONDITION
10 OF PAYMENT OF A CLAIM THAT REPAIRS MUST BE MADE BY A
11 PARTICULAR CONTRACTOR, SUPPLIER, OR REPAIR SHOP; AND FOR
12 OTHER PURPOSES."

Subtitle

14 "AN ACT TO PROHIBIT INSURANCE COMPANIES FROM REQUIRING
15 THAT REPAIRS MUST BE MADE BY A PARTICULAR CONTRACTOR,
16 SUPPLIER, OR REPAIR SHOP."
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code Annotated §23-66-206(9) is amended to read as
22 follows:

23 "(9) Unfair claims settlement practices are committing or performing
24 with such frequency as to indicate a general business practice any of the
25 following:

26 (A) Misrepresenting pertinent facts or insurance policy
27 provisions relating to coverages at issue;

28 (B) Failing to acknowledge and act reasonably and promptly upon
29 communications with respect to claims arising under insurance policies;

30 (C) Failing to adopt and implement reasonable standards for the prompt
31 investigation of claims arising under insurance policies;

32 (D) Refusing to pay claims without conducting a reasonable
33 investigation based upon all available information;

34 (E) Failing to affirm or deny coverage of claims within a
35 reasonable time after proof of loss statements have been completed;

1 (F) Not attempting in good faith to effectuate prompt, fair, and
2 equitable settlements of claims in which liability has become reasonably
3 clear;

4 (G) Attempting to settle claims on the basis of an application
5 which was altered without notice to, or knowledge or consent of, the insured;

6 (H) Making claim payments to policyholders or beneficiaries not
7 accompanied by a statement setting forth the coverage under which payments are
8 being made;

9 (I) Delaying the investigation or payment of claims by requiring
10 an insured or claimant, or the physician of either, to submit a preliminary
11 claim report and then requiring the subsequent submission of formal proof of
12 loss forms, both of which submissions contain substantially the same
13 information;

14 (J) Failing to promptly provide a reasonable explanation of the
15 basis in the insurance policy in relation to the facts of applicable law for
16 denial of a claim or for the offer of a compromise settlement;

17 (K) Compelling insureds to institute litigation to recover
18 amounts due under an insurance policy by offering substantially less than the
19 amounts ultimately recovered in actions brought by those insureds;

20 (L) Attempting to settle a claim for less than the amount to
21 which a reasonable man would have believed he was entitled by reference to
22 written or printed advertising material accompanying or made part of an
23 application;

24 (M) Making known to insureds or claimants a policy of appealing
25 from arbitration awards in favor of insureds or claimants for the purpose of
26 compelling them to accept settlements or compromises less than the amount
27 awarded in arbitration;

28 (N) Failing to promptly settle claims, where liability has become
29 reasonably clear, under one (1) portion of the insurance policy coverage in
30 order to influence settlements under other portions of the insurance policy
31 coverage;

32 (O) Requiring as a condition of payment of a claim that repairs
33 must be made by a particular contractor, supplier, or repair shop;"

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35 SECTION 2. All provisions of this act of a general and permanent nature

1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
2 Revision Commission shall incorporate the same in the Code.

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4 SECTION 3. If any provision of this act or the application thereof to
5 any person or circumstance is held invalid, such invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provision or application, and to this end the provisions of this
8 act are declared to be severable.

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

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