

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

# A Bill

HOUSE BILL 2611

5 By: Representatives Bond, Hathorn, Napper, Thyer  
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7

## For An Act To Be Entitled

8 THE INSURANCE REFORM ACT OF 2003.  
9

### Subtitle

10 THE INSURANCE REFORM ACT OF 2003.  
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15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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17 SECTION 1. This act shall be known and may be cited as the "Insurance  
18 Reform Act of 2003".  
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20 SECTION 2. Full Disclosure of Insurance Information.

21 Upon request, and for a reasonable fee to cover costs, the Insurance  
22 Commissioner of the State Insurance Department shall provide consumers with a  
23 comparison of the rate in effect for each personal line of insurance for  
24 every insurer.  
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26 SECTION 3. Approval of Insurance Rates.

27 (a)(1) No rate shall be approved or remain in effect which is  
28 excessive, inadequate, unfairly discriminatory, or otherwise in violation of  
29 this act.

30 (2) In considering whether a rate is excessive, inadequate, or  
31 unfairly discriminatory, no consideration shall be given to the degree of  
32 competition and the commissioner shall consider whether the rate  
33 mathematically reflects the insurance company's investment income.

34 (b)(1) Every insurer that desires to change any rate shall file a  
35 complete rate application with the commissioner.

36 (2) The commissioner shall determine what information must be



1 contained in the rate application.

2 (3) The applicant shall have the burden of proving that the  
3 requested rate change is justified and meets the requirements of this act.

4 (c)(1) The commissioner shall notify the public of any application by  
5 an insurer for a rate change.

6 (2) The application shall be deemed approved sixty (60) calendar  
7 days after public notice unless:

8 (A) A consumer or his or her representative requests a  
9 hearing within forty-five (45) calendar days of public notice and the  
10 commissioner grants the hearing, or determines not to grant the hearing and  
11 issues written findings in support of that decision;

12 (B) The commissioner on his or her motion determines to  
13 hold a hearing; or

14 (C) The proposed rate adjustment exceeds seven percent  
15 (7%) of the then applicable rate for personal lines or fifteen percent (15%)  
16 for commercial lines, in which case the commissioner shall hold a hearing  
17 upon a timely request.

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19 SECTION 4. Public notice.

20 Public notice required by this act shall be made through distribution  
21 to the news media, to any member of the public who requests placement on a  
22 mailing list for the purpose of notice, and by posting notice on the website  
23 of the State Insurance Department.

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25 SECTION 5. Public information - Judicial review.

26 (a) All information provided to the commissioner pursuant to this act  
27 is public information under the Arkansas Freedom of Information Act of 1967  
28 as amended.

29 (b)(1) For purposes of judicial review, a decision to hold a hearing  
30 is not a final order or decision.

31 (2) However, a decision not to hold a hearing is final.

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33 SECTION 6. Consumer Participation.

34 (a) Any person may initiate or intervene in any proceeding permitted  
35 or established pursuant to this act, challenge any action of the commissioner  
36 under this chapter, and enforce any provision of this subchapter.

1           (b)(1) The commissioner or a court shall award reasonable costs  
2 including attorney’s fees to any person who demonstrates that:

3                   (A) The person represents the interests of consumers; and

4                   (B) That he or she has made a substantial contribution to  
5 the adoption of any order, regulation, or decision by the commissioner or a  
6 court.

7           (2) Where such advocacy occurs in response to a rate  
8 application, the award shall be paid by the applicant.

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10           SECTION 7. (a) Any person may be compelled to testify or produce  
11 evidence at the trial or hearing on a charge of violating a provision of this  
12 act, even though the testimony or evidence may incriminate him.

13           (b) A prosecution shall not be brought or maintained against the  
14 person for any act concerning which he or she so testifies or produces  
15 evidence, except for perjury committed in so testifying.

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17           SECTION 8. If an insurer knowingly violates any provision of this act,  
18 or knowingly permits any officer, agent, or employee to do so, the  
19 commissioner, after a hearing, may suspend the insurer’s certificate of  
20 authority to do business in the class of insurance in which the violation of  
21 this act occurred.

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23           SECTION 9. If an insurance agent, broker, or solicitor knowingly and  
24 willfully violates any of the provisions of this act, the commissioner, after  
25 a hearing may suspend or revoke the violator’s license.