

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

As Engrossed: H3/20/03

A Bill

HOUSE BILL 2833

5 By: Representative Napper
6
7

For An Act To Be Entitled

9 AN ACT TO REQUIRE THAT NOTICES CONCERNING
10 INCREASES IN PREMIUMS OR DEDUCTIBLES, OR NOTICES
11 OF RENEWAL OR NONRENEWAL, BE SENT TO AGENTS AND
12 TO INSUREDS CARRYING CERTAIN PROPERTY AND
13 CASUALTY INSURANCE POLICIES BEFORE THE RENEWAL
14 DATE; AND FOR OTHER PURPOSES.

Subtitle

16 REQUIRING THAT NOTICES CONCERNING
17 INCREASES IN PREMIUMS OR DEDUCTIBLES, OR
18 NOTICES OF RENEWAL OR NONRENEWAL, BE
19 SENT BEFORE THE RENEWAL DATE.
20
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 *SECTION 1. Arkansas Code Title 23, Chapter 79, Subchapter 1 is amended*
26 *to add a new section to read as follows:*

27 *23-79-151. Notice required prior to expiration of workers'*
28 *compensation, professional liability, and other insurance policies.*

29 *(a)(1) This section shall apply to workers' compensation insurance,*
30 *employers' liability insurance, professional liability insurance, including*
31 *medical malpractice insurance, and any other line of property and casualty*
32 *insurance on commercial risks.*

33 *(2) However, this section shall not apply to:*

34 *(A) Reinsurance;*

35 *(B) Insurance against loss of or damage to aircraft,*
36 *aircraft hulls, accessories, or equipment;*



1 (C) Liability arising out of the ownership, maintenance,
2 or use of aircraft;

3 (D) Ocean marine, foreign trade insurance, or title
4 insurance;

5 (E) Surety or fidelity insurance;

6 (F) Credit insurance; and

7 (G) Large commercial risks.

8 (3) When an insurer writing insurance as provided in subdivision
9 (a)(1) of this section revises its rates or rules and the revision results in
10 a premium increase equal to or greater than twenty-five percent (25%) on any
11 renewal policy issued for a term of twelve (12) months or less, the insurer
12 shall mail or deliver to the insured's agent not less than sixty (60) days
13 prior to the effective date of renewal, and to the insured not less than
14 thirty (30) days prior to the effective date of renewal, notice specifically
15 stating the insurer's intention to increase the premium by an amount equal to
16 or greater than twenty-five percent (25%).

17 (4)(A) If the insurer does not provide notice as stated in
18 subdivision (a)(3) of this section, the insurer is required to extend the
19 existing policy sixty (60) days from the date the notice is mailed or
20 delivered.

21 (B) The premium for the policy as extended under
22 subdivision (a)(1)(4)(A) of this section shall be no more than the pro rata
23 premium of the existing policy.

24 (b) Except in the case of nonpayment of premium, an insurer shall
25 renew a policy, unless a written notice of nonrenewal is mailed at least
26 sixty (60) days prior to the expiration date of the policy or, for a policy
27 for a term longer than one (1) year and not having a fixed expiration date,
28 sixty (60) days prior to the anniversary date.

29
30 SECTION 2. Arkansas Code Title 23, Chapter 88, Subchapter 1, is
31 amended to add a new section to read as follows:

32 23-88-104. Notice required prior to expiration of property insurance
33 policy.

34 (a) Except for nonpayment of premium, the insurer shall give either a
35 written notice of nonrenewal or an offer of renewal at least thirty (30) days
36 prior to the expiration of the policy's existing term.

1 (b) The insurer shall send the insured a written notice and the
 2 insurance producer written or electronic notice of the offer of renewal under
 3 subsection (a) indicating the new premium and providing a description of any
 4 change in deductible or policy provision in the renewal policy.

5
 6 SECTION 3. Arkansas Code § 23-89-305 is amended to read as follows:

7 23-89-305. Notice ~~of~~ required prior to renewal or nonrenewal.

8 ~~(a)(1) No insurer shall fail to renew a policy unless it shall mail or~~
 9 ~~deliver to the named insured at the address shown in the policy, at least~~
 10 ~~twenty (20) days' notice of its intention not to renew and, unless it shall~~
 11 ~~also mail or deliver to its agent serving the policy, at least thirty (30)~~
 12 ~~days in advance of nonrenewal, a statement of the grounds for nonrenewal.~~
 13 The insurer shall give either a written notice of nonrenewal or an offer of
 14 renewal at least thirty (30) days prior to the expiration of the policy's
 15 existing term.

16 (2) The insurer shall send the insured a written notice and the
 17 insurance producer written or electronic notice of the offer of renewal under
 18 subdivision (a)(1) indicating the new premium and providing a description of
 19 any change in deductible or policy provisions in the renewal policy.

20 (b)(1) This section shall not apply+

21 ~~(A) If the insurer has manifested its willingness to~~
 22 ~~renew; or~~

23 ~~(B) In in case of nonpayment of premium.~~

24 (2) However, notwithstanding the failure of an insurer to comply
 25 with this section, the policy shall terminate on the effective date of any
 26 other insurance policy with respect to any automobile designated in both
 27 policies.

28 (c) Unless a statement of the grounds for nonrenewal accompanies or is
 29 included in the notice of nonrenewal, the notice of nonrenewal shall state or
 30 be accompanied by a statement that, upon written request of the named insured
 31 mailed or delivered to the insurer not less than fifteen (15) days prior to
 32 the effective date of the nonrenewal, the insurer shall specify the grounds
 33 for the nonrenewal.

34 (d) Renewal of a policy shall not constitute a waiver or estoppel with
 35 respect to grounds for cancellation which existed before the effective date
 36 of the renewal.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15

/s/ Napper