

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
5 By: Senator J. Jeffress

A Bill

SENATE BILL 212

For An Act To Be Entitled

9 AN ACT TO REQUIRE INSURERS TO RETURN EXCESS
10 PREMIUMS PAID BY A BUSINESS OWNER FOR GENERAL
11 LIABILITY OR WORKERS' COMPENSATION COVERAGE
12 WITHIN THIRTY (30) DAYS AFTER DETERMINING THE
13 BUSINESS OWNER IS ENTITLED TO A RETURN OF
14 PREMIUM; TO REQUIRE INSURERS TO RETURN GENERAL
15 LIABILITY OR WORKERS' COMPENSATION PREMIUMS TO
16 REJECTED BUSINESS APPLICANTS WITHIN THIRTY (30)
17 DAYS OF REJECTING THE APPLICATION FOR COVERAGE;
18 TO REQUIRE INSURERS TO PAY INTEREST ON GENERAL
19 LIABILITY OR WORKERS' COMPENSATION PREMIUMS HELD
20 OVER THIRTY (30) DAYS; AND FOR OTHER PURPOSES.

Subtitle

23 TO REQUIRE INSURERS TO RETURN EXCESS
24 PREMIUMS PAID BY A BUSINESS OWNER FOR
25 GENERAL LIABILITY OR WORKERS'
26 COMPENSATION COVERAGE WITHIN THIRTY (30)
27 DAYS.

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

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32 SECTION 1. Arkansas Code § 23-79-108 is amended to read as follows:
33 23-79-108. Return of premium to rejected applicant.

34 (a) After an insurer rejects or declines to issue a life or accident
35 and health insurance policy, the insurer shall return the premium to the
36 applicant within a reasonable period of time.



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1 (b)(1) After the effective date of this subsection, each insurer
2 offering initial coverage under or renewal of a policy providing general
3 liability or Workers' Compensation insurance to a business owner, shall
4 complete an audit or cause an audit to be completed within thirty (30)
5 calendar days after the date the policy lapses or is offered for renewal, to
6 determine whether the business owner is entitled to a return of premium.

7 (2) If the audit under this section cannot reasonably be
8 completed within thirty (30) calendar days after the policy lapses or is
9 offered for renewal, the insurer shall notify the business owner in writing,
10 within five (5) business days after the end of the thirty-day time frame
11 under subsection (b)(1) of this section, of the reason for the delay.

12 (3) In no event shall an insurer under this subsection (b) have
13 more than sixty (60) calendar days after the date the policy lapses or is
14 offered for renewal to complete the audit or to cause it to be completed.

15 (c) If the business owner is entitled to a return of premium under
16 subsection (b) of this section, the insurer shall return any excess premium
17 due within thirty (30) calendar days after the audit is completed.

18 (d) If an insurer denies a business owner's initial request for a
19 policy providing general liability or Workers' Compensation coverage, the
20 insurer shall return the premium paid for general liability or Workers'
21 Compensation coverage within thirty (30) calendar days after the insurer's
22 decision to deny coverage.

23 (e) Any insurer subject to subsection (b) of this section shall pay
24 interest at the market rate of interest, as determined by the Insurance
25 Commissioner, on the amount of premium due under this section as follows:

26 (1) If the audit is not completed as specified under subsection
27 (b), the insurer shall pay interest from the expiration of the thirty-day
28 period following the lapse of the policy or the offer of renewal until the
29 date the insurer issues payment for return of the premium; or

30 (2) If the insurer denies coverage or refuses to renew coverage,
31 the insurer shall pay interest from the expiration of the thirty-day period
32 following the insurer's decision to deny or not to renew coverage until the
33 date the insurer issues payment for return of the premium.

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