

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

# A Bill

SENATE BILL 694

4  
5 By: Senator Faris  
6 By: Representative Scroggin

## For An Act To Be Entitled

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10 AN ACT TO AMEND ARKANSAS CODE § 23-88-103 TO  
11 REQUIRE INSURERS TO HAVE EVIDENCE OF PAYMENT OF  
12 FIRE DUES OR SERVICE CHARGES UPON THE RENEWAL OF  
13 FIRE INSURANCE COVERAGE AND TO CLARIFY THAT THE  
14 SECTION ALSO APPLIES TO VOLUNTEER FIRE  
15 DEPARTMENTS; AND FOR OTHER PURPOSES.

## Subtitle

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18 TO REQUIRE INSURERS TO HAVE EVIDENCE OF  
19 PAYMENT OF FIRE DUES OR SERVICE CHARGES  
20 UPON THE RENEWAL OF FIRE INSURANCE  
21 COVERAGE.

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

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26 SECTION 1. Arkansas Code § 23-88-103 is amended to read as follows:

27 23-88-103. Rate credits or reduced rates in rural fire protection  
28 districts or areas served by volunteer fire departments.

29 (a)(1) It is found and determined by the General Assembly that:

30 (A) Rural fire protection districts and volunteer fire  
31 departments are beneficial to all property owners in the ~~districts~~ geographic  
32 areas served;

33 (B) Many of the districts and volunteer fire departments  
34 are financed wholly or in part by dues, service charges, or subscription  
35 payments made by members of the district or the department;

36 (C) Some owners of property in the districts or in the



1 areas served fail ~~to~~ or refuse to become members of and pay the dues or  
 2 subscription charges to the ~~district~~ districts or the volunteer fire  
 3 departments and that under present law insurance companies are permitted to  
 4 give ~~nonmember~~ property owners who fail or refuse to pay dues or service  
 5 charges the same rate credit as is granted to paying ~~members of the district~~  
 6 property owners; and

7 (D) The giving of equal rate credit to paying and  
 8 nonpaying property owners ~~in the district~~ is most inequitable and should be  
 9 corrected.

10 (2) Therefore, it is the intent and purpose of this section to  
 11 prohibit insurers from giving nonpaying property owners in rural fire  
 12 protection districts and in areas served by volunteer fire departments the  
 13 rate credit given paying ~~members of the district~~ property owners.

14 (b) Any property or casualty insurance company which gives any rate  
 15 credit or any special reduced rates on risks located in a rural fire  
 16 protection district or in any area protected by a rural fire department or  
 17 other volunteer fire department, which district or department is wholly or  
 18 partially funded by assessments, dues, fees, service charges, or subscription  
 19 payments paid by owners of property located in the district or area served or  
 20 property owners who are members of an association supporting the rural fire  
 21 department, shall give the rate credit or reduced rate only on risks insured  
 22 by persons who pay the appropriate assessment, dues, fees, service charges,  
 23 or subscription payments for support of the district or department.

24 (c)(1)(A) It is unlawful for any insurance agent or company to  
 25 knowingly write an initial policy or renew a policy of fire insurance  
 26 coverage on any risk located in a rural fire protection district or in any  
 27 area protected by a rural fire department or other volunteer fire department  
 28 at any special reduced rate or with any rate credit based on the location of  
 29 the risk in such a district or area without having first obtained from the  
 30 insured or from the fire department providing service in the district or area  
 31 evidence showing that a current assessment, dues, fees, service charges, or  
 32 subscription payments for the property to be insured have been paid to the  
 33 fire department serving the district or area in which the insured property is  
 34 located.

35 (B)(i) The evidence required by the insurer may be, but is  
 36 not limited to, a receipt, cancelled check, or other valid proof of payment

1 provided by the insured.

2 (ii) The insurer may also rely on lists provided by  
3 the districts or fire departments containing the names of persons who have  
4 currently paid the appropriate assessment, dues, fees, service charges, or  
5 subscription payments.

6 (2)(A) If any agent is found by the Insurance Commissioner to  
7 have violated the provisions of this subsection, the agent shall be liable  
8 for an administrative penalty of one hundred dollars (\$100) for the first  
9 violation and five hundred dollars (\$500) for the second violation.

10 (B) For any subsequent violation, the agent shall be  
11 liable for an administrative penalty of five hundred (\$500) dollars plus an  
12 amount equal to the difference between the amount of the premium actually  
13 charged on the particular policy involved based on the special rate and the  
14 amount of premium which would have been charged if the special rate had not  
15 been applied.

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