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	As Engrossed: \$2/24/09		
2	87th General Assembly	A Bill		
3	Regular Session, 2009		SENATE BILL	431
4				
5	By: Senator T. Smith			
6				
7				
8		For An Act To Be Entitled		
9	AN ACT CONCERNING THE USE OF INSURANCE PROCEEDS			
10	IN CONTRAVENTION OF A SECURITY AGREEMENT; AND FOR			
11	OTHE	R PURPOSES.		
12				
13		Subtitle		
14	C	ONCERNING THE USE OF INSURANCE PROCEEDS		
15	I	N CONTRAVENTION OF A SECURITY		
16	A	GREEMENT.		
17				
18				
19	BE IT ENACTED BY T	HE GENERAL ASSEMBLY OF THE STATE OF ARKAN	ISAS:	
20				
21		Arkansas Code § 5-37-203 is amended to re	ead as follows:	
22		efrauding a secured creditor.		
23	_	n commits the offense of defrauding a sec	ured creditor i	.f
24	he or she <u>:</u>			
25		estroys Destroys, removes, cancels, encum		,
26 	_	ses of property subject to a security int		
27		enforcement of the security interest-; or	_	
28		ses motor vehicle insurance policy procee	_	='
29		rs (\$1,000) obtained from a settlement of		
30		ehicle subject to a security interest in		
31		ment that creates or provides for the sec	urity interest	<u>in</u>
32	the motor vehicle.			
33	(b) Defraud	ing a secured creditor is a Class D felor	1У•	
34 25	ODCETON O	A 1		1 1
35		Arkansas Code Title 23, Chapter 89, Subch	ıapter 2 is amen	.ded
36	to add an addition	al section to read as follows:		

02-24-2009 08:18 PBB132

1	23-89-216. Notice concerning use of insurance proceeds.
2	(a) When making payment on a claim under a motor vehicle insurance
3	policy for damage to a motor vehicle, a motor vehicle liability insurer shall
4	provide a written notice to the insured in substantially the following form:
5	"Failure to use the insurance proceeds in accordance with a security
6	agreement between you and a lienholder, if any, may constitute the criminal
7	offense of defrauding a secured creditor in violation of Arkansas Code § 5-
8	37-203. If you have any questions, contact your lienholder."
9	(b) The written notice required by subsection (a) of this section may
10	be provided by including the written notice on each written loss estimate
11	prepared in connection with the claim.
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13	/s/ T. Smith
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