

Act 675 of the 1989 Regular Session.

Act 675

SB451

By: Senator Bradford

"AN ACT TO AMEND ARKANSAS CODE 23-89-304 PERTAINING TO NOTICE OF CANCELLATION OF INSURANCE POLICIES; AND FOR OTHER PURPOSES."

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

SECTION 1. Arkansas Code 23-89-304 is hereby amended to read as follows:

"23-89-304. Time for notice of cancellation. (a) No notice of cancellation of a policy to which 23-89-303 applies, and no notice of cancellation of a policy which has been in effect less than sixty (60) days at the time notice of cancellation is mailed or delivered, shall be effective unless mailed or delivered by the insurer to the named insured. No notice of cancellation to any named insured shall be effective unless mailed or delivered at least twenty (20) days prior to the effective date of cancellation, provided that where cancellation is for nonpayment of premium, at least ten (10) days' notice of cancellation accompanied by the reason therefor shall be given.

(b) No notice of cancellation to any bank, or other lending institution shown on the policy and having a lien on the insured's automobile shall be effective unless mailed or delivered by the insurer to the bank or other lending institution. No notice of cancellation to any bank or other lending institution shall be effective unless mailed or delivered at least twentieth (20) days prior to the termination of the insurance protecting the interest of the bank or lending institution, provided that where cancellation is for nonpayment of premium, at least ten (10) days' notice of cancellation accompanied by the reason therefor shall be given.

(c) Failure to properly notify a named insured or failure to properly notify a bank or other lending institution shall have no effect on a party properly notified.

(d) This section shall not apply to nonrenewals."

SECTION 2. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 4. Emergency. It is hereby found and determined by the General Assembly that the present law on the time for notice of cancellation of automobile liability, physical damage and collision insurance may permit the inequitable recovery of insurance monies by parties who have received proper notice of cancellation and failed to act on such notice in a timely manner; that the present law has a detrimental impact on rates charged for this insurance and that this Act is immediately necessary to eliminate the deficiencies found in the present law. Therefore, an emergency is hereby declared to exist and this Act being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: March 20, 1989

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