

"AN ACT TO AMEND THE TRADE PRACTICES ACT, THE SAME BEING ARKANSAS STATUTES ANNOTATED SECTION 66-3005; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 212 of Act 148 of 1959, as amended, the same being Arkansas Statute 66-3005, is hereby amended by adding new subsection (11) as follows:

"(11) POLICY CANCELLATIONS. Cancellation of insurance coverage on a property or casualty risk which has been in force over sixty (60) days or after the effective date of a renewal policy or an annual anniversary date, unless such cancellation is based upon at least one (1) of the following reasons:

- (a) Nonpayment of premium;
- (b) Fraud or material misrepresentation made by or with the knowledge of the named insured in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (c) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
- (d) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against under the policy; or
- (e) Nonpayment of membership dues in those cases where the by-laws, agreements or other legal instruments of the insurer issuing the policy require payment thereof as a condition of the issuance and maintenance of the policy;

Cancellations of property and casualty policies shall only be effective when notice of cancellation is mailed or delivered by the insurer to the named insured and to any lienholder or loss payee named in the policy at least twenty (20) days prior to the effective date of cancellation, provided, however, that where cancellation is for nonpayment of premium at least ten (10) days' notice of cancellation accompanied by the reason therefor shall be given.

The provisions of this subsection shall not be applicable to any policy providing coverage for workers compensation or employers liability, or to any policy providing coverage for personal automobile liability, automobile physical damage or automobile collision or any combination thereof.

(f) A material violation of a material provision of the policy."

SECTION 2. Section 212 of Act 148 of 1959, as amended, the same being Arkansas Statutes 66-3005, is hereby amended by adding new subsection (12) as follows:

"(12) UNDERWRITING: REFUSING CERTAIN RISKS. Refusing to issue or limiting the amount of coverage on a property or casualty risk based upon knowledge of an insurer's nonrenewal of the applicant's previous property or casualty policy or contract."

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed. This Act shall be deemed cumulative of prior laws, and no prior law or part of a law shall be deemed to be in conflict with this Act unless failure to so determine would prevent giving effect to an explicit provision of this Act.

SECTION 4. It is hereby found and determined by the General Assembly that the laws of this State concerning the insurance matters covered in the subject of this Act are inadequate for the protection of the public. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: 3/10/87

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