

"AN ACT TO AMEND SECTION 9 OF ACT 41 OF 1973,[ARK. STAT. 66-3033]; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 9 of Act 41 of 1973, the same being Arkansas Statute 66-3033, is hereby amended to read as follows:

"(a) No person, including but not limited to primary and secondary mortgagees, vendors, or lenders, may

(i) Unreasonably disapprove the insurance policy or binder provided by a borrower for the protection of the property securing the credit or lien; or

(ii) Require directly or indirectly that any borrower, mortgagor, purchaser, insurer, broker or agent pay a separate charge in connection with the handling of any insurance policy or binder required as security for a loan on real estate, or pay a separate charge to substitute the insurance policy or binder of one (1) insurer for that of another; or

(iii) Use or disclose information resulting from a requirement that a borrower, mortgagor, or purchaser furnish insurance of any kind on real property being conveyed or used as collateral security to a loan, when such information is to the advantage of the mortgagee, vendor, or lender, or is to the detriment of the borrower, mortgagor, purchaser, insurer, or the agent or broker complying with such a requirement.

(b) (i) Paragraph (a) (ii) does not include the interest which may be charged on premium loans or premium advancements in accordance with the security instrument;

(ii) For purposes of paragraph (a) (i), such disapproval shall be deemed unreasonable if it is not based solely on reasonable standards uniformly applied, which relate to the extent of coverage required, or the financial soundness, or services of an insurer. Such standards shall not discriminate against any particular type of insurer, nor shall such standards call for the disapproval of an insurance policy or binder because such policy or binder contains coverage in addition to that required;

(iii) The Commissioner may investigate the affairs of any person to whom this subsection applies to determine whether such person has violated this subsection. If a violation of this subsection is found the person in violation shall be subject to the same procedures and penalties as are applicable to other provisions of this Act, and shall be liable for actual or compensatory damages resulting from an unreasonable disapproval of an insurance policy or binder;

(iv) Once a binder has been issued, the insurer must issue a policy within 90 days.

(v) All information given on the binder must be without material change when the policy is issued.

(vi) For purposes of this section 'person' includes any individual, corporation, association, partnership, or other legal entity."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 4/4/87

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