

As Engrossed: 3/4/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Pollan**

A BILL ACT 487 OF 1991
HOUSE BILL 1456

For An Act To Be Entitled

8 "AN ACT TO PROHIBIT INSURERS FROM CANCELING AGREEMENTS
9 WITH AGENTS BASED SOLELY ON THE LOSS RATIO EXPERIENCE ON
10 INSURANCE TRANSACTED BY THAT AGENT; AND FOR OTHER
11 PURPOSES."

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

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15 SECTION 1. (a) As used in this act, "loss ratio experience" means the
16 amount of money received by the insurer in payment of premiums divided by the
17 amount of money expended by the insurer in payment of claims for a specified
18 period of time.

19 (b) An insurer shall not, without the written consent of the agent,
20 cancel a written agreement with an agent or reduce or restrict the agent's
21 authority to transact property or casualty insurance on behalf of the insurer
22 based solely on the loss ratio experience on insurance transacted by that
23 agent. Provided, the applications for the insurance were submitted to the
24 insurer by the agent for underwriting approval, if required, and all material
25 information on the applications was fully completed by the agent and the agent
26 did not omit or alter any information provided by the applicants for that
27 insurance. *This section applies to agents who write insurance business*
28 *exclusively for one (1) company or must submit all eligible business to that*
29 *company for approval or disapproval before placing it elsewhere and are not in*
30 *the direct employ of that company. However, this section does not apply to*
31 *agents who are contracted by a company whose purpose is to provide insurance*
32 *for members of a specific organization.*

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

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SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

/s/ Carolyn Pollan

APPROVED: 3-13-91