

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Senator Bell**

A Bill

ACT 457 OF 1993
SENATE BILL 455

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 23-89-303 TO PROVIDE THAT
9 INSURANCE POLICIES FOR AUTOMOBILES SHALL NOT BE CANCELLED
10 FOR FRAUD OR MISREPRESENTATION WITH RESPECT TO INJURIES OR
11 DAMAGES SUFFERED BY INNOCENT THIRD PARTIES; AND FOR OTHER
12 PURPOSES."

Subtitle

15 "AN ACT TO PROVIDE THAT INSURANCE POLICIES FOR CARS SHALL
16 NOT BE CANCELLED FOR FRAUD WITH RESPECT TO DAMAGES
17 SUFFERED BY INNOCENT THIRD PARTIES."

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

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21 SECTION 1. Arkansas Code § 23-89-303 is hereby amended to read as
22 follows:

23 "23-89-303. Grounds for cancellation.

24 (a) A notice of cancellation of a policy shall be effective only if it
25 is based on one (1) or more of the following reasons:

26 (1) Nonpayment of premium;

27 (2) The named insured or any driver of the insured vehicle shall
28 be convicted of:

29 (A) Driving while intoxicated;

30 (B) Homicide or assault arising out of use of a motor
31 vehicle;

32 (C) Three (3) separate convictions of speeding or reckless
33 driving, or any combination of the two, during the policy period, including
34 three (3) months prior to the effective date of the policy;

35 (3) The driver's license or motor vehicle registration of the
36 named insured or of any other operator who either resides in the same

1 household or customarily operates an automobile insured under this policy has
2 been under suspension or revocation during the policy period or, if the policy
3 is a renewal, during its policy period or the one hundred eighty (180) days
4 immediately preceding its effective date;

5 (4) Fraud or misrepresentation of a material fact, the knowledge
6 of which would have caused the insurer to decline to issue a policy; or

7 (5) Nonpayment of membership dues where they are a requirement in
8 the bylaws, agreements, or other legal instruments of a company before
9 issuance and maintenance of a policy under this subchapter.

10 (b) This section shall not apply to any policy or coverage which has
11 been in effect less than sixty (60) days at the time notice of cancellation is
12 mailed or delivered by the insurer unless it is a renewal policy.

13 (c) Modification of automobile physical damage coverage by the
14 inclusion of a deductible not exceeding one hundred dollars (\$100) shall not
15 be deemed a cancellation of the coverage or of the policy.

16 (d) This section shall not apply to nonrenewal.

17 (e) *However, an insurer shall not be able to rescind bodily injury or*
18 *property damage liability coverage under an insurance policy for fraud or*
19 *misrepresentation with respect to any injury to a third party when suffered as*
20 *a result of the insured's negligent operation of a motor vehicle. Nothing in*
21 *this subsection is intended to negate an insurer's right to rescind other*
22 *coverages in the insurance policy purchased by the insured."*

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

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

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

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/s/ Senator Bell

APPROVED: 03/11/93

