

**Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.**

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

*As Engrossed: H3/23/01 S4/10/01*

# A Bill

**Act 1827 of 2001**  
HOUSE BILL 2451

5 By: Representative Hausam  
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## **For An Act To Be Entitled**

9 AN ACT TO AMEND THE ARKANSAS CODE BY ADDING A NEW  
10 SECTION TO TITLE 23, CHAPTER 64, SUBCHAPTER 2,  
11 REQUIRING INSURERS TO REPORT DELINQUENCIES IN  
12 PREMIUM RECEIVABLES FROM AGENTS; AND FOR OTHER  
13 PURPOSES.  
14

### **Subtitle**

15 TO AMEND THE ARKANSAS CODE BY ADDING A  
16 NEW SECTION TO TITLE 23, CHAPTER 64,  
17 SUBCHAPTER 2, REQUIRING INSURERS TO  
18 REPORT DELINQUENCIES IN PREMIUM  
19 RECEIVABLES FROM AGENTS.  
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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25 SECTION 1. Arkansas Code, Title 23, Chapter 64, Subchapter 2 is  
26 amended to add an additional section, to read as follows:

27 23-64-231. Premium delinquencies.

28 (a) For purposes of this section:

29 (1) "Account current" or "account rendered" means any system of  
30 account reconciliation between two (2) or more insurance producers, surplus  
31 lines brokers or insurance companies that purports to render the status of  
32 the account between them in regard to the amount of net premium or return  
33 premium due;

34 (2) "Insurance producer" shall have the meaning found in Chapter  
35 64 of Title 23 and shall also include surplus lines brokers;

36 (3) "Insurer" shall have the meaning found in § 23-60-102 and

1 shall include a surplus lines broker when it is representing the insurer in a  
2 transaction with an insurance producer;

3 (4) "Reconciled item" means an item subject to an invoice,  
4 account current, or account rendered that is undisputed, liquidated, and not  
5 subject to reasonable dispute; and

6 (5) "Surplus lines broker" shall have the meaning found in § 23-  
7 65-308.

8 (b) When the premium due for an insurance policy or endorsement  
9 thereto, becomes a reconciled item and the insurance producer fails to  
10 deliver to the insurer the premiums due for the insurance policy or  
11 endorsement within the time provided by the agreement between the insurance  
12 producer and the insurer, or within sixty (60) days if no agreement, the  
13 insurer shall demand in writing that within thirty (30) days after the date  
14 of the demand, the insurance producer shall:

15 (1) Cure the default; and

16 (2) Provide a sworn affidavit declaring:

17 (A) That the total of its available cash and cash  
18 equivalent assets exceed the total of all premiums that are due all of its  
19 customers and any insurers with which it holds an appointment or has a  
20 contractual relationship;

21 (B) The insurance producer's license number or other  
22 identification issued by the insurance department; and

23 (C) Any other comments that describe the reason for the  
24 default or any reason that the default is disputed.

25 (c) The insurer shall provide a copy of the demand and any statements  
26 received from the insurance producer pursuant to subsection (b) to the  
27 commissioner as attachments to the report on which the insurance producer  
28 appears, required by subsection (d).

29 (d) By the end of each month, the insurer shall furnish a report to  
30 the commissioner, on a form approved by the commissioner, the following  
31 information in respect to each insurance producer who was mailed a demand  
32 pursuant to subsection (b) in the prior month:

33 (1) The name of the agent or agency;

34 (2) The amount of premiums that are in default;

35 (3) The date of the inception of the insurance policy or  
36 endorsement; and

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(4) The date when the transaction became reconciled.

(e) Failure of the insurance producer to comply with the requirements set forth in subsections (b)(1) and (b)(2) of this section shall constitute a Class A misdemeanor.

*/s/ Hausam*

APPROVED: 4/18/2001