

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

HOUSE BILL 2451

5 By: Representative Hausam
6
7

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.
20
21
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

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

