

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011

A Bill

HOUSE BILL 1439

4
5 By: Representative Hyde
6 By: Senator S. Harrelson

For An Act To Be Entitled

7
8
9 AN ACT TO REGULATE COMMERCIAL LIABILITY POLICIES AND
10 PRACTICES; AND FOR OTHER PURPOSES.

Subtitle

11
12
13
14 TO REGULATE COMMERCIAL LIABILITY POLICIES
15 AND PRACTICES.

16
17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19
20 SECTION 1. DO NOT CODIFY – Findings and purpose.

21 (a) It is found and determined by the General Assembly that:

22 (1) Arkansas court decisions have caused uncertainty over
23 whether the coverage provided to an insured under a commercial liability
24 insurance policy will include damages caused by faulty workmanship;

25 (2) Insurance consumers purchase commercial liability insurance
26 coverage for substantial premiums in good faith for the express purpose of
27 limiting their liability for faulty workmanship; and

28 (3) An insurer should not be allowed to collect premiums to
29 provide coverage against defects and then contest, deny, or fail to pay
30 claims caused by faulty workmanship unless the insurer and insured have
31 freely negotiated a specific exclusion from the coverage.

32 (b)(1) It is the purpose of this act to allow an insurance consumer to
33 safely purchase commercial liability insurance coverage at a fair price to
34 insure against the risk of property damage or bodily injury resulting from
35 faulty workmanship.

36 (2) This act is not intended to restrict or limit the nature or



1 types of exclusions from coverage that an insurer may include in a commercial
2 liability insurance policy.

3
4 SECTION 2. Arkansas Code Title 23, Chapter 79, Subchapter 1 is amended
5 to add an additional section to read as follows:

6 23-79-155. Commercial liability insurance.

7 A commercial liability insurance policy offered for sale in this state:

8 (1) Shall contain a definition of "occurrence" that includes:

9 (A) Accidents or repeated exposure to substantially the
10 same general harmful conditions; and

11 (B) Property damage or bodily injury resulting from faulty
12 workmanship; and

13 (2) Shall not be sold unless the Insurance Commissioner has
14 approved the commercial liability insurance policy or an endorsement to the
15 commercial liability insurance policy that complies with this section.