

**Hall of the House of Representatives**  
83rd General Assembly - Regular Session, 2001  
**Amendment Form**

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**Subtitle of House Bill No. 2208**

"AN ACT TO PROVIDE FOR APPROVALS AND RESTRICTIONS REGARDING THE USE  
OF MANAGERS BY FARMERS' MUTUAL AID ASSOCIATIONS."

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**Amendment No. 1 to House Bill No. 2208.**

Amend House Bill No. 2208 as originally introduced:

Delete Section 1 and substitute the following:

"SECTION 1. Arkansas Code 23-73-115 is amended to read as follows:  
23-73-115. Management and exclusive agency contracts.

(a)(1) No farmers' mutual aid company or association shall make any contract whereby any person is granted or is to enjoy in fact the management of the company or association to the substantial exclusion of its board of directors or to have the controlling or preemptive right to produce substantially all insurance business for the company or association unless the contract is filed with and approved by the Insurance Commissioner.

(2) The contract shall be deemed approved unless disapproved by the commissioner within ~~twenty (20)~~ thirty (30) days after date of filing, subject to such reasonable extension of time as the commissioner may require by notice given within the ~~twenty (20)~~ thirty (30) days.

(3) Any disapproval shall be delivered to the company or association in writing, stating the grounds therefor.

(b) The commissioner shall disapprove any contract if he finds that it:

- (1) Subjects the company or association to excessive charges; or
- (2) Is to extend for an unreasonable length of time; or
- (3) Does not contain fair and adequate standards of performance;

or

(4) Grants the management of the association, to the substantial exclusion of its board of directors, to any person, corporation, partnership, joint venture, limited partnership or limited liability company; or

(5) Requires the association to guarantee the manager's obligation or performance to anyone other than the association; or

(6) Allows the manager to assign its rights under the agreement to a third party without the consent of the board of directors and the commissioner; or

~~(4)-(7)~~ Contains other inequitable provisions which impair the proper interests of the company or association.

(c) The commissioner, in his discretion, may require submission of a

contract for review at any time if he believes a review would be in the best interest of policyholders of the company or association.

(d) No association shall indemnify or insure its manager's obligations to any other person or entity, unless by operation of law. To the extent allowed by law, any indemnification by the association shall be limited to the extent of any insurance or reinsurance coverages applicable to the loss indemnified or insured.

(e) The association shall disclose to the commissioner the names of any member of its board of directors that is also an officer, stockholder, agent, partner, limited partner, limited liability company member, joint venturer, or employee of the manager.

(f) The acts of the manager may be examined as if it were the association.

(g) The commissioner may adopt reasonable rules and regulations for the implementation and administration of the provisions of this section."

**The Amendment was read**  
**By: Representative Glover**  
**LH/RRS - 031620010749**  
**RRS700**

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**Chief Clerk**