

State of Arkansas

76th General Assembly

Regular Session, 1987

HOUSE BILL 1486

By: Representative Mitchum

"AN ACT TO AMEND SECTIONS 7 AND 10 OF ACT 732 OF 1979, AS AMENDED [ARK. STAT. 66-3106 AND 66-3109] TO PROVIDE THAT THE COMMISSIONER OF INSURANCE SHALL CONDUCT A PUBLIC HEARING PRIOR TO GRANTING AN INCREASE IN INSURANCE PREMIUMS; TO ESTABLISH AN ACCOUNTING METHOD TO BE FOLLOWED IN DETERMINING EXCESSIVE RATES; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 7 of Act 732 of 1979, as amended, the same being Arkansas Statute 66-3106, is hereby amended to read as follows:

"Section 7. (a) Except as to inland marine risks which by general custom of the business are not written according to manual rates and rating plans and such other risks as the Commissioner may designate, every authorized insurer and every rate service organization which has been designated by an insurer for the filing of rates under Section 9(1)(a) shall file with the Commissioner all rates and supplementary rate information and all changes and amendments thereto made by it for use in this State at least ninety (90) days before such rates shall become effective, and the Commissioner of Insurance shall hold a hearing on such rates within such ninety (90) day period to determine whether such rates are proper.

(b) The Commissioner shall require the filing of supporting data, including: (1) information as to the experience and judgment of the filer and, to the extent the filer wishes or the Commissioner requests, of other insurers or rate service organizations; (2) a written explanation of the filer's interpretation of any statistical data relied upon; and (3) a written explanation and description of the methods used in making the rates.

(c) Upon written consent of the insured, stating his reasons therefor a rate in excess of that provided by an otherwise applicable filing may be used

on a specific risk, providing that such rate is filed with the Commissioner in accordance with subsection (a) of this Section.

(d) No increase in rates shall be permitted until and unless such requested increase is approved by the Commissioner of Insurance, and if he shall state after a hearing that a rate is excessive, he shall issue an order so specifying and under what respects the rate fails.

(e) In filing for rate increases, the accounting principle shall be the principle of premiums paid and losses paid rather than premiums earned and losses incurred."

SECTION 2. Section 10 of Act 732 of 1979, as amended, the same being Arkansas Statute 66-3109, is hereby amended to read as follows:

"Section 10. If the Commissioner finds after a hearing as provided in Sections 7 and 18 that a rate is not in compliance with Section 5, he shall issue an order so specifying and under what respects the rate fails."

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

