

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995  
4 By: Representatives Newman, McGee and Brown

# A Bill

HOUSE BILL 1763

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 23-66-317 SO THAT INSURANCE  
9 COMPANIES MAY USE CREDIT REPORTS BUT ONLY AFTER VERIFYING  
10 THAT CREDIT SUBSTANTIALLY INCREASES THE RISK AND AFTER  
11 GIVING THE CONSUMER AN OPPORTUNITY TO REBUT INCORRECT  
12 INFORMATION IN THE CREDIT REPORT; AND FOR OTHER PURPOSES."

## Subtitle

15 "USE OF CREDIT REPORTS BY INSURANCE  
16 COMPANIES"

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

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20 SECTION 1. Arkansas Code 23-66-317 is amended to read as follows:

21 "23-66-317. Effect of applicant\_s credit history on issuance or  
22 renewal of coverage.

23 (a) As used in this section, the term \_consumer report\_ means any  
24 written, oral, or other communication of any information by a data collection  
25 entity.

26 (b) No insurer shall refuse to issue or renew coverage or limit the  
27 amount of coverage on a risk in this state based solely upon the insurer's  
28 knowledge of the insured's or applicant's consumer report, unless:

29 (1) The consumer report of the insured or applicant can be  
30 objectively shown to substantially increase any hazard insured or to be  
31 insured at or after policy issuance or renewal pursuant to the insurer's  
32 underwriting guidelines; and

33 (2)(A) The insurer or its agent sends a notice of cancellation,  
34 refusal to renew, or declination to the insured or applicant which contains  
35 the following statement:



1 on which the policy cancellation or nonrenewal becomes effective.

2 (d) The provisions of this section are not intended to conflict with  
3 any disclosure provisions of the federal Truth in Lending Act applicable to  
4 lending institutions, credit bureaus, or other credit service organizations  
5 that maintain or distribute credit histories on insurance applicants or  
6 policyholders, or any other similar Arkansas law thereon.

7 (e) *The mandates of this section shall only apply to personal lines of*  
8 *property and casualty insurance."*

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10 SECTION 2. All provisions of this Act of a general and permanent  
11 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
12 Code Revision Commission shall incorporate the same in the Code.

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14 SECTION 3. If any provision of this act or the application thereof to  
15 any person or circumstance is held invalid, such invalidity shall not affect  
16 other provisions or application of the act which can be given effect without  
17 the invalid provision or application, and to this end the provisions of the  
18 act are declared to be severable.

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20 SECTION 4. All laws and parts of laws in conflict with this act are  
21 hereby repealed.

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23 SECTION 5. It is hereby found and determined by the General Assembly  
24 of the State of Arkansas that the present insurance laws on this matter are  
25 not sufficient to adequately protect the insurance buying public; an  
26 emergency is declared to exist such that all persons can be afforded a  
27 reasonable opportunity to acquire insurance. Therefore, an emergency is  
28 declared to exist and this act is necessary for the immediate preservation of  
29 the public peace, health and safety and shall be in full force and effect  
30 from and after its passage and approval.

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32 /s/Rep. Newman, et al

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