

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

As Engrossed: S1/28/97

A Bill

HOUSE BILL 1077

4
5 By: House Interim Committee on Insurance and Commerce
6 By: Senate Interim Committee on Insurance and Commerce

For An Act To Be Entitled

9 "AN ACT TO REENACT ARKANSAS CODE 23-32-913 AUTHORIZING
10 SAVING AND LOAN ASSOCIATIONS, FINANCIAL INSTITUTIONS,
11 MORTGAGE COMPANIES, AND MORTGAGEES TO REQUIRE THE
12 MORTGAGOR TO PURCHASE CASUALTY INSURANCE; AND FOR OTHER
13 PURPOSES."

Subtitle

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15 "TO REENACT CODE AUTHORIZING SAVINGS AND
16 LOAN ASSOCIATIONS, FINANCIAL
17 INSTITUTIONS, MORTGAGE COMPANIES, AND
18 MORTGAGEES TO REQUIRE MORTGAGOR TO
19 PURCHASE CASUALTY INSURANCE."
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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24 SECTION 1. Casualty insurance -- Replacement cost coverage.

25 (a) A savings and loan association, financial institution, national
26 bank, mortgage company, or any public or private mortgagee doing business in
27 this state, when making a mortgage loan, may not require, as a condition or
28 term of the mortgage, that the mortgagor purchase casualty insurance on
29 property which is the subject of the mortgage in an amount in excess of the
30 fair market value of the buildings or appurtenances on the mortgaged premises.

31 (b) This section shall not be construed as limiting the right of the
32 mortgagor to purchase replacement cost coverage on the property which is the
33 subject of the mortgage.

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35 SECTION 2. All provisions of this act of a general and permanent nature
36 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

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3 SECTION 3. If any provision of this act or the application thereof to
4 any person or circumstance is held invalid, such invalidity shall not affect
5 other provisions or applications of the act which can be given effect without
6 the invalid provision or application, and to this end the provisions of this
7 act are declared to be severable.

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

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12 SECTION 5. EMERGENCY. It is hereby found and determined by the General
13 Assembly that the Arkansas Banking Act of 1997 goes into effect on May 31,
14 1997; that the law addressed by this act was repealed by the Arkansas Banking
15 Act of 1997 for technical purposes; that this act will reenact that law with
16 necessary changes; and that this act must go into effect on May 31, 1997, in
17 order to correlate with the Banking Act of 1997. Therefore an emergency is
18 declared to exist and this act being immediately necessary for the
19 preservation of the public peace, health and safety shall be in full force and
20 effect from and after May 31, 1997.

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22 /s/Maddox et al

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