

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: S4/3/03
A Bill

SENATE BILL 212

5 By: Senator J. Jeffress
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For An Act To Be Entitled

9 AN ACT TO REQUIRE INSURERS TO RETURN EXCESS
10 PREMIUMS PAID BY A BUSINESS OWNER FOR GENERAL
11 LIABILITY OR WORKERS' COMPENSATION COVERAGE
12 WITHIN THIRTY (30) DAYS AFTER DETERMINING THE
13 BUSINESS OWNER IS ENTITLED TO A RETURN OF
14 PREMIUM; TO REQUIRE INSURERS TO RETURN GENERAL
15 LIABILITY OR WORKERS' COMPENSATION PREMIUMS TO
16 REJECTED BUSINESS APPLICANTS WITHIN THIRTY (30)
17 DAYS OF REJECTING THE APPLICATION FOR COVERAGE;
18 TO REQUIRE INSURERS TO PAY INTEREST ON GENERAL
19 LIABILITY OR WORKERS' COMPENSATION PREMIUMS HELD
20 OVER THIRTY (30) DAYS; AND FOR OTHER PURPOSES.
21

Subtitle

22 TO REQUIRE INSURERS TO RETURN EXCESS
23 PREMIUMS PAID BY A BUSINESS OWNER FOR
24 GENERAL LIABILITY OR WORKERS'
25 COMPENSATION COVERAGE WITHIN THIRTY (30)
26 DAYS.
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30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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32 SECTION 1. Arkansas Code § 23-79-108 is amended to read as follows:
33 23-79-108. Return of premium to rejected applicant.

34 (a) After an insurer rejects or declines to issue a life or accident
35 and health insurance policy, the insurer shall return the premium to the
36 applicant within a reasonable period of time.



1 (b)(1) After the effective date of this subsection, if the applicant
2 or insured cooperates with the insurer and provides pertinent information on
3 a timely basis, an insurer offering initial coverage under or renewal of a
4 policy providing general liability or Workers' Compensation insurance to a
5 business owner shall, if requested by the applicant or insured, complete an
6 audit or cause an audit to be completed within sixty (60) calendar days after
7 the request following the date the policy lapses or expires, to determine
8 whether the business owner is entitled to a return of premium.

9 (2) If the audit under this section cannot reasonably be
10 completed within sixty (60) calendar days after the policy lapses or is
11 offered for renewal, the insurer shall notify the business owner in writing,
12 within five (5) business days after the end of the sixty-day time frame under
13 subsection (b)(1) of this section, of the reason for the delay.

14 (3) If the applicant or insured cooperates with the insurer and
15 provides pertinent information on a timely basis, the insurer shall have no
16 more than ninety (90) calendar days after the date all necessary information
17 is received to complete the audit or cause it to be completed.

18 (c) If the business owner is entitled to a return of premium under
19 subsection (b) of this section, the insurer shall return any excess premium
20 due within thirty (30) calendar days after the audit is completed.

21 (d) If an insurer denies a business owner's initial request for a
22 policy providing general liability or Workers' Compensation coverage, the
23 insurer shall return the premium paid for general liability or Workers'
24 Compensation coverage within thirty (30) calendar days after the insurer's
25 decision to deny coverage.

26 (e) Any insurer subject to subsection (b) of this section shall pay
27 interest at the market rate of interest, as determined by the Insurance
28 Commissioner, on the amount of premium due under this section as follows:

29 (1) If the audit is not completed as specified under subsection
30 (b), the insurer shall pay interest from the expiration of the thirty-day
31 period following the lapse of the policy or until the date the insurer issues
32 payment for return of the premium; or

33 (2) If the insurer denies coverage or refuses to renew coverage,
34 the insurer shall pay interest from the expiration of the thirty-day period
35 following the insurer's decision to deny or not to renew coverage until the
36 date the insurer issues payment for return of the premium.

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/s/ J. Jeffress