

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 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 228

4
5 By: Senator Brown
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For An Act To Be Entitled

8
9 AN ACT TO ASSIST THE GENERAL ASSEMBLY AND
10 INSURANCE COMMISSIONER IN THE REGULATION AND
11 DISCLOSURE OF INSURANCE RATES AND RATING
12 CRITERIA; AND FOR OTHER PURPOSES.
13

Subtitle

14
15 AN ACT TO ASSIST THE GENERAL ASSEMBLY
16 AND INSURANCE COMMISSIONER IN THE
17 REGULATION AND DISCLOSURE OF INSURANCE
18 RATES AND RATING CRITERIA.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 23-63-1202 is amended to read as follows:
24 23-63-1202. Contents of report.

25 (a) The report required by this subchapter shall include, but not be
26 limited to, the following types of insurance written by ~~such~~ the insurer:

27 (1) ~~Motor vehicle bodily injury liability insurance, including~~
28 ~~medical pay insurance~~ All personal lines of insurance including, but not
29 limited to, property and casualty insurance;

30 (2) Products liability insurance;

31 (3) Medical malpractice insurance;

32 (4) Architects' and engineers' malpractice insurance;

33 (5) Attorneys' malpractice insurance; and

34 ~~(6) Motor vehicle personal injury protection insurance;~~

35 ~~(7) Motor vehicle property liability insurance;~~

36 ~~(8) Uninsured motorist insurance;~~



1 ~~(9) Underinsured motorist insurance; and~~

2 ~~(10)~~(6) Workers' compensation insurance.

3 (b) The report shall include the following data specific to the State
4 of Arkansas filed with the annual statement for the previous calendar year
5 ending on December 31:

6 (1) Direct premiums written;

7 (2) Direct premiums earned;

8 (3) Net investment income, including net realized capital gains
9 and losses, using appropriate estimates where necessary;

10 (4) Incurred claims developed as the sum of, and with figures
11 provided for, the following:

12 (A) Dollar amount of claims paid current year or paid
13 losses; plus

14 (B) Reserves for reported claims at the end of the current
15 year; minus

16 (C) Reserves for reported claims at the end of the
17 previous year; plus

18 (D) Reserves for incurred but not reported claims at the
19 end of the current year; minus

20 (E) Reserves for incurred but not reported claims at the
21 end of the previous year; plus

22 (F) Reserves for loss adjustment expense at the end of the
23 current year reported split between allocated loss adjustment expenses and
24 unallocated loss adjustment expenses; minus

25 (G) Reserves for loss adjustment expense at the end of the
26 previous year reported split between allocated loss adjustment expenses and
27 unallocated loss adjustment expenses;

28 (5) Actual incurred expenses allocated separately to loss
29 adjustment, commissions, other acquisition costs, general office expenses,
30 taxes, licenses, fees, and all other expenses;

31 (6) Net underwriting gain or loss;

32 (7) Net operation gain or loss, including net investment income;

33 (8) Net investment gain on surplus, allocated to the lines as a
34 percentage of the previous year's incurred losses;

35 (9) Federal income taxes paid, allocated to the lines as a
36 percentage of earned premium; and

1 (10) Return on surplus with surplus allocated to the lines based
2 upon earned premiums.

3 (c) In addition to the information required by subsection (b) of this
4 section, the following information for the previous calendar year ending
5 December 31 shall be included in the report separately by type of insurance
6 and the policyholder's zip code:

7 (1) Number of policies written;

8 (2) Number of policies canceled;

9 (3) Number of policies renewed;

10 (4) Number of policies not renewed;

11 (5) Number of completed applications received;

12 (6) Number of completed applications denied;

13 (7) Number and amount of pending or resisted claims; and

14 (8) Number and amount of claims that were resolved through
15 litigation, settlement, arbitration, mediation, or any other form of
16 alternative dispute resolution.

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18 SECTION 2. Arkansas Code § 23-63-1204 is amended to read as follows:
19 23-63-1204. Compilation and review - Publication.

20 (a) It shall be the duty of the Insurance Commissioner to annually
21 compile and review all reports submitted by insurers pursuant to this
22 subchapter.

23 (b) The filings shall be published and made available to any
24 interested insured or citizen.

25 (c)(1) No later than June 30 of each year the commissioner shall
26 prepare a report for the previous calendar year ending December 31 based upon
27 the information contained in the filings required under this subchapter.

28 (2) The report shall be submitted to the Governor, the Speaker
29 of the House of Representatives, and the President Pro Tempore of the Senate.

30 (3) The report shall:

31 (A) Provide an executive summary of the information
32 required under this subchapter;

33 (B) Be presented in a manner that is consumer friendly in
34 wording and content; and

35 (C) Inform the General Assembly and Arkansas insurance
36 consumers whether insurance rates, underwriting practices, and claims

1 administration are just, adequate, and reasonable, and not excessive or
2 unfairly discriminatory.

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4 SECTION 3. Arkansas Code § 23-67-211 is amended to read as follows:

5 23-67-211. Filing of rates and other rating information.

6 (a)(1) Filings as to Competitive Markets. In a competitive market,
7 every insurer shall file with the Insurance Commissioner all rates,
8 supplementary rate information, and supporting information for risks which
9 are to be written in this state. The rates and information shall be filed
10 twenty (20) days prior to the effective date. A filing shall be deemed to
11 meet the requirements of this chapter and to become effective upon the
12 expiration of the waiting period.

13 (2) In a competitive market, if the commissioner determines
14 after a hearing or by agreement that an insurer's rates require closer
15 supervision because of the insurer's financial condition or its rating
16 practices, the insurer shall file with the commissioner at least sixty (60)
17 days prior to the effective date all rates and supplementary rate information
18 and supporting information prescribed by the commissioner. Upon application
19 by the filer, the commissioner may authorize an earlier effective date. A
20 filing shall be deemed to meet the requirements of this chapter and to become
21 effective upon the expiration of the waiting period.

22 (b) Filings as to Noncompetitive Markets. In a noncompetitive market,
23 every insurer shall file with the commissioner all rates, supplementary rate
24 information, and supporting information for that market. These rates,
25 supplementary rate information, and supporting information required by the
26 commissioner shall be filed at least sixty (60) days prior to the effective
27 date. Upon application by the filer, the commissioner may authorize an
28 earlier effective date. A filing shall be deemed to meet the requirements of
29 this chapter and to become effective upon the expiration of the waiting
30 period unless disapproved by the commissioner.

31 (c) Adherence to Filings. Insurers must adhere to filings made
32 pursuant to this section until the filings are amended or withdrawn.

33 (d) Use of Information. Information filed with the commissioner under
34 this section may be used as the basis for a hearing or any disciplinary
35 action by the commissioner, except for a disciplinary action against an
36 insurer for a violation of a statute that applied to the insurer before the

1 effective date of this subsection.

2 (e)(1) Commissioner’s Report. No later than June 30 of each year, the
3 commissioner shall prepare a report for the prior year ending December 31
4 based upon the information contained in the filings required under this
5 section.

6 (2) The report shall be submitted to the Governor, the Speaker
7 of the House of Representatives, and the President Pro Tempore of the Senate.

8 (3) The report shall:

9 (A) Provide an executive summary of the information
10 required under this subchapter;

11 (B) Be presented in a manner that is consumer friendly in
12 wording and content; and

13 (C) Inform the General Assembly and Arkansas insurance
14 consumers whether insurance rates, underwriting practices, and claims
15 administration are just, adequate, and reasonable, and not excessive or
16 unfairly discriminatory.

17 (f) Penalties. Any insurer who fails to comply with this section by
18 providing incomplete, misleading, inaccurate, or deceptive information may be
19 deemed to have committed an unfair or deceptive act or practice in the
20 business of insurance, as defined under § 23-66-206.

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