

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 86th General Assembly  
3 Regular Session, 2007

# A Bill

SENATE BILL 110

4  
5 By: Senators Miller, Horn, T. Smith, R. Thompson, Altes, J. Jeffress, Bisbee, Luker  
6 By: Representatives Anderson, Rosenbaum, Wyatt, Maxwell

## For An Act To Be Entitled

10 AN ACT TO CLARIFY THAT DEBT CANCELLATION  
11 AGREEMENTS ARE NOT INCLUDED IN THE DEFINITION OF  
12 INSURANCE UNDER THE ARKANSAS INSURANCE CODE; AND  
13 FOR OTHER PURPOSES.

## Subtitle

16 TO CLARIFY THAT DEBT CANCELLATION  
17 AGREEMENTS ARE NOT INSURANCE UNDER THE  
18 ARKANSAS INSURANCE CODE.

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

23 SECTION 1. Arkansas Code § 23-60-102(1), concerning the definition of  
24 "insurance" under the Arkansas Insurance Code, is amended to read as follows:

25 (1)(A)(i) "Insurance" is any agreement, contract, or other  
26 transaction whereby one party, the "insurer", is obligated to confer benefit  
27 of pecuniary value upon another party, the "insured" or "beneficiary",  
28 dependent upon the happening of a fortuitous event in which the insured or  
29 beneficiary has, or is expected to have at the time of such happening, a  
30 material interest which will be adversely affected by the happening of such  
31 an event.

32 (ii) A "fortuitous event" means any occurrence or  
33 failure to occur which is, or is assumed by the parties to be, to a  
34 substantial extent beyond the control of either party.

35 (B) "Insurance" shall, for purposes of subtitle 3 of this  
36 title, be deemed to include "annuities", which are agreements by insurers to



1 make periodic payments that continue during the survival of the measuring  
2 life or lives under the agreements or for a specified period.

3 (C) "Reinsurance" is a contract under which an originating  
4 insurer, called the "ceding" insurer, procures insurance for itself in  
5 another insurer, called the "assuming" insurer or reinsurer, with respect to  
6 part or all of an insurance risk of the originating insurer+.

7 (D)(i) "Insurance" shall not include a debt cancellation  
8 agreement.

9 (ii) "Debt cancellation agreement" is a loan term or  
10 contractual arrangement modifying a loan term under which a lender agrees to  
11 cancel all or part of a borrower's obligation to repay an extension of credit  
12 from the lender upon the occurrence of a specified event. The agreement may  
13 be separate from or a part of other loan documents. A lender can not require  
14 the borrower to purchase a debt cancellation agreement. Any charge for a  
15 debt cancellation agreement shall be separately itemized and shall not be  
16 considered interest;