

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
4

As Engrossed: S1/24/07

A Bill

SENATE BILL 110

5 By: Senators Miller, Horn, T. Smith, R. Thompson, Altes, J. Jeffress, Bisbee, Luker
6 By: Representatives Anderson, Rosenbaum, Wyatt, Maxwell, *Norton, Harrelson*
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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.
14

Subtitle

15 TO CLARIFY THAT DEBT CANCELLATION
16 AGREEMENTS ARE NOT INSURANCE UNDER THE
17 ARKANSAS INSURANCE CODE.
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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 § 23-60-102(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;

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16 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
17 General Assembly of the State of Arkansas that the ability to be made whole
18 following the total loss of a vehicle due to theft, accident, collision, or
19 physical damage is in jeopardy; that the forgiveness of a borrower's
20 obligation and reimbursement of the seller is fair and equitable when the
21 cost to repair or replace the vehicle exceeds the vehicle's value; and that
22 the passage of this act is immediately necessary to protect the parties'
23 respective interests in the vehicle. Therefore, an emergency is declared to
24 exist and this act being immediately necessary for the preservation of the
25 public peace, health, and safety shall become effective on:

26 (1) The date of its approval by the Governor;

27 (2) If the bill is neither approved nor vetoed by the Governor,
28 the expiration of the period of time during which the Governor may veto the
29 bill; or

30 (3) If the bill is vetoed by the Governor and the veto is
31 overridden, the date the last house overrides the veto.

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33 /s/ Miller
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