

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 S1/29/07

# 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*  
7

## 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.  
18  
19  
20

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 dealing with automobiles modifying a loan term under  
11 which a lender agrees to cancel all or part of a borrower's obligation to  
12 repay an extension of credit from the lender upon the occurrence of a  
13 specified event. The agreement may be separate from or a part of other loan  
14 documents. A lender can not require the borrower to purchase a debt  
15 cancellation agreement;

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

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

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

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

33  
34 /s/ Miller  
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