

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 143

4
5 By: Senator T. Smith
6
7

For An Act To Be Entitled

8
9 AN ACT TO PROVIDE NOTICE OF CANCELLATION OF A
10 MOTOR VEHICLE INSURANCE POLICY TO ALL
11 LIENHOLDERS; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 TO PROVIDE NOTICE OF CANCELLATION OF A
15 MOTOR VEHICLE INSURANCE POLICY TO ALL
16 LIENHOLDERS.
17
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 23-89-304 is amended to read as follows:
22 23-89-304. Time for notice of cancellation.

23 (a)(1) No notice of cancellation of a policy to which § 23-89-303
24 applies and no notice of cancellation of a policy which has been in effect
25 less than sixty (60) days at the time notice of cancellation is mailed or
26 delivered shall be effective unless mailed or delivered by the insurer to the
27 named insured.

28 (2) No notice of cancellation to any named insured shall be
29 effective unless mailed or delivered at least twenty (20) days prior to the
30 effective date of cancellation, provided that, when cancellation is for
31 nonpayment of premium, at least ten (10) days' notice of cancellation
32 accompanied by the reason therefor shall be given.

33 (b)~~(1)~~ No notice of cancellation to any ~~bank or other lending~~
34 ~~institution~~ person or entity shown on the policy and having a lien on the
35 insured's automobile shall be effective unless mailed or delivered by the
36 insurer.



1 (1) ~~to the bank or other lending institution.~~ To the person or
2 entity; and

3 (2)(A) ~~No notice of cancellation to any bank or other lending~~
4 ~~institution shall be effective unless mailed or delivered at~~ At least twenty
5 (20) days prior to the termination of the insurance protecting the interest
6 of the ~~bank or lending institution~~ person or entity, provided that.

7 (B) However, when cancellation is for nonpayment of
8 premium, at least ten (10) days' notice of cancellation accompanied by the
9 reason ~~therefor~~ for the cancellation shall be given.

10 (c) Failure to properly notify a named insured or failure to properly
11 notify a ~~bank or other lending institution~~ person or entity shown on the
12 policy and having a lien on the insured's automobile shall have no effect on
13 a party properly notified.

14 (d) This section shall not apply to nonrenewals.

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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 law provides no notice of
18 cancellation of a motor vehicle insurance policy to a lienholder that is not
19 a bank or other lending institution; that the liens on motor vehicles of good
20 faith lenders other than banks and lending institutions are in jeopardy of
21 becoming uninsured for lack of notice of cancellation of the owner's policy;
22 and that the passage of this act is immediately necessary to ensure the
23 ability to protect motor vehicle liens from losing insurance coverage due to
24 lack of notice of cancellation. Therefore, an emergency is declared to exist
25 and this act being immediately necessary for the preservation of the public
26 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.