

State of Arkansas

76th General Assembly

Regular Session, 1987

HOUSE BILL 1818

By: Representatives Hawkins, Newman, Lipton, et al

"AN ACT TO AMEND SECTION 441 OF ACT 148 OF 1959, AS AMENDED [ARK. STATS. 66-3815], TO AUTHORIZE INSURANCE COMPANIES WRITING OR HANDLING CREDIT LIFE OR CREDIT DISABILITY INSURANCE IN THIS STATE TO PAY, WITHOUT PENALTY, DIVIDENDS TO THEIR STOCKHOLDERS SO LONG AS SUCH DIVIDENDS ARE BASED ON THE NUMBER OF SHARES OF STOCKS HELD AND NOT ON ANY BUSINESS WRITTEN BY THE SHAREHOLDER; AND FOR OTHER PURPOSES."

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

SECTION 1. That Section 441 of Act 148 of 1959, as amended by Section 1 of Act 950 of 1985, the same being Section 66-3815 of the Arkansas Statutes, is hereby amended to read as follows:

"Section 441. In order to assure that the premium rates charged or to be charged for credit life or credit disability insurance are reasonable in relation to benefits provided, the Commissioner may, after due notice and hearing, issue rules and regulations establishing the maximum compensation payable to an agent, a broker, or a creditor, or any affiliate, associate, subsidiary, director, officer, employee or other representative of or for such creditor, for writing or handling such insurance, including commissions, dividends, premium adjustments, policy writing fees, underwriting gain, or any compensation or remuneration in whatever form. Provided, that any insurance company authorized to write life and disability insurance in this State shall be authorized to distribute dividends on shares of stock held in such companies in the same manner as other business corporations in the State so long as said dividends are paid from the profits of the company and are distributed equally on the number of shares of stock owned, and are not used as a commission or are not based upon, the amount of credit life or credit disability insurance business that may be produced for the company by the stockholder, and the

payment of said dividends under the aforementioned circumstances shall not be considered compensation subject to regulations by the Commissioner under any regulation establishing the maximum compensation to be paid to any agent, broker, or creditor, or any affiliate, associate, subsidiary, director, officer, employee or other representative thereof for writing or handling such insurance."

SECTION 2. All laws and parts of laws in conflict with this Act, and any rules and regulations promulgated by the Commissioner of Insurance in effect on the effective date of this Act that are in conflict with the provisions of this Act, are hereby repealed and the same shall be null and void.

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that the immediate passage of this Act is necessary to clarify the rule-making authority of the Insurance Commissioner in order to assure that insurance companies doing credit life and/or credit disability insurance business in this State may pay its stockholders dividends based on the amount of insurance written for or on behalf of the company by the stockholders. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after its passage and approval.

