

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 83rd General Assembly
3 Regular Session, 2001

A Bill

HOUSE BILL 1169

4
5 By: Representatives Weaver, Agee, Gipson, Hickinbotham, House, Jackson, Milligan, Oglesby, Prater,
6 Seawel, M. Steele

For An Act To Be Entitled

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10 AN ACT TO AMEND ARKANSAS CODE 23-88-103 TO EXPAND ITS
11 APPLICATION TO RENEWALS OF FIRE INSURANCE COVERAGE AND
12 TO PROPERTY LOCATED IN AREAS PROTECTED BY VOLUNTEER
13 FIRE DEPARTMENTS WHICH ARE SUPPORTED WHOLLY OR PARTLY
14 BY DUES OR SUBSCRIPTION CHARGES; AND FOR OTHER
15 PURPOSES.

Subtitle

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18 AMEND ARKANSAS CODE 23-88-103 TO EXPAND
19 ITS APPLICATION TO RENEWALS OF FIRE
20 INSURANCE COVERAGE AND TO PROPERTY
21 LOCATED IN AREAS PROTECTED BY VOLUNTEER
22 FIRE DEPARTMENTS SUPPORTED WHOLLY OR
23 PARTLY BY DUES OR SUBSCRIPTION CHARGES.

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

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28 SECTION 1. Arkansas Code 23-88-103 is amended to read as follows:
29 23-88-103. Rate credits or reduced rates in rural fire protection
30 districts or areas served by volunteer fire departments.

31 (a)(1) It is found and determined by the General Assembly that:

32 (A) Rural fire protection districts and volunteer fire
33 departments are beneficial to all property owners in the ~~districts~~ areas
34 served;

35 (B) Many of the districts and volunteer fire departments
36 are financed wholly or in part by dues or subscription payments made by

1 members of the district and areas served by volunteer fire departments;

2 (C) Some owners of property in the districts and areas
3 served by volunteer fire departments fail to refuse to become members of and
4 pay the dues or subscription charges to the district or volunteer fire
5 department and that under present law insurance companies are permitted to
6 give ~~nonmember~~ property owners who fail to pay dues the same rate credit as is
7 granted to paying ~~members of the district~~ property owners; and

8 (D) The giving of equal rate credit to paying and nonpaying
9 property owners ~~in the district~~ is most inequitable and should be corrected.

10 (2) Therefore, it is the intent and purpose of this section to
11 prohibit insurers from giving nonpaying property owners in rural fire
12 protection districts or areas served by volunteer fire departments the rate
13 credit given paying ~~members of the district~~ property owners.

14 (b) Any property or casualty insurance company which gives any rate
15 credit or any special reduced rates on risks located in a rural fire
16 protection district or in any area protected by a rural fire department or
17 other volunteer fire department, which district or department is wholly or
18 partially funded by assessments, dues, or subscription payments paid by owners
19 of property located in the district or area served by a volunteer fire
20 department, or property owners who are members of an association supporting
21 the rural fire department, shall give the rate credit or reduced rate only on
22 risks insured by persons who pay the appropriate assessment, dues, or
23 subscription payments for support of the district or department.

24 (c)(1)(A) It is unlawful for any insurance agent or company to
25 knowingly write an initial policy or renew a policy of fire insurance coverage
26 on any risk located in a rural fire protection district or in any area
27 protected by a rural fire department or other volunteer fire department at any
28 special reduced rate or with any rate credit based on the location of the risk
29 in such a district or area without having first obtained from the insured or
30 from the fire department providing service in the district or area evidence
31 showing that a current assessment, dues, or subscription payments for the
32 property to be insured have been paid to the fire department serving the area
33 in which the insured property is located.

34 (B) The evidence required by the insurer may be, but is not
35 limited to, a receipt, cancelled check, or other valid proof of payment
36 provided by the insured.

1 (2)(A) If any agent is found by the Insurance Commissioner to
2 have violated the provisions of this subsection, the agent shall be liable for
3 an administrative penalty of one hundred dollars (\$100) for the first
4 violation and five hundred dollars (\$500) for the second violation.

5 (B) For any subsequent violation, the agent shall be liable
6 for an administrative penalty of five hundred (\$500) dollars plus an amount
7 equal to the difference between the amount of the premium actually charged on
8 the particular policy involved based on the special rate and the amount of
9 premium which would have been charged if the special rate had not been
10 applied.

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