

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 84th General Assembly  
3 Regular Session, 2003  
4

As Engrossed: H2/27/03 H3/7/03

# A Bill

SENATE BILL 243

5 By: Senator T. Smith  
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## For An Act To Be Entitled

9 AN ACT TO AMEND ARKANSAS CODE § 23-89-211 TO  
10 REQUIRE PAYMENT OF SALES TAXES IN INSURANCE  
11 SETTLEMENTS INVOLVING TOTAL AUTOMOBILE LOSSES;  
12 AND FOR OTHER PURPOSES.  
13

### Subtitle

15 AN ACT TO AMEND ARKANSAS CODE § 23-89-  
16 211 TO REQUIRE PAYMENT OF SALES TAXES IN  
17 INSURANCE SETTLEMENTS INVOLVING TOTAL  
18 AUTOMOBILE LOSSES.  
19  
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code § 23-89-211 is amended to read as follows:

24 23-89-211. ~~Amount of claim attributable to value and amount~~  
25 ~~attributable to sales tax.~~ Total loss settlements.

26 (a) If an insurer settles a claim for damages to an automobile as a  
27 total loss to its own insured or a person having a claim against its insured,  
28 the insurer shall include with the payment an itemized list stating the  
29 amount attributable to the value of the automobile and the amount  
30 attributable to the sales tax on an automobile of that value for the loss:

31 (1) All applicable taxes, including sales taxes and fees as  
32 required under Rule and Regulation 43 of the State Insurance Department; and

33 (2) An itemized list stating the amount of the claim  
34 attributable to the value of the automobile and attributable to the sales tax  
35 on an automobile of that value.

36 (b) ~~For the purposes of this section, the term "automobile"~~



1 ~~means a private passenger motor vehicle only.~~ When settling a claim against  
2 an insured for damages to an automobile as a total loss, the insurer will  
3 take into consideration all applicable taxes, license fees and other fees.

4 (c) The failure of an insurer to comply with the requirements of  
5 subsections (a) and (b) of this section shall be considered an unfair claims  
6 settlement practice under § 23-66-206(13).

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8 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
9 General Assembly of the State of Arkansas that current Arkansas law does not  
10 specify that an insurer must pay sales tax when it settles a claim for  
11 damages to an automobile as a total loss; that Arkansas law does not make an  
12 insurer's failure to pay sales tax when settling a claim for total automobile  
13 loss an unfair trade practice; that Arkansas law is not in accord with  
14 current insurance regulations concerning settlements for total automobile  
15 losses; and that this act is immediately necessary to protect Arkansas  
16 insurance consumers and to conform Arkansas law to existing insurance  
17 regulations. Therefore, an emergency is declared to exist and this act being  
18 immediately necessary for the preservation of the public peace, health, and  
19 safety shall become effective on:

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

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

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

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27 /s/ T. Smith  
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