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BULLETIN NO. 14-97

TO: ALL LICENSED PROPERTY AND/OR CASUALTY
INSURANCE COMPANIES, ALL APPROVED BUT NON-
ADMITTED SURPLUS LINE INSURERS, ALL LICENSED
RATE SERVICE OR ADVISORY ORGANIZATIONS, ALL
LICENSED SURPLUS LINE BROKERS, AND OTHER
INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: RECENT ARKANSAS LEGISLATION ON UNINSURED
("UM") AND UNDERINSURED MOTORISTS ("UIM")
COVERAGES UNDER ACTS 203 OF 1997 AND 284 OF 1997

ACT 203 of 1997

Act 203 of 1997, formerly House Bill 1272, is effective August 1, 1997, and amends Arkansas Code §23-89-403(a), as to uninsured motorists coverage (UM) for personal auto policies. In new Subsection (3), Act 203 requires the casualty insurer to have available uninsured motorist (UM) coverage benefits up to the limits of the personal auto policy's third party liability limits, when the applicant or insured has purchased third party coverage amounts greater than Arkansas' statutory minimums (\$25,000/\$50,000), and when the applicant or insured requests the higher UM limits in writing.

The Department will require the personal auto application to include a statement similar to the following:

"Please be advised uninsured motorist bodily injury limits are available up to the liability limits for which you applied."

SHARON J. JONES
SECRETARY OF STATE
STATE OF ARKANSAS

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If possible, such statement should be placed adjacent to the section offering UM coverage on the application. This requirement may be met by re-filing the application with the mandated language or placing it on the application via a sticker. The Department considers the signed personal auto policy application containing the language, or sticker or endorsements signed by the named insured if any insurer prefers that option, as sufficient for conformity with Act 203.

Act 203 of 1997 stipulates that no insurer shall be required to offer, provide, or make available UM coverage for conformity with this law in connection with an umbrella policy or other contract which does not provide primary vehicle insurance for liabilities for ownership or use of a specifically identified vehicle.

ACT 284 of 1997

Arkansas Act 284 of 1997, formerly Senate Bill 271, adds new (e) to Arkansas Code §23-89-209, and is effective August 1, 1997. This section on personal auto policy's underinsured motorists (UIM) coverage addresses the common situation where the tortfeasor (party at fault) and the victim are both insured by the same personal auto carrier. In this instance, the requirements of Subsections (c) and (d) of §23-89-209 are waived.

Previously, the insured had to give notice to his UIM carrier that he had reached a tentative settlement with the liability carrier for the at-fault party, before he could receive any proceeds from his own insurance company from his UIM coverage. Act 284 waives the written notice the UIM insured must give his own carrier. Act 284 allows the UIM insured to proceed against his UIM limits for payment at any time after settlement of the liability claim, without the necessity of written notice to his UIM carrier.


Please direct your inquiries to Ms. Alexa Grissom, Rate and Form Analyst, Property and Casualty Division, at (501) 371-2800.

This Bulletin is intended to supplement but not replace prior:

Bulletin No. 1-94, issued August 1, 1994; or
Bulletin No. 16-93, issued September 10, 1993.

This Bulletin is intended to and does rescind prior:

Bulletin No. 4-86, issued January 13, 1986; and
Bulletin No. 14-91, issued May 31, 1991.


MIKE PICKENS
INSURANCE COMMISSIONER

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