

**PROGRAM DIVISION
BULLETIN**

2004-20

May 18, 2004

**ARKANSAS - CANCELLATIONS, NONRENEWALS, AND
UNDERWRITING PRACTICES**

APPLICABILITY: Commercial Lines
EFFECTIVE: Immediately

The Arkansas Insurance Department recently issued a clarification and reminder to all insurers concerning cancellations, nonrenewals and discriminatory underwriting practices with regard to property and casualty insurance. The notice was intended to serve as a reminder to all insures and underwriters to ensure compliance with Arkansas law.

Cancellations, Nonrenewals, and Discriminatory Underwriting Practices

The Arkansas Insurance Department has issued a clarification and reminder to insurers concerning cancellations, nonrenewals and discriminatory underwriting practices with regard to property and casualty insurance. The following directives require the immediate compliance of all property and casualty insurers.

Rules for Cancellation and Nonrenewal

No insurance policy can be cancelled or non-renewed due to claims arising from "natural causes".

Policy Cancellation or Nonrenewal Due to Natural Causes; Violations. Claims arising from "natural causes" are not to be considered when a carrier is evaluating an insured's loss history for purposes of cancellation or non-renewal.

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Prohibited Practices

Insurers cannot permit discrimination against any person(s) because of race, creed, color, national origin, citizenship, or gender, in the issuance or renewal of any policy of insurance, or in the fixing of rates, terms or conditions. Insurers and producers should make every effort to renew and institute coverage on low value or multiple-family dwelling risks. The amount of coverage on such risks should bear a reasonable relationship to the fair value of the property involved and should not be arbitrarily predetermined.

Neither the lack of "balance" in an insurance agency's underwriting portfolio nor its high loss ratio or low premium volume should be the predominant factor when a decision is made regarding cancellation or non-renewal of an individual property and casualty risk.

Related Provisions

If the relationship between insurer and producer is terminated, it is the responsibility of both the insurer and the producer to provide uninterrupted coverage for the policyholder to the normal expiration date of his policy.

If you have any questions regarding this notice, please contact your Program Manager.