



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Bulletin 1-87

POLICY LOAN INTEREST RATES

January 2, 1987

At my request, the Arkansas Attorney General has issued an Opinion on policy loan interest rates, pursuant to the Arkansas usury provision, Amendment 60 to the Arkansas Constitution, and Ark. Stat. Ann. § 66-3308. In summary, the Opinion states that for policies issued after December 2, 1982 it is permissible at contract issuance to allow the parties to the contract to agree that the applicable Constitutional usury limit under Amendment 60 is to be determined as of the date of policy issuance, rather than as of the date the policy loan application is made. Policies issued prior to June 17, 1981 would continue to be governed by the terms of those policies. Policies issued after June 17, 1981 and prior to December 2, 1982, are subject to a 10% limit in the event a floating rate under Section 66-3308 is specified in the policy.

If you wish to obtain a copy of Attorney General's Opinion No. 86-103', please send a self-addressed stamped envelope to the Legal Division with your request. Please be advised that the Opinion is advisory, and you should seek the advice of counsel before relying upon its conclusions.

Robert M. Eubanks, III
INSURANCE COMMISSIONER