



Arkansas Insurance Department

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BULLETIN NO. 6 -2004

TO: ALL PROPERTY INSURERS, TRADE ORGANIZATION, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: COMPLIANCE WITH ACT 1345 OF 2003:
COUNTY FIRE LOSS REPORTS

The purpose of this Bulletin is to explain compliance requirements of all property insurers licensed to do business in this State with Act 1345 of 2003, also known as the "Fire Loss Reporting Act of 2003" ("Act"), codified as Arkansas Code Annotated §23-88-401. The Act was enacted by the General Assembly because fire is the leading cause of insurance loss in Arkansas. The number of deaths associated with fire loss is a major economic burden to the citizens and counties of this State. Therefore, the General Assembly has declared that specific county by county fire loss data will help the counties better evaluate the preparedness and effectiveness of their fire fighting capabilities.

In this regard, Arkansas licensed property insurers must report to the Department by June 1 of each year by filing a statement, marked "confidential", and referencing by county their fire loss data on both commercial and personal properties for policies in effect for the previous calendar year.

For your convenience, the Department has prepared a Fire Loss Report, which may be accessed on the Property & Casualty Division's page of the Department's website, or you may access the Form via the Internet using the following link:

<http://170.94.5.1/dataservices/PandC/P&CForms/Act%201345%20Fire%20Experience%20Form.xls>

This form should be downloaded as an Excel spreadsheet, completed by you, and electronically filed with the Department directed to Ms. Becky Harrington whose contact information is below.

The Fire Loss Report contains instructions for its use, but this Bulletin clarifies those instructions and should be used as a companion to the Report. **Instruction No. 1** directs you to round the final county amount to the nearest dollar; do not omit hundreds or thousands. **Instruction No. 2** explains that “Policies” means the total number of new and renewal policies (including lapsed and cancelled policies) with an effective date occurring during the reporting period. **Instruction No. 3** concerns “Premiums (\$)” and “Losses (\$)”; this means *earned* premiums and *incurred* losses. You should report property-only premiums from commercial package policies where the premium can be easily separated. For combined premiums for homeowner-type policies, report the total premium if there is no distinction between premiums for liability and property. In other words, if the premium relates to property, then it should be included, but if it relates to liability, then it should be excluded. Do not include loss adjustment or litigation expenses. Also, you may use your company’s definitions to determine lines of business, except for farm-owner’s policies – these are considered personal property only by the Department. It is important to note that the term “property” includes property subject to the definition of “fire peril” in the policy, excluding of course automobile fire peril. Finally, **Instruction No. 4** requires you to enter positive numbers only. If the total should be negative, then that data entry should be either left blank or you may place a \$0 in that field.

The Department thanks you in advance for your cooperation. Should you have any questions, please direct your inquiries to Ms. Becky Harrington, Certified Rate and Form Analyst, Property & Casualty Division, at (501) 371-2800 or via e-mail at becky.harrington@arkansas.gov.

(signed by Mike Pickens)

MIKE PICKENS
INSURANCE COMMISSIONER
(April 8, 2004)

DATE