



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

1200 West Third Street
Little Rock, AR 72201-1904
501-371-2820
FAX 501-371-2629

July 21, 1989

BULLETIN 19-89

POLICY PROVISIONS AS TO ARBITRATION OR APPRAISAL

The provisions of Arkansas law prohibit binding arbitration or appraisal clauses in insurance policies or contracts. See Ark. Code Ann. §§23-79-208 (1987) and 16-108-201 (1987).

This Department has inadvertently approved policy form filings containing mandatory and binding arbitration/appraisal clauses. To be acceptable, policy language must reference that arbitration/appraisal procedures are voluntary and non-binding, to avoid deprivation of a contractual party's right to trial by jury.

The Department requests that as soon as possible insurers and advisory organizations file with the Property and Casualty Division amendatory endorsement forms to correct these impermissible clauses in new and existing policies.

Please direct your inquiries to Lenita Blasingame, Acting Director, Property and Casualty Division of this Department at (501)- 371-1814.

Thank you for your prompt cooperation, and we regret any inconvenience we have caused you in this matter.

Ron Taylor
Insurance Commissioner