

"AN ACT TO GIVE MUNICIPAL AND COUNTY SELF-FUNDED WORKERS' COMPENSATION GROUPS OPTIONS IN PROVIDING EXCESS RESERVES IN A MORE COST EFFICIENT MANNER; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Paragraph (e) of Section 1 of Act 43 of the 1st Extraordinary Session of 1985 [Ark. Stat. 81-1365(e)], is hereby amended to read as follows:

"(e) Any self-funding group of participating municipalities and/or counties which is governed by a board of trustees of elected municipal or county officials shall be subject to the regulations of the Workers' Compensation Commission applicable to self-insured groups or providers, except cities and counties shall not be required to enter into an indemnity agreement binding them jointly and severably. Each board governing a self-funded group shall be permitted to declare dividends or give credits against renewal premiums based on annual loss experience. All self-funded groups shall obtain excess reinsurance from an admitted or approved insurance company doing business in Arkansas.

Provided, however, beginning July 1, 1987, in lieu of the above reinsurance requirements, any self-funded group under this Act with \$1,500,000 or more in annually collected premiums may provide excess reserves of 20% of Annual Premiums by any one of the following ways: (1) by cash or certificates of deposit in Arkansas banks, (2) letters of credit from an Arkansas bank or (3) purchase of reinsurance from the National League of Cities' Reinsurance Company."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. Whereas, it is difficult, if not impossible, to buy adequate excess reinsurance in the commercial insurance market without paying an exorbitant price; and, Whereas, this Act will more than adequately insure that Workers' Compensation claims of municipal and county employees will be paid in a timely fashion and will save municipal and county governments thousand of dollars which can be used to provide better municipal and county services. Now, therefore, an emergency is hereby declared to exist and this Act being necessary to protect the public peace, health and safety shall take effect immediately on its passage and approval.

APPROVED: 3/13/87

---