

"AN ACT TO AMEND SECTION 3 OF ACT 165 OF 1969 [ARK. STAT. 12-2903] TO ALLOW THE POLITICAL SUBDIVISIONS OF THE STATE, INDIVIDUALLY OR COLLECTIVELY, TO SELF-INSURE THEIR MOTOR VEHICLES; TO AMEND SECTION 2 OF ACT 893 OF 1975, AS AMENDED [ARK. STAT. 73-2402], TO ALLOW COMMON CARRIERS TO INSURE OR SELF-INSURE FOR UNINSURED MOTORISTS; TO AMEND SECTIONS 12 AND 88 OF ACT 347 OF 1953, AS AMENDED [ARK. STAT. 75-1412 AND 75-1488], THE MOTOR VEHICLE SAFETY RESPONSIBILITY ACT, TO CLARIFY IT TO ALLOW THE POLITICAL SUBDIVISIONS OF THE STATE TO BECOME SELF-INSURERS; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 3 of Act 165 of 1969, the same being Arkansas Statute 12-2903, is hereby amended to read as follows:

"Section 3. All political subdivisions shall carry liability insurance on their motor vehicles or shall become self-insurers, individually or collectively, for their vehicles, or both, in the minimum amounts prescribed in the Motor Vehicle Safety Responsibility Act (Ark. Stat. 75-1401, et seq.; Act 347 of 1953, as amended)."

SECTION 2. Section 2 of Act 893 of 1975, as amended, the same being Arkansas Statutes 73-2402, is hereby amended to read as follows:

"Section 2. Every common carrier, as defined by Section 1 of this Act, shall carry uninsured motorist liability insurance or shall become a self-insurer in not less than the limits described in Section 27 of Act 347 of 1953 as amended, for the protection of passengers and operators of said common carrier who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury, sickness or disease including death, resulting therefrom."

SECTION 3. Section 12 of Act 347 of 1953, as amended, the same being Arkansas Statutes 75-1412, is hereby amended to read as follows:

"Section 12. Person. Every natural person, firm, copartnership, association, corporation, or any political subdivision of the State of Arkansas, individually or collectively, which shall include all counties, municipal corporations, public transit authorities, school districts, special improvement districts, any other political subdivision."

SECTION 4. Section 88 of Act 347 of 1953, as amended, the same being Arkansas Statute 75-1488, is hereby amended to read as follows:

"Section 88. Self-insurers. a. Any person in whose name more than 25 vehicles are registered in this State or any political subdivision or municipality of this State, individually or collectively, may qualify as a self-insurer by obtaining a certificate of self insurance issued by the department as provided in subsection b. of this section.

b. The department may, in its discretion, upon the application of such a person, political subdivision or municipality, individually or collectively, issue a certificate of self insurance when it is satisfied that such person, political subdivision or municipality is possessed and will continue to be possessed of ability to pay judgments against them. Such certificate may be issued authorizing a person, political subdivision or municipality, individually or collectively, to act as a self insurer for either property damage or

bodily injury, or both.

c. Upon not less than 5 days' notice and a hearing pursuant to such notice, the department may upon reasonable grounds cancel a certificate of self-insurance. Failure to pay any judgment within 30 days after such judgment shall have become final shall constitute a reasonable ground for the cancellation of a certificate of self-insurance."

SECTION 5. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 6. Emergency. It is hereby found and determined by the General Assembly that the escalating costs of automobile liability insurance premiums for the political subdivisions and municipalities of the State of Arkansas drains the financial resources of these local governments and that financial problems of local governments threaten the delivery of vital services to the citizens of this State and that by self-insuring their motor vehicles local governments may relieve themselves of this financial burden. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: 4/4/87

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