

ARKANSAS SENATE
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of Senate Bill No. 891
"AN ACT CONCERNING CERTIFICATE OF AUTHORITY REQUIREMENTS FOR
INSURERS."

Amendment No. 1 to Senate Bill No. 891.

Amend Senate Bill No. 891 as originally introduced:

Page 1, line 20, delete "23-63-201(d)(1)" and substitute "23-63-201(d)"

AND

Page 2, line 19 insert the following:

"(2) Each such domestic corporation or association shall maintain reserves with respect to the annuity or income stream which it has agreed to pay to a charitable donor either by:

(A) Calculation of such reserves upon the obligation of the permittee to the donor annuitant in the manner set forth at ~~§ 23-84-106 and the sections therein incorporated in §§ 23-84-101 through § 23-84-113~~ concerning the standard valuation law for life insurance; or

~~(B) Segregating and maintaining in a separate account or accounts reserves in an amount equal to the aggregate values, determined at the dates of contribution, of all assets received from donors with respect to annuities for annuitants who are then living. Provided, that such reserves shall be invested in securities meeting the requirements of §§ 23-63-801 - 23-63-833, 23-63-835, 23-63-839, and 23-63-840, and provided further that:~~

~~(i) Each such domestic corporation or association maintaining reserves in the manner described at § 23-84-104 et seq. shall maintain net admitted assets at least equal to the greater of:~~

~~(a) The sum of its reserves on its outstanding agreements, calculated in accordance with § 23-84-104, and a surplus of ten percent (10%) of such reserves; or~~

~~(b) The amount of fifty thousand dollars (\$50,000);~~

(B) Maintaining account reserves in an amount equal to the aggregate values, determined at the dates of contribution, of all assets received from donors with respect to annuities for annuitants who are then living; or

(C) Calculation of the reserves as the present value of all future benefits to be paid to the donor annuitant based upon the most



recent mortality table published by the Internal Revenue Service of the United States of America.

(3)(A) Unless otherwise permitted by the commissioner, each corporation or association shall maintain a segregated account or accounts for its charitable gift annuities.

(B) If the commissioner finds the reserve established by a permittee inadequate at any time, the commissioner shall order the permittee to increase its reserve accordingly, or the commissioner may stipulate the reserving method for the permittee to rectify the reserve deficiency.

(4) Each corporation or association, except those identified in subdivision (d)(5) of this section, shall maintain net admitted assets at least equal to the greater of:

(A) The sum of its reserves on its outstanding agreements, all other liabilities, and a surplus of at least ten percent (10%) of the reserves; or

(B) The amount of fifty thousand dollars (\$50,000).

~~(ii)(a)~~(5) Each such domestic corporation or association maintaining reserves in the manner described at subdivision (d)(2)(B) of this section shall maintain net admitted assets at least equal to the amount of the reserves plus all other outstanding liabilities.

~~(b)~~(6)(A) In determining reserves a deduction shall be made for all or any portion of an annuity risk which is reinsured by a life insurance company authorized to do business in this state.

~~(e)~~(B) The required admitted assets shall be invested only in securities permitted by the provisions of §§ 23-63-801 - 23-63-833, 23-63-835, 23-63-839, and 23-63-840;

~~(iii)~~(7) No such corporation or association organized under the laws of another state shall be permitted to make such annuity agreements in this state unless it complies with all requirements of this subsection imposed upon like domestic corporations or associations, except that it may invest its reserves and surplus funds in securities permitted by the laws of the state of domicile; and

~~(iv)(a)~~(8)(A) No such corporation or association shall make or issue in this state any annuity contract before obtaining a permit issued in accordance with the provisions of this subsection.

~~(b)~~(B) If the commissioner finds, after notice and hearing, that any such corporation or association, having such a permit, has failed to comply with the requirements of this subsection, he or she may revoke or suspend such a permit, or order the permittee to cease making new annuity contracts until it complies.

~~(e)~~(C) All such corporations or associations shall be required to file an annual financial statement of their operations and accounts and schedule of outstanding annuities with reserves applicable thereto within ninety (90) days of the end of their fiscal year. The report is to be prepared by a certified public accountant in accordance with generally accepted accounting principles detailing the financial condition and status of the corporation or association as of the just-concluded fiscal year. ~~The commissioner may, in his or her reasonable discretion, either dispense with the requirement of annual statements by such corporations or associations or accept a sworn statement by two (2) or more of its principal officers in such form as will satisfy the commissioner that the requirements of this section are being met."~~

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator Argue

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Secretary