

"AN ACT TO PROHIBIT NONPROFIT CORPORATIONS FROM USING PUBLIC FUNDS TO PURCHASE KEY-MAN INSURANCE AS A FORM OF DEFERRED COMPENSATION; AND FOR OTHER PURPOSES."

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

SECTION 1. For the purposes of this Act, "public funds" means all federal, State, county, municipal or other funds received from any taxing unit.

SECTION 2. Nonprofit corporations shall not use public funds to purchase key-man life insurance as a form of deferred compensation. The insured employee shall not receive any cash values or other benefits from the purchase of key-man life insurance with public funds. Nonprofit corporations purchasing key-man life insurance with public funds shall not transfer ownership or any other rights under such policies directly or indirectly to the insured.

SECTION 3. Nonprofit corporations violating Section 2 of this Act shall not be eligible to receive any public funds for a period of two years from the date such violations are discovered.

SECTION 4. The provisions of this Act shall be in effect on and after October 1, 1987.

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 All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 3/16/87

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