

"AN ACT TO PROVIDE THAT WHEN A SOLE PROPRIETORSHIP OR PARTNERSHIP DOES NOT ELECT TO COVER THE SOLE PROPRIETOR OR PARTNERS UNDER THE WORKER COMPENSATION LAW, THAT THE PRIME CONTRACTOR IS NOT LIABLE UNDER THE WORKERS COMPENSATION LAW FOR INJURIES TO THE NON-EMPLOYEE SOLE PROPRIETORS OR PARTNERS; AND FOR OTHER PURPOSES."

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

SECTION 1. When a sole proprietorship or partnership fails to elect to cover the sole proprietor or partners under the Workers Compensation Law, the prime contractor is not liable under the Workers Compensation Law for injuries sustained by the sole proprietor or partners, provided that the sole proprietors or partners are not employees of the prime contractor. Furthermore, the prime contractor's Workers Compensation insurance carrier is not liable for injuries to the sole proprietors or partners described above, and the carrier shall not include compensation paid by the prime contractor to the sole proprietor or partners described above in computing the Workers Compensation premium for the prime contractor.

SECTION 2. This Act does not repeal nor supercede Section 6 of Initiated Measure No. 4 of 1948 (Ark. Stat. 81-1306) which provides that when a subcontractor fails to secure Workers Compensation coverage, the prime contractor is liable for compensation to the employees of the subcontractor.

SECTION 3. All laws or parts of laws in conflict with this Act are hereby repealed.

SECTION 4. EMERGENCY. It is hereby found and determined by the General Assembly that under the Workers Compensation Law, sole proprietorship and partnership may elect to cover the sole proprietor and partners under the under the Workers Compensation Law; that when the sole proprietorships or partnerships fail to make that election, the prime contractors' Workers Compensation insurance carriers are including the prime contractors' payments to the sole proprietor and partners in computing the premium for the prime contractors' Workers Compensation coverage even though the carrier does not provide coverage for those sole proprietors or partners; that such occurrences are inequitable and fundamentally unfair; that this Act prohibits such unfair treatment of prime contractors; and that the inequity will continue until this Act becomes effective; therefore, an emergency is hereby declared to exist and this Act being immediately 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: April 13, 1987

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