## As Engrossed: 3/11/91

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2	78th General Assembly A BILLACT 651 OF 199
3	Regular Session, 1991 HOUSE BILL 1956
4	By: Joint Budget Committee
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7	For An Act To Be Entitled
8	"AN ACT TO AUTHORIZE THE WORKERS' COMPENSATION COMMISSION
9	TO FUND FINANCIAL OBLIGATIONS OF THE DEATH AND PERMANENT
10	TOTAL DISABILITY TRUST FUND THROUGH THE PURCHASE OF
11	STRUCTURED ANNUITY CONTRACTS; TO PROVIDE THAT THE
12	COMMISSION SHALL PURCHASE ANNUITIES ONLY FROM INSURANCE
13	COMPANIES WHICH MEET SPECIFIED FINANCIAL STANDARDS AND
14	RATINGS; TO APPROPRIATE FUNDS FOR THE PURCHASE OF SUCH
15	ANNUITIES; AND FOR OTHER PURPOSES."
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17	BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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19	SECTION 1. (a) The Workers' Compensation Commission is hereby
20	authorized to fund financial obligations of the Death and Permanent Total
21	Disability Trust Fund through the purchase of structured annuity contracts.
22	Provided, the Commission shall purchase such annuity contracts only when the
23	Commission determines that it is financially advantageous to the trust fund
24	involved.
25	(b) Structured annuity contracts shall be purchased only from insurance
26	companies (1) licensed to do business in Arkansas and authorized to write
27	annuities as regulated by the Arkansas Insurance Department; (2) experienced
28	in the business of writing and administering structured annuities; (3)
29	determined to be financially sound and having an A.M. Best rating of A+ and
30	category size VIII or greater
31	or equivalent independent industry rating; and (4) be rated AA+ or better by
32	Standard and Poors, Moody's or an equivalent rating by an equivalent rating
33	service.
34	(c) Structured annuity contracts purchased by the Commission shall (1)
35	include a separate contract for each claimant or beneficiary covered, (2)

36 require that the payments to the claimant or beneficiary be sent to the

1 Workers' Compensation Commission so that the Commission can maintain 2 administrative control over the payments; and the Workers' Compensation 3 Commission will distribute the payments in full to the claimants or 4 beneficiaries, and (3) provide for return of principal to the appropriate fund 5 in the event that the obligations of the Death and Permanent Total Disability 6 Fund to any claimant or beneficiary cease prior to the end of the period 7 certain guarantee in the contract. R 9 SECTION 2. It is the intent of the General Assembly that the term 10 "person" as defined in Arkansas Code 23-96-104(10) shall include a claimant or 11 beneficiary who is receiving annuity benefits as provided herein; that the 12 coverage provided through the Arkansas Life and Disability Guaranty 13 Association for any annuity contract executed pursuant to this act shall be 14 the lesser of the contractual obligations of the insurer or one hundred 15 thousand dollars (\$100,000) in the present value of annuity benefits including 16 net cash surrender and net cash withdrawal values as provided in Arkansas Code 17 23-96-114(a); that an annuity contract as provided for herein shall not be an 18 "unallocated annuity contract" as defined in Arkansas Code 23-96-104(14); that 19 coverage provided by the Arkansas Life and Disability Guaranty Association for 20 annuity contracts executed pursuant to this act shall not be affected by the 21 fact that the annuity payments are sent to the Workers' Compensation 22 Commission for distribution to the claimants and beneficiaries; and, that any 23 funds provided by the Arkansas Life and Disability Guaranty Association for 24 payment to claimants or beneficiaries for whom annuity contracts are executed 25 under this act shall be sent to the Workers' Compensation Commission for 26 distribution to claimants or beneficiaries. 27 28 SECTION 3. The Workers' Compensation Commission shall adopt such 29 appropriate rules and regulations consistent with the provisions of this act 30 as it deems necessary to enable it to efficiently and effectively administer 31 the provisions of this act and any structured annuity arrangement it may enter

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34 SECTION 4. APPROPRIATIONS. There is hereby appropriated, to the 35 Workers' Compensation Commission, to be payable from the Death and Permanent

32 into pursuant to the authority granted herein.

## **HB 1956**

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1 Total Disability Trust Fund, for death and permanent total disability claims
 2 and for the purchase of structured annuity contracts for the biennial period
 3 ending June 30, 1993, the following:
 4 ITEM
                                                            FISCAL YEARS
 5 NO.
                                                     1991-92
                                                                   1992-93
   (1) Claims and Purchase of Structured Annuity
 7
         Contracts, as authorized by law
                                                $ 52,000,000 $ 52,000,000
 a
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         SECTION 5. All provisions of this act of a general and permanent nature
10 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
11 Revision Commission shall incorporate the same in the Code.
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         SECTION 6. If any provision of this act or the application thereof to
14 any person or circumstance is held invalid, such invalidity shall not affect
15 other provisions or applications of the act which can be given effect without
16 the invalid provision or application, and to this end the provisions of this
17 act are declared to be severable.
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         SECTION 7. All laws and parts of laws in conflict with this act are
20 hereby repealed.
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                                  /s/John E. Miller
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                                 APPROVED: 3-19-91
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