

As Engrossed: 3/11/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: *Joint Budget Committee***

A BILL ACT 651 OF 1991
HOUSE BILL 1956

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."

16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

18
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.

8

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
32 into pursuant to the authority granted herein.

33

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

