

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

*As Engrossed: S3/19/99*

# A Bill

Act 892 of 1999  
SENATE BILL 705

5 *By: Joint Budget Committee*  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO MAKE AN APPROPRIATION FOR EXPENSES FOR THE  
10 Y2K PROJECT FOR THE STATE INSURANCE DEPARTMENT; AND  
11 FOR OTHER PURPOSES. "

### Subtitle

14 "AN ACT FOR THE STATE INSURANCE DEPARTMENT  
15 - EXPENSES FOR THE Y2K PROJECT  
16 APPROPRIATION. "

18  
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. APPROPRIATION - Y2K PROJECT. There is hereby appropriated, to  
22 the State Insurance Department, to be payable from the State Insurance  
23 Department Trust Fund, for professional fees and related expenses for the year  
24 2000 project by the State Insurance Department, the sum of .....\$2,000,000.  
25

26 SECTION 2. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE  
27 NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. YEAR 2000  
28 PROJECT. The threat of or the actual occurrence of Year 2000 computer problems  
29 creates a substantial risk of harm to Arkansas citizens and warrants special  
30 examinations of insurance companies doing business in the state of Arkansas by  
31 the State Insurance Commissioner. Unlike the regulation of banks and security  
32 broker/dealers, which are regulated by the federal government, the insurance  
33 industry in the United States is regulated on a state level by State Insurance  
34 Commissioners across the country. State Insurance Commissioners are the sole  
35 regulator for insurance companies and are therefore the only regulatory body  
36 to protect citizens from the risk of harm by Year 2000 problems.

\*JKA130\*

1 Prior to and during 1998, insurance companies developed and implemented  
2 strategies to address year 2000 issues, and State Insurance Commissioners  
3 partnered to monitor those efforts. Although national surveys show that the  
4 insurance industry is leading all other industry sectors in this effort and  
5 the industry has reached a point of operational sustainability, it is still  
6 necessary to perform examination audits on individual companies to ensure  
7 company efforts will effectively prevent or substantially reduce the risk of  
8 business interruption and policyholder service disruptions.

9 Because of the nature of the risks, the ongoing remediation work, the  
10 changing status of the efforts, the need to not disrupt the work, and the  
11 imminence of January 1, 2000, the time period for conducting these  
12 examinations falls within a very narrow window for the most efficient and  
13 effective analysis. Furthermore, because of the unique nature of Year 2000  
14 issues, the State Insurance Department does not have adequate resources to  
15 conduct the necessary work. Accordingly, in order to complete the work timely  
16 and skillfully, it will be necessary to hire specialists in Year 2000  
17 assessment and remediation as expeditiously as possible so the work can begin  
18 as soon as practical.

19  
20 SECTION 3. COMPLIANCE WITH OTHER LAWS. Disbursement of funds authorized by  
21 this act shall be limited to the appropriation for such agency and funds made  
22 available by law for the support of such appropriations; and *the restrictions*  
23 *of the State Purchasing Law*, the General Accounting and Budgetary Procedures  
24 Law, the Revenue Stabilization Law, the Regular Salary Procedures and  
25 Restrictions Act, or their successors, and other fiscal control laws of this  
26 State, where applicable, and regulations promulgated by the Department of  
27 Finance and Administration, as authorized by law, shall be strictly complied  
28 with in disbursement of said funds.

29  
30 SECTION 4. LEGISLATIVE INTENT. It is the intent of the General Assembly  
31 that any funds disbursed under the authority of the appropriations contained  
32 in this act shall be in compliance with the stated reasons for which this act  
33 was adopted, as evidenced by the Agency Requests, Executive Recommendations  
34 and Legislative Recommendations contained in the budget manuals prepared by  
35 the Department of Finance and Administration, letters, or summarized oral  
36 testimony in the official minutes of the Arkansas Legislative Council or Joint

1 Budget Committee which relate to its passage and adoption.

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3 SECTION 5. CODE. All provisions of this Act of a general and permanent  
4 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
5 Code Revision Commission shall incorporate the same in the Code.

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7 SECTION 6. SEVERABILITY. If any provision of this act or the application  
8 thereof to any person or circumstance is held invalid, such invalidity shall  
9 not affect other provisions or applications of the act which can be given  
10 effect without the invalid provision or application, and to this end the  
11 provisions of this act are declared to be severable.

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13 SECTION 7. GENERAL REPEALER. All laws and parts of laws in conflict with  
14 this act are hereby repealed.

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16 SECTION 8. EMERGENCY CLAUSE. It is hereby found and determined by the  
17 Eighty-second General Assembly, that the Constitution of the State of Arkansas  
18 prohibits the appropriation of funds for more than a two (2) year period; that  
19 the effectiveness of this Act on the date of its passage and approval is  
20 essential to the operation of the agency for which the appropriations in this  
21 Act are provided, and that in the event of an extension of the Regular  
22 Session, the delay in the effective date of this Act beyond the date of its  
23 passage and approval could work irreparable harm upon the proper  
24 administration and provision of essential governmental programs. Therefore, an  
25 emergency is hereby declared to exist and this Act being necessary for the  
26 immediate preservation of the public peace, health and safety shall be in full  
27 force and effect from and after the date of its passage and approval. If the  
28 bill is neither approved nor vetoed by the Governor, it shall become effective  
29 on the expiration of the period of time during which the Governor may veto the  
30 bill. If the bill is vetoed by the Governor and the veto is overridden, it  
31 shall become effective on the date the last house overrides the veto.

32 /s/ Russ

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35 APPROVED: 3/29/1999