

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H4/10/03

A Bill

Act 1762 of 2003
HOUSE BILL 2382

5 By: Representative Bradford
6
7

For An Act To Be Entitled

9 AN ACT TO ESTABLISH THE MULTI-AGENCY INSURANCE
10 TRUST FUND TO PROVIDE FOR PROPERTY, INLAND
11 MARINE, BOILER AND MACHINERY, AND RELATED
12 COVERAGE; TO ASSIST PARTICIPATING AGENCIES IN THE
13 MINIMIZATION OF INSURANCE COSTS; AND FOR OTHER
14 PURPOSES.

Subtitle

17 TO ESTABLISH THE MULTI-AGENCY INSURANCE
18 TRUST FUND TO PROVIDE FOR PROPERTY,
19 INLAND MARINE, BOILER AND MACHINERY, AND
20 RELATED COVERAGE.

21
22
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 *Section 1. Arkansas Code Title 21, Chapter 2, is amended to add a new*
26 *subchapter to read as follows:*

27 *21-2-801. Title.*

28 *This subchapter may be cited as the "The Arkansas Multi-Agency*
29 *Insurance Trust Fund Act".*

30
31 *21-2-802. Definitions.*

32 *For the purposes of this subchapter:*

33 *(1) "Annual aggregate deductible" means the maximum amount payable*
34 *annually from the fund for covered losses;*

35 *(2) "Insurance Commissioner" means the State Insurance Department*
36 *Commissioner or the commissioner's successor;*



1 (3) "Risk manager" shall means the Administrator of the Risk
2 Management Division of the State Insurance Department;

3 (4) "State agency" means any state agency, board, bureau, commission,
4 council, department, institution, or other similar entity; and

5 (5) "Trust fund" means the Arkansas Multi-Agency Insurance Trust Fund.

6
7 21-2-803. Arkansas Multi-Agency Insurance Trust Fund.

8 (a) There is established on the books of the State Treasurer, the
9 State Auditor, and the Chief Fiscal Officer of the State, a separate fund to
10 be known as the Arkansas Multi-Agency Insurance Trust Fund.

11 (b) No money shall be appropriated from the trust fund for any purpose
12 except to pay:

13 (1) Insurance and reinsurance premiums;

14 (2) Loss adjustment expenses;

15 (3) Related educational and training expenses;

16 (4) Insured claims falling below the annual aggregate deductible
17 level; and

18 (5) Expenses including actuarial, consultant, and service
19 contract fees.

20 (c)(1) The assets of the trust fund may be invested and reinvested as
21 the Insurance Commissioner may determine.

22 (2) All income derived through investment of the fund as
23 established under this subchapter shall be credited as investment income to
24 the trust fund.

25 (3) For the purposes of investment, fund moneys invested, and
26 interest earned thereon shall be administered as trust funds.

27 (4) All moneys deposited to the trust fund shall not be subject
28 to any deduction, tax, levy, or any other type of assessment.

29 (d) All moneys received by the risk manager, including, but not
30 limited to, the premiums collected and any insured loss or loss expenses paid
31 by insurance or reinsurance companies, shall be deposited in the trust fund
32 created in this subchapter.

33
34 21-2-804. Participation.

35 (a) Effective July 1, 2003, the following agencies shall participate
36 in the Multi-Agency Insurance Trust Fund:

1 (1) State agencies participating in the Arkansas Master Agency
2 Property Policy as of June 30, 2003;

3 (2) The Arkansas Department of Correction;

4 (3) The Arkansas Department of Community Correction; and

5 (4) State agencies participating in the Arkansas
6 State Master Vehicle Policy as of June 30, 2003.

7 (b) Upon approval by the risk manager, other state agencies may
8 participate in the trust fund.

9
10 21-2-805. Administration.

11 (a) The Arkansas Multi-Agency Insurance Trust Fund shall be
12 administered by the Insurance Commissioner.

13 (b) At the discretion of the commissioner, the risk manager may:

14 (1) Enter into contracts;

15 (2) Purchase insurance and reinsurance in accordance with the
16 State Purchasing Law;

17 (3) Adjust, settle, and pay or deny claims with notice to a
18 claimant;

19 (4) Pay expenses and costs;

20 (5) Study the risks of all participating state agencies and
21 their properties;

22 (6) Promulgate the form for insurance and reinsurance policies
23 and other forms;

24 (7) Issue certificates of coverage to state agencies for any
25 risks covered by the trust fund;

26 (8) Make recommendations about risk management and risk
27 reduction strategies to participating state agencies;

28 (9) Review participating state agency building construction,
29 major remodeling plans, program plans, and make recommendations to the
30 participating state agency about needed changes to address risk
31 considerations;

32 (10) Utilize underwriting discretion and authority to deny
33 coverage of any risk deemed to adversely effect the financial stability of
34 the trust fund;

35 (11) Establish values for participating state agency buildings
36 and structures to be insured;

1 (12) Attend state agency planning and management meetings;

2 (13) Review any proposed legislation and communicate with

3 members of the General Assembly and legislative committees about the
4 liability or risk management issues connected with any legislation; and

5 (14) Solicit any needed information about state agency plans,
6 state agency programs, or state agency risks necessary to perform the
7 responsibilities under this subchapter.

8 (c)(1) The risk manager may expend moneys from the trust fund to
9 procure and provide coverage to all participating state agencies and their
10 indemnified employees, except those agencies or employees specifically
11 exempted by statute or elsewhere in this subchapter.

12 (2) The risk manager shall apportion the costs of coverage under
13 subdivision (c)(1) of this section consistent with this subchapter.

14
15 21-2-806. Premiums and schedules of coverage and endorsements.

16 (a)(1) Premiums shall be charged to each agency based on the rates
17 established by the risk manager that include all costs associated with the
18 operation of the trust fund, based upon sound rating techniques.

19 (2) The risk manager shall provide premium billings to
20 participating state agencies for each renewal and for participating agency
21 changes occurring during the policy year.

22 (3) If any participating state agency fails to pay its premium
23 charges within thirty (30) days after the due date, the risk manager shall
24 notify the delinquent state agency that coverage will be cancelled due to
25 nonpayment of premium, unless the delinquent payment is made within thirty
26 (30) days of the notice.

27 (4) Funds appropriated or otherwise made available to
28 participating state agencies for payment of premium shall not be reduced as a
29 result of any shortfall of projected revenues.

30 (b) The risk manager will provide each agency with a renewal schedule
31 of coverage and an endorsement for each participating state agency change
32 occurring during the policy year.

33
34 21-2-807. Payment of losses.

35 The risk manager shall establish:

36 (1) Appropriate policies and procedures governing the payment of

1 losses from the trust fund, including notice or proof of loss by any
2 participating state agency; and

3 (2) Policies and procedures governing disputes that may arise between
4 the risk manager and any person having charge over the property in question
5 concerning the extent of loss or damage.

6
7 21-2-809. Limits on use of risk management data as evidence.

8 Notwithstanding any other provision of law, any report, recommendation,
9 survey, schedule, list, or data compiled, or action taken or not taken by or
10 at the request of the risk manager to identify, evaluate, or plan the safety
11 enhancement or risk reduction of any potential accident sites or other
12 hazards related to any entity covered by the trust fund, may not be admitted
13 into evidence in any court, or used for any other purposes in any action for
14 damages arising from any occurrence at a location mentioned or addressed in
15 the reports, recommendation, survey, schedule, list, or data.

16
17 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that the insurance market is
19 volatile and that insurance costs are increasing; that assistance is
20 immediately necessary to minimize insurance costs; that establishment of a
21 trust fund is immediately necessary to protect state agency budgets from
22 insurance market volatility; and that this subchapter is designed to provide
23 property, inland marine, boiler and machinery, and automobile liability and
24 physical damage coverage for state agencies participating in the trust fund.
25 Therefore, an emergency is declared to exist and this act being immediately
26 necessary for the preservation of the public peace, health, and safety shall
27 become effective on:

28 (1) The date of its approval by the Governor;

29 (2) If the bill is neither approved nor vetoed by the Governor,
30 the expiration of the period of time during which the Governor may veto the
31 bill; or

32 (3) If the bill is vetoed by the Governor and the veto is
33 overridden, the date the last house overrides the veto.

34
35 /s/ Bradford

36 APPROVED: 4/22/2003