

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.

Act 738 of the Regular Session

As Engrossed: H2/21/07 S3/20/07

A Bill

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

HOUSE BILL 1535

4
5 By: Representative Bond
6 By: *Senator Broadway*

7
8
9 **For An Act To Be Entitled**

10 AN ACT TO REORGANIZE THE PUBLIC ELEMENTARY AND
11 SECONDARY SCHOOL INSURANCE FUND AND THE SCHOOL
12 VEHICLE INSURANCE RESERVE TRUST FUND INTO ONE (1)
13 FUND; TO PROVIDE GREATER FINANCIAL STABILITY AND
14 FLEXIBILITY TO THE FUNDS; AND FOR OTHER PURPOSES.

15
16 **Subtitle**

17 TO REORGANIZE THE PUBLIC ELEMENTARY AND
18 SECONDARY SCHOOL INSURANCE FUND AND THE
19 SCHOOL VEHICLE INSURANCE RESERVE TRUST
20 FUND INTO ONE (1) FUND AND TO PROVIDE
21 GREATER FINANCIAL STABILITY AND
22 FLEXIBILITY TO THE FUNDS.

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

26
27 SECTION 1. Arkansas Code § 6-20-1503(2), concerning the powers and
28 duties of the State Insurance Department, is amended to read as follows:

29 (2) Administer the Public ~~Elementary and Secondary~~ School
30 Insurance Trust Fund;

31
32 SECTION 2. Arkansas Code § 6-20-1508(a), concerning appraisal and
33 payment of losses, is amended to read as follows:

34 (a) In the event of loss of school district, education cooperative, or
35 open-enrollment charter school property under the Public Elementary and



1 Secondary School Insurance Program, the Public ~~Elementary and Secondary~~
2 School Insurance Trust Fund shall pay the loss as specified in the contract.

3
4 SECTION 3. Arkansas Code § 6-20-1509 is amended to read as follows:

5 6-20-1509. Effect of federal assistance.

6 Any school district, education cooperative, or open-enrollment charter
7 school which may receive financial assistance from the federal government as
8 a result of federal legislation pertaining to disasters shall not be
9 adversely affected as a result of any moneys due from the Public ~~Elementary~~
10 ~~and Secondary~~ School Insurance Trust Fund because of coverage by the Public
11 Elementary and Secondary School Insurance Program.

12
13 SECTION 4. Arkansas Code § 6-20-1510 is repealed.

14 ~~6-20-1510. Public Elementary and Secondary School Insurance Fund.~~

15 ~~There shall be established on the books of the Treasurer of State a~~
16 ~~fund to be known and designated as the "Public Elementary and Secondary~~
17 ~~School Insurance Fund".~~

18
19 SECTION 5. Arkansas Code § 6-21-709(a)(1), concerning payment of
20 claims, is amended to read as follows:

21 (a)(1) The ~~School Vehicle Insurance Reserve Trust Fund~~ Public School
22 Insurance Trust Fund shall pay all losses and claims the insured is legally
23 obligated to pay as specified in the contract.

24
25 SECTION 6. Arkansas Code § 6-21-710 is amended to read as follows:

26 6-21-710. Public School ~~Vehicle~~ Insurance Reserve Trust Fund -
27 Investments.

28 ~~(a)(1) There is hereby established on the books of the Treasurer of~~
29 ~~State a separate fund to be known as the "School Vehicle Insurance Reserve~~
30 ~~Trust Fund", to be funded initially by a loan of one million five hundred~~
31 ~~thousand dollars (\$1,500,000) from the Public Elementary and Secondary School~~
32 ~~Insurance Fund as established by the Public Elementary and Secondary School~~
33 ~~Insurance Act, § 6-20-1501 et seq.~~

34 ~~(2) No money shall be appropriated from this fund for any~~
35 ~~purpose except for the use and benefit of participating governmental entities~~
36 ~~for school motor vehicle claims, program expenses, and for the Public School~~

1 ~~Motor Vehicle Insurance Program expenses.~~

2 ~~(3)(a)~~ All funds received by the State Insurance Department as
3 premiums, adjustments, earnings, and the like, as provided in this
4 subchapter, shall be deposited into the Public School Insurance Trust Fund
5 and used for the following purposes, listed in a descending order of
6 priority:

7 ~~(A)(1)~~ To defray administrative costs;

8 ~~(B)(2)~~ To pay claims; and

9 ~~(C)(3)~~ To maintain the ~~reserve trust fund~~; and

10 ~~(D) To pay back the initial loan~~ Public School Insurance
11 Trust Fund.

12 (b)(1) The department is authorized to invest funds of the ~~program~~
13 Public School Motor Vehicle Insurance Program.

14 (2) Funds of the program may be invested and reinvested as the
15 Insurance Commissioner may determine.

16 (3) Moneys invested and interest earned thereon shall be
17 administered as program funds.

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

20
21 SECTION 7. Arkansas Code § 6-21-711(g), concerning the Public
22 Elementary and Secondary School Insurance Program and Public School Motor
23 Vehicle Insurance Program Advisory Committee, is amended to read as follows:

24 (g) The committee shall periodically review the status of the Public
25 ~~Elementary and Secondary School Insurance Trust Fund and the School Vehicle~~
26 ~~Insurance Reserve Trust Fund.~~

27
28 SECTION 8. Arkansas Code § 19-5-908 is repealed.

29 ~~19-5-908. Public Elementary and Secondary School Insurance Fund.~~

30 ~~(a) There is established on the books of the Treasurer of State,~~
31 ~~Auditor of State, and the Chief Fiscal Officer of the State a trust fund to~~
32 ~~be known as the Public Elementary and Secondary School Insurance Fund.~~

33 ~~(b) This fund shall consist of a Permanent Insurance Reserve Fund,~~
34 ~~insurance premiums, adjustments, earnings, interest income, and the like as~~
35 ~~provided by the Public Elementary and Secondary School Self Insurance Act of~~
36 ~~1973, §§ 6-20-1501—6-20-1515, there to be used for the operation,~~

1 ~~maintenance, and execution of those statutes.~~

2
3 SECTION 9. Arkansas Code § 19-5-981 is repealed.

4 ~~19-5-981. School Vehicle Insurance Reserve Trust Fund.~~

5 ~~(a) There is hereby established on the books of the Treasurer of~~
6 ~~State, Auditor of State, and Chief Fiscal Officer of the State a fund to be~~
7 ~~known as the School Vehicle Insurance Reserve Trust Fund.~~

8 ~~(b) This fund shall consist of an initial loan of one million five~~
9 ~~hundred thousand dollars (\$1,500,000) from the Public Elementary and~~
10 ~~Secondary School Insurance Fund and all funds received by the State Board of~~
11 ~~Education as premiums, adjustments, and earnings as provided in § 6-21-701 et~~
12 ~~seq., there to be used for school motor vehicle claims, program expenses, to~~
13 ~~pay back the initial loan, and for the other purposes as set out in § 6-21-~~
14 ~~710.~~

15 SECTION 10. Arkansas Code Title 19, Chapter 6, Subchapter 8 is amended
16 to add an additional section to read as follows:

17 19-6-805. Public School Insurance Trust Fund.

18 (a) There is established on the books of the Treasurer of State, the
19 Auditor of State, and the Chief Fiscal Officer of the State a trust fund to
20 be known as the "Public School Insurance Trust Fund".

21 (b) The fund shall consist of:

22 (1) A Permanent Insurance Reserve Fund, insurance premiums,
23 adjustments, earnings, interest income, and the like as provided by the
24 Public Elementary and Secondary School Insurance Act, § 6-20-1501 et seq.,
25 and The School Motor Vehicle Insurance Act, § 6-21-701 et seq.;

26 (2) All funds transferred from the former Public Elementary and
27 Secondary School Insurance Fund established under § 6-20-1510 and 19-5-908;
28 and

29 (3) All funds transferred from the former School Vehicle
30 Insurance Reserve Trust Fund established under §§ 6-21-710 and 19-5-981.

31 (c)(1) The Public School Insurance Trust Fund shall be used for the
32 operation, maintenance, and execution of the Public Elementary and Secondary
33 School Insurance Program under § 6-20-1501 et seq. and the Public School
34 Motor Vehicle Insurance Program under § 6-21-701 et seq.

35 (2) No money shall be appropriated from the Public School
36 Insurance Trust Fund for any purpose except for the use and benefit of the

1 Public Elementary and Secondary School Insurance Program and the Public
2 School Motor Vehicle Insurance Program.

3 (3) All funds received by the State Insurance Department in the
4 administration of the Public Elementary and Secondary School Insurance
5 Program and the Public School Motor Vehicle Insurance Program as premiums,
6 adjustments, earnings, and the like:

7 (A) Shall be used for the following purposes, listed in a
8 descending order of priority:

9 (i) To defray administrative costs;

10 (ii) To pay claims; and

11 (iii) To maintain the Public School Insurance Trust
12 Fund; and

13 (B) May be invested and reinvested as the Insurance
14 Commissioner may determine.

15 (4) Moneys invested and interest earned thereon shall be
16 administered as program funds.

17 (5) All moneys deposited to the fund shall not be subject to any
18 deduction, tax, levy, or any other type of assessment.

19 (d) The initial loan from the former Public Elementary and Secondary
20 School Insurance Fund as established by the Public Elementary and Secondary
21 School Insurance Act, § 6-20-1501 et seq. of one million five hundred
22 thousand dollars (\$1,500,000) to fund the former School Vehicle Insurance
23 Reserve Trust Fund established under The School Motor Vehicle Insurance Act,
24 § 6-21-701 et seq., is canceled.

25
26 SECTION 11. TEMPORARY LANGUAGE. DO NOT CODIFY. (a) All unexpended
27 balances and appropriations from the following funds shall be transferred by
28 the Chief Fiscal Officer of the State to the Public School Insurance Trust
29 Fund on the effective date of this act:

30 (1) The former Public Elementary and Secondary School Insurance
31 Fund established under §§ 6-20-1510 and 19-5-908; and

32 (2) The former School Vehicle Insurance Reserve Trust Fund
33 established under §§ 6-21-710 and 19-5-981.

34 (b) The fund balances shall be used by the State Insurance Department
35 for the purposes for which the fund balances were collected.

36

1 SECTION 12. TEMPORARY LANGUAGE. DO NOT CODIFY. The Public School
 2 Insurance Trust Fund established by this act shall be the successor fund to
 3 the Public Elementary and Secondary School Insurance Fund established under
 4 §§ 6-20-1510 and 19-5-908 and the School Vehicle Insurance Reserve Trust Fund
 5 established under §§ 6-21-710 and 19-5-981. Any funds appropriated by the 86th
 6 General Assembly from the Public Elementary and Secondary School Insurance
 7 Fund or the School Vehicle Insurance Reserve Trust Fund shall be deemed
 8 payable from the Public School Insurance Trust Fund.

9
 10 SECTION 13. Arkansas Code § 6-20-1512 is amended to read as follows:
 11 6-20-1512. Disposition of funds.

12 (a) All funds received by the State Insurance Department as premiums,
 13 adjustments, earnings, and the like, as provided in this subchapter, shall be
 14 deposited into the Public School Insurance Trust Fund and used for the
 15 following purposes, listed in a descending order of priority:

16 (1) To defray administrative costs;

17 (2) To pay claims; and

18 (3) To maintain the ~~Permanent Insurance Reserve Fund of two~~
 19 ~~million dollars (\$2,000,000); and~~

20 (4) ~~To pay back the initial loan of two million dollars~~
 21 ~~(\$2,000,000) Public School Insurance Trust Fund.~~

22
 23 /s/ Bond

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 25 APPROVED: 3/30/2007