

Hall of the House of Representatives
83rd General Assembly - Regular Session, 2001
Amendment Form

Subtitle of House Bill No. 2450

"GENERAL INSURANCE OMNIBUS ACT."

Amendment No. 2 to House Bill No. 2450.

Amend House Bill No. 2450 as engrossed, H3/14/01:

Page 1, delete Section 1 in its entirety and appropriately renumber the subsequent sections of the bill

AND

Page 4, delete lines 30 through 35 and substitute the following:

"~~(b)~~(c) The commissioner or any assistant, deputy, examiner, or other employee of the commissioner shall not be given nor receive any fee, compensation, loan, gift, or other thing of value in addition to the compensation and expense allowance provided pursuant to law for any service rendered or to be rendered as commissioner, deputy, examiner, or employee, or in connection therewith."

AND

Page 5, delete lines 18 through 36, and page 6, delete lines 1 through 19, and substitute the following:

"SECTION 7. Arkansas Code 23-61-108 is amended to add additional subsections to read as follows:

(c)(1) The commissioner is authorized to employ the standards and requirements set forth in publications recited in the Insurance Code, as those publications existed on January 1, 2001, and adopted and published by the National Association of Insurance Commissioners or by other authors in the regulation of insurance, including but not limited to the Valuation of Securities Manual, the Examiners Handbook, the Accounting Practices and Procedures Manual, the Annual Statement Instructions as published by the National Association of Insurance Commissioners.

(2) The publications identified in subdivision (c)(1) and others recited in and throughout Subtitle 3 of Title 23, are hereby adopted as they existed on January 1, 2001.

(3) The commissioner is authorized and empowered to promulgate regulations for the purposes of adopting all or part of other publications of the National Association of Insurance Commissioners or publications by other

authors if the commissioner determines that such action is in the best interest of the public.

(4) Upon the mailing of written notice by the commissioner to all domestic reporting entities of promulgation and publication by the National Association of Insurance Commissioners or other authors of amendments, revisions or modifications to any publication previously adopted by the commissioner in this code, such published amendments, revisions or modifications shall become effective on the date designated by the commissioner in the written notice which date shall not be earlier than eight (8) months after the date of mailing of the notice.

(d) The commissioner is authorized and empowered to adopt regulations for the purpose of modifying, amending or revising any publication promulgated by the National Association of Insurance Commissioners or other authors, or any published amendments, modifications or revisions to any such publications if the commissioner determines that such action is in the best interest of the public. In such event the effective date of any modification, amendment or revision shall be the effective date of the regulation."

AND

Page 14, line 22, delete "insurer" and substitute "insurer applying for its original certificate of authority"

AND

Page 15, line 14, delete "trends" and substitute "trends in the financial condition of the insurer"

AND

Page 22, delete lines 15 through 36, and page 23, delete lines 1 through 27, and appropriately renumber the subsequent sections of the bill

AND

Page 24, delete lines 4 through 33 and substitute the following:
"~~policy loans made under § 23-63-821;~~ (A) Except with the consent of the commissioner and except as otherwise specified in this subchapter, an insurer shall not have, directly or indirectly through an investment subsidiary, an investment under this subchapter if, as a result of and after giving effect to the investment, the insurer would hold more than five percent (5%) of its admitted assets in investments of all kinds issued, assumed, accepted, insured or guaranteed by a single person, or five percent (5%) of its admitted assets in investments in the voting securities of a depository institution or any company that controls the institution. The five percent (5%) limitation shall not apply to the aggregate amounts insured by a single financial guaranty insurer with the highest generic rating issued by a nationally recognized statistical rating organization; and investments in certificates of deposit and savings and loan association deposits in any one (1) person may be the greater of ten percent (10%) of the insurer's assets or the maximum amount of federal insurance applicable to the deposit. This

restriction shall not apply as to general obligations of the United States or of any state, or include policy loans made under § 23-63-821. Provided further, the applicable limitation shall be twenty percent (20%) rather than five percent (5%) as to direct obligations of certain federal agencies identified in §23-63-812 of this code.

(B) If upon enactment, the immediate application of this provision would have the effect of reducing the admitted asset value of assets held by a particular insurer, the insurer may continue to reflect as admitted those assets that would be admissible but for the enactment of this provision, until the annual statement filing for the year ended December 31, 2004.

AND

Page 26, line 17, delete "Fifty percent (50%)" and substitute "Seventy-five percent (75%)"

AND

Page 27, delete lines 16 through 18 and substitute the following:

"SECTION 38. Arkansas Code 23-63-840(a) is amended to read as follows:

(a) An insurer may invest in collateralized mortgage obligations ~~without investment limitation~~ provided that the underlying mortgages pledged to the repayment of principal and interest of the collateralized mortgage obligation are in themselves unconditionally guaranteed as to timely repayment of principal and interest by the United States, or by any agency or instrumentality of the United States; and provided that the specific investment right within that collateralized mortgage obligation is not a zero coupon class, residual interest, or a class designated as principal or interest only.—, provided that the aggregate amount of collateralized mortgage obligations secured by or evidencing an interest in a single asset or single pool of assets held by a trust or other business entity, then held by the insurer would not exceed five percent (5%) of the insurer's total admitted assets. For purposes of the "one person" diversification restriction found in § 23-63-805(1), collateral mortgage obligations issued by the United States or any agency or instrumentality of the United States shall not be considered investments in or loans upon the security of the obligations, property or securities of the United States or any such agency or instrumentality of the United States. If upon enactment, the immediate application of this provision would have the effect of reducing the admitted asset value of assets held by a particular insurer, the insurer may continue to reflect as admitted those assets that would be admissible but for the enactment of this provision, until the annual statement filing for the year ended December 31, 2004.

SECTION 39. The provisions of this act which amend Subchapter 8 of Chapter 63 of Title 23 of the Arkansas Code shall become effective on October 1, 2001."

AND

Appropriately renumber the subsequent sections of the bill

AND

Page 35, delete lines 7 through 36, and page 36, delete lines 1 through 11, and appropriately renumber the subsequent sections of the bill

AND

Page 56, delete lines 20 through 31 and appropriately renumber the subsequent sections of the bill

AND

Page 67, delete 13 through 36 and substitute the following:

"SECTION 124. Arkansas Code 23-86-106(1)(C), defining groups of persons as to group accident and health insurance, is amended to read as follows:

(C) The term "employees" as used in subdivision (1) of this section may include retired employees. The term employees as used in subdivision (1) of this section shall include members of limited liability corporations and of limited liability partnerships."

AND

Page 68, delete lines 1 and 2

The Amendment was read
By: Representative Hausam
LH/RRS - 032620010913
RRS715

Chief Clerk