

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: H2/11/99

A Bill

Act 645 of 1999
HOUSE BILL 1278

5 By: Representative Laverty
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For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 23-63-206 TO CONTINUE
10 AS AUTHORIZED, ALL LICENSED INSURERS' MAINTENANCE OF
11 SECURITY DEPOSITS IN THE DIFFERING AMOUNTS REQUIRED
12 FOR INITIAL LICENSURE WITH THE INSURANCE COMMISSIONER
13 UNDER PRIOR LAWS WITHOUT INCREASES DUE TO PASSAGE OF
14 SUBSEQUENT LAWS; AND TO CLARIFY THE MINIMUM AMOUNT OF
15 SECURITY DEPOSITS NECESSARY FOR CONTINUED LICENSURE OF
16 INSURERS WRITING COMBINATIONS OF TYPES OF INSURANCE AS
17 REFLECTED ON EACH INSURER'S CERTIFICATE OF AUTHORITY;
18 AND FOR OTHER PURPOSES."

Subtitle

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21 "MAINTAIN 'GRANDFATHERED' DOLLAR AMOUNTS
22 OF INSURER SECURITY DEPOSITS POSTED
23 LEGALLY AT ADMISSION; TO ALLOW ONE
24 DEPOSIT RATHER THAN MULTIPLES FOR
25 CERTAIN NEW COMBINATIONS OF LICENSE
26 AUTHORITY FOR INSURERS, AND OTHERS."

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29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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31 SECTION 1. Arkansas Code 23-63-206 is hereby amended to read as
32 follows:

33 "23-63-206. Certificate of authority - Deposit of securities required.

34 (a) All insurers authorized to transact insurance in this state shall
35 make and maintain a deposit of securities as follows:

36 (1)(A) All insurers authorized to transact only life or

1 disability insurance, or both, shall deposit through the commissioner and
2 subject to the conditions specified in § 23-63-909 securities eligible for
3 deposit under § 23-63-903 and having at all times a market value of not less
4 than one hundred thousand dollars (\$100,000), conditioned for the payment of
5 policyholders and creditors of the insurer in this state and the prompt
6 payment of all claims arising and accruing to any person in this state.

7 (B) Provided, insurers holding a valid certificate of
8 authority to transact life or disability insurance, or both, in this state on
9 July 20, 1987, shall not be required to make and maintain such deposit until
10 January 1, 1990;

11 (2) In addition to the deposit required under the provisions of
12 subdivision (a)(1) of this section, all insurers now or hereafter licensed to
13 write disability insurance shall deposit through the commissioner, and subject
14 to the conditions specified in § 23-63-909 securities eligible for deposit
15 under § 23-63-903 and having at all times a market value of not less than an
16 amount equal to four percent (4%) of its disability insurance premiums written
17 in Arkansas as stated in Schedule T of its annual financial report filed with
18 the commissioner, conditioned for the payment of policyholders and creditors
19 of the insurer in this state and the prompt payment of any person in this
20 state; provided, no such deposit shall be required if such premium is less
21 than five hundred thousand dollars (\$500,000);

22 (3) Insurers applying for an original certificate of authority in
23 Arkansas for kinds of insurance other than life, disability, or surety, or any
24 combination thereof, and insurers holding a valid certificate of authority who
25 thereafter apply to transact any other or additional kinds of insurance
26 excluding life, disability, or surety, or any combination thereof, shall
27 deposit through the commissioner and subject to the conditions specified in
28 §23-63-909 securities eligible for deposit under § 23-63-903 and having at all
29 times a market value of not less than one hundred thousand dollars (\$100,000),
30 conditioned for the payment of policyholders and creditors of the insurer in
31 this state and the prompt payment of all claims arising and accruing to any
32 person in this state. Insurers authorized to transact any combination of the
33 lines or classes of insurance described under this subdivision (a)(3) may also
34 be authorized to transact disability insurance by depositing securities in
35 accordance with this subdivision (a)(3), and if the annual Arkansas premium
36 volume equals or exceeds five hundred thousand (\$500,000), such insurers shall

1 be subject to the additional annual deposit for disability insurance required
 2 under subdivision (a)(2) of this section;

3 (4) An insurer authorized to transact solely surety insurance, ~~in~~
 4 ~~addition to any deposit required as to any other kind of insurance it is~~
 5 ~~authorized to transact in this state,~~ shall deposit through the commissioner
 6 and subject to the conditions provided in § 23-63-909 securities eligible for
 7 deposit under § 23-63-903 and having at all times a market value of not less
 8 than one hundred thousand dollars (\$100,000), conditioned for the payment of
 9 policyholders and creditors of the insurer in this state and prompt payment of
 10 all claims arising and accruing to any obligee in this state. All insurers
 11 authorized to transact the lines or classes of insurance under subdivision
 12 (a)(3) of this section or any combination thereof may also be authorized to
 13 transact surety insurance by depositing in accordance with this subsection
 14 additional securities with a market value of fifty thousand dollars (\$50,000).

15 Any authorized surety insurer also licensed as a professional bail bond
 16 company shall make and maintain an additional deposit, as required in § 17-19-
 17 101 et seq., applicable to bail bond transactions.

18 (b) All deposits made through the commissioner and held in this state
 19 shall be subject to the applicable provisions of §§ 23-63-901 - 23-63-912,
 20 which refer to administration of deposits.

21 (c) The deposit required in subdivision (a)(2) of this section shall be
 22 deposited or adjusted by the July 1 following the filing of the annual
 23 statement."

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 25 SECTION 2. All provisions of this Act of a general and permanent nature
 26 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 27 Revision Commission shall incorporate the same in the Code.

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 29 SECTION 3. If any provision of this Act or the application thereof to
 30 any person or circumstance is held invalid, such invalidity shall not affect
 31 other provisions or applications of the Act which can be given effect without
 32 the invalid provision or application, and to this end the provisions of this
 33 Act are declared to be severable.

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 35 SECTION 4. All laws and parts of laws in conflict with this Act are
 36 hereby repealed.

/s/ Lavery

APPROVED: 3/16/1999

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