

State of Arkansas

76th General Assembly

Regular Session, 1987

HOUSE BILL 1058

By: Representative Doug Wood

"AN ACT GRANTING LIMITED TORT IMMUNITY TO DIRECTORS OF ARKANSAS CORPORATIONS, BOTH PROFIT AND NONPROFIT, AND THE MEMBERS OF BOARDS, COMMISSIONS, AGENCIES, AUTHORITIES AND OTHER GOVERNING BODIES OF ANY GOVERNMENTAL ENTITY; AND FOR OTHER PURPOSES."

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

SECTION 1. The members of the boards of directors of corporations formed under the laws of this State, whether for profit or nonprofit, and the members of boards, commissions, agencies, authorities and other governing bodies of any governmental entity, shall not be held civilly liable by any court of this State for negligent actions taken on or after the effective date of this Act, or the negligent failure to take actions on or after the effective date of this Act, within the scope of their duties as directors unless the actions or omissions constitute gross negligence.

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. Emergency. It is hereby found and determined by the General Assembly that the premium for liability insurance for members of boards of directors of corporations, both profit and nonprofit, and the members of boards, commissions, agencies, authorities and other governing bodies of any governmental entity, is prohibitively high; that several states have enacted legislation granting civil immunity to corporate directors; that unless Arkansas follows suit not only will the State become less attractive for new corporations to form here but existing corporations may leave the State which could have substantial detrimental economic impact to the State; that this Act

will grant the needed relief and should therefore take effect immediately. Therefore, an emergency is hereby declared to exist and this Act being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

