

State of Arkansas

76th General Assembly

Regular Session, 1987

AS ENGROSSED 2/16/87

HOUSE BILL 1513

By: Representative Ward

AS ENGROSSED 3/30/87

"AN ACT TO AMEND SUBSECTION (a) (2) OF SECTION 1 OF ACT 994 OF 1979 [ARK. STAT. 81-1336(a) (2)], AND SUBSECTION (a) (3) (c) OF SECTION 1 OF ACT 994 OF 1979, AS AMENDED BY ACT 72 OF 1981 [ARK. STAT. 81-1336 (a) (3) (c)], TO EXEMPT MUNICIPALITIES, COUNTIES AND THE STATE OF ARKANSAS AND ITS POLITICAL SUBDIVISIONS FROM THE REQUIREMENT OF POSTING AN INDEMNITY BOND, SURETY BOND OR SECURITIES AS A PREREQUISITE TO SELF-INSURED STATUS."

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

SECTION 1. Subsection (a) (2) of Section 1 of Act 994 of 1979, the same being Ark. Stat. Ann. §81-1336(a) (2), is hereby amended to read as follows:

"(2) By furnishing satisfactory proof to the Commission of his financial ability to pay such compensation and receiving an authorization from the Commission to pay such compensation directly. The Commission may, as a condition to such authorization, require such employer except municipalities, counties or the State of Arkansas or its political subdivisions, to deposit in a depository designated by the Commission either an indemnity bond or securities of any kind and in an amount determined by the Commission, and subject to such conditions as the Commission may prescribe, which shall include authorization to the Commission in case of default to sell any such securities sufficient to pay compensation awards or to bring suit on such bonds, to procure prompt payment of compensation under this Act. Any employer securing compensation in accordance with the provisions of this paragraph shall be known as a self-insurer and shall be classed as a carrier of his own insurance. A self-insurer may have the privilege of securing such portions of the payment of compensation under this Act as he shall elect, by insuring such portions with a company approved by the Commission; and the liability of the

company shall be limited to those features and liabilities of the Act as are expressly stated and none other;"

SECTION 2. Subsection (a)(3)(c) of Section 1 of Act 994 of 1979, as amended, the same being Ark. Stat. Ann. §81-1336(a)(3)(c) is hereby amended to read as follows:

"(c) Deposit and maintain with the Commission acceptable securities, or post a surety bond issued by a corporate surety authorized to do business in the State of Arkansas, in an amount determined by the Commission, but not less than two hundred thousand dollars (\$200,000.00). Provided, however, this Subsection shall not be applicable to municipalities, counties or the State of Arkansas and its political subdivisions and any securities or surety bond posted by the foregoing entities in compliance with this Subsection shall be released within sixty (60) days from and after the effective date of this Act."

SECTION 3. Emergency. It is hereby found and determined by the General Assembly that the indemnity bond, surety bond or security requirements necessary in order to obtain the status of a self-insured entity for municipalities, counties or the State of Arkansas and its political subdivisions are unduly burdensome. 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.

/s/ John Ward

