

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative Dietz

A Bill

HOUSE BILL 1253

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE ANNOTATED §11-9-404(a)(3)
TO ALLOW COMPLIMENTARY BUSINESSES SUCH AS HOTELS, MOTELS,
AND RESTAURANTS TO POOL THEIR WORKERS_ COMPENSATION
LIABILITIES; AND FOR OTHER PURPOSES."

Subtitle

"TO ALLOW COMPLIMENTARY BUSINESSES TO
POOL THEIR WORKERS_ COMPENSATION
LIABILITIES"

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

SECTION 1. Arkansas Code Annotated 11-9-404(a)(3) is amended to read
as follows:

"(3) The commission, under such rules and regulations as it may
prescribe, may permit two (2) or more employers engaged in a common type of
business activity or pursuit to enter into agreements to pool their
liabilities under this section for the purposes of qualifying as *self-*
insurers, for purposes of this law restaurants, hotels and motels shall be
considered a common type of business, and each employer member of such
approved group shall be classified as a self-insurer. In order to qualify as
a group self-insurer, the group shall furnish to or satisfy the commission as
to the following:

(A) An application on a form prescribed by the commission
by an elected board of trustees to establish a self-insurance fund to be
administered under the direction of the trustees. The application shall be
accompanied by:

(i) An indemnity agreement in a form satisfactory to

1 the commission jointly and severally binding the group and each member of the
2 group to comply with the provisions of the Workers_ Compensation Law; and

3 (ii) An individual application by each member of the
4 group applying for coverage in the fund;

5 (B) A current, audited financial statement of each member
6 of the group showing a combined net worth of all members applying for
7 coverage of not less than one million dollars (\$1,000,000), a combined ratio
8 of current assets to current liabilities of not less than one-to-one, and
9 working capital of an amount establishing financial ability and liquidity
10 sufficient to pay normal compensation claims promptly;

11 (C)(i) That the group deposits and maintains with the
12 commission acceptable securities or has posted a surety bond issued by a
13 corporate surety authorized to do business in the State of Arkansas, in an
14 amount determined by the commission, but not less than two hundred thousand
15 dollars (\$200,000).

16 (ii) However, this subdivision shall not be
17 applicable to municipalities, counties, or the State of Arkansas and its
18 political subdivisions;

19 (D) That there exist ample facilities and competent
20 personnel of good character within the group, or through an approved service
21 organization, for the group to service its own program with respect to
22 underwriting matters, claims and adjusting, industrial safety engineering,
23 accounting, and financial management;

24 (E) That the group maintains excess insurance with an
25 insurance company authorized to do business in this state in an amount
26 acceptable to the commission. However, this subdivision shall not be
27 applicable to municipalities, counties, or the State of Arkansas and its
28 political subdivisions;

29 (F) That such financial statements, payroll records,
30 accident experience, and compensation reports and such other reports and
31 statements are filed at such time and in such manner as the commission shall
32 require. However, any fund which fails or refuses to file the reports within
33 the time limits prescribed by the commission shall be subject to a civil
34 penalty in such amount as the commission may prescribe not to exceed one
35 hundred dollars (\$100) per infraction per day, and the failure or refusal may

1 be considered good cause for revocation or suspension of self-insurance
2 privileges;"

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4 SECTION 2. All provisions of this act of a general and permanent
5 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
6 Code Revision Commission shall incorporate the same in the Code.

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8 SECTION 3. If any provision of this act or the application thereof to
9 any person or circumstance is held invalid, such invalidity shall not affect
10 other provisions or applications of the act which can be given effect without
11 the invalid provision or application, and to this end the provisions of this
12 act are declared to be severable.

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14 SECTION 4. All laws and parts of laws in conflict with this act are
15 hereby repealed.

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/s/Rep. Dietz

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