

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

# A Bill

HOUSE BILL 1804

## For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE ANNOTATED § 6-17-1108 TO CLARIFY THAT THE BENEFIT PLAN PROVIDED THE PUBLIC SCHOOL EMPLOYEES MAY BE INSURED OR SELF-INSURED; AND FOR OTHER PURPOSES."

## Subtitle

"TO CLARIFY THAT THE BENEFIT PLAN PROVIDED THE PUBLIC SCHOOL EMPLOYEES MAY BE INSURED OR SELF-INSURED."

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

SECTION 1. Arkansas Code § 6-17-1108 is amended to read as follows:  
"6-17-1108. Committee - Powers and duties.

It shall be the function, power, and duty of the committee to:

(1) Consider and establish the policies which shall govern the institution and management of uniform life or disability insurance programs, including hospitalization and medical services, for the benefit of all eligible employees of public school districts as defined by this subchapter. The program, which may be carried out through insurance or self-insurance will be administered by the Public School Employees Section, Department of Education, in accordance with §§ 23-86-101 - 23-86-109 and 23-86-112;

(2) Employ an actuary to advise the committee on the implementation of insurance programs provided for in this subchapter. Such actuary shall be knowledgeable in the health and life insurance field but shall not be an employee of a company selling group disability insurance in Arkansas, an employee of the Department of Education, or an employee of the State Insurance Department;

(3) Institute an insurance or self-insurance disability insurance plan, or a combination of either type of plan. If the committee institutes a

1 plan of self-insurance, such plan will provide for hospitalization and  
2 medical services which will best serve the needs of participating employees  
3 and establish monthly premiums sufficient to pay claims, establish adequate  
4 reserves, and pay the cost of an insurance company or service agency for the  
5 processing of claims. The insurance company or service agency shall be  
6 selected by the bid process outlined in this subchapter. Bid specifications  
7 shall include the stipulation that the insurance company or service agency  
8 shall provide consultant services to the committee as a part of the bid  
9 quotation;

10 (4) In selecting the insurance carrier for a life or disability  
11 insurance program, other than the self-insurance in subdivision (3) of this  
12 section, select the policy with an insurance company authorized to do  
13 business in the state which will best serve the needs of participating  
14 employees; provided however, that the policy selected shall include criteria  
15 for uniform evaluation of the coverage and benefits to be provided, as  
16 established by the State Insurance Commissioner, to assure that there is a  
17 uniform basis for interpreting and evaluating the policy coverage and the  
18 financial advantages of each of the respective bid proposals based on the  
19 premiums to be charged for the benefits in order to enable the committee to  
20 select the most advantageous policy in terms of coverage and benefits  
21 commensurate with premiums to be paid. Two (2) or more companies may join  
22 together for the purpose of bidding. For the purpose of administration, one  
23 (1) paymaster must be established for paying benefits under a bid by two (2)  
24 or more companies;

25 (5) Review the performance of the insurance company to insure that the  
26 best interests of the employees covered are being served, and such review  
27 shall include a determination that the insurance company meets minimum  
28 financial standards for solvency and ability to provide services in  
29 accordance with evaluation criteria to be promulgated by the Insurance  
30 Commissioner as requirements to be met by insurance companies to be eligible  
31 to furnish life or disability insurance coverage for public school employees;

32 (6) Approve and review the proposals and recommend them to  
33 participating public school employees;

34 (7) Authorize an annual audit of the life and disability insurance  
35 program, to be conducted by an auditor independent of the group insurance

1 carrier and using procedures prescribed by the Division of Legislative Audit.  
2 Findings of the audit shall be reported to the Legislative Joint Auditing  
3 Committee; and

4 (8) If deemed in the best interest of the participating employees,  
5 institute a plan of self-insurance in life or disability insurance for  
6 participating employees."

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

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

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

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