

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

A Bill

HOUSE BILL 1313

4
5 By: Representative Glover
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For An Act To Be Entitled

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9 "AN ACT TO REQUIRE REPORTING OF EXTRAORDINARY DIVIDEND
10 DISTRIBUTION BY INSURERS LICENSED ONLY IN ARKANSAS
11 UNDER ARKANSAS CODE 23-69-129, 'DIVIDENDS TO
12 STOCKHOLDERS'; AND FOR OTHER PURPOSES."
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Subtitle

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15 "TO AMEND ARKANSAS CODE 23-69-129 TO
16 REQUIRE REPORTING OF EXTRAORDINARY
17 DIVIDEND DISTRIBUTION BY INSURERS
18 LICENSED ONLY IN ARKANSAS."
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code 23-69-129 is amended to read as follows:
24 "23-69-129. Dividends to stockholders.

25 (a) A domestic stock insurer shall not pay any cash dividend to
26 stockholders except out of that part of its available surplus funds which is
27 derived from net profits on its business.

28 (b) A stock dividend may be paid out of any available surplus funds in
29 excess of the aggregate amount of surplus loaned to the insurer under § 23-69-
30 132.

31 (c) If the dividend to be distributed is extraordinary, the dividend
32 shall be reported in advance to the Commissioner of the Arkansas Insurance
33 Department. The dividend shall be deemed approved within thirty (30) days
34 after the date filed. For purposes of this section, an extraordinary dividend
35 or distribution of cash or other property is one whose fair market value is
36 the greater of either:

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(1) Ten percent (10%) of the surplus of the insurer; or

(2) The equivalent of the insurer's net income over the previous twelve (12) months.

~~(c)~~(d) A dividend otherwise proper may be payable out of the insurer's earned surplus even though its total surplus is then less than the aggregate of its past contributed surplus resulting from issuance of its capital stock at a price in excess of the par value thereof."

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

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

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