

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001

A Bill

HOUSE BILL 2536

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

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9 AN ACT TO AMEND ARKANSAS CODE § 23-71-110 TO
10 INCREASE GUARANTY FUND DEPOSIT AMOUNTS EFFECTIVE
11 JANUARY 1, 2002; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 AN ACT TO AMEND ARKANSAS CODE § 23-71-
15 110 TO INCREASE GUARANTY FUND DEPOSIT
16 AMOUNTS EFFECTIVE JANUARY 1, 2002.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code 23-71-110 is amended to read as follows:
22 23-71-110. Guaranty fund deposit.

23 (a)(1)(A) Every insurer shall have deposited and maintain on deposit
24 with the commissioner ~~cash or~~ acceptable securities in amounts based upon the
25 amount of the insurer's admitted assets as of December 31 of the preceding
26 calendar year as follows:

27 (i) \$000,001 to \$250,000 - ~~\$25,000~~ \$50,000 minimum
28 deposit;

29 (ii) \$250,001 to \$500,000 - ~~\$50,000~~ \$75,000 minimum
30 deposit;

31 (iii) \$500,001 to \$1,000,000 - ~~\$75,000~~ \$100,000
32 minimum deposit;

33 (iv) Over \$1,000,000 - ~~\$100,000~~ \$150,000 minimum
34 deposit.

35 (B) The commissioner shall have the discretion to require
36 deposits in excess of those enumerated if such a deposit is in the best

1 interest of the public and the insurer's policyholders.

2 (2) This deposit shall be known as the "guaranty fund" and shall
3 be held for the purpose of guaranteeing the payment of any final judgment
4 rendered against the insurer on any claim arising under any of its contracts
5 of insurance.

6 (3) If the insurer fails to pay the judgment, the commissioner
7 shall pay the judgment from the insurer's deposit and for that purpose may
8 liquidate at current market value any securities so deposited.

9 (b) Upon applying the deposit or any part thereof necessary to pay any
10 judgment, the commissioner shall so notify the insurer, requiring the insurer
11 to fully replenish and restore the deposit to the amount previously required
12 as well as any additional amounts the commissioner may require within sixty
13 (60) days after date of notice. If the deposit is not so restored within
14 sixty (60) days, the commissioner shall revoke the certificate of authority
15 until the insurer is fully in compliance with this chapter.

16 (c)(1) The guaranty fund deposit ~~may be either~~ shall not be a part of
17 the insurer's capital stock; ~~or commencing on and after January 1, 2002, it~~
18 shall be a part of its surplus or undivided profits and shall be considered
19 an asset and be a part of the insurance fund of the insurer.

20 (2) The Insurance Commissioner may allow domestic insurers to
21 augment their surplus or undivided profits over a period of up to five (5)
22 years from the effective date of this act to achieve compliance with the
23 minimum amounts required in subsection (a) of this section, if immediate
24 compliance with this section would cause the domestic insurer to be impaired
25 or insolvent or in hazardous financial condition.

26 (d)(1) When an insurer desires to relinquish its business in this
27 state, the commissioner shall, on application of the insurer under oath of
28 its president or principal officer and secretary or actuary, publish notice
29 of such intention at least once a week for four (4) consecutive weeks in a
30 newspaper of general circulation published at the state capital.

31 (2)(A) If, after the publication, the commissioner is satisfied
32 that all debts and liabilities of every kind of the insurer are paid or
33 provided for, the commissioner shall deliver up to the insurer the securities
34 or funds held by the commissioner belonging to the insurer.

35 (B) No relinquishment shall be effectuated until after the
36 insurer has bulk reinsured in another authorized insurer or has otherwise

1 properly terminated with advance written notice all its insurance in force,
2 after approval of its plan by the commissioner.

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4 SECTION 2. The provisions of this act as to increased Guaranty Fund
5 deposit amounts shall require compliance by all licensed stipulated premium
6 plan insurers commencing on and after January 1, 2002.