

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 86th General Assembly  
3 Regular Session, 2007  
4

*As Engrossed: H2/21/07*

# A Bill

HOUSE BILL 1535

5 By: Representative Bond  
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## For An Act To Be Entitled

9 AN ACT TO REORGANIZE THE PUBLIC ELEMENTARY AND  
10 SECONDARY SCHOOL INSURANCE FUND AND THE SCHOOL  
11 VEHICLE INSURANCE RESERVE TRUST FUND INTO ONE (1)  
12 FUND; TO PROVIDE GREATER FINANCIAL STABILITY AND  
13 FLEXIBILITY TO THE FUNDS; AND FOR OTHER PURPOSES.  
14

## Subtitle

15 TO REORGANIZE THE PUBLIC ELEMENTARY AND  
16 SECONDARY SCHOOL INSURANCE FUND AND THE  
17 SCHOOL VEHICLE INSURANCE RESERVE TRUST  
18 FUND INTO ONE (1) FUND AND TO PROVIDE  
19 GREATER FINANCIAL STABILITY AND  
20 FLEXIBILITY TO THE FUNDS.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code § 6-20-1503(2), concerning the powers and  
27 duties of the State Insurance Department, is amended to read as follows:

28 (2) Administer the Public ~~Elementary and Secondary~~ School  
29 Insurance Trust Fund;  
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31 SECTION 2. Arkansas Code § 6-20-1508(a), concerning appraisal and  
32 payment of losses, is amended to read as follows:

33 (a) In the event of loss of school district, education cooperative, or  
34 open-enrollment charter school property under the Public Elementary and  
35 Secondary School Insurance Program, the Public ~~Elementary and Secondary~~  
36 School Insurance Trust Fund shall pay the loss as specified in the contract.



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SECTION 3. Arkansas Code § 6-20-1509 is amended to read as follows:

6-20-1509. Effect of federal assistance.

Any school district, education cooperative, or open-enrollment charter school which may receive financial assistance from the federal government as a result of federal legislation pertaining to disasters shall not be adversely affected as a result of any moneys due from the Public ~~Elementary and Secondary~~ School Insurance Trust Fund because of coverage by the Public Elementary and Secondary School Insurance Program.

SECTION 4. Arkansas Code § 6-20-1510 is repealed.

~~6-20-1510. Public Elementary and Secondary School Insurance Fund.~~

~~There shall be established on the books of the Treasurer of State a fund to be known and designated as the "Public Elementary and Secondary School Insurance Fund".~~

SECTION 5. Arkansas Code § 6-21-709(a)(1), concerning payment of claims, is amended to read as follows:

(a)(1) The ~~School Vehicle Insurance Reserve Trust Fund~~ Public School Insurance Trust Fund shall pay all losses and claims the insured is legally obligated to pay as specified in the contract.

SECTION 6. Arkansas Code § 6-21-710 is amended to read as follows:

6-21-710. Public School ~~Vehicle~~ Insurance Reserve Trust Fund - Investments.

~~(a)(1) There is hereby established on the books of the Treasurer of State a separate fund to be known as the "School Vehicle Insurance Reserve Trust Fund", to be funded initially by a loan of one million five hundred thousand dollars (\$1,500,000) from the Public Elementary and Secondary School Insurance Fund as established by the Public Elementary and Secondary School Insurance Act, § 6-20-1501 et seq.~~

~~(2) No money shall be appropriated from this fund for any purpose except for the use and benefit of participating governmental entities for school motor vehicle claims, program expenses, and for the Public School Motor Vehicle Insurance Program expenses.~~

~~(3)(a)~~ All funds received by the State Insurance Department as

1 premiums, adjustments, earnings, and the like, as provided in this  
 2 subchapter, shall be deposited into the Public School Insurance Trust Fund  
 3 and used for the following purposes, listed in a descending order of  
 4 priority:

- 5 ~~(A)(1)~~ To defray administrative costs;  
 6 ~~(B)(2)~~ To pay claims; and  
 7 ~~(C)(3)~~ To maintain the ~~reserve trust fund~~; and  
 8 ~~(D) To pay back the initial loan~~ Public School Insurance  
 9 Trust Fund.

10 (b)(1) The department is authorized to invest funds of the ~~program~~  
 11 Public School Motor Vehicle Insurance Program.

12 (2) Funds of the program may be invested and reinvested as the  
 13 Insurance Commissioner may determine.

14 (3) Moneys invested and interest earned thereon shall be  
 15 administered as program funds.

16 (4) All moneys deposited to the fund shall not be subject to any  
 17 deduction, tax, levy or any other type of assessment.

18

19 SECTION 7. Arkansas Code § 6-21-711(g), concerning the Public  
 20 Elementary and Secondary School Insurance Program and Public School Motor  
 21 Vehicle Insurance Program Advisory Committee, is amended to read as follows:

22 (g) The committee shall periodically review the status of the Public  
 23 ~~Elementary and Secondary School Insurance Trust Fund and the School Vehicle~~  
 24 ~~Insurance Reserve Trust Fund~~.

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26 SECTION 8. Arkansas Code § 19-5-908 is repealed.

27 ~~19-5-908. Public Elementary and Secondary School Insurance Fund.~~

28 ~~(a) There is established on the books of the Treasurer of State,~~  
 29 ~~Auditor of State, and the Chief Fiscal Officer of the State a trust fund to~~  
 30 ~~be known as the Public Elementary and Secondary School Insurance Fund.~~

31 ~~(b) This fund shall consist of a Permanent Insurance Reserve Fund,~~  
 32 ~~insurance premiums, adjustments, earnings, interest income, and the like as~~  
 33 ~~provided by the Public Elementary and Secondary School Self Insurance Act of~~  
 34 ~~1973, §§ 6-20-1501—6-20-1515, there to be used for the operation,~~  
 35 ~~maintenance, and execution of those statutes.~~

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1 SECTION 9. Arkansas Code § 19-5-981 is repealed.

2 ~~19-5-981. School Vehicle Insurance Reserve Trust Fund.~~

3 ~~(a) There is hereby established on the books of the Treasurer of~~  
4 ~~State, Auditor of State, and Chief Fiscal Officer of the State a fund to be~~  
5 ~~known as the School Vehicle Insurance Reserve Trust Fund.~~

6 ~~(b) This fund shall consist of an initial loan of one million five~~  
7 ~~hundred thousand dollars (\$1,500,000) from the Public Elementary and~~  
8 ~~Secondary School Insurance Fund and all funds received by the State Board of~~  
9 ~~Education as premiums, adjustments, and earnings as provided in § 6-21-701 et~~  
10 ~~seq., there to be used for school motor vehicle claims, program expenses, to~~  
11 ~~pay back the initial loan, and for the other purposes as set out in § 6-21-~~  
12 ~~710.~~

13 SECTION 10. Arkansas Code Title 19, Chapter 6, Subchapter 8 is amended  
14 to add an additional section to read as follows:

15 19-6-805. Public School Insurance Trust Fund.

16 (a) There is established on the books of the Treasurer of State, the  
17 Auditor of State, and the Chief Fiscal Officer of the State a trust fund to  
18 be known as the "Public School Insurance Trust Fund".

19 (b) The fund shall consist of:

20 (1) A Permanent Insurance Reserve Fund, insurance premiums,  
21 adjustments, earnings, interest income, and the like as provided by the  
22 Public Elementary and Secondary School Insurance Act, § 6-20-1501 et seq.,  
23 and The School Motor Vehicle Insurance Act, § 6-21-701 et seq.;

24 (2) All funds transferred from the former Public Elementary and  
25 Secondary School Insurance Fund established under § 6-20-1510 and 19-5-908;  
26 and

27 (3) All funds transferred from the former School Vehicle  
28 Insurance Reserve Trust Fund established under §§ 6-21-710 and 19-5-981.

29 (c)(1) The Public School Insurance Trust Fund shall be used for the  
30 operation, maintenance, and execution of the Public Elementary and Secondary  
31 School Insurance Program under § 6-20-1501 et seq. and the Public School  
32 Motor Vehicle Insurance Program under § 6-21-701 et seq.

33 (2) No money shall be appropriated from the Public School  
34 Insurance Trust Fund for any purpose except for the use and benefit of the  
35 Public Elementary and Secondary School Insurance Program and the Public  
36 School Motor Vehicle Insurance Program.

1           (3) All funds received by the State Insurance Department in the  
2 administration of the Public Elementary and Secondary School Insurance  
3 Program and the Public School Motor Vehicle Insurance Program as premiums,  
4 adjustments, earnings, and the like:

5           (A) Shall be used for the following purposes, listed in a  
6 descending order of priority:

7                   (i) To defray administrative costs;

8                   (ii) To pay claims; and

9                   (iii) To maintain the Public School Insurance Trust  
10 Fund; and

11           (B) May be invested and reinvested as the Insurance  
12 Commissioner may determine.

13           (4) Moneys invested and interest earned thereon shall be  
14 administered as program funds.

15           (5) All moneys deposited to the fund shall not be subject to any  
16 deduction, tax, levy, or any other type of assessment.

17           (d) The initial loan from the former Public Elementary and Secondary  
18 School Insurance Fund as established by the Public Elementary and Secondary  
19 School Insurance Act, § 6-20-1501 et seq. of one million five hundred  
20 thousand dollars (\$1,500,000) to fund the former School Vehicle Insurance  
21 Reserve Trust Fund established under The School Motor Vehicle Insurance Act,  
22 § 6-21-701 et seq., is canceled.

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24           SECTION 11. TEMPORARY LANGUAGE. DO NOT CODIFY. (a) All unexpended  
25 balances and appropriations from the following funds shall be transferred by  
26 the Chief Fiscal Officer of the State to the Public School Insurance Trust  
27 Fund on the effective date of this act:

28                   (1) The former Public Elementary and Secondary School Insurance  
29 Fund established under §§ 6-20-1510 and 19-5-908; and

30                   (2) The former School Vehicle Insurance Reserve Trust Fund  
31 established under §§ 6-21-710 and 19-5-981.

32           (b) The fund balances shall be used by the State Insurance Department  
33 for the purposes for which the fund balances were collected.

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35           SECTION 12. TEMPORARY LANGUAGE. DO NOT CODIFY. The Public School  
36 Insurance Trust Fund established by this act shall be the successor fund to

1 the Public Elementary and Secondary School Insurance Fund established under  
 2 §§ 6-20-1510 and 19-5-908 and the School Vehicle Insurance Reserve Trust Fund  
 3 established under §§ 6-21-710 and 19-5-981. Any funds appropriated by the 86<sup>th</sup>  
 4 General Assembly from the Public Elementary and Secondary School Insurance  
 5 Fund or the School Vehicle Insurance Reserve Trust Fund shall be deemed  
 6 payable from the Public School Insurance Trust Fund.

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 8 SECTION 13. Arkansas Code § 6-20-1512 is amended to read as follows:  
 9 6-20-1512. Disposition of funds.

10 (a) All funds received by the State Insurance Department as premiums,  
 11 adjustments, earnings, and the like, as provided in this subchapter, shall be  
 12 deposited into the Public School Insurance Trust Fund and used for the  
 13 following purposes, listed in a descending order of priority:

14 (1) To defray administrative costs;

15 (2) To pay claims; and

16 (3) To maintain the ~~Permanent Insurance Reserve Fund of two~~  
 17 ~~million dollars (\$2,000,000); and~~

18 ~~(4) To pay back the initial loan of two million dollars~~  
 19 ~~(\$2,000,000) Public School Insurance Trust Fund.~~

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 21 /s/ Bond  
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