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Arkansas
Insurance Code

TITLE 23 -- PUBLIC UTILITIES AND REGULATED INDUSTRIES...Subtitle 3. Insurance...Chapter 71 -- STIPULATED PREMIUM INSURERS

23-71-110

Guaranty fund deposit; refund

Former Citations 66-440766-4408

(a)(1)(A) Every insurer shall have deposited and maintain on deposit with the Insurance Commissioner acceptable securities in amounts based upon the amount of the insurer's admitted assets as of December 31 of the preceding calendar year as follows:

- (i) \$000,001 to \$250,000 — \$50,000 minimum deposit;
- (ii) \$250,001 to \$500,000 — \$75,000 minimum deposit;
- (iii) \$500,001 to \$1,000,000 — \$100,000 minimum deposit;
- (iv) Over \$1,000,000 — \$150,000 minimum deposit.

(B) The commissioner shall have the discretion to require deposits in excess of those enumerated if such a deposit is in the best interest of the public and the insurer's policyholders.

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

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

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

(c)(1) The guaranty fund deposit shall not be a part of the insurer's capital stock. Commencing on and after January 1, 2002, it shall be a part of its surplus or undivided profits and shall be considered an asset and be a part of the insurance fund of the insurer.

(2) The commissioner may allow domestic insurers to augment their surplus or undivided profits over a period of up to five (5) years from August 13, 2001, to achieve compliance with the minimum amounts required in subsection (a) of this section, if immediate compliance with this section would cause the domestic insurer to be impaired or insolvent or in hazardous financial condition.

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

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

(B) No relinquishment shall be effectuated until after the insurer has bulk reinsured in another authorized insurer or has otherwise properly terminated with advance written notice all its insurance in force, after approval of its plan by the commissioner.

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