

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senators Allen and Bell

SENATE BILL 308

"AN ACT TO PROVIDE THAT THE STATE BOARD OF FINANCE SHALL ISSUE A LETTER OF CREDIT IN THE AMOUNT OF \$10,000,000 TO THE STATE BOARD OF EDUCATION, AUTHORIZING THE BOARD TO BORROW FROM ANY UNCOMMITTED BALANCES IN THE STATE TREASURY FUNDS TO COVER CATASTROPHIC LOSSES OF PUBLIC SCHOOL PROPERTY IN EXCESS OF \$200,000 FOR EACH CATASTROPHE; TO PROVIDE FOR THE REPAYMENT OF SUCH FUNDS FROM FUTURE PREMIUM EARNINGS OF THE SCHOOL SELF-INSURANCE PROGRAM AS PROVIDED FOR IN ACT 380 OF 1973; AND FOR OTHER PURPOSES."

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

SECTION 1. It is hereby found and determined by the General Assembly that pursuant to the authority granted in Act 380 of 1973, "The Public Elementary and Secondary School Self-Insurance Act of 1973", the State Board of Education currently reinsures risk in excess of Two Hundred Thousand Dollars per occurrence; that the premium for such reinsurance will exceed one half million dollars for the 1987 school year; that it is in the best interests of the State and public education that this expense for reinsurance be avoided or minimized; that the most appropriate method of avoiding or minimizing reinsurance costs under the program is for the State Board of Finance to issue a letter of credit to the State Board of Education authorizing the Board of Education to borrow funds from uncommitted State Treasury balances to cover catastrophic losses in school property above \$200,000 for each catastrophe with future insurance premiums collected to fund the self-insurance program to be pledged to repay the funds so borrowed, and it is the purpose and intent of this Act to enable such arrangement to be affected.

SECTION 2. The State Board of Finance is hereby authorized to issue to

the State Board of Education a Letter of Credit in an amount not to exceed Ten Million Dollars (\$10,000,000), under which the State Board of Education will be authorized to borrow funds from any uncommitted State Treasury balances to cover catastrophic losses of public elementary and secondary school buildings and contents in excess of Two Hundred Thousand Dollars (\$200,000) in any single catastrophe, with the loan of any such funds to be secured by and paid back with funds derived from insurance premiums collected under the school self-insurance program established under the provisions of Act 380 of 1973.

SECTION 3. Any loans made to the State Board of Education pursuant to the provisions of this Act shall be in such amounts, shall bear such interest, and shall be paid back under such reasonable terms as may be prescribed by the State Board of Finance.

SECTION 4. The State Board of Finance is hereby authorized to adopt such reasonable rules and regulations as it shall deem necessary and appropriate to carry out the intent and purposes of this Act.

SECTION 5. All laws and parts of laws in conflict with this Act are hereby repealed.

