

GOVERNMENTAL BONDING BOARD

RULE AND REGULATION 1

Limits of Coverage

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Little Rock, Arkansas 72201
DEPOSITORY

Preamble.

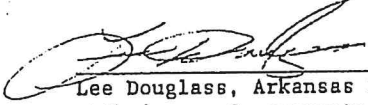
On Monday, April 13, 1993, a Hearing was held to consider promulgation and adoption of this Rule and Regulation. Such Hearing was held pursuant to Notice published in the Arkansas Democrat-Gazette April 6 through April 12, 1993. The Governmental Bonding Board, by majority vote, promulgated this Rule and Regulation, Limits of Coverage, to wit:

1. Limits of Coverage.

The limit of coverage provided under the Arkansas Fidelity Bond Trust Fund-Dishonesty Bond, for a subsequent loss or losses sustained by a governmental entity and for which payment for a prior loss was made under the Arkansas Fidelity Bond Trust Fund, shall be determined by the Board when the subsequent loss or losses resulted from the governmental entity's failure to implement the Division of Legislative Audit's recommendation(s). However, the governmental entity's coinsurance share for such losses shall not exceed 50% after the application of the deductible as set forth in the Dishonesty Bond.

2. Effective Date.

Under the emergency provision of Ark. Code Ann. §25-15-204(b) (Repl. 1992), it is hereby declared that the immediate adoption of this Rule is necessary to prevent any imminent peril to the public health, safety or welfare of the citizens of this State because there is not a Rule addressing these matters. Therefore, the effective date of this Rule is July 9, 1993.



Lee Douglass, Arkansas Insurance Commissioner
Chairman, Governmental Bonding Board

7-9-93

DATE