

House Bill 1401

(As Engrossed February 26, 2015)

Actuarial Cost Study prepared for
House Committee on State Agencies and Governmental Affairs
of the Arkansas 90th General Assembly

Provisions of the Bill

House Bill 1401 affects the death benefits paid by the Arkansas State Claims Commission. Arkansas Code Annotated §21-5-701 has two definitions added by House Bill 1401. A coroner and a jailer are now defined. A jailer is defined as a local or county employee “engaged in official duty as a detention or transport officer.” State correction employees are already defined in current law.

House Bill 1401 then adds coroners and jailers to the list of individuals who would be eligible for the \$150,000 death in the line of duty benefit defined in Arkansas Code Annotated §21-5-705.

Fiscal Impact

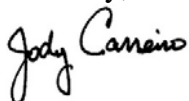
The Bureau of Labor Statistics collects information on occupational deaths by occupation on a national basis. The group most similar to the group being added by House Bill 1401 experienced 14 and 17 deaths (in 2013 and 2012). If the workforce is scaled to population, this would imply 0.14 to 0.17 deaths a year in Arkansas. We compared that with the national rate of fatal work injuries (3.2 per 100,000 lives). For these occupations, the rate should be several times the national average times an estimated number (we were not able to collect an accurate count) of newly covered employees and came to similar conclusions.

In our opinion, the annual expected cost for this death benefit being extended to jailers and coroners is \$15,000 to \$25,000 per year. This is one death every 6 to 10 years. The actual cost to the state will be \$150,000 when this type of death occurs. Please note the high variance that exists when you have such a low rate of occurrence. That is, there won’t be one death in exactly six years, instead, it is very possible for there to be no deaths for 20 years and then three in one year.

Other

We do not know if it was intentional, but “coroner” was not added to the definition of “covered public employee” on page 1 of House Bill 1401. This does not change the analysis.

Sincerely,



Jody Carreiro, EA, ASA, MAAA
Actuary