

DRAFT MINUTES
HOUSE COMMITTEE ON INSURANCE & COMMERCE
State Capitol, Room 149, Little Rock, Arkansas
Thursday, November 3, 2011

The House Committee on Insurance & Commerce met Thursday, November 3, 2011, at 10:00 a.m. in Room 149 of the State Capitol in Little Rock, Arkansas. The following members attended:

House Committee on Insurance & Commerce members: Representative Fred Allen, Chairman; Jonathan Barnett, Mark Biviano, Les “Skip” Carnine, John Catlett, Barry Hyde, Buddy Lovell, Reginald Murdock, Bobby Pierce, Terry Rice, Jon Woods, and James L. Word

Non-Voting Committee members: Representatives Denny Altes, Robert E. Dale, Jon Hubbard, Mark Perry, and John T. Vines

Also attending: Senators Randy Laverty and David Wyatt; Representatives Homer Lenderman, Tommy Baker, Billy Gaskill, James McLean, Randy Stewart, Mike Patterson, Jon Eubanks, Betty Overbey, Greg Leding, Jeremy Gillam, and Darrin Williams

Representative Fred Allen, Chairman, called the meeting to order.

CONSIDERATION TO ADOPT INTERIM STUDY PROPOSALS (ISP)

ISP 2011-003 (Representative Baker) *AN ACT RELATED TO THE DEVELOPMENT AND PRODUCTION OF CERTAIN ENERGY SOURCES; TO REPEAL CERTAIN DEFINITIONS; AND TO DECLARE AN EMERGENCY (Exhibit E.1)*

Representative Hyde made the motion to adopt ISP 2011-003 for study. Without objection, the motion carried.

ISP 2011-036 (Representative Fielding) *CONCERNING RETAIL FEES, CHARGES, AND ASSESSMENTS AND TO REGULATE RESTOCKING FEES (Exhibit E.2)*

Representative Hyde made the motion to adopt ISP 2011-036 for study. Without objection, the motion carried.

INSURANCE DEPARTMENT REPORTS (Exhibits F.1A, F.1B, F.2A, F.2B)

Amanda Rose, Associate Counsel, Arkansas Insurance Department (AID), said conclusions from reports are very positive for the state and the AID.

ISP 2011-174 (Representative Murdock) *REQUESTING THE INTERIM HOUSE COMMITTEE ON INSURANCE AND COMMERCE STUDY THE FINANCIAL ASSISTANCE, FINANCING, AND OTHER OPTIONS AVAILABLE TO NEEDY ARKANSANS FOR THE PAYMENT OF FUNERAL AND BURIAL COSTS (Exhibit E.3)*

Representative Murdock and Ms. Paulene Kennedy were recognized. Ms. Kennedy said death is eminent, funerals are expensive, and those left behind often don't have the means to bury loved ones. ISP 2011-174 will determine if the state of Arkansas can help citizens at that point while helping the insurance industry derail Medicaid debt.

Representative Murdock said Jay Bradford, Commissioner, AID, has expressed interest in being part of this study. Enacting this legislation would satisfy people, create a revenue stream for Medicaid and

Medicare, and bring business to Arkansas insurance companies. The goal of the study is to ease the burden from citizens without creating any burden on the state. A fiscal impact will be a part of the study.

Senator Lavery said county judges in Arkansas are responsible for pauper funerals (up to \$150) and social security pays a \$255 death benefit. Funeral homes will provide a funeral service for \$255. The funeral industry has a large overhead but is a highly profitable business, and should be heavily regulated. This legislation could be seen as a subsidy for the funeral industry.

Rep. McLean said he works for full-disclosure for Roller Funeral Homes of Arkansas (RFHA). The \$255 social security death benefit goes to the family of the deceased and does not factor in as payment for funeral services. Arkansas funeral homes are very heavily regulated by the Arkansas Department of Health, the Arkansas State Board of Embalmers and Funeral Directors, the Federal Trade Commission, and the Occupational Safety and Health Administration. RFHA has never denied service to anyone based on their financial situation.

Representative Pierce made the motion to adopt ISP 2011-174 for study. Without objection, the motion carried.

AVAILABILITY OF CONSUMER CREDIT AND FINANCIAL SERVICES IN ARKANSAS (Attachment 1)

Dr. Rickie Keys, President, Renewal Financial Services, provided a PowerPoint showing the availability and accessibility of consumer credit and financial services compared to regional demographics. As median income and credit scores increase, the number of banks increase. In Arkansas, there are approximately 1,158 banks, 67 credit unions, 370 pawn shops, no installment lenders, and no pay-day lenders. To be eligible for a loan, Arkansas banks require a minimum credit score of 682, a two-to-one income-to-debt ratio, enough collateral to cover the loan, membership in an alliance, and two years of steady employment. Stringent requirements force consumers to access loans from family, loan services in border states, online payday lending services, loan sharks, or illegal activity. These acts bring setbacks to Arkansas, such as limited liquidity, inability to facilitate small business growth, higher rates of unemployment, and limited economic growth. Renewal Financial Services is a non-profit agency that has done work for the National Black Caucus of State Legislators and helps legislators understand financial options for consumers.

With no further business, the committee adjourned at 10:55 a.m.