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Department of Transformation and Shared Services

Governor Asa Hutchinson

Secretary Amy Fecher

Director Kay Barnhill

November 17, 2021

The Honorable David Wallace, Co-Chairperson
The Honorable David Hillman, Co-Chairperson
Uniform Personnel Classification and
Compensation Plan Subcommittee
Joint Budget Committee
State Capitol Building, Room 315
Little Rock, Arkansas 72201

Dear Senator Wallace and Representative Hillman:

The Office of Personnel Management (OPM) submits a request from the Arkansas Department of Commerce, Insurance Department for your review. The agency is requesting a special rate of pay be established for an exceptionally well qualified applicant established by Ark. Code Ann. §21-5-214(d)(2).

- (C) *The office may approve a special rate of pay pursuant to subdivision (d)(1) of this section above thirty percent (30%) up to the maximum pay level for the grade assigned to this classification after review by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.*

The requested special entry rate along with the applicant's qualifications are listed below:

The Arkansas Department of Commerce, Insurance Department has requested a special entry rate of \$112,900 for an exceptionally well qualified applicant for the classification ACOM Insurance Chief Financial & Market Conduct Examiner, N073N.

Mr. Christopher J Erwin's background includes a Master of Business Administration as well as nineteen (19) years of work experience. The following is a detailed comparison of the minimum qualifications of the classification and Mr. Erwin's experience.

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MINIMUM REQUIREMENTS:

The formal education equivalent of a bachelor's degree in accounting; plus five years of progressively more responsible experience in insurance auditing and regulatory operations, including three years in a professional managerial capacity.

Must be licensed as a Certified Public Accountant by the State Board of Public Accountancy in accordance with ACA 17-12-301.

APPLICANT'S QUALIFICATIONS

EDUCATION:

August 2011 – August 2013; University of Arkansas at Little Rock; Little Rock, Arkansas; Master of Business Administration.

August 1996 – May 2000; Arkansas Tech University; Russellville, Arkansas; Bachelor of Science in Accounting.

EXPERIENCE:

January 2018 – Present; Arkansas Department of Commerce, Insurance Department; Little Rock, Arkansas; Certified Financial Examiner Manager.

November 2012 – January 2018; Arkansas Department of Commerce, Insurance Department; Little Rock, Arkansas; Certified Financial Examiner.

November 2008 – November 2012; Arkansas Department of Human Services; Agency Controller II.

October 2004 – October 2008; Crain Management, LLC; Little Rock, Arkansas; Chief Financial Officer.

July 2002 – October 2004; Crain Automotive; Little Rock, Arkansas; Internal Auditor / Controller.

October 2001 – July 2002; Nursol, LLC; Saint Louis, Missouri; Controller.

July 2000 – October 2001; Shoptaw, Labahn, & Company P.A.; Russellville, Arkansas; Staff Accountant.

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JUSTIFICATION:

Statewide, there is one position authorized as ACOM Insurance Chief Financial & Market Conduct Examiner. This one position is currently vacant. The statewide / agency turnover rate for this classification was one out of one position or 100.00% within the previous year.

Mr. Erwin is currently employed through the Arkansas Department of Commerce, Insurance Department as a Certified Financial Examiner Manager with an annual salary of \$104,001.46. His responsibilities within the agency include managing investigations and examinations, reviewing operating and program policies and procedures, developing enhancements upon demand, as well as managing their internal audit software program utilized for examinations. His forthcoming position within Insurance Department should necessitate managing subordinate certified financial examiners who examine the practices, policies, and behaviors of insurers in the marketplace.

Approval of this special entry rate request will result in an \$8,897.40 or 8.56% increase in the applicant's current annual salary. Your consideration of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director
Office of Personnel Management



SECRETARY OF TRANSFORMATION & SHARED SERVICES

11/15/2021
DATE



Asa Hutchinson
GOVERNOR

Michael Preston
SECRETARY OF COMMERCE

November 12, 2021

Kay Barnhill, Administrator
Office of Personnel Management
Department of Transformation and Shared Services
1509 West Seventh Street, Suite 200
Little Rock, AR 72201

Dear Ms. Barnhill:

The Finance Division within the Arkansas Insurance Department respectfully requests approval to fill the position of Insurance Chief Financial and Market Conduct Examiner, 2208-8216, GS13, N073N, without advertisement. The position was vacated by Mr. Melvin Heaps September 17, 2021, due to voluntary resignation. The position is essential to conduct mandated statutory financial examinations on Arkansas Insurance entities.

The qualifications and responsibilities of the Chief Examiner position are highly technical and specialized; therefore, the number of potential candidates is very limited. Chief Examiner duties are necessary for the performance of the Insurance Department's required regulatory work and to maintain accreditation with the National Association of Insurance Commissioners (NAIC).

After careful consideration of the required qualifications, Mr. Mel Anderson, Deputy Commissioner of Financial Regulations, recommends promoting Mr. Chris Erwin, Certified Financial Examiner Manager, to the Chief Financial and Market Conduct Examiner position. Mr. Erwin has demonstrated the strong technical skills and experience necessary to successfully conduct the duties and responsibilities of the Chief Examiner. Over the past several years, he has proven his ability to meet required statutory examination standards and has distinguished himself by providing ongoing guidance and assistance to other examination staff.

Mr. Erwin's current position, Certified Financial Examiner Manager, 2208-8218, A004N, and the position of Insurance Chief Financial and Market Conduct Examiner, 2208-8216, N073N, are the same grade of GS13. Therefore, the usual 10% promotional increase would not apply. Given the scope and responsibilities of the Chief Examiner position are much greater than Mr. Erwin's current position, it would be inequitable to promote him without a reasonable increase in compensation. I also respectfully request approval for an 8.55% compensation increase to \$112,900 which is the maximum salary allowed in the GS13 position for Mr. Erwin to compensate him for the significant addition of work responsibilities.

In consideration of this request, several factors impacting staffing for financial solvency regulation are discussed in more detail below.

Solvency Regulation Mandate

Insurance, unlike banking and securities, is regulated for solvency solely at the state-level. The US state-based regulatory structure requires each jurisdiction to maintain sufficient personnel and resources to perform mandated financial solvency surveillance examination and analysis procedures for licensed insurance entities on a timely basis.

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Accordingly, each state insurance department must retain competent technical staff to conduct effective financial regulation in accordance with accreditation standards established by the NAIC. As a requirement of the accreditation program, AID is periodically reviewed by an independent team of experts to determine that Arkansas is in full compliance with all accreditation standards. Requirements for accreditation are rigorous, and standards for re-accreditation are changing and more stringent each round.

During the previous NAIC accreditation review, Arkansas received some of the highest marks ever scored by a state insurance department. AID has demonstrated a strong track record of meeting and exceeding national solvency standards. While Arkansas' financial regulation staff has proven to provide strong and effective regulation, it is critical to attract and retain competent staff to continue to meet accreditation standards.

Limited Qualified Candidates

Attracting qualified applicants with required technical expertise and professional designations is difficult due to limiting factors. The Department may only fill vacancies with candidates who have attained the required designations. Candidates may be required to relocate. Since certain designations are restricted to financial professionals in insurance regulation, the market for qualified candidates is limited and competitive. The Department also competes against other states and national insurance regulatory consulting firms for candidates.

The continued progression of technical requirements for performing statutory financial analysis requires increased levels of professional training and expertise. The need for effective state regulation in the face of federal intervention has resulted in new standards that mandate broader and deeper coverage in financial analysis and examinations.

Industry Expansion

Recent growth and developments in the licensure and solvency regulation of Risk Based Provider Organizations (PASSEs), Pharmacy Benefit Managers, Captive insurers and other domestic insurance entities have placed increased demands on limited personnel resources. This makes it more challenging to meet statutory mandates for financial examinations and analysis. Filling the above listed position is critical to meeting required regulatory deadlines and complying with NAIC accreditation standards.

Thank you for your consideration of the above request to fill the Insurance Chief Financial and Market Conduct Examiner (Chief Examiner) GS13 position as soon as possible.

Sincerely,



Michael Preston
Secretary

CHRISTOPHER J. ERWIN

Mel Anderson, CPA, MBA
Deputy Commissioner for Financial Regulation
Arkansas Insurance Department
Little Rock, AR 72202

DEAR MR. ANDERSON,

I am writing to express my interest in the Insurance Chief Financial/Market Conduct Examiner position for the State of Arkansas. I believe my education and experience would be a great addition to the Arkansas Insurance Department in this role. The position presents a unique combination of both financial and management elements that intrigue both my organizational inclinations and inquisitive nature. In addition, I have spent the last year mentoring under the prior Chief, Mel Heaps, assisting him in many of the Chief Examiner duties during his tenure as Acting Chief of Financial Analysis. Please allow me to present a few of my key skills that I will bring to the position:

- Skilled at project management, budget review, and meeting deadlines
- Experienced at mentorship and developing staff
- Strong interpersonal and communication skills
- Dedicated to ethical standards and the ability to help encourage such behavior at high-pressure workplaces
- Proven technical ability to adapt, learn, and implement IT programs

Please review my attached resume for additional details regarding my expertise and achievements. Do not hesitate to reach out if you have any questions or need further clarification on my experience. I would love to meet with you and discuss this position in more detail.

Thank you for your consideration.

Best Regards,

Christopher J. Erwin

Christopher J. Erwin, CPA, MBA, CFE

Executive Qualifications: Detail/results orientated individual with effective multi-tasking abilities to handle several time-sensitive projects while maintaining touch with day-to-day operations. Practiced and proven skills at creation of forecasting models for budget development, performance goal setting, operational planning, IT implementation, and risk assessment. "In the trenches" management ability developed from mentoring under CEO with 40 plus years of business success. Experienced in:

- Corporate Financial Leadership
- Operational Management
- Acquisitions
- IT Procurement
- Strategic Planning
- Creative Adaptation
- Policy & Procedure
- IT Budget
- Executive Negotiations
- Financial Analysis
- Risk Management
- IT Implementation

Accounting Industry Knowledge: Insurance, Dealership, Wholesale, Media, Sports, Medical, Gov't/Non-Profit

EXPERIENCE SNAPSHOT:

Chief Financial Officer: 4 years

Controller: 7 years

Audit: 10 years

Accomplishments:

- Developed templates and guidance policies and procedures to increase exam efficiencies for financial examiners. Implemented work products to institute best practices for accreditation reviews. Participated in two accreditation reviews with results of zero negative comments and positive review notes.
- Developed and wrote macro program to automate federal funding process saving over 400-man hours per week in processing time and allow for a single person operation during an emergency situation
- Developed and wrote automation process to compared coding of 12 divisions to validation table on daily basis to reduce error processing by 100%
- Negotiated settlement of LMA on new dealership acquisition. Reduced fee from \$347,665 to \$100,000 due to documentation and investigation of disputed account items.
- Created operation platform for startup semi-pro sports team. Organized PO system and direct line reporting between corporate and sales staff to establish quick response ability to client or vendor issues. Posted over 1.5 million in revenue during 1st year of operations and won championship.
- Conducted weekly meetings with General Managers to provide financial guidance, review operations, new directives, results vs. goals, and strategic planning. Work on maintaining and improving communications between accounting and operation divisions to improve overall efficiency in the company.
- Uncovered employee embezzlement scheme. Resulted in recovery of over \$33,000 in misappropriated funds. Restructured credit card system to safeguard against further abuse.
- Created a master policies and procedures manual to improve corporate communications with General Managers at dealerships. Created Employee Handbook and improved hiring procedures to decrease lag time between interview, testing, and final approval for work process.
- Restructured payroll department to improve efficiency and accuracy of postings while combining duties to reduce overall department cost. Implemented an electronic payroll system for tracking employees to reduce transmission errors from dealerships to corporate.

Employment History Timeline:

CERTIFIED FINANCIAL EXAMINER MANAGER-- ARKANSAS INSURANCE DEPARTMENT 01-18 TO Present

Responsible for directing the activities of financial examiners investigations and examinations of institutions to enforce laws and regulations and ensure legality of transactions and operations. Reviewed regulations, operating and program policies and procedures with departmental leaders, and made recommended changes as necessary to ensure correct interpretation and intent of language and subsequent impact on examination processes. Managed audit software program (Teammate) for department examinations. Developed audit templates, updated yearly, to meeting and exceed national accreditation standards.

CERTIFIED FINANCIAL EXAMINER – ARKANSAS INSURANCE DEPARTMENT 11-12 TO 01-18

Responsible for assisting in complex examination processes to ensure compliance with laws and regulations governing financial and securities institutions. Reviews and analyzes new, proposed, or revised laws, regulations, policies, and procedures in order to secure correct interpretation and intent of language and subsequent impact on examination processes

CONTROLLER – ARKANSAS DEPARTMENT OF HUMAN SERVICES 10-08 TO 11-12

Direct the activities of professional and administrative support staff that establishes agency accounting policy, procedures and business processes necessary to conform to the State of Arkansas's policy and procedures manual.

CFO – CRAIN MANAGEMENT, LLC 10-04 TO 10-08

Final responsibility for all accounting functions of various divisions for the Crain Organization composed of New Franchise dealerships (11), finance (1), Parts company (1), real estate investments (1), media (2), and semi-pro sports team (1). Consulted on all IT acquisitions and upgrades, acting administrator over several software platforms.

INTERNAL AUDITOR/CONTROLLER – CRAIN AUTOMOTIVE 7-02 to 10-04

Oversaw financial accounting, billing and collections, internal and external reporting, banking and cash management, year end closing and tax return preparation and review for 5 dealership locations. Responsible for internal audit procedures and compliance review for any deficiencies in operational procedures and monthly closing. Conducted monthly and yearly close on Media books and consolidation procedures for all entities for tax purposes. Reported to CEO.

CONTROLLER – NURSOL, LLC (Medical Staffing) 10-01 to 7-02

In charge of financials for company, accounts reconciliation, billing & payroll. Created both short- and long-term budgets for organizations, reviewed cost variances within the budget, organized and created both budget and cost variance reports for partners. Conducted tax research for payroll compliance, tax planning, and monthly and quarterly filings. Managed requisitions, purchasing, and tracking of company assets. Instituted operational procedures and accounting policies for company.

STAFF ACCOUNTANT – SHOPTAW, LABAHN, & COMPANY P.A. 7-00 to 10-01

Responsible for preparing tax returns, audits of financials for clients, and completing compilations and reviews for senior partners to review. Experienced with internal and compliance audits of banks and insurance companies. Created and organized daily operational procedures, established accounting policies and procedures, prepared financial statements, and prepared both federal and state filings for start-up companies.

EDUCATION: Bachelor of Science – Accounting Degree (2000)
Arkansas Tech University, Russellville
Graduated Cum Laude

Graduate Certificate in Taxation (2008)
University of Arkansas, Little Rock

Master of Business Administration (2013)
University of Arkansas, Little Rock

William H. Bowen School of Law (2009)
Contract Law – 1 year

AFFILIATIONS: A.I.C.P.A. Member
A.R.C.P.A. Member
S.O.F.E. Member

LICENSES/CERTIFICATES: Certified Public Accountant, Active status
Certified Financial Examiner, Active status

COMPUTER SKILLS:

• Excel (Advanced) • Word • PowerPoint • Access • SAP • Reynolds and Reynolds • ERA XT Reporting
• QuickBooks • QuickBooks Point of Sale • Questys • SMARTS • Teammate (Champion) • Internet & Email



**DEPARTMENT OF TRANSFORMATION & SHARED SERVICES
Office of Personnel Management
Intent to Fill/Incumbent Discretion Request**

RECEIVED
OCT 29 2021
BY:

Date	Business Area	Department	Request Type
10/19/20	0425	Commerce/Insurance	
Position Number	Division	City/Location	
22088216	Insurance Department/Finance	Little Rock	
Class Code	Job Title	Grade	
N073N	Chief Financial and Market Conduct Examiner	GS13	
Vacated by	Personnel #	Date Vacated	Reason Vacated
Melvin Heaps	3542	09/17/21	Termination <input type="checkbox"/>
Anticipated Annual Cost of Action:		\$114,401	

Program Responsibilities of Position

The position is necessary to conduct mandated statutory financial examinations on AR insurance entities. The Chief Examiner job duties are necessary to the performance of AID's required regulatory work and maintaining accreditation with the National Association of Insurance Commissioners.

Justification (if Intent to Fill, include what will occur if position remains unfilled)

Mr. Chris Erwin, Certified Financial Examiner Manager, to the Chief Financial and Market Conduct Examiner position. Mr. Erwin has demonstrated the strong technical skills and experience necessary to successfully conduct the duties and responsibilities of the Chief Examiner. Over the past several years, he has proven his ability to meet required statutory examination standards and has distinguished himself by providing ongoing guidance and assistance to other examination staff.

Department Contact Name	Email	Phone
Stephanie Lilly-Palmer	Stephanie.Lilly-Palmer@arkansas.gov	501-371-2815

By signing this document, I certify that sufficient agency funds are available to support this request without impacting other programs or services. I also acknowledge that funding for this action will not be made available from the Performance Fund.

**Secretary /Agency Director/
Chief of Staff Signature:**

Michael Austin

Approved

Denied

OPM Administrator Signature

Date

Approved

Denied

TSS Secretary Signature

Date