

STATE INSURANCE DEPARTMENT (AGENCY 0425)

FISCAL YEAR 2019

AS ENACTED BY ACT 248 OF 2018

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

**Insurance Department**, according to Arkansas Code § 23-61-101(c)(1)(A) and (B),

"(A) The purpose of the department is to serve and protect the public interest by the equitable enforcement of the state's laws and regulations affecting the insurance industry.

(B) The primary mission of the department shall be consumer protection through insurer solvency and market conduct regulation, and fraud prosecution and deterrence."

**Per Act 788 of 2017, the Burial Association Board, Cemetery Board and Embalmers and Funeral Directors Board were abolished and their powers and duties have been transferred by a Type 3 transfer to the State Insurance Department. The Act created a new "State Board of Embalmers, Funeral Directors, Cemeteries and Burial Services".**

**The Burial Association Board**, established by legislation, regulates and monitors burial associations by issuing certificates, adopting and enforcing rules for the proper operation of the burial associations, conducting audits, and by arbitrating disputes between associations and members.

**The Cemetery Board**, established by legislation, inspects and administers the issuance of permits to perpetual care cemeteries (municipal, church, family and non-profit community cemeteries). The Board is empowered to provide the funding necessary to make loans to a court appointed receiver or conservator to help assure that a cemetery placed in receivership will be properly maintained and continue to be a viable operation.

**The Board of Embalmers and Funeral Directors** is responsible for licensure of funeral directors, embalmers, funeral establishments, transport services and crematories, as well as facility inspection and the investigation of public complaints.

**TOTAL APPROPRIATION**

The total appropriation is \$98,276,976.

**FUNDING SOURCES**

**Insurance Dept.:** Special revenue (fees, premiums collected), trust funds (interest income, earnings, adjustments, grants, refunds, gifts), federal funds, employer workers' compensation benefits contributions (revolving funds), existing fund balances and cash.

**Burial Association Board:** Cash Funds from the receipt of fees charged by the Board. The Board also receives a transfer of funds each year of the biennium from the Embalmers and Funeral Directors Board for the payment of administrative duties performed by the Executive Secretary and Administrative Specialist III of the Burial Association Board.

**Cemetery Board:** Cash Funds from fees collected through permits, amended permits, and examination of cemeteries.

**Embalmers and Funeral Directors Board:** Cash Funds generated by examination and licensure fees.

**II) CHANGE LEVEL REQUESTS (FY2019 CHANGES FROM FY2018 AUTHORIZED)**

**Insurance Department:**

**STATE OPERATIONS (APPROPRIATION 2SW)**

This appropriation is used to defray the expenses of the State Insurance Department in the discharge of its administrative and regulatory powers and duties. It is funded by special revenues which are fees assessed or imposed upon insurers, insurance agents, brokers, professional bail bond companies, and other licensees or registrants and other regulatory fees. The total appropriation is \$13,463,407 and includes a change level request for the following:

**Operating Expenses** - increase of \$30,407 to cover office space rent increases.

**State Board of Embalmers, Funeral Directors, Cemeteries, and Burial Services:** No Change Level Requests.

**III) ADDITIONAL POSITIONS (Total FY2018 Authorized Positions: 184)**

**Insurance Department:**

Total Positions for FY 2019: 184

Total Positions for FY 2018: 184

Increase / (Decrease): 0

Extra Help Positions FY2019: 19 (Total FY2018 Authorized Extra Help: 19)

**Burial Association Board:**

Total Positions for FY2019: 3

Total Positions for FY2018: 3

Increase/(Decrease): 0

Extra Help Positions FY2019: 0 (Total FY2018 Authorized Extra Help: 0)

**Cemetery Board:** There are no regular salary positions. All administrative work and examinations done on behalf of the Board are handled by the staff of the Arkansas Securities Department.

**Embalmers and Funeral Directors Board:**

Total Positions for FY2019: 3

Total Positions for FY2018: 3

Increase/(Decrease): 0

Extra Help Positions FY2019: 0 (Total FY2018 Authorized Extra Help: 0)

**Note:** The Arkansas Burial Board's Executive Secretary and Administrative Specialist III perform the administrative duties for the Board of Embalmers and Funeral Directors.

**IV) SPECIAL LANGUAGE**

**PERSONAL SERVICES** - Language states the Burial Association Board Executive Secretary and the Burial Association Board Administrative Specialist III shall also be responsible for the administrative activities of the State Board of Embalmers and Funeral Directors. For administrative duties rendered, the Board of Embalmers and Funeral Directors shall pay one-half (1/2) of the salary and appropriate matching costs of the Burial Association Board Executive Secretary and

up to one-half (1/2) of the same for the Administrative Specialist III, and appropriate matching. This sum shall be paid during the first quarter of each fiscal year via fund transfer.

**TRANSFER PROVISION:** Recommends language that allows unused appropriations in Regular Salaries, Extra Help, and Personal Services Matching to be transferred to Professional Services special line item for contracting with qualified individuals or firms for exam assistance in the event the Department cannot maintain a full roster of examination personnel.

**ARKANSAS WORKS AND ARKANSAS HEALTH INSURANCE MARKETPLACE RESTRICTIONS:**

Language prohibits the Department of Insurance from budgeting, allocating, or expending any funds for the purpose of advertising or promoting Arkansas Works or the Health Insurance Marketplace. Additionally, the language prohibits the Department of Insurance from budgeting, allocating, or expending any funds for the Navigator programs of Arkansas Works and the Health Insurance Marketplace.

**FUNDING RESTRICTIONS:** The Insurance Department shall not allocate, budget, expend, or commit any funds for final implementation of a state-based health insurance exchange until after the decision of the United States Supreme Court in King v. Burwell.

**INSURANCE BUILDING CONSTRUCTION FUNDING PROVISION:** Language authorizes the Department, upon request of the Commissioner, the approval of the Chief Fiscal Officer of the State, and prior review by the Arkansas Legislative Council or joint Budget Committee, to retain an amount above that which is set out in statute 23-61-710(c) (equal to one (1) fiscal year of operating expenses for the Department and not to exceed eight million dollars (\$8,000,000) in a single biennium, to be used for the construction and renovation of Department facilities. The amount being requested must be submitted to the Chief Fiscal Officer of the State by April 1<sup>st</sup> of each fiscal year.

Revised March 19, 2018