

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H3/14/03 H3/27/03

A Bill

HOUSE BILL 1719

5 By: Joint Budget Committee
6
7

For An Act To Be Entitled

9 AN ACT TO MAKE AN APPROPRIATION FOR PERSONAL
10 SERVICES AND OPERATING EXPENSES FOR THE STATE
11 INSURANCE DEPARTMENT FOR THE BIENNIAL PERIOD
12 ENDING JUNE 30, 2005; AND FOR OTHER PURPOSES.
13

Subtitle

14
15 AN ACT FOR THE STATE INSURANCE
16 DEPARTMENT APPROPRIATION FOR THE
17 2003-2005 BIENNIUM.
18
19

20
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. REGULAR SALARIES - OPERATIONS. There is hereby established for
24 the State Insurance Department for the 2003-2005 biennium, the following
25 maximum number of regular employees whose salaries shall be governed by the
26 provisions of the Uniform Classification and Compensation Act (Arkansas Code
27 §§21-5-201 et seq.), or its successor, and all laws amendatory thereto.
28 Provided, however, that any position to which a specific maximum annual
29 salary is set out herein in dollars, shall be exempt from the provisions of
30 said Uniform Classification and Compensation Act. All persons occupying
31 positions authorized herein are hereby governed by the provisions of the
32 Regular Salaries Procedures and Restrictions Act (Arkansas Code §21-5-101),
33 or its successor.
34

35 Maximum Annual
36 Maximum Salary Rate



Item	Class		No. of	Fiscal Years	
No.	Code	Title	Employees	2003-2004	2004-2005
3	(1) 9918	ACTUARY - LIFE & HEALTH	1	\$134,972	\$137,712
4	(2) 9917	ACTUARY - PROPERTY & CASUALTY	1	\$134,972	\$137,712
5	(3) 9911	STATE INSURANCE COMMISSIONER	1	\$101,715	\$103,989
6	(4) 9070	INSURANCE DEP CMSNR FINANCIAL REGS	1	\$91,924	\$94,061
7	(5) 9919	INSURANCE DEPUTY CMSNR	2	\$86,261	\$88,300
8	(6) 9141	CHIEF CERTIFIED FINANCIAL EXAMINER	1	\$81,948	\$83,905
9	(7) 7270	ASST DEP CMSNR - FIN REGULATIONS	1	\$79,502	\$81,412
10	(8) 9142	CERTIFIED FINANCIAL EXAMINER	3	\$77,871	\$79,750
11	(9) 8911	DIRECTOR, FRAUD INVESTIGATION	1	\$69,057	\$70,769
12	(10) 9925	INSURANCE ASST DEPT CMNSR-FINANCE	1	\$66,275	\$67,934
13	(11) 767Z	WRKS COMP PUB EMP CLAIM ADMR	1		GRADE 26
14	(12) 801Z	ASST DIR FRAUD INVESTIGATION	1		GRADE 26
15	(13) 827Z	DP CENTER MANAGER	1		GRADE 26
16	(14) 986Z	INSURANCE RISK MANAGEMENT ADMR	1		GRADE 26
17	(15) A005	INSURANCE PROPERTY & CASUALTY ADMIN	1		GRADE 26
18	(16) A146	INSURANCE LIFE & HEALTH ADMIN	1		GRADE 26
19	(17) R038	ATTORNEY SUPERVISOR	3		GRADE 26
20	(18) A022	CERTIFIED FINANCIAL EXAMINER	10		GRADE 25
21	(19) R170	ATTORNEY SPECIALIST	9		GRADE 25
22	(20) 074Z	WRKS COMP PUB EMP BEN DET ASST DIR	1		GRADE 24
23	(21) D064	SR SYSTEMS PROGRAMMER	2		GRADE 24
24	(22) R006	ASST RISK MANAGEMENT ADMR	1		GRADE 24
25	(23) 055Z	DP MANAGER	1		GRADE 23
26	(24) 911Z	IFID FISCAL OFFICER	1		GRADE 23
27	(25) A007	INSURANCE CONSUMER SVCS ADMIN	1		GRADE 23
28	(26) A140	INSURANCE SENIOR EXAMINER	2		GRADE 23
29	(27) A143	INSURANCE LICENSING ADMIN	1		GRADE 23
30	(28) A197	SR RISK SPECIALIST	3		GRADE 23
31	(29) R316	WRKS COMP PUB EMP BEN DET MGR	6		GRADE 23
32	(30) D124	LEAD PROGRAMMER/ANALYST	3		GRADE 22
33	(31) A075	FINANCIAL ANALYST II	4		GRADE 21
34	(32) A079	SR. CERTIFIED RATE AND FORM ANALYST	8		GRADE 21
35	(33) A251	SR AUDITOR	1		GRADE 21
36	(34) D036	SR PROGRAMMER/ANALYST	1		GRADE 21

1	(35)	D123	APPLICATIONS & SYSTEMS ANALYST	1	GRADE 21
2	(36)	R298	AGENCY PROGRAM COORDINATOR	3	GRADE 21
3	(37)	A010	CERTIFIED RATE & FORM ANALYST	2	GRADE 20
4	(38)	A011	MARKET CONDUCT EXAMINER	1	GRADE 20
5	(39)	A048	INSURANCE EXAMINER	2	GRADE 20
6	(40)	A250	JR AUDITOR	1	GRADE 20
7	(41)	R001	INSURANCE PERSONNEL MANAGER	1	GRADE 20
8	(42)	R266	MANAGEMENT PROJECT ANALYST II	10	GRADE 20
9	(43)	X365	CRIMINAL INSURANCE FRAUD INVESTIGATOR	4	GRADE 20
10	(44)	A110	ACCOUNTANT II	2	GRADE 19
11	(45)	A094	SECURITIES CUSTODIAN	1	GRADE 18
12	(46)	A111	ACCOUNTANT	1	GRADE 18
13	(47)	X361	INSURANCE INVESTIGATOR	9	GRADE 18
14	(48)	M095	VOLUNTEER PROGRAM DEVELOPER I	1	GRADE 17
15	(49)	R010	ADMINISTRATIVE ASSISTANT II	7	GRADE 17
16	(50)	R190	PERSONNEL OFFICER II	1	GRADE 17
17	(51)	X352	HLTH CARE ANALYST II	1	GRADE 17
18	(52)	D035	PROGRAMMER TRAINEE	1	GRADE 16
19	(53)	A108	ACCOUNTING TECHNICIAN II	4	GRADE 15
20	(54)	K034	INSURANCE LICENSING SPECIALIST	2	GRADE 15
21	(55)	R009	ADMINISTRATIVE ASSISTANT I	2	GRADE 15
22	(56)	K032	INSURANCE LICENSE TECHNICIAN	8	GRADE 14
23	(57)	K041	EXECUTIVE SECY/ADMINISTRATIVE SECY	6	GRADE 14
24	(58)	K117	MEDICAL OR LEGAL SECRETARY	4	GRADE 14
25	(59)	K153	SECRETARY II	15	GRADE 13
26	(60)	A106	ACCOUNTING TECHNICIAN I	1	GRADE 12
27	(61)	K039	DOCUMENT EXAMINER II	5	GRADE 12
28	(62)	K155	SECRETARY I	<u>1</u>	GRADE 11
29			MAX. NO. OF EMPLOYEES	174	

30

31 SECTION 2. EXTRA HELP - OPERATIONS. There is hereby authorized, for the
 32 State Insurance Department for the 2003-2005 biennium, the following maximum
 33 number of part-time or temporary employees, to be known as "Extra Help",
 34 payable from funds appropriated herein for such purposes: nineteen (19)
 35 temporary or part-time employees, when needed, at rates of pay not to exceed
 36 those provided in the Uniform Classification and Compensation Act, or its

1 successor, or this act for the appropriate classification.

2

3 SECTION 3. APPROPRIATION - ADMINISTRATION AND REGULATORY SUPPORT SERVICES
 4 PROGRAM. There is hereby appropriated, to be payable from the funds and fund
 5 accounts as set out herein, to the State Insurance Department for the
 6 biennial period ending June 30, 2005, the following:

7 (a) For the Administration and Regulatory Support Services Program, the sum
 8 of \$17,281,466 for the 2003-2004 fiscal year and \$17,357,755 for the 2004-
 9 2005 fiscal year.

10 (1) Program Description. This program is composed of all activities and
 11 resources necessary to administer and support the regulatory activities of
 12 the other Programs.

13 (2) Appropriation payable from:

FISCAL YEARS

		<u>2003-2004</u>		<u>2004-2005</u>
14				
15	(A) Special Revenue	\$ 4,132,750	\$	4,048,365
16	(B) Appropriated Cash Funds	\$ 313,000	\$	313,000
17	(C) Other Funds	\$ 33,022,293	\$	31,186,577

18 (3) Performance Targets:

19	(A) % of agency performance measures			
20	met.	76		77
21	(B) % of agency staff in			
22	Administration and support			
23	services as compared to total			
24	agency positions	30		30
25	(C) % of agency budget in			
26	Administration and support			
27	services as compared to total			
28	agency budget.	45		45
29	(D) Number of prior year audit			
30	findings repeated in subsequent			
31	audit.	0		0
32	(E) Agency information technology			
33	budget as a percent of total			
34	agency budget	4.7		4.7
35	(F) Implement all Commissioner			
36	approved National Association of			

1	Insurance Commissioners		
2	technology initiatives.	100%	100%
3	(G) Number of proprietary		
4	information systems maintained by		
5	agency staff or maintained		
6	through contractual services.	10	10
7	(H) % Gramm-Leach-Bliley (GLB)		
8	Financial Services Modernization		
9	Act- required changes in state		
10	regulation of insurance		
11	substantially complied with.	100	100

12

13 SECTION 4. APPROPRIATION - INSURANCE REGULATION & CONSUMER PROTECTION

14 PROGRAM. There is hereby appropriated, to be payable from the funds and fund
 15 accounts as set out herein, to the State Insurance Department for the
 16 biennial period ending June 30, 2005, the following:

17 (a) For the Insurance Regulation & Consumer Protection Program, the sum of
 18 \$7,061,201 for the 2003-2004 fiscal year and \$6,158,483 for the 2004-2005
 19 fiscal year.

20 (1) Program Description. This program is composed of all regulatory
 21 operations necessary to administer and provide current protection and future
 22 assurance to Arkansas insurance consumers; to safe-guard the consumer's right
 23 to local, state-based insurance regulation by protecting it from federal
 24 encroachment; and to fulfill any additional responsibilities that may be
 25 vested in the Insurance Commissioner from time to time by the Legislature or
 26 Administration.

27	(2) Appropriation payable from:	FISCAL YEARS	
28		<u>2003-2004</u>	<u>2004-2005</u>
29	(A) Special Revenue	\$ 4,650,250	\$ 3,734,635
30	(B) Trust Funds	\$ 2,104,855	\$ 2,104,855
31	(C) Federal Funds as designated by		
32	the Chief Fiscal Officer of the		
33	State	\$ 276,625	\$ 284,304
34	(D) Other Funds	\$ 4,555,476	\$ 4,526,005

35 (3) Performance Targets:

36 (A) Amount of consumer monetary

1	awards resulting from		
2	investigation of complaints	\$1,980,000	\$1,960,000
3	(B) Number of consumer complaints		
4	filed	4,400	4,600
5	(C) % of consumer complaints closed	91	92
6	(D) Number consumer calls		
7	received/handled	28,500	29,000
8	(E) % of Governor's Dislocated		
9	Worker Workshops participated in	96	97
10	(F) Percentage of resident agents		
11	meeting continuing education		
12	requirements.	97	97
13	(G) Number resident and non-resident		
14	agents with active licenses.	43,200	43,400
15	(H) Average processing time for		
16	agent licenses in days.	9.5	9
17	(I) Number of on site inspections		
18	and analysis of State owned		
19	facilities in order to develop		
20	enhanced real property		
21	appraisals.	1,500	1,550
22	(J) Number of Fidelity Bond Trust		
23	Fund <i>contacts</i> made.	1,400	1,500
24	(K) % of insured State structures		
25	inspected to promote increased		
26	safety awareness and operating		
27	conditions, and to facilitate		
28	loss control and loss prevention.	50	50
29	(L) Number of updates to Insurance		
30	Risk Assessment System (IRAS)		
31	property databases.	1,600	1,650
32	(M) Maintain full accreditation by		
33	annually achieving ever improving		
34	financial regulation standards.	100%	100%
35	(N) % of company applications for		
36	admission which were processed		

1	for initial response within 120		
2	days.	75	80
3	(O) % of domestic insurance		
4	companies required to be examined		
5	by Arkansas Statute, performed.	100	100
6	(P) Examinations performed as a % of		
7	domestic insurance companies		
8	licensed in Arkansas.	20	18
9	(Q) % of domestic insurance		
10	companies on which financial		
11	analysis reviews were performed.	100	100

12

13 SECTION 5. APPROPRIATION - INSURANCE FRAUD INVESTIGATION PROGRAM. There is
 14 hereby appropriated, to be payable from the funds and fund accounts as set
 15 out herein, to the State Insurance Department for the biennial period ending
 16 June 30, 2005, the following:

17 (a) For the Insurance Fraud Investigation Program, the sum of \$1,137,692 for
 18 the 2003-2004 fiscal year and \$1,158,268 for the 2004-2005 fiscal year.

19 (1) Program Description. This program is composed of operations necessary
 20 to enforce the criminal fraud provisions of the Arkansas Insurance Code and
 21 the Workers' Compensation Law.

22 (2) Appropriation payable from:

FISCAL YEARS

		<u>2003-2004</u>	<u>2004-2005</u>
23			
24	(A) Special Revenue	\$ 897,480	\$ 901,906
25	(B) Other Funds	\$ 1,261,616	\$ 1,121,404

26 (3) Performance Targets:

27 (A) Percentage of referrals
 28 reviewed and assigned to an
 29 investigator within 48 hours
 30 of receipt. 85 90

31 (B) Percentage of investigations completed
 32 and closed or prosecution referred to
 33 local prosecutor prior to the
 34 expiration of the statute of
 35 limitation. 100 100

36 (C) Percentage of referred cases

1	accepted by Prosecuting		
2	Attorneys.	76	80
3	(D) Conviction rate on arraigned		
4	cases.	85%	90%

5
 6 SECTION 6. APPROPRIATION - WORKER'S COMPENSATION FOR STATE EMPLOYEES
 7 PROGRAM. There is hereby appropriated, to be payable from the funds and fund
 8 accounts as set out herein, to the State Insurance Department for the
 9 biennial period ending June 30, 2005, the following:

10 (a) For the Worker's Compensation for State Employees Program, the sum of
 11 \$12,429,549 for the 2003-2004 fiscal year and \$12,453,470 for the 2004-2005
 12 fiscal year.

13 (1) Program Description. The Worker's Compensation Claim Management
 14 Program for state employees is responsible for providing worker's
 15 compensation benefits for state employees with work related injuries or
 16 illnesses and residual claims of other public employees.

17	(2) Appropriation payable from:	FISCAL YEARS	
18		<u>2003-2004</u>	<u>2004-2005</u>
19	(A) Special Revenue	\$ 1,304,549	\$ 1,328,470
20	(B) Other Funds	\$ 11,125,000	\$ 11,125,000

21	(3) Performance Targets:		
22	(A) Percent of new claims with		
23	eligibility decisions within 15		
24	days.	72	73
25	(B) State government worker's		
26	compensation benefit cost rate		
27	per \$100 of payroll in cents.	\$.47	\$.46
28	(C) Administrative costs as percent		
29	of claim expenditures.	12	12
30	(D) Administrative costs per dollar		
31	amount of payroll.	.0750%	.0725%

32
 33 Section 7. APPROPRIATION - ARKANSAS MULTI-AGENCY INSURANCE TRUST FUND.
 34 There is hereby appropriated, to the State Insurance Department, to be
 35 payable from the Arkansas Multi-Agency Insurance Trust Fund ("AMAIT"), for
 36 operating expenses and payment of claims of the participating state agencies

1 of the AMAIT Fund for each fiscal year of the biennial period ending June 30,
2 2005, a sum not to exceed \$10,000,000.

3
4 SECTION 8. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE
5 NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SPECIAL RATES
6 OF PAY. Due to the highly competitive job market conditions for the
7 insurance examination professionals and the necessity of recruiting and
8 retaining qualified personnel, the Arkansas Insurance Department is
9 authorized special rates of pay for current and new employees in the
10 classifications listed under subsection (a) below.

11 (a)

12 CLASS

13	CODE	TITLE	GRADE
14	A140	Insurance Senior Examiner	23
15	A038	Financial Analyst	20
16	A048	Insurance Examiner	20

17
18 (b) The Insurance Department will submit a salary structure plan that
19 addresses the recruiting and retention needs of the department for approval
20 by the Chief Fiscal Officer and review by the Arkansas Legislative Council.
21 Salary adjustments implemented under this provision shall be reported monthly
22 to the Arkansas Legislative Council.

23 (c) This special provision shall be in full force and effect for the
24 biennium beginning ~~July 1, 2001~~ July 1, 2003 and ending ~~June 30, 2003~~ June
25 30, 2005.

26
27 SECTION 9. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS
28 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW.

29 GOVERNMENTAL BONDING BOARD. Of the amounts appropriated for the Regulation
30 and Consumer Protection Program, an amount of \$2,104,855 shall be available
31 for the exclusive use of the operations of the Governmental Bonding Board in
32 each year of the FY2003-05 biennium.

33 The provisions of this section shall only be in effect from July 1, 2003
34 through June 30, 2005.

35
36 SECTION 10. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS

1 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. REFUNDS OF
2 OVERPAYMENTS. Of the amounts appropriated for the Administration and
3 Regulatory Support Program, an amount of \$11,000,000 shall be available for
4 the exclusive purpose of making payments of miscellaneous tax and fee refunds
5 from the Miscellaneous Revolving Fund in each year of the FY2003-05
6 biennium.

7 The provisions of this section shall only be in effect from July 1, 2003
8 through June 30, 2005.

9
10 SECTION 11. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS
11 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. PREPAID
12 FUNERAL CONTRACTS RECOVERY. Of the amount appropriated for the Regulation
13 and Consumer Protection Program for the year ended June 30, 2004, an amount
14 of \$1,000,000 shall be available for the exclusive purpose of making payments
15 for PREPAID FUNERAL CONTRACTS RECOVERY expenses and claims. The unexpended
16 balance of the \$1,000,000 appropriated for this purpose that remains at June
17 30, 2004 shall be carried forward and made available for the same purpose for
18 the fiscal year ending June 30, 2005.

19 The provisions of this section shall only be in effect from July 1, 2003
20 through June 30, 2005.

21
22 SECTION 12. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED
23 SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. FUND BALANCES - INSURANCE
24 CONTINUING EDUCATION TRUST FUND OR INSURANCE CASH FUND. (A) For all
25 appropriations as provided in this Act, the agency disbursing officer shall
26 monitor the level of fund balances in relation to expenditures on a monthly
27 basis. If any proposed expenditures would cause the Insurance Continuing
28 Education Trust Fund to decline below one hundred forty four thousand five
29 hundred fifty two dollars (\$144,552) or the Insurance Cash Fund to decline
30 below two hundred thirty seven thousand four hundred fourteen dollars
31 (\$237,414) a fund balance to decline to less than fifty percent (50%) of the
32 balance available on July 1, 2001, the disbursing officer shall immediately
33 notify the executive head of the agency. Prior to any obligations being made
34 under these circumstances, the agency head shall file written documentation
35 with the Chief Fiscal Officer of the State requesting approval of the
36 expenditures. Such documentation shall provide sufficient financial data to

1 justify the expenditures and shall include the following:

- 2 1) a plan that clearly indicates the specific fiscal impact of such
- 3 expenditures on the fund balance.
- 4 2) information clearly indicating and explaining what programs would be cut
- 5 or any other measures to be taken by the agency to restore the fund balance.
- 6 3) the extent to which any of the planned expenditures are for one-time costs
- 7 or one-time purchase of capitalized items.
- 8 4) a statement certifying that the expenditure of fund balances will not
- 9 jeopardize the financial health of the agency, nor result in a permanent
- 10 depletion of the fund balance.

11 (B) The Chief Fiscal Officer of the State shall review the request and

12 approve or disapprove all or any part of the request, after having sought

13 prior review by the Legislative Council.

14 The provisions of this section shall be in effect only from July 1, 2003

15 through June 30, 2005.

16

17 SECTION 13. COMPLIANCE WITH OTHER LAWS. Disbursement of funds authorized

18 by this act shall be limited to the appropriation for such agency and funds

19 made available by law for the support of such appropriations; and the

20 restrictions of the State Purchasing Law, the General Accounting and

21 Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary

22 Procedures and Restrictions Act, or their successors, and other fiscal

23 control laws of this State, where applicable, and regulations promulgated by

24 the Department of Finance and Administration, as authorized by law, shall be

25 strictly complied with in disbursement of said funds.

26

27 SECTION 14. LEGISLATIVE INTENT. It is the intent of the General Assembly

28 that any funds disbursed under the authority of the appropriations contained

29 in this act shall be in compliance with the stated reasons for which this act

30 was adopted, as evidenced by the Agency Requests, Executive Recommendations

31 and Legislative Recommendations contained in the budget manuals prepared by

32 the Department of Finance and Administration, letters, or summarized oral

33 testimony in the official minutes of the Arkansas Legislative Council or

34 Joint Budget Committee which relate to its passage and adoption.

35

36 SECTION 15. EMERGENCY CLAUSE. It is found and determined by the General

1 Assembly, that the Constitution of the State of Arkansas prohibits the
2 appropriation of funds for more than a two (2) year period; that the
3 effectiveness of this Act on July 1, 2003 is essential to the operation of
4 the agency for which the appropriations in this Act are provided, and that in
5 the event of an extension of the Regular Session, the delay in the effective
6 date of this Act beyond July 1, 2003 could work irreparable harm upon the
7 proper administration and provision of essential governmental programs.
8 Therefore, an emergency is hereby declared to exist and this Act being
9 necessary for the immediate preservation of the public peace, health and
10 safety shall be in full force and effect from and after July 1, 2003.

11
12 */s/ Joint Budget Committee*
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