

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 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 1542

4  
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, 2007; AND FOR OTHER PURPOSES.  
13

## Subtitle

14  
15 AN ACT FOR THE STATE INSURANCE  
16 DEPARTMENT APPROPRIATION FOR THE  
17 2005-2007 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 2005-2007 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	2005-2006	2006-2007
3	(1) 9918	ACTUARY - LIFE & HEALTH	1	\$140,687	\$143,707
4	(2) 9917	ACTUARY - PROPERTY & CASUALTY	1	\$140,687	\$143,707
5	(3) 9911	STATE INSURANCE COMMISSIONER	1	\$106,458	\$108,964
6	(4) 9070	INSURANCE DEP CMSNR FINANCIAL REGS	1	\$96,381	\$98,736
7	(5) 9919	INSURANCE DEPUTY CMSNR	2	\$90,527	\$92,794
8	(6) 9141	CHIEF CERTIFIED FINANCIAL EXAMINER	1	\$86,049	\$88,233
9	(7) 7270	ASST DEP CMSNR - FIN REGULATIONS	1	\$83,508	\$85,644
10	(8) 9142	CERTIFIED FINANCIAL EXAMINER	3	\$81,815	\$83,919
11	(9) 9354	DIRECTOR RISK MANAGEMENT	1	\$72,973	\$74,909
12	(10) 8911	DIRECTOR, FRAUD INVESTIGATION	1	\$72,663	\$74,593
13	(11) 9925	INSURANCE ASST DEPT CMNSR-FINANCE	1	\$69,774	\$71,649
14	(12) A005	INSURANCE PROPERTY & CASUALTY ADMIN	1	GRADE	26
15	(13) A146	INSURANCE LIFE & HEALTH ADMIN	1	GRADE	26
16	(14) 986Z	INSURANCE RISK MANAGEMENT ADMR	1	GRADE	26
17	(15) 767Z	WRKS COMP PUB EMP CLAIM ADMR	1	GRADE	26
18	(16) 801Z	ASST DIR FRAUD INVESTIGATION	1	GRADE	26
19	(17) 827Z	DP CENTER MANAGER	1	GRADE	26
20	(18) R038	ATTORNEY SUPERVISOR	3	GRADE	26
21	(19) R170	ATTORNEY SPECIALIST	9	GRADE	25
22	(20) A022	CERTIFIED FINANCIAL EXAMINER	12	GRADE	25
23	(21) 074Z	WRKS COMP PUB EMP BEN DET ASST DIR	1	GRADE	24
24	(22) R006	ASST RISK MANAGEMENT ADMR	1	GRADE	24
25	(23) D064	SR SYSTEMS PROGRAMMER	2	GRADE	24
26	(24) D080	APPLICATIONS & SYSTEMS MANAGER	1	GRADE	23
27	(25) R316	WRKS COMP PUB EMP BEN DET MGR	6	GRADE	23
28	(26) 055Z	DP MANAGER	1	GRADE	23
29	(27) 911Z	IFID FISCAL OFFICER	1	GRADE	23
30	(28) A007	INSURANCE CONSUMER SVCS ADMIN	1	GRADE	23
31	(29) A197	SR RISK SPECIALIST	3	GRADE	23
32	(30) A140	INSURANCE SENIOR EXAMINER	4	GRADE	23
33	(31) A143	INSURANCE LICENSING ADMIN	1	GRADE	23
34	(32) 909Z	PROGRAM SUPPORT MANAGER	1	GRADE	22
35	(33) D124	LEAD PROGRAMMER/ANALYST	3	GRADE	22
36	(34) D123	APPLICATIONS & SYSTEMS ANALYST	1	GRADE	21

1	(35)	R001	INSURANCE PERSONNEL MANAGER	1	GRADE 21
2	(36)	R290	PUBLIC SCHOOL PROGRAM ADVISOR	2	GRADE 21
3	(37)	R298	AGENCY PROGRAM COORDINATOR	3	GRADE 21
4	(38)	A251	SR AUDITOR	1	GRADE 21
5	(39)	D036	SR PROGRAMMER/ANALYST	2	GRADE 21
6	(40)	A079	SR. CERTIFIED RATE AND FORM ANALYST	8	GRADE 21
7	(41)	A048	INSURANCE EXAMINER	2	GRADE 20
8	(42)	A010	CERTIFIED RATE & FORM ANALYST	2	GRADE 20
9	(43)	A011	MARKET CONDUCT EXAMINER	1	GRADE 20
10	(44)	A250	JR AUDITOR	1	GRADE 20
11	(45)	R266	MANAGEMENT PROJECT ANALYST II	9	GRADE 20
12	(46)	X365	CRIMINAL INSURANCE FRAUD INVESTIGAT	5	GRADE 20
13	(47)	X394	SCHOOL INSURANCE SPECIALIST	1	GRADE 20
14	(48)	M097	VOLUNTEER PROGRAM DEVELOPER II	1	GRADE 19
15	(49)	A110	ACCOUNTANT II	2	GRADE 19
16	(50)	A111	ACCOUNTANT	1	GRADE 18
17	(51)	A094	SECURITIES CUSTODIAN	1	GRADE 18
18	(52)	R195	PERSONNEL ANALYST	1	GRADE 18
19	(53)	X361	INSURANCE INVESTIGATOR	9	GRADE 18
20	(54)	X352	HLTH CARE ANALYST II	1	GRADE 17
21	(55)	R010	ADMINISTRATIVE ASSISTANT II	8	GRADE 17
22	(56)	R190	PERSONNEL OFFICER II	1	GRADE 17
23	(57)	A108	ACCOUNTING TECHNICIAN II	3	GRADE 15
24	(58)	R009	ADMINISTRATIVE ASSISTANT I	2	GRADE 15
25	(59)	K034	INSURANCE LICENSING SPECIALIST	12	GRADE 15
26	(60)	K041	EXECUTIVE SECY/ADMINISTRATIVE SECY	5	GRADE 14
27	(61)	K117	MEDICAL OR LEGAL SECRETARY	4	GRADE 14
28	(62)	K153	SECRETARY II	16	GRADE 13
29	(63)	K039	DOCUMENT EXAMINER II	4	GRADE 12
30	(64)	A106	ACCOUNTING TECHNICIAN I	1	GRADE 12
31	(65)	K155	SECRETARY I	<u>1</u>	GRADE 11
32			MAX. NO. OF EMPLOYEES	182	

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34 SECTION 2. EXTRA HELP - OPERATIONS. There is hereby authorized, for the  
 35 State Insurance Department for the 2005-2007 biennium, the following maximum  
 36 number of part-time or temporary employees, to be known as "Extra Help",

1 payable from funds appropriated herein for such purposes: nineteen (19)  
2 temporary or part-time employees, when needed, at rates of pay not to exceed  
3 those provided in the Uniform Classification and Compensation Act, or its  
4 successor, or this act for the appropriate classification.

5

6 SECTION 3. APPROPRIATION - INSURANCE REGULATION AND CONSUMER PROTECTION  
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, 2007, the following:

10 (a) For the Insurance Regulation and Consumer Protection Program, the sum of  
11 \$23,268,689 for the 2005-2006 fiscal year and \$22,464,879 for the 2006-2007  
12 fiscal year.

13 (1) Program Description. This program is composed of all activities and  
14 resources necessary to administer and support the regulatory activities of  
15 the other Programs.

16	(2) Appropriation payable from:	FISCAL YEARS	
17		<u>2005-2006</u>	<u>2006-2007</u>
18	(A) Federal Funds as designated by		
19	the Chief Fiscal Officer of the		
20	State	\$ 319,311	\$ 323,795
21	(B) Special Revenue	\$ 11,160,000	\$ 10,160,000
22	(C) Other Funds	\$ 27,617,778	\$ 26,916,622

23 (3) Performance Targets:

24	(A) % Gramm-Leach-Bliley (GLB)		
25	Financial Services Modernization		
26	Act- required changes in state		
27	regulation of insurance		
28	substantially complied with.	100%	100%
29	(B) % of Governor's Dislocated		
30	Worker Workshops participated in	98%	99%
31	(C) % of agency budget in		
32	Administration and support		
33	services as compared to total		
34	agency budget.	47%	47%
35	(D) % of agency key performance		
36	measures met.	78%	80%

1	(E) % of agency staff in		
2	Administration and support		
3	services as compared to total		
4	agency positions.	30%	30%
5	(F) % of company applications for		
6	admission which were processed		
7	for initial response within 120		
8	days.	85%	90%
9	(G) % of consumer complaints closed	93%	94%
10	(H) % of domestic insurance		
11	companies on which financial		
12	analysis reviews were performed	100%	100%
13	(I) % of domestic insurance		
14	companies required to be examined		
15	by Arkansas Statute, performed	100%	100%
16	(J) Agency information technology		
17	budget as a percent of total		
18	agency budget	4.7%	4.7%
19	(K) Average processing time for		
20	agent licenses (in days)	8 days	7 days
21	(L) Examinations performed as a % of		
22	domestic insurance companies		
23	licensed in Arkansas.	27%	19%
24	(M) Implement all Commissioner		
25	approved National Association of		
26	Insurance Commissioners		
27	technology initiatives.	100%	100%
28	(N) Maintain full accreditation by		
29	annually achieving ever improving		
30	financial regulation standards.	100%	100%
31	(O) Number consumer calls		
32	received/handled	30,000	29,000
33	(P) Number of consumer complaints		
34	filed	4,800	5,000
35	(Q) Number of consumer monetary		
36	awards resulting from		

1	investigation of complaints	\$1.95M	\$1.94M
2	(R) Number of days to enter all		
3	year-end closing entries into		
4	AASIS required for CAFR Report.	63 days	63 days
5	(S) Number of prior year audit		
6	findings repeated in subsequent		
7	audit.	0%	0%
8	(T) Number of proprietary		
9	information systems maintained by		
10	agency staff or maintained		
11	through contractual services.	10	10
12	(U) Number of security and privacy		
13	policies promulgated by the State		
14	Executive Chief Information		
15	Officer implemented in required		
16	timeframe.	4	4
17	(V) Number resident and non-resident		
18	agents with active licenses	43,500	43,600
19	(W) Percentage of resident agents		
20	meeting continuing education		
21	requirements	97%	97%

22

23 SECTION 4. APPROPRIATION – ADMINISTRATION OF RISK MANAGEMENT SPECIAL PURPOSE

24 FUNDS PROGRAM. There is hereby appropriated, to be payable from the funds and

25 fund accounts as set out herein, to the State Insurance Department for the

26 biennial period ending June 30, 2007, the following:

27 (a) For the Administration of Risk Management Special Purpose Funds Program,

28 the sum of \$26,104,855 for the 2005-2006 fiscal year and \$26,104,855 for the

29 2006-2007 fiscal year.

30 (1) Program Description. This program is composed of all regulatory

31 operations necessary to administer and provide current protection and future

32 assurance to Arkansas insurance consumers; to safe-guard the consumer's right

33 to local, state-based insurance regulation by protecting it from federal

34 encroachment; and to fulfill any additional responsibilities that may be

35 vested in the Insurance Commissioner from time to time by the Legislature or

36 Administration.

(2) Appropriation payable from:	FISCAL YEARS	
	<u>2005-2006</u>	<u>2006-2007</u>
(A) Trust Funds	\$ 26,104,855	\$ 26,104,855
(B) Other Funds	\$ 14,368,338	\$ 14,368,338
 (3) Performance Targets:		
(A) % of insured State structures inspected to promote increased safety awareness and operating conditions, and to facilitate loss control and loss prevention.	50	50
(B) Number of Fidelity Bond Trust Fund contacts made.	1,550	1,600
(C) Number of on site inspections and analysis of State owned facilities in order to develop enhanced real property appraisals.	1,600	1,650
(D) Number of updates to Insurance Risk Assessment System (IRAS) property databases.	1,650	1,650

SECTION 5. APPROPRIATION - INSURANCE FRAUD INVESTIGATION PROGRAM. There is hereby appropriated, to be payable from the funds and fund accounts as set out herein, to the State Insurance Department for the biennial period ending June 30, 2007, the following:

(a) For the Insurance Fraud Investigation Program, the sum of \$1,233,440 for the 2005-2006 fiscal year and \$1,242,982 for the 2006-2007 fiscal year.

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

(2) Appropriation payable from:	FISCAL YEARS	
	<u>2005-2006</u>	<u>2006-2007</u>
(A) Special Revenue	\$ 1,049,964	\$ 1,055,445
(B) Other Funds	\$ 1,185,420	\$ 1,001,944

(3) Performance Targets:  
 (A) 90% conviction rate on arraigned

1	cases.	90%	90%
2	(B) Investigation completed and		
3	closed or prosecution referred to		
4	local prosecutor prior to the		
5	expiration of the statute of		
6	limitation	100%	100%
7	(C) Referred cases accepted by		
8	prosecuting attorneys.	80%	80%
9	(D) Review and assign referrals to		
10	an investigator within 48 hours		
11	of receipt.	95%	100%

SECTION 6. APPROPRIATION - WORKER'S COMPENSATION FOR STATE EMPLOYEES PROGRAM.

There is hereby appropriated, to be payable from the funds and fund accounts as set out herein, to the State Insurance Department for the biennial period ending June 30, 2007, the following:

(a) For the Worker's Compensation for State Employees Program, the sum of \$12,577,981 for the 2005-2006 fiscal year and \$12,514,097 for the 2006-2007 fiscal year.

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

(2) Appropriation payable from:	FISCAL YEARS	
	<u>2005-2006</u>	<u>2006-2007</u>
(A) Special Revenue	\$ 1,452,981	\$ 1,389,097
(B) Other Funds	\$ 11,125,000	\$ 11,125,000

(3) Performance Targets:

(A) Administrative costs as percent of claim expenditures.	12%	12%
(B) Administrative costs per dollar amount of payroll.	.0700%	.0675%
(C) Percent of new claims with eligibility decisions within 15 days.	74%	75%
(D) State government worker's		



1 compensation benefit cost rate  
 2 per \$100 of payroll 0.45 0.44  
 3

4 SECTION 7. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 5 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW.

6 APPROPRIATION ALLOCATION - ADMINISTRATION OF RISK MANAGEMENT SPECIAL PURPOSE  
 7 FUNDS PROGRAM. The appropriations provided in this Act for the  
 8 Administration of Risk Management Special Purpose Funds Program are allocated  
 9 as follows:

	<u>Maximum Allocation</u>	
	<u>Fiscal Years</u>	
	<u>2005-06</u>	<u>2006-07</u>
13 <u>Governmental Bonding Board Operations payable</u>		
14 <u>from the Fidelity Bond Trust Fund</u>	<u>\$ 2,104,855</u>	<u>\$ 2,104,855</u>
15		
16 <u>Arkansas Multi-Agency Insurance Trust Fund</u>		
17 <u>(AMAIT) Operations</u>	<u>10,000,000</u>	<u>10,000,000</u>
18		
19 <u>School Motor Vehicle Operations payable from the</u>		
20 <u>School Vehicle Insurance Reserve Trust Fund</u>	<u>5,000,000</u>	<u>5,000,000</u>
21		
22 <u>Public Elementary and Secondary School Insurance</u>		
23 <u>Operations payable from the Public Elementary and</u>		
24 <u>Secondary School Insurance Fund</u>	<u>9,000,000</u>	<u>9,000,000</u>
25		
26 <u>TOTAL</u>	<u>\$26,104,855</u>	<u>\$26,104,855</u>

27  
 28 SECTION 8. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE  
 29 NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SPECIAL RATES  
 30 OF PAY. Due to the highly competitive job market conditions for the  
 31 insurance examination professionals and the necessity of recruiting and  
 32 retaining qualified personnel, the Arkansas Insurance Department is  
 33 authorized special rates of pay for current and new employees in the  
 34 classifications listed under subsection (a) below.

35 (a)  
 36 CLASS

1	CODE	TITLE	GRADE
2	A140	Insurance Senior Examiner	23
3	<u>A075</u>	<u>Financial Analyst II</u>	<u>21</u>
4	A038	Financial Analyst	20
5	A048	Insurance Examiner	20

6

7 (b) The Insurance Department will submit a salary structure plan that  
 8 addresses the recruiting and retention needs of the department for approval  
 9 by the Chief Fiscal Officer and review by the Arkansas Legislative Council.  
 10 Salary adjustments implemented under this provision shall be reported monthly  
 11 to the Arkansas Legislative Council.

12 (c) This special provision shall be in full force and effect for the  
 13 biennium beginning July 1, ~~2003~~ 2005 and ending June 30, ~~2005~~ 2007.

14

15 SECTION 9. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 16 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. REFUNDS  
 17 OF OVERPAYMENTS. Of the amounts appropriated for the Insurance Regulation  
 18 and Consumer Protection Program Administration and Regulatory Support  
 19 ~~Program~~, an amount of \$11,000,000 shall be available for the exclusive  
 20 purpose of making payments of miscellaneous tax and fee refunds from the  
 21 Miscellaneous Revolving Fund in each year of the ~~FY2003-05~~ FY2005-07  
 22 biennium.

23 The provisions of this section shall only be in effect from July 1, ~~2003~~  
 24 2005 through June 30, ~~2005~~ 2007.

25

26 SECTION 10. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS  
 27 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. REPAID  
 28 FUNERAL CONTRACTS RECOVERY. Of the amount appropriated for the Insurance  
 29 Regulation and Consumer Protection Program for the year ended June 30, ~~2004~~  
 30 2006, an amount of \$1,000,000 shall be available for the exclusive purpose of  
 31 making payments for PREPAID FUNERAL CONTRACTS RECOVERY expenses and claims.  
 32 The unexpended balance of the \$1,000,000 appropriated for this purpose that  
 33 remains at June 30, ~~2004~~ 2006 shall be carried forward and made available for  
 34 the same purpose for the fiscal year ending June 30, ~~2005~~ 2007.

35 The provisions of this section shall only be in effect from July 1, ~~2003~~  
 36 2005 through June 30, ~~2005~~ 2007.

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SECTION 11. COMPLIANCE WITH OTHER LAWS. Disbursement of funds authorized by this act shall be limited to the appropriation for such agency and funds made available by law for the support of such appropriations; and the restrictions of the State Procurement Law, the General Accounting and Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary Procedures and Restrictions Act, or their successors, and other fiscal control laws of this State, where applicable, and regulations promulgated by the Department of Finance and Administration, as authorized by law, shall be strictly complied with in disbursement of said funds.

SECTION 12. LEGISLATIVE INTENT. It is the intent of the General Assembly that any funds disbursed under the authority of the appropriations contained in this act shall be in compliance with the stated reasons for which this act was adopted, as evidenced by the Agency Requests, Executive Recommendations and Legislative Recommendations contained in the budget manuals prepared by the Department of Finance and Administration, letters, or summarized oral testimony in the official minutes of the Arkansas Legislative Council or Joint Budget Committee which relate to its passage and adoption.

SECTION 13. EMERGENCY CLAUSE. It is found and determined by the General Assembly, that the Constitution of the State of Arkansas prohibits the appropriation of funds for more than a two (2) year period; that the effectiveness of this Act on July 1, 2005 is essential to the operation of the agency for which the appropriations in this Act are provided, and that in the event of an extension of the Regular Session, the delay in the effective date of this Act beyond July 1, 2005 could work irreparable harm upon the proper administration and provision of essential governmental programs. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 2005.