

## **House Bill 1118**

(As Engrossed February 5, 2025)

Actuarial Cost Study prepared for

Joint Committee on Public Retirement and Social Security Programs  
of the Arkansas 95<sup>th</sup> General Assembly

### **Provisions of the Bill**


House Bill 1118 affects the premium tax allocation to the employers in the Local Police and Fire Retirement System (LOPFI) and to the Local Plans. A portion of the premium taxes collected on certain lines of fire insurance have been used to offset the cost of firefighter pensions since the 1920's. During the early 1980's a portion of the auto liability line of insurance began to be used to offset the cost of police pensions. During the 1999 and 2001 sessions major changes were made to the allocation of the premium taxes to align with where the coverage was needed. Another major change in the allocation law occurred in the 2011 session to align the cost of coverage into the formula. This formula has remained consistent since that time.

This formula has been administered by the Pension Review Board (PRB) which oversees the Local Plans. As the Local Plans continue to consolidate administration with LOPFI, the duties of the Pension Review Board also decreases. To ensure continued consistent administration of the allocation formula, the Pension Review Board and the Department of Finance and Administration (DFA) agreed that the administration of the formula would be best served by moving to DFA at this time. House Bill 1118 amends the sections of code that refer to the PRB and substitutes DFA.

### **Fiscal Impact**

We have reviewed the provisions of House Bill 1118 and any effects it would have on the premium tax allocation to the employers in LOPFI and the Local Plans. Based on our review, the provisions of this bill will not impact the allocation of premium taxes and therefore will not have an impact on the employers in the LOPFI system or the remaining Local Plans.

Sincerely,



Jody Carreiro, MAAA, EA, FCA  
Actuary