



STATE OF ARKANSAS
**Department of Finance
 and Administration**

OFFICE OF PERSONNEL MANAGEMENT
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August 14, 2018

Senator John Cooper, Co-Chairperson
 Representative Les Eaves, Co-Chairperson
 Uniform Personnel Classification and
 Compensation Plan Subcommittee
 Arkansas Legislative Council
 State Capitol Building, Room 315
 Little Rock, Arkansas 72201

Dear Co-Chairs:

The Office of Personnel Management (OPM) submits a request from the Arkansas Insurance Department (AID) for your review.

AID requests a salary administration grid pursuant to Ark. Code Ann. §21-5-222. An explanation of the qualification and examination requirements as well as the classifications affected are as follows:

Code	Title	Grade	Range
A118C	Financial Examiner Specialist	GS10	\$56,039 – \$81,257
A117C	Accredited Financial Examiner	GS11	\$62,531 – \$90,670
A004C	Certified Financial Examiner	GS12	\$69,776 – \$101,175
A004N	Certified Financial Examiner Manager	GS13	\$77,862 – \$112,900

AID is responsible for ensuring high quality financial regulation through the recruitment, retention, and professional development of financial examiners. The agency requests a salary administration grid to assist with this development and retention process. Once individuals are hired as Financial Examiner Specialists, they undergo unique technical training to conduct financial examination duties. These individuals become sought after by private firms in the insurance industry. There are ten (10) current incumbents in these classifications.

Newly-hired incumbents into this job series enter at the Financial Examiner Specialist classification. Incumbents in this job series are expected to successfully pass seven tests administered by the Society of Financial Examiners (SOFE) and complete at least three years of regulatory examination or financial analysis experience to advance through the series. Individuals successfully passing the first three tests become eligible for a 5% annual salary adjustment for each test; no incumbent can receive more than a 5% increase pursuant to this grid in a single fiscal year. Individuals successfully passing the fourth test become eligible for a promotion to the Accredited Financial Examiner classification. Individuals successfully passing the fifth and sixth tests become eligible for a 5% annual salary adjustment each time; no incumbent can receive more

than a 5% increase pursuant to this grid in a single fiscal year. Individuals successfully passing the seventh test become eligible for a promotion to the Certified Financial Examiner classification. Certified Financial Examiners are eligible for promotion to the Certified Financial Examiner Manager classification if any such vacancies exist.

<u>Title</u>	<u>Grade</u>	<u>Tests Passed</u>	<u>Grid Rate</u>	<u>% Increase</u>
Financial Examiner Specialist	GS10	0	\$56,039	N/A
Financial Examiner Specialist	GS10	1	\$58,840	5%
Financial Examiner Specialist	GS10	2	\$61,783	5%
Financial Examiner Specialist	GS10	3	\$64,872	5%
Accredited Financial Examiner	GS11	4	\$71,359	10%
Accredited Financial Examiner	GS11	5	\$74,927	5%
Accredited Financial Examiner	GS11	6	\$78,673	5%
Certified Financial Examiner	GS12	7	\$86,541	10%
Certified Financial Examiner Manager	GS13	7	\$95,195	10%

RECOMMENDATION

The Office of Personnel Management has reviewed this request from AID and recommends approval of a salary administration grid. AID guarantees our office that it possesses sufficient funding to support this salary administration grid. If approved, the Office of Personnel Management recommends that no employee receive greater than a \$5,000 annual salary increase during any one fiscal year. The anticipated cost to implement the grid is \$14,463.82

Your approval of this request is greatly appreciated.

Sincerely,



Kay Barnhill
State Personnel Administrator



Chief Fiscal Officer of the State

AUG 03 2018

Date

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

July 26, 2018

Ms. Kay Barnhill
State Personnel Administrator
Office of Personnel Management
Department of Finance & Administration
1509 W. 7th Street, Ste. 201
Little Rock, AR 72201



Re: Request for Salary Administration Grid for Financial Examiner Positions

Dear Ms. Barnhill,

Class Code	OPM Description		Grade
A118C	Financial Examiner Specialist		GS10
A117C	Accredited Financial Examiner		GS11
A004C	Certified Financial Examiner		GS12
A004N	Certified Financial Examiner Manager		GS13

In order to move forward with recruiting efforts, approval of a Salary Administration Grid is requested for the above position(s) for the following reasons.

Justification

The *New Pay Plan* adopted during the 2017 legislative session inadvertently omitted a critical OPM Approved AID Examiner Position Ladder used for recruitment of new examiners. The previously approved OPM Plan permitted AID to downgrade vacant Certified Financial Examiner, A004C, GS12, positions to Financial Examiner Specialist, A118C, GS10. Then, after making new hires at the Financial Examiner Specialist, A118C, GS10 level, the new recruits would be required to pass a series of seven (7) examinations and meet specific experience requirements in order to be promoted to Accredited Financial Examiner, A117C, GS11, and Certified Financial Examiner, A004C, GS12. The previous plan allowed for the building of qualified examiner staff through training and examination. Due to the unique technical training and experience required to conduct financial solvency examination duties, qualified applicants are extremely limited and the market is very competitive. The only qualified applicants generally found in the Arkansas job market are already employed by the Arkansas Insurance Department. Therefore, the Department is unable to fill these positions until this problem is resolved.

The continued progression of technical requirements necessary to perform statutory examinations and financial analysis requires increased levels of professional training and expertise for financial solvency staff. The need for effective state regulation in the face of federal intervention has resulted in new standards that mandate broader and deeper coverage in many areas, including, but not limited to, corporate governance, group solvency regulation and enterprise risk analysis. As the Department moves forward with the financial solvency oversight of a growing multibillion dollar

domestic insurance industry, it is critical for the Arkansas Insurance Department to have the ability to attract and retain qualified financial regulatory staff necessary to meet these requirements.

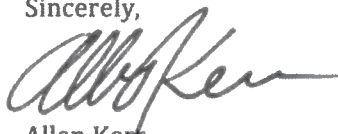
Requested Salary Administration Grid

As illustrated in the attachment, the Department requests a salary administration grid as follows:

- *New hires will be made at the Financial Examiner Specialist, A118C, GS10, position level. Over a period of three to five years, newly hired Financial Examiner Specialists will complete two levels of examination and experience requirements in order to be promoted to the Accredited Financial Examiner, A117C, GS11 and Certified Financial Examiner, A004C, GS12.*
- *First, the newly hired Financial Examiner Specialist, A118C, GS10, must successfully pass four (4) tests administered by the Society of Financial Examiners and complete at least two (2) years of regulatory examination or financial analysis experience. When the Financial Examiner Specialist successfully passes a test, the examiner is eligible for a percentage salary increase. Once the Financial Examiner Specialist, A118C, GS10, completes the four (4) specified tests required to obtain the Accredited Financial Examiner Designation, the examiner is eligible for promotion to the Accredited Financial Examiner, A117C, GS11, position.*
- *After completion of above requirements, the Accredited Financial Examiner, A117C, GS11, must successfully pass three (3) tests administered by the Society of Financial Examiners and complete at least one (1) additional year of regulatory examination and/or financial analysis experience. When the Accredited Financial Examiner successfully passes a test, the examiner is eligible for a percentage salary increase. Once the Accredited Financial Examiner, A117C, GS11, completes the three (3) specified tests required to obtain the Certified Financial Examiner Designation, the examiner is eligible for promotion to the Certified Financial Examiner, A004C, GS12, position.*

Implementation of the above Salary Administration Grid is critical to providing the Arkansas Insurance Department with an education and development process to recruit and develop professional staff. In order for the Department to maintain high quality financial solvency regulation, it must have the ability to attract and maintain qualified and experienced financial examiners and analysts to perform the required duties and responsibilities necessary to meet national solvency standards. The Finance Division has attempted to fill open positions, but as indicated above, qualified applicants are generally not found in the local job market. Therefore, approval of this plan is necessary to hire and build qualified staff.

Sincerely,



Allen Kerf
Insurance Commissioner