

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
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 Employees	Fiscal Years	
	No.	Code Title		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	
14		<u>2003-2004</u>	<u>2004-2005</u>
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.	47	47
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 contracts 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
5 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. TRANSFER
6 PROVISION. In the event the State Insurance Department is unable to maintain
7 a full roster of examination personnel during the ~~2001-2003~~ 2003-2005
8 Biennium, and upon approval of the Chief Fiscal Officer of the State and
9 prior approval by the Arkansas Legislative Council or Joint Budget Committee,
10 the resulting unused appropriations in Regular Salaries, Extra Help, and
11 Personal Services Matching may be transferred to the Professional Services
12 special line item for the purpose of contracting with qualified individuals
13 or firms for examination assistance.
14 Determining the maximum number of employees and the maximum amount of
15 appropriation and general revenue funding for a state agency each fiscal year
16 is the prerogative of the General Assembly. This is usually accomplished by
17 delineating such maximums in the appropriation act(s) for a state agency and
18 the general revenue allocations authorized for each fund and fund account by
19 amendment to the Revenue Stabilization law. Further, the General Assembly
20 has determined that the State Insurance Department may operate more
21 efficiently if some flexibility is provided to the State Insurance Department
22 authorizing broad powers under this Section. Therefore, it is both necessary
23 and appropriate that the General Assembly maintain oversight by requiring
24 prior approval of the Legislative Council or Joint Budget Committee as
25 provided by this section. The requirement of approval by the Legislative
26 Council or Joint Budget Committee is not a severable part of this section.
27 If the requirement of approval by the Legislative Council or Joint Budget
28 Committee is ruled unconstitutional by a court of competent jurisdiction,
29 this entire section is void.

30 The provisions of this section shall be in effect only from ~~July 1, 2001~~
31 July 1, 2003 through ~~June 30, 2003~~ June 30, 2005.

32
33 SECTION 9. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE
34 NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SPECIAL RATES
35 OF PAY. Due to the highly competitive job market conditions for the
36 insurance examination professionals and the necessity of recruiting and

1 retaining qualified personnel, the Arkansas Insurance Department is
 2 authorized special rates of pay for current and new employees in the
 3 classifications listed under subsection (a) below.

4 (a)

5 CLASS

6 CODE	TITLE	GRADE
7 A140	Insurance Senior Examiner	23
8 A038	Financial Analyst	20
9 A048	Insurance Examiner	20

10

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

16 (c) This special provision shall be in full force and effect for the
 17 biennium beginning ~~July 1, 2001~~ July 1, 2003 and ending ~~June 30, 2003~~ June
 18 30, 2005.

19

20 SECTION 10. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED
 21 SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. FUND BALANCES - INSURANCE
 22 CONTINUING EDUCATION TRUST FUND OR INSURANCE CASH FUND. (A) For all
 23 appropriations as provided in this Act, the agency disbursing officer shall
 24 monitor the level of fund balances in relation to expenditures on a monthly
 25 basis. If any proposed expenditures would cause the Insurance Continuing
 26 Education Trust Fund to decline below one hundred forty four thousand five
 27 hundred fifty two dollars (\$144,552) or the Insurance Cash Fund to decline
 28 below two hundred thirty seven thousand four hundred fourteen dollars
 29 (\$237,414) a fund balance to decline to less than fifty percent (50%) of the
 30 balance available on July 1, 2001, the disbursing officer shall immediately
 31 notify the executive head of the agency. Prior to any obligations being made
 32 under these circumstances, the agency head shall file written documentation
 33 with the Chief Fiscal Officer of the State requesting approval of the
 34 expenditures. Such documentation shall provide sufficient financial data to
 35 justify the expenditures and shall include the following:
 36 1) a plan that clearly indicates the specific fiscal impact of such

1 expenditures on the fund balance.

2 2) information clearly indicating and explaining what programs would be cut
3 or any other measures to be taken by the agency to restore the fund balance.

4 3) the extent to which any of the planned expenditures are for one-time costs
5 or one-time purchase of capitalized items.

6 4) a statement certifying that the expenditure of fund balances will not
7 jeopardize the financial health of the agency, nor result in a permanent
8 depletion of the fund balance.

9 (B) The Chief Fiscal Officer of the State shall review the request and
10 approve or disapprove all or any part of the request, after having sought
11 prior review by the Legislative Council.

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

14

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

24

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

33

34 SECTION 13. EMERGENCY CLAUSE. It is found and determined by the General
35 Assembly, that the Constitution of the State of Arkansas prohibits the
36 appropriation of funds for more than a two (2) year period; that the

1 effectiveness of this Act on July 1, 2003 is essential to the operation of
2 the agency for which the appropriations in this Act are provided, and that in
3 the event of an extension of the Regular Session, the delay in the effective
4 date of this Act beyond July 1, 2003 could work irreparable harm upon the
5 proper administration and provision of essential governmental programs.
6 Therefore, an emergency is hereby declared to exist and this Act being
7 necessary for the immediate preservation of the public peace, health and
8 safety shall be in full force and effect from and after July 1, 2003.

9
10 */s/ Joint Budget Committee*
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