

# STATE INSURANCE DEPARTMENT

## Enabling Laws

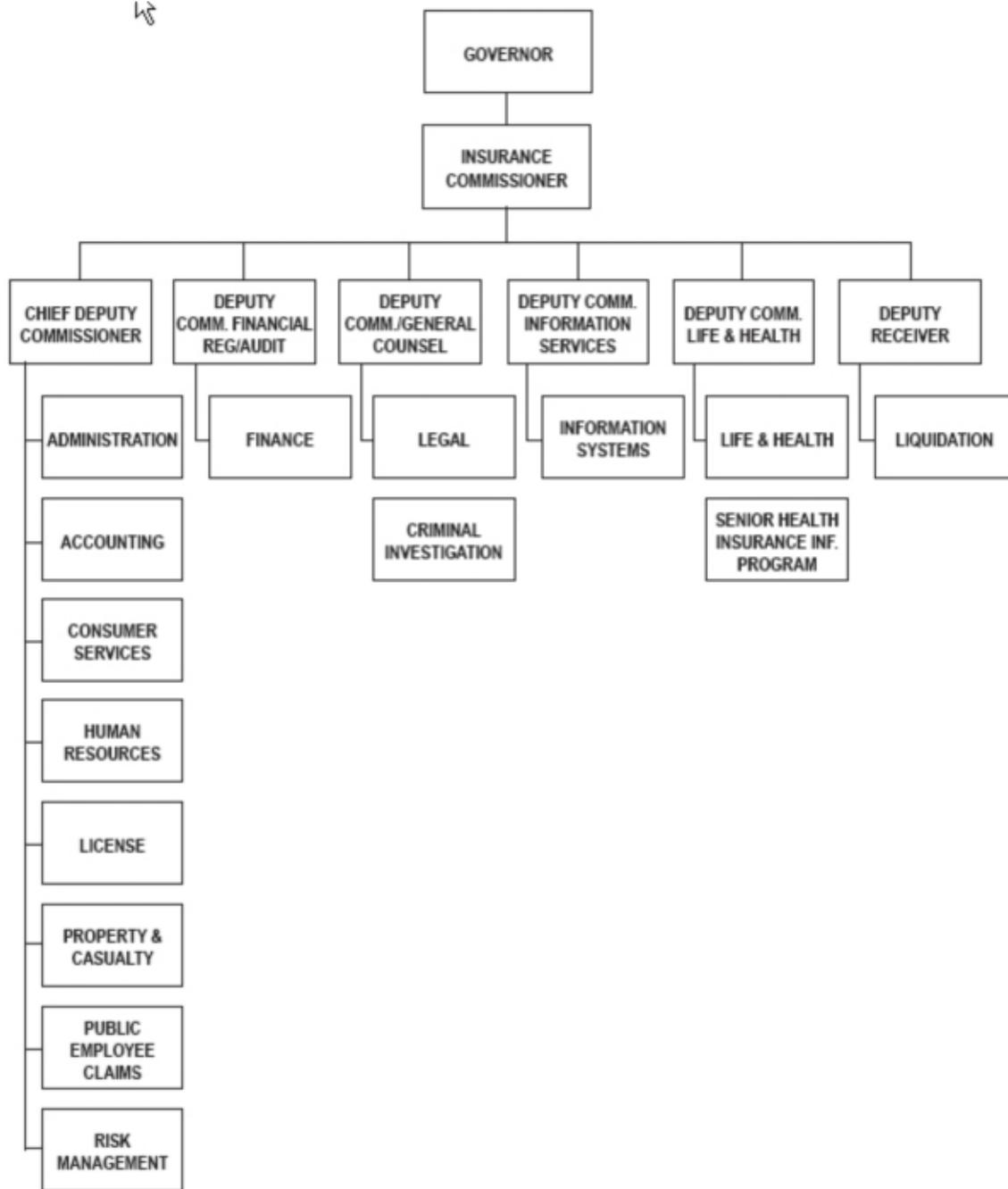
Act 332 of 2007  
A.C.A. §21-2-801 et seq.  
A.C.A. §21-5-601 et seq.  
A.C.A. §23-60-101---23-101-114  
A.C.A. §26-57-601---26-57-616  
A.C.A. §24-11-301; 24-11-809  
A.C.A. §23-102-105---23-102-119  
A.C.A. §11-9-301---11-9-307  
A.C.A. §21-14-101(d)(2)  
A.C.A. §23-40-101  
A.C.A. §21-2-707-21-2-708(b)&(c) et seq.

## History and Organization

The purpose of the Arkansas Insurance Department is to serve and protect the public interest by the equitable enforcement of the State's laws and regulations affecting the insurance industry. The primary mission of the Department is consumer protection through insurer solvency, market conduct regulation, and fraud prevention and deterrence.

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, title agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. It assists state agencies, institutions and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and provides information to the public with regard to these entities. Legislation is prepared and rules are promulgated to effectively carry out duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. The State Insurance Department operates with a trust fund. Legislation established the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division, and PrePaid Funeral Benefits Division; all operating with trust funds.

The Public Employee Claims Division was created within the State Insurance Department. The Division is designated as the unit of State government primarily responsible for the administration of Public Employee Workers' Compensation claims in the state of Arkansas.



## Agency Commentary

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators.

The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. Another duty is assisting State agencies, institutions, and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and for providing information to the public with regard to these entities. Legislation is prepared and rules and regulations are promulgated to effectively carry out these duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. Legislation has added the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division and the Prepaid Funeral Benefits Division to the Department.

The Public Employee Claims Division was created within the State Insurance Department. The Division was designated as the unit of state government primarily responsible for the administration of Public Employee Workers' Compensation claims in the State of Arkansas.

In the State Operations Program the Department is requesting an increase of \$100,000 each year above Base Level in Extra Help to provide additional security for the Department; an increase of \$100,000 each year above the Base Level in Professional Services to provide actuarial support during financial examinations of licensed insurers to assure company solvency and to protect the policyholders of Arkansas; Capital Outlay of \$135,000 each year to replace and upgrade Information Technology equipment; and \$25,000 in Capital Outlay each year to replace non IT equipment. Also requested is one additional position of Risk Consultant with salaries and matching costs of \$49,533 in the first year and \$50,554 in the second year.

Capital Outlay of \$7,000 each year is requested to replace and upgrade IT equipment for the Insurance Department Criminal Investigation Division. Also requested is one additional position to act as Deputy Director and General Counsel for the Division. Costs total \$92,122 in the first year and \$94,123 in the second year.

The Public Employee Claims Division is requesting a \$2,000,000 increase each year for the WC State Employee Claims payment account. Capital Outlay of \$5,000 each year is requested to replace and upgrade IT equipment and Capital Outlay of \$10,000 each year is for replacement of non IT equipment. Also requested is one additional position of Labor Inspector Supervisor with salary and matching costs of \$49,532 for FY10 and \$50,554 for FY11.

Data processing supplies of \$8,000 each year are requested for the Health Information Counseling Program. Also requested is continuation of \$56,092 each year that was originally approved on a miscellaneous federal grant in 2009.

\$11,778 each year is requested for the Travel & Subsistence - Cash Program for reimbursement of travel expenses for financial examiners performing audits on licensed insurers. The licensed insurers provide funding for the program.

Also requested is \$25,000 each year in appropriation for Criminal Background Checks - Cash in Treasury. All new agent license applicants must submit to criminal background checks before becoming a licensed agent. Funding is provided by fees collected from new applicants.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE INSURANCE DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2007

### Findings

The Agency did not accrue \$669,273 of insurance claims payable comprised of the following:

\$216,980 Public Elementary and Secondary School Insurance Fund (TBA)  
\$213,354 Arkansas Multi-Agency Insurance Trust Fund (TMI), and  
\$238,939 School Vehicle Insurance Reserve Trust Fund (WI)

In addition, deferred revenue in the amount of \$1,371,582 was not recorded in the Fidelity Bond Trust Fund (TFB).

Failure to properly record required financial information in the accounting system may result in inaccurate and unreliable financial reports that could affect management's ability to make quality decisions.

### Recommendations

Controls be implemented to ensure that all information pertinent to the Agency's financial statements is recorded properly and in a timely manner.

## Employment Summary

	Male	Female	Total	%
White Employees	56	78	134	78 %
Black Employees	3	32	35	20 %
Other Racial Minorities	0	3	3	2 %
Total Minorities			38	22 %
Total Employees			172	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. 23-61-112	Y	N	120	Required for the Governor and provided to others upon request.
Newsletter	None	N	N	500	Annually provide insurance fraud information to the public.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	4,678,128	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0
2SW Insurance-State Operations	9,850,528	129	11,030,218	134	10,946,522	134	11,346,519	134	11,764,061	135	11,506,519	134	11,518,229	134	11,936,793	135	11,678,229	134
2SX Fraud Investigation Unit	264,130	4	327,582	4	320,089	4	336,160	4	336,160	4	336,160	4	340,874	4	340,874	4	340,874	4
2SY St Ins Dept Criminal Investigation Division	851,610	12	980,603	12	981,402	12	1,010,692	12	1,109,814	13	1,017,692	12	1,027,423	12	1,128,546	13	1,034,423	12
2SZ Prepaid Funeral Benefits Division	252,355	4	340,537	4	336,228	4	350,558	4	350,558	4	350,558	4	356,565	4	356,565	4	356,565	4
2TA Continuing Education Program	30,321	1	30,587	1	28,666	1	35,174	1	35,174	1	35,174	1	35,865	1	35,865	1	35,865	1
2TB State Employee Claims	10,972,258	0	12,000,000	0	12,000,000	0	12,000,000	0	14,000,000	0	14,000,000	0	12,000,000	0	14,000,000	0	14,000,000	0
2TC Governmental Bonding Board Operations	343,485	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0
2TD Public Employees Claims Section	1,349,879	24	1,464,973	24	1,429,552	24	1,512,041	24	1,576,573	25	1,527,041	24	1,538,578	24	1,604,132	25	1,553,578	24
2TE Health Information Counseling	367,518	5	531,700	5	436,595	5	486,499	5	550,591	5	550,591	5	489,362	5	553,454	5	553,454	5
2TF Refunds of Overpayments	5,370,388	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0
2TG Public School Employees Claims	378,311	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0
2TH County Employee Claims	26,440	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
2TJ City Employee Claims	35,016	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0
2TK Consumer Info System - Cash	31,742	0	166,425	0	173,000	0	166,425	0	166,425	0	166,425	0	166,425	0	166,425	0	166,425	0
2TM Travel & Subsistence-Cash	68,360	0	88,222	0	88,222	0	88,222	0	100,000	0	100,000	0	88,222	0	100,000	0	100,000	0
2TN Prepaid Funeral Contracts Recovery	24,326	0	975,675	0	0	0	1,000,000	0	1,000,000	0	1,000,000	0	0	0	0	0	0	0
4HH Criminal Background Checks-Cash	103,634	0	100,000	0	100,000	0	100,000	0	125,000	0	125,000	0	100,000	0	125,000	0	125,000	0
56A Public School Insurance Program	3,095,718	0	14,000,000	0	0	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
2HJ School Motor Vehicle Operations	990,998	0	0	0	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
2HK PE/Sec School Ins Operations	2,672,301	0	0	0	9,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
4KV AR Multi-Agcy Wkrs' Comp Trust	0	0	0	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>38,094,147</b>	<b>179</b>	<b>66,391,377</b>	<b>184</b>	<b>67,195,131</b>	<b>184</b>	<b>66,787,145</b>	<b>184</b>	<b>69,469,211</b>	<b>187</b>	<b>69,070,015</b>	<b>184</b>	<b>66,016,398</b>	<b>184</b>	<b>68,702,509</b>	<b>187</b>	<b>68,299,268</b>	<b>184</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	59,590,014	57.1	62,560,248	47.3			58,753,834	45.6	58,753,834	44.9	58,753,834	44.9	62,200,891	47.4	61,684,227	46.4	62,033,891	46.6
Federal Revenue	4000020	367,518	0.4	531,700	0.4			486,499	0.4	550,591	0.4	550,591	0.4	489,362	0.4	553,454	0.4	553,454	0.4
Special Revenue	4000030	17,632,343	16.9	18,759,692	14.2			19,038,201	14.8	19,102,733	14.6	19,053,201	14.6	18,069,452	13.8	18,135,006	13.6	18,084,452	13.6
Cash Fund	4000045	182,700	0.2	174,311	0.1			188,222	0.1	225,000	0.2	225,000	0.2	188,222	0.1	225,000	0.2	225,000	0.2
Trust Fund	4000050	9,762,804	9.4	26,104,855	19.7			26,104,855	20.3	26,104,855	19.9	26,104,855	19.9	26,104,855	19.9	26,104,855	19.6	26,104,855	19.6
Miscellaneous Revolving	4000350	5,810,155	5.6	12,250,000	9.3			12,250,000	9.5	12,250,000	9.4	12,250,000	9.4	12,250,000	9.3	12,250,000	9.2	12,250,000	9.2
Transfers / Adjustments	4000683	(98)	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

Funding Sources		%		%		%		%		%		%		%		%	
Workers' Comp Revolving	4000735	10,972,258	10.5	12,000,000	9.1												
						12,000,000	9.3	14,000,000	10.7	14,000,000	10.7	12,000,000	9.1	14,000,000	10.5	14,000,000	10.5
Total Funds		104,317,694	100.0	132,380,806	100.0	128,821,611	100.0	130,987,013	100.0	130,937,481	100.0	131,302,782	100.0	132,952,542	100.0	133,251,652	100.0
Excess Appropriation/(Funding)		(62,560,248)		(65,989,429)		(62,034,466)		(61,517,802)		(61,867,466)		(65,286,384)		(64,250,033)		(64,952,384)	
Grand Total		38,094,147		66,391,377		66,787,145		69,469,211		69,070,015		66,016,398		68,702,509		68,299,268	

Beginning Fund Balance for 2009-2010 is reduced by \$7,235,595 in accordance with adjustment specified in A.C.A. 23-61-710(c).

Budget amounts in various appropriations exceed Authorized due to salary and matching adjustments during the 2007-2009 Biennium.

Prepaid Funeral Contracts Recovery (2TN) is a biennial appropriation with Authorization of \$1,000,000 in FY08.

Act 684 of 2007 transferred the Title Insurance Agents' Licensing Board to the Insurance Department. Accordingly, the Authorized level for Insurance-State Operations (2SW) includes \$169,336 and 2 positions from Title Insurance.

Act 738 of 2007 transferred resources of the School Motor Vehicle Operations (2HJ) and PE/Sec School Ins Operations (2HK) to the Public School Insurance Program (56A) on July 31, 2007.

Excess funding at the foot of the Base Level, Agency, and Executive columns for 2009-2010 and 2010-2011 is reduced by \$166,425 in unfunded appropriation.

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
183	172	11	183	0	6.01 %	184	173	11	184	0	5.98 %	184	172	12	184	0	6.52 %

## **Analysis of Budget Request**

**Appropriation:** 1QA - AMAIT - Operations

**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

The Arkansas Multi-Agency Insurance Trust Fund Program (AMAIT) was established by Act 1762 of 2003 (A.C.A. §25-35-101 et seq.) to reduce the costs of insurance coverage for state agencies by combining their premium dollars in purchasing broader coverage for property and vehicle insurance with higher deductibles. The program is also designed to build a growing reserve to self-insure ever larger deductible amounts allowing further reductions in policy prices.

Base Level is \$10,000,000 each year and is the Department's request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1QA - AMAIT - Operations

**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT	5900046	4,678,128	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total		4,678,128	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Funding Sources										
Fund Balance	4000005	9,680,409	11,212,062		11,212,062	11,212,062	11,212,062	11,212,062	11,212,062	11,212,062
Trust Fund	4000050	6,209,781	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding		15,890,190	21,212,062		21,212,062	21,212,062	21,212,062	21,212,062	21,212,062	21,212,062
Excess Appropriation/(Funding)		(11,212,062)	(11,212,062)		(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)
Grand Total		4,678,128	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

## **Analysis of Budget Request**

**Appropriation:** 2SW - Insurance-State Operations

**Funding Sources:** TSI - State Insurance Department Trust Fund

The State Insurance Department's State Operations appropriation is funded by special revenues that are authorized in A.C.A. §19-5-922. Base Level for this program is \$11,346,519 for FY10 and \$11,518,229 for FY11, with 134 positions authorized and budgeted. This includes resources of the Title Insurance Agents' Licensing Board, authorized by Act 788 of 2007 and transferred to the State Insurance Department on January 1, 2008, by Act 684 of 2007.

Thirteen Base Level positions were changed from unclassified to classified to reflect recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Changes are requested as follows:

One additional position, Risk Consultant, is requested to assist with a workload that has multiplied since the Risk Management Program was initiated. Costs for salaries and matching are \$49,533 for FY10 and \$50,554 for FY11.

Extra Help of \$100,000 each year is requested to provide for extra security on the outside of the Department's offices and in parking areas.

An increase of \$100,000 each year in Professional Services for additional actuarial support during financial examinations of licensed insurers and Capital Outlay of \$25,000 each year for replacement of office equipment.

For the Department's Information Technology Program, restoration of Capital Outlay in the amount of \$135,000 each year is requested for replacement of IT equipment.

The Executive Recommendation provides for Base Level, plus Capital Outlay requests that total \$160,000 each year.

## Appropriation Summary

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,725,576	6,135,288	5,963,073	6,433,129	6,470,461	6,433,129	6,576,583	6,614,773	6,576,583
<b>#Positions</b>		<b>129</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>135</b>	<b>134</b>	<b>134</b>	<b>135</b>	<b>134</b>
Extra Help	5010001	87,517	140,000	140,000	140,000	240,000	140,000	140,000	240,000	140,000
<b>#Extra Help</b>		<b>15</b>	<b>19</b>							
Personal Services Matching	5010003	1,711,009	1,740,930	1,829,449	1,919,390	1,939,600	1,919,390	1,947,646	1,968,020	1,947,646
Overtime	5010006	294	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses	5020002	1,662,733	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000
Conference & Travel Expenses	5050009	101,594	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Professional Fees	5060010	17,683	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Data Processing	5090012	83,746	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Capital Outlay	5120011	190,072	160,000	160,000	0	160,000	160,000	0	160,000	160,000
Special Maintenance	5120032	35,825	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services	5900043	234,479	386,000	386,000	386,000	486,000	386,000	386,000	486,000	386,000
<b>Total</b>		<b>9,850,528</b>	<b>11,030,218</b>	<b>10,946,522</b>	<b>11,346,519</b>	<b>11,764,061</b>	<b>11,506,519</b>	<b>11,518,229</b>	<b>11,936,793</b>	<b>11,678,229</b>
<b>Funding Sources</b>										
Fund Balance	4000005	30,844,247	36,059,279		32,868,466	32,868,466	32,868,466	36,596,947	36,179,405	36,436,947
Special Revenue	4000030	15,065,560	15,075,000		15,075,000	15,075,000	15,075,000	15,075,000	15,075,000	15,075,000
<b>Total Funding</b>		<b>45,909,807</b>	<b>51,134,279</b>		<b>47,943,466</b>	<b>47,943,466</b>	<b>47,943,466</b>	<b>51,671,947</b>	<b>51,254,405</b>	<b>51,511,947</b>
Excess Appropriation/(Funding)		(36,059,279)	(40,104,061)		(36,596,947)	(36,179,405)	(36,436,947)	(40,153,718)	(39,317,612)	(39,833,718)
<b>Grand Total</b>		<b>9,850,528</b>	<b>11,030,218</b>		<b>11,346,519</b>	<b>11,764,061</b>	<b>11,506,519</b>	<b>11,518,229</b>	<b>11,936,793</b>	<b>11,678,229</b>

Actual exceeds Authorized in Capital Outlay due to transfers from the Motor Vehicle Acquisition Fund..

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Beginning Fund Balance for 2009-2010 is reduced to \$32,868,466, which is the total value of 3 previous years' budgets, as specified in A.C.A. 23-61-710(c).

Act 684 of 2007 transferred the Title Insurance Agents' Licensing Board to the Insurance Department. The Authorized levels for Title Insurance in Act 788 of 2007 have been added into this program.

## Change Level by Appropriation

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,346,519</b>	<b>134</b>	<b>11,346,519</b>	<b>100.0</b>	<b>11,518,229</b>	<b>134</b>	<b>11,518,229</b>	<b>100.0</b>
C01	Existing Program	282,542	1	11,629,061	102.5	283,564	1	11,801,793	102.5
C08	Technology	135,000	0	11,764,061	103.7	135,000	0	11,936,793	103.6

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>11,346,519</b>	<b>134</b>	<b>11,346,519</b>	<b>100.0</b>	<b>11,518,229</b>	<b>134</b>	<b>11,518,229</b>	<b>100.0</b>
C01	Existing Program	25,000	0	11,371,519	100.2	25,000	0	11,543,229	100.2
C08	Technology	135,000	0	11,506,519	101.4	135,000	0	11,678,229	101.4

### Justification

C01	Requesting one additional position, Risk Consultant, at total costs of \$49,533 in FY10 and \$50,554 in FY11, to assist with a workload that has quadrupled since the inception of the Risk Management Program in 1981.----- Additional Extra Help of \$100,000 each year is requested to provide for extra security to patrol the perimeter of the Department's quarters and parking areas.----- Requesting an additional \$100,000 each year in Professional Services to contract for additional outside actuarial assistance during financial examinations of licensed insurers to assure company solvency.----- Requesting \$25,000 each year in Capital Outlay for replacement of non-IT equipment.
C08	Requesting \$135,000 in Capital Outlay each year to continue scheduled replacement and upgrading of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacements/upgrades are included in the IT Plan under the Operations tab, in the IT Support section, under the Hardware listing.

## **Analysis of Budget Request**

**Appropriation:** 2SX - Fraud Investigation Unit

**Funding Sources:** TSI - State Insurance Department Trust Fund

The Fraud Investigation Unit was created with the passage of Act 1136 of 1993 (A.C.A. §11-9-116) to investigate allegations of fraud in workers' compensation cases. Funding is provided by special revenues collected by the Insurance Department and earmarked for this purpose.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$336,160 in the first year and \$340,874 in the second year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SX - Fraud Investigation Unit  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	160,546	165,876	157,006	170,017	170,017	170,017	173,978	173,978	173,978
<b>#Positions</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching 5010003	50,205	48,300	49,677	52,737	52,737	52,737	53,490	53,490	53,490
Operating Expenses 5020002	50,680	90,406	90,406	90,406	90,406	90,406	90,406	90,406	90,406
Conference & Travel Expenses 5050009	2,699	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Professional Fees 5060010	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>264,130</b>	<b>327,582</b>	<b>320,089</b>	<b>336,160</b>	<b>336,160</b>	<b>336,160</b>	<b>340,874</b>	<b>340,874</b>	<b>340,874</b>
<b>Funding Sources</b>									
Fund Balance 4000005	327,837	63,609		0	0	0	0	0	0
Special Revenue 4000030	0	263,973		336,160	336,160	336,160	340,874	340,874	340,874
Transfers / Adjustments 4000683	(98)	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>327,739</b>	<b>327,582</b>		<b>336,160</b>	<b>336,160</b>	<b>336,160</b>	<b>340,874</b>	<b>340,874</b>	<b>340,874</b>
Excess Appropriation/(Funding)	(63,609)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>264,130</b>	<b>327,582</b>		<b>336,160</b>	<b>336,160</b>	<b>336,160</b>	<b>340,874</b>	<b>340,874</b>	<b>340,874</b>

Actual in Regular Salaries and Personal Services Matching and Budget for Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

Act 337 of 1997 (A.C.A. §23-100-101 et seq.) provides for funding of an Insurance Fraud Investigation Division in the State Insurance Department to investigate suspected cases of fraud over a broad range of activities in the insurance industry in Arkansas. An annual administrative and regulatory fee exclusively to support fraud investigation efforts is collected annually from each company under the Department's jurisdiction.

One Base Level position was changed from unclassified to classified to reflect recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$1,010,692 for FY10 and \$1,027,423 for FY11, with 12 positions budgeted. Changes are requested as follows:

One additional position to serve as Deputy Director and General Counsel to manage review and oversight of an increasing caseload of criminal investigations is requested with costs for salaries and matching of \$92,122 for FY10 and \$94,123 for FY11.

Capital Outlay of \$7,000 each year for this program's share of information technology equipment replacement costs.

The Executive Recommendation provides for Base Level, plus the Capital Outlay request of \$7,000 each year.

## Appropriation Summary

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	553,219	592,905	584,005	614,062	687,178	614,062	628,120	702,917	628,120
<b>#Positions</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>12</b>
Personal Services Matching	5010003	171,839	162,993	172,692	177,995	197,001	177,995	180,668	199,994	180,668
Operating Expenses	5020002	107,591	171,635	171,635	171,635	171,635	171,635	171,635	171,635	171,635
Conference & Travel Expenses	5050009	15,080	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees	5060010	1,673	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	2,208	6,070	6,070	0	7,000	7,000	0	7,000	7,000
<b>Total</b>		<b>851,610</b>	<b>980,603</b>	<b>981,402</b>	<b>1,010,692</b>	<b>1,109,814</b>	<b>1,017,692</b>	<b>1,027,423</b>	<b>1,128,546</b>	<b>1,034,423</b>
<b>Funding Sources</b>										
Fund Balance	4000005	960,498	923,870		743,267	743,267	743,267	532,575	433,453	525,575
Special Revenue	4000030	814,982	800,000		800,000	800,000	800,000	800,000	800,000	800,000
<b>Total Funding</b>		<b>1,775,480</b>	<b>1,723,870</b>		<b>1,543,267</b>	<b>1,543,267</b>	<b>1,543,267</b>	<b>1,332,575</b>	<b>1,233,453</b>	<b>1,325,575</b>
Excess Appropriation/(Funding)		(923,870)	(743,267)		(532,575)	(433,453)	(525,575)	(305,152)	(104,907)	(291,152)
<b>Grand Total</b>		<b>851,610</b>	<b>980,603</b>		<b>1,010,692</b>	<b>1,109,814</b>	<b>1,017,692</b>	<b>1,027,423</b>	<b>1,128,546</b>	<b>1,034,423</b>

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

## Change Level by Appropriation

**Appropriation:** 2SY - St Ins Dept Criminal Investigation Division  
**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,010,692</b>	<b>12</b>	<b>1,010,692</b>	<b>100.0</b>	<b>1,027,423</b>	<b>12</b>	<b>1,027,423</b>	<b>100.0</b>
C01	Existing Program	92,122	1	1,102,814	109.1	94,123	1	1,121,546	109.2
C08	Technology	7,000	0	1,109,814	109.8	7,000	0	1,128,546	109.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,010,692</b>	<b>12</b>	<b>1,010,692</b>	<b>100.0</b>	<b>1,027,423</b>	<b>12</b>	<b>1,027,423</b>	<b>100.0</b>
C01	Existing Program	0	0	1,010,692	100.0	0	0	1,027,423	100.0
C08	Technology	7,000	0	1,017,692	100.7	7,000	0	1,034,423	100.7

### Justification

C01	Requesting the addition of one position to act as Deputy Director and General Counsel to enhance the quality of review and oversight of a growing caseload of criminal investigations. Total salary and matching costs are \$92,122 for FY10 and \$94,123 for FY11.
C08	Capital Outlay of \$7,000 each year is requested to continue scheduled replacement of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacement is shown in the IT Plan under the Operations tab, in the ITSupport section, listed under Hardware.

## **Analysis of Budget Request**

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

Act 372 of 1997 (A.C.A. §23-40-107 et seq.) provides for administration of prepaid funeral benefit plans in the State of Arkansas and established the Division of Prepaid Funeral Benefits within the State Insurance Department for this purpose. Funding is derived from initial application or renewal fees for annual permits to sell prepaid funeral benefits.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level is \$350,558 for FY10 and \$356,565 for FY11 and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	180,232	186,021	179,459	191,369	191,369	191,369	196,417	196,417	196,417
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	54,271	52,126	54,379	56,799	56,799	56,799	57,758	57,758	57,758
Operating Expenses	5020002	14,544	69,390	69,390	69,390	69,390	69,390	69,390	69,390	69,390
Conference & Travel Expenses	5050009	3,308	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Data Processing	5090012	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>252,355</b>	<b>340,537</b>	<b>336,228</b>	<b>350,558</b>	<b>350,558</b>	<b>350,558</b>	<b>356,565</b>	<b>356,565</b>	<b>356,565</b>
<b>Funding Sources</b>										
Fund Balance	4000005	654,655	701,619		626,082	626,082	626,082	540,524	540,524	540,524
Special Revenue	4000030	299,319	265,000		265,000	265,000	265,000	265,000	265,000	265,000
<b>Total Funding</b>		<b>953,974</b>	<b>966,619</b>		<b>891,082</b>	<b>891,082</b>	<b>891,082</b>	<b>805,524</b>	<b>805,524</b>	<b>805,524</b>
Excess Appropriation/(Funding)		(701,619)	(626,082)		(540,524)	(540,524)	(540,524)	(448,959)	(448,959)	(448,959)
<b>Grand Total</b>		<b>252,355</b>	<b>340,537</b>		<b>350,558</b>	<b>350,558</b>	<b>350,558</b>	<b>356,565</b>	<b>356,565</b>	<b>356,565</b>

Actual and Budget in Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2TA - Continuing Education Program

**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

The Insurance Department's Continuing Education Program has one position budgeted to process continuing education records that are required for agent license renewals. Funding is provided from continuing education application fees, as authorized in A.C.A. §23-64-308.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Department is requesting continuation of Base Level at \$32,378 for FY10 and \$33,005 for FY11.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TA - Continuing Education Program  
**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	21,633	22,176	20,229	25,268	25,268	25,268	25,849	25,849	25,849
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	8,688	8,411	8,437	9,906	9,906	9,906	10,016	10,016	10,016
<b>Total</b>		<b>30,321</b>	<b>30,587</b>	<b>28,666</b>	<b>35,174</b>	<b>35,174</b>	<b>35,174</b>	<b>35,865</b>	<b>35,865</b>	<b>35,865</b>
<b>Funding Sources</b>										
Fund Balance	4000005	664,027	726,670		746,083	746,083	746,083	760,909	760,909	760,909
Special Revenue	4000030	92,964	50,000		50,000	50,000	50,000	50,000	50,000	50,000
<b>Total Funding</b>		<b>756,991</b>	<b>776,670</b>		<b>796,083</b>	<b>796,083</b>	<b>796,083</b>	<b>810,909</b>	<b>810,909</b>	<b>810,909</b>
Excess Appropriation/(Funding)		(726,670)	(746,083)		(760,909)	(760,909)	(760,909)	(775,044)	(775,044)	(775,044)
<b>Grand Total</b>		<b>30,321</b>	<b>30,587</b>		<b>35,174</b>	<b>35,174</b>	<b>35,174</b>	<b>35,865</b>	<b>35,865</b>	<b>35,865</b>

Actual in Regular Salaries and Personal Services Matching and Budget for Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2TB - State Employee Claims

**Funding Sources:** TUW - Workers' Compensation Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of workers' compensation claims payments for employees of the State. Revolving funds derived from agency workers' compensation benefits contributions are the revenue sources for this appropriation, as authorized in A.C.A. §19-5-805. Base Level is \$12,000,000 each year. The Department is requesting the addition of \$2,000,000 each year to assure sufficient appropriation to cover the growing level of claims expenses.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2TB - State Employee Claims

**Funding Sources:** TUW - Workers' Compensation Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	10,972,258	12,000,000	12,000,000	12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
<b>Total</b>	<b>10,972,258</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>
<b>Funding Sources</b>									
Workers' Comp Revolving 4000735	10,972,258	12,000,000		12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
<b>Total Funding</b>	<b>10,972,258</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>10,972,258</b>	<b>12,000,000</b>		<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>12,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>

## Change Level by Appropriation

**Appropriation:** 2TB - State Employee Claims  
**Funding Sources:** TUW - Workers' Compensation Revolving Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	14,000,000	116.7	2,000,000	0	14,000,000	116.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	14,000,000	116.7	2,000,000	0	14,000,000	116.7

### Justification

C01	Requesting an additional \$2,000,000 each year to process Workers Compensation State Employee Claims payments.
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## **Analysis of Budget Request**

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

The State Insurance Department is the managing agency for the appropriation through which the Governmental Bonding Board administers the Self-Insured Fidelity Bond Program on behalf of officials and public employees of counties, municipalities, public schools, and the State of Arkansas. Funding is authorized in A.C.A. §21-2-711 and is derived from bond premiums withheld from the County Aid, Municipal Aid, and Public School funds and from premiums transferred from the fund accounts of State agencies. The Department requests that the current level of \$2,104,855 each year be continued for this appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	172	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	251	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	343,062	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Investments 5120013	0	760,637	760,637	760,637	760,637	760,637	760,637	760,637	760,637
Professional Services 5900043	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reinsurance 5900046	0	139,218	139,218	139,218	139,218	139,218	139,218	139,218	139,218
<b>Total</b>	<b>343,485</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>
<b>Funding Sources</b>									
Fund Balance 4000005	3,583,009	3,860,845		3,860,845	3,860,845	3,860,845	3,860,845	3,860,845	3,860,845
Trust Fund 4000050	621,321	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Total Funding	4,204,330	5,965,700		5,965,700	5,965,700	5,965,700	5,965,700	5,965,700	5,965,700
Excess Appropriation/(Funding)	(3,860,845)	(3,860,845)		(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)
<b>Grand Total</b>	<b>343,485</b>	<b>2,104,855</b>		<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>

## **Analysis of Budget Request**

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

This program is funded by transfers from the Public School Fund, the County Aid Fund, the Municipal Aid Fund, and the fund accounts of State agencies for which workers' compensation claims are administered by this Section, as authorized in A.C.A. §11-9-307.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$1,512,041 for FY10 and \$1,538,578 for FY11, with 24 positions budgeted. Requested changes are as follows:

One additional position, Labor Inspector Supervisor, to provide accident prevention services to State agencies. Total salary and matching costs are \$49,532 in the first year and \$50,554 in the second year.

Capital Outlay of \$15,000 each year for equipment replacement, of which \$5,000 each year is earmarked as this program's share of information technology equipment costs.

The Executive Recommendation provides for Base Level, plus the Capital Outlay request of \$15,000 each year.

## Appropriation Summary

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	883,250	922,737	878,570	956,504	993,836	956,504	978,800	1,016,990	978,800
<b>#Positions</b>		<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>24</b>
Personal Services Matching	5010003	278,977	276,027	284,773	304,328	316,528	304,328	308,569	320,933	308,569
Operating Expenses	5020002	179,126	233,209	233,209	233,209	233,209	233,209	233,209	233,209	233,209
Conference & Travel Expenses	5050009	5,998	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Data Processing	5090012	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capital Outlay	5120011	2,528	15,000	15,000	0	15,000	15,000	0	15,000	15,000
<b>Total</b>		<b>1,349,879</b>	<b>1,464,973</b>	<b>1,429,552</b>	<b>1,512,041</b>	<b>1,576,573</b>	<b>1,527,041</b>	<b>1,538,578</b>	<b>1,604,132</b>	<b>1,553,578</b>
<b>Funding Sources</b>										
Special Revenue	4000030	1,349,879	1,464,973		1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578
Total Funding		1,349,879	1,464,973		1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,349,879</b>	<b>1,464,973</b>		<b>1,512,041</b>	<b>1,576,573</b>	<b>1,527,041</b>	<b>1,538,578</b>	<b>1,604,132</b>	<b>1,553,578</b>

Actual and Budget in Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

## Change Level by Appropriation

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,512,041</b>	<b>24</b>	<b>1,512,041</b>	<b>100.0</b>	<b>1,538,578</b>	<b>24</b>	<b>1,538,578</b>	<b>100.0</b>
C01	Existing Program	59,532	1	1,571,573	103.9	60,554	1	1,599,132	103.9
C08	Technology	5,000	0	1,576,573	104.3	5,000	0	1,604,132	104.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,512,041</b>	<b>24</b>	<b>1,512,041</b>	<b>100.0</b>	<b>1,538,578</b>	<b>24</b>	<b>1,538,578</b>	<b>100.0</b>
C01	Existing Program	10,000	0	1,522,041	100.7	10,000	0	1,548,578	100.6
C08	Technology	5,000	0	1,527,041	101.0	5,000	0	1,553,578	101.0

### Justification

C01	Requesting the addition of one position of Labor Inspector Supervisor to provide accident prevention services for State agencies as is required of private insurance companies. Total salary and matching costs are \$49,532 for FY10 and \$50,554 for FY11.----- Capital Outlay of \$10,000 each year is requested for replacement of non-IT equipment.
C08	Capital Outlay of \$5,000 each year is requested to continue scheduled replacement and upgrading of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacements/upgrades are shown in the IT Plan under the Operations tab, in the IT Support section, in the Hardware listing.

## **Analysis of Budget Request**

**Appropriation:** 2TE - Health Information Counseling

**Funding Sources:** FID - Insurance Department - Federal

The Insurance Department's Health Information Counseling Program is 100% federally funded by the U.S. Department of Health and Human Services. Its purpose is to develop and maintain a network of local volunteers to dispense information and assist senior citizens with their insurance needs.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$486,499 for FY10 and \$489,362 for FY11, with 5 positions budgeted. The Department is requesting an increase in Operating Expenses of \$8,000 each year for data processing supplies. Also requested is continuation of a miscellaneous federal grant that increases Professional Fees in the amount of \$56,092 each year, providing additional capability to contract with organizations to assist senior citizens with the various available insurance coverages.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TE - Health Information Counseling  
**Funding Sources:** FID - Insurance Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	97,287	140,663	109,610	152,720	152,720	152,720	155,125	155,125	155,125
<b>#Positions</b>	<b>5</b>								
Personal Services Matching 5010003	36,761	47,712	39,752	54,546	54,546	54,546	55,004	55,004	55,004
Operating Expenses 5020002	112,166	130,966	274,633	130,966	138,966	138,966	130,966	138,966	138,966
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	121,304	202,759	3,000	146,667	202,759	202,759	146,667	202,759	202,759
Data Processing 5090012	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Capital Outlay 5120011	0	8,000	8,000	0	0	0	0	0	0
<b>Total</b>	<b>367,518</b>	<b>531,700</b>	<b>436,595</b>	<b>486,499</b>	<b>550,591</b>	<b>550,591</b>	<b>489,362</b>	<b>553,454</b>	<b>553,454</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	367,518	531,700		486,499	550,591	550,591	489,362	553,454	553,454
Total Funding	367,518	531,700		486,499	550,591	550,591	489,362	553,454	553,454
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>367,518</b>	<b>531,700</b>		<b>486,499</b>	<b>550,591</b>	<b>550,591</b>	<b>489,362</b>	<b>553,454</b>	<b>553,454</b>

Budget for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.  
 Actual and Budget in Professional Fees exceed Authorized due to Budget Classification Transfers and transfers from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 2TE - Health Information Counseling  
**Funding Sources:** FID - Insurance Department - Federal

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>486,499</b>	<b>5</b>	<b>486,499</b>	<b>100.0</b>	<b>489,362</b>	<b>5</b>	<b>489,362</b>	<b>100.0</b>
C06	Restore Position/Approp	56,092	0	542,591	111.5	56,092	0	545,454	111.5
C08	Technology	8,000	0	550,591	113.2	8,000	0	553,454	113.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>486,499</b>	<b>5</b>	<b>486,499</b>	<b>100.0</b>	<b>489,362</b>	<b>5</b>	<b>489,362</b>	<b>100.0</b>
C06	Restore Position/Approp	56,092	0	542,591	111.5	56,092	0	545,454	111.5
C08	Technology	8,000	0	550,591	113.2	8,000	0	553,454	113.1

### Justification

C06	Requesting a continuation of \$56,092 in Professional Fees each year that was originally approved in FY08 by a Miscellaneous Federal Grant.
C08	Requesting an additional \$8,000 each year in Operating Expenses for Information Technology data processing supplies. Supplies are found in the IT Plan under the Operations tab, in the IT Support section, in the Other Items listing.

## **Analysis of Budget Request**

**Appropriation:** 2TF - Refunds of Overpayments

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department requests that its Refunds of Overpayments appropriation be approved to continue at the current level of \$11,000,000 each year. This account is used to return premium taxes paid to this State in error and to return amounts that are overpaid.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2TF - Refunds of Overpayments  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	5,370,388	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total</b>	<b>5,370,388</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	5,370,388	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total Funding</b>	<b>5,370,388</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>5,370,388</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to July 1, 1994, by public school employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$450,000 each year.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	378,311	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	378,311	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	378,311	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	378,311	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	378,311	450,000		450,000	450,000	450,000	450,000	450,000	450,000

## **Analysis of Budget Request**

**Appropriation:** 2TH - County Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by county employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$200,000 each year.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2TH - County Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	26,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Total</b>	26,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	26,440	200,000		200,000	200,000	200,000	200,000	200,000	200,000
<b>Total Funding</b>	26,440	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	26,440	200,000		200,000	200,000	200,000	200,000	200,000	200,000

## **Analysis of Budget Request**

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by city employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$600,000 each year.

The Executive Recommendation provides for the Agency Request.

**Appropriation Summary**

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	35,016	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
<b>Total</b>	35,016	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	35,016	600,000		600,000	600,000	600,000	600,000	600,000	600,000
<b>Total Funding</b>	35,016	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	35,016	600,000		600,000	600,000	600,000	600,000	600,000	600,000

## **Analysis of Budget Request**

**Appropriation:** 2TK - Consumer Info System - Cash

**Funding Sources:** NDD - Insurance Department - Cash in Treasury

The Department's Consumer Information System Cash Fund is used to dispense information to the public concerning the various policy types, coverages, and purchasing options offered by the insurance industry. Base Level for this program is \$166,425 each year and is the request for 2009-2011.

The current Cash in Treasury balance and previous funding support for this program were derived from a \$100 annual assessment levied on each licensed insurer, as authorized in A.C.A. §23-63-108. This assessment is no longer collected and support of consumer information through this appropriation will end when the current fund balance and earned interest have been depleted.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2TK - Consumer Info System - Cash  
**Funding Sources:** NDD - Insurance Department - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	31,742	166,425	173,000	166,425	166,425	166,425	166,425	166,425	166,425
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>31,742</b>	<b>166,425</b>	<b>173,000</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>
<b>Funding Sources</b>									
Fund Balance 4000005	190,285	166,425		0	0	0	0	0	0
Cash Fund 4000045	7,882	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>198,167</b>	<b>166,425</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(166,425)	0		166,425	166,425	166,425	166,425	166,425	166,425
<b>Grand Total</b>	<b>31,742</b>	<b>166,425</b>		<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>	<b>166,425</b>

## **Analysis of Budget Request**

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Travel and Subsistence - Cash in Treasury

The Insurance Department's Travel and Subsistence Cash Fund is currently authorized at the Base Level of \$88,222 each year. A.C.A. §23-67-220 provides for recovery of reasonable costs incurred by the Department in conducting financial examinations of entities under its jurisdiction. Part of the recovered costs are passed through this account to reimburse individual examiners for their personal expenses incurred during the examination process. The Department is requesting additions of \$11,778 each year to provide for increasing meals, lodging, and mileage costs.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Travel and Subsistence - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	68,360	88,222	88,222	88,222	100,000	100,000	88,222	100,000	100,000
<b>Total</b>	<b>68,360</b>	<b>88,222</b>	<b>88,222</b>	<b>88,222</b>	<b>100,000</b>	<b>100,000</b>	<b>88,222</b>	<b>100,000</b>	<b>100,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	323	951		0	0	0	0	0	0
Cash Fund 4000045	68,988	87,271		88,222	100,000	100,000	88,222	100,000	100,000
<b>Total Funding</b>	<b>69,311</b>	<b>88,222</b>		<b>88,222</b>	<b>100,000</b>	<b>100,000</b>	<b>88,222</b>	<b>100,000</b>	<b>100,000</b>
Excess Appropriation/(Funding)	(951)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>68,360</b>	<b>88,222</b>		<b>88,222</b>	<b>100,000</b>	<b>100,000</b>	<b>88,222</b>	<b>100,000</b>	<b>100,000</b>

## Change Level by Appropriation

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Travel and Subsistence - Cash in Treasury

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>88,222</b>	<b>0</b>	<b>88,222</b>	<b>100.0</b>	<b>88,222</b>	<b>0</b>	<b>88,222</b>	<b>100.0</b>
C01	Existing Program	11,778	0	100,000	113.4	11,778	0	100,000	113.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>88,222</b>	<b>0</b>	<b>88,222</b>	<b>100.0</b>	<b>88,222</b>	<b>0</b>	<b>88,222</b>	<b>100.0</b>
C01	Existing Program	11,778	0	100,000	113.4	11,778	0	100,000	113.4

### Justification

C01	Requesting an additional \$11,778 each year to reimburse travel expenses of financial examiners performing field audits on licensed insurers. Audited insurers reimburse expenses incurred by the Department.
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## **Analysis of Budget Request**

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

Act 1043 of 2001 (A.C.A. §23-40-125) established the Prepaid Funeral Contracts Recovery Program to reimburse purchasers of preneed funeral contracts who suffer financial loss due to impairment, insolvency, business interruption, or improper inactivity of a licensed prepaid funeral organization. Funding is authorized from one-time fees of not less than \$5 per contract, up to a maximum set by the State Insurance Commissioner. Such fees collected are to be deposited into the State Insurance Department Prepaid Trust Fund. A portion of these collections may be designated by the State Insurance Commissioner for transfer to the Prepaid Funeral Contracts Recovery Program Fund to pay expenses and claims incurred.

This is a biennial appropriation with a Base Level of \$1,000,000. The Agency is requesting that the Base Level be continued as a biennial appropriation.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	24,326	975,675	0	1,000,000	1,000,000	1,000,000	0	0	0
<b>Total</b>	<b>24,326</b>	<b>975,675</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	149,616	134,929		0	0	0	0	0	0
Special Revenue 4000030	9,639	840,746		1,000,000	1,000,000	1,000,000	0	0	0
<b>Total Funding</b>	<b>159,255</b>	<b>975,675</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	(134,929)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>24,326</b>	<b>975,675</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

THIS IS A BIENNIAL APPROPRIATION.

## **Analysis of Budget Request**

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

The Insurance Department's appropriation for conducting criminal background checks was established by requests from the Cash Fund Holding Account during FY06 and FY07. This program was appropriated by the General Assembly for the 2007-2009 Biennium at the level of \$100,000 each year. Expenditures in FY08 exceeded the authorized amount and another request from the Cash Fund Holding Account was approved, with the possibility that additional authority may also be needed in FY09. Accordingly, the Department is requesting increases of \$25,000 each year to ensure sufficient resources are available to efficiently conduct this program.

Funding is provided through a \$22 fee charged to each first-time license applicant and is used to obtain criminal background data from the Arkansas State Police.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	103,634	100,000	100,000	100,000	125,000	125,000	100,000	125,000	125,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>103,634</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>125,000</b>	<b>125,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	10,764	12,960		0	0	0	0	0	0
Cash Fund	4000045	105,830	87,040		100,000	125,000	125,000	100,000	125,000	125,000
<b>Total Funding</b>		<b>116,594</b>	<b>100,000</b>		<b>100,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>125,000</b>	<b>125,000</b>
Excess Appropriation/(Funding)		(12,960)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>103,634</b>	<b>100,000</b>		<b>100,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>125,000</b>	<b>125,000</b>

## Change Level by Appropriation

**Appropriation:** 4HH - Criminal Background Checks-Cash  
**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>100.0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>100.0</b>
C01	Existing Program	25,000	0	125,000	125.0	25,000	0	125,000	125.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>100.0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>100.0</b>
C01	Existing Program	25,000	0	125,000	125.0	25,000	0	125,000	125.0

### Justification

C01	Requesting an additional \$25,000 each year to process criminal background checks on an increasing number of new agent's license applicants. Funding is provided by a one-time fee collected from new applicants.
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## **Analysis of Budget Request**

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

Act 738 of 2007 combined the School Motor Vehicle Operations Program and the Public Elementary and Secondary School Insurance Operations Program into the Public School Insurance Program. Authorization for the combined program is \$14,000,000, which is also the Base Level and the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims 5900046	3,095,718	14,000,000	0	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Total</b>	<b>3,095,718</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	8,861,045	8,697,029		8,697,029	8,697,029	8,697,029	8,697,029	8,697,029	8,697,029
Trust Fund 4000050	2,931,702	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Total Funding</b>	<b>11,792,747</b>	<b>22,697,029</b>		<b>22,697,029</b>	<b>22,697,029</b>	<b>22,697,029</b>	<b>22,697,029</b>	<b>22,697,029</b>	<b>22,697,029</b>
Excess Appropriation/(Funding)	(8,697,029)	(8,697,029)		(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)
<b>Grand Total</b>	<b>3,095,718</b>	<b>14,000,000</b>		<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>14,000,000</b>

Act 738 of 2007 combined the School Motor Vehicle Operations Program and the Public Elementary and Secondary School Insurance Operations Program into the Public School Insurance Program.

**Appropriation Summary**

**Appropriation:** 2HJ - School Motor Vehicle Operations

**Funding Sources:** TVI - School Vehicle Insurance Reserve Trust Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	990,998	0	5,000,000	0	0	0	0	0	0
Total	990,998	0	5,000,000	0	0	0	0	0	0
<b>Funding Sources</b>									
Fund Balance 4000005	990,998	0		0	0	0	0	0	0
Total Funding	990,998	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	990,998	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

Act 738 of 2007 combined this program into the Public School Insurance Program.

**Appropriation Summary**

**Appropriation:** 2HK - PE/Sec School Ins Operations

**Funding Sources:** TBA - Public Elementary and Secondary School Insurance Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	2,672,301	0	9,000,000	0	0	0	0	0	0
Total	2,672,301	0	9,000,000	0	0	0	0	0	0
<b>Funding Sources</b>									
Fund Balance 4000005	2,672,301	0		0	0	0	0	0	0
Total Funding	2,672,301	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,672,301	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

Act 738 of 2007 combined this program into the Public School Insurance Program.

**Appropriation Summary**

**Appropriation:** 4KV - AR Multi-Agcy Wkrs' Comp Trust

**Funding Sources:** TIS - AR Multi-Agency Wkrs' Comp Program Trust Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAWCT 5900046	0	0	2,000,000	0	0	0	0	0	0
Total	0	0	2,000,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.