

STATE INSURANCE DEPARTMENT

Enabling Laws

Act 26 of 2010

A.C.A. §21-2-701 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 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. The Public Employee Claims Division was also created within the State Insurance Department. This 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.

The Department is requesting Base Level for its programs, with the following exceptions:

In the State Operations Program, the addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning.

Reallocation of \$150,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with this program's IT operations. The Office of Accounting has determined that these expenditures should properly be made from the Operating Expenses line item.

Restoration of three positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010, to establish a Market Conduct Program.

The reclassification of four positions and upgrading of four others is also requested.

In the Department's Criminal Investigation Division, the addition of \$7,000 each year in Operating Expenses is requested for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment as part of the Department's IT plan.

Reallocation of \$1,000 each year from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

In the Prepaid Funeral Benefits Division, reallocation of \$2,000 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

In the Public Employee Claims Section, reallocation of \$4,000 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

The addition of \$10,000 each year in Capital Outlay is requested for replacement of Non-IT equipment.

The addition of \$5,000 each year in Operating Expenses is requested for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment as part of the Department's IT plan.

Reclassification of a Workers' Comp Claims Specialist to a Workers' Comp Program Manager is also requested.

In the Health Information Counseling Program, reallocation of \$1,600 each year is requested from Data Processing to Operating Expenses as recommended by the Office of Accounting for support received from the Department of Information Systems.

Also requested is upgrading of the Senior Health Insurance Information Program Manager position from Grade C124 to C130.

In the appropriation for State Employee Claims, an additional \$1,000,000 each year is requested to assure sufficient resources are available to process all workers' compensation claims for State employees.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE INSURANCE DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2008

Findings

An accounting determination was made during the year, which required the Agency to add 13 receivership bank accounts totaling \$4,720,202 to AASIS that had not been reported in previous years. These accounts were not reflected on the Agency's June 30, 2008 trial balance.

Failure to properly record required financial information 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 are recorded properly and in a timely manner.

Employment Summary

	Male	Female	Total	%
White Employees	54	80	134	78 %
Black Employees	4	29	33	19 %
Other Racial Minorities	1	3	4	3 %
Total Minorities			37	22 %
Total Employees			171	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.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	5,100,982	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	10,367,596	129	11,905,831	138	11,678,229	135	11,590,931	135	11,973,879	138	11,784,079	138	11,590,931	135	11,973,879	138	11,784,079	138
2SX Fraud Investigation Unit	274,601	4	356,638	4	340,874	4	353,208	4	353,208	4	353,208	4	353,208	4	353,208	4	353,208	4
2SY St Ins Dept Criminal Investigation Division	653,845	11	969,645	11	1,034,423	11	955,512	11	962,512	11	954,512	11	955,512	11	962,512	11	954,512	11
2SZ Prepaid Funeral Benefits Division	268,274	4	356,193	4	356,565	4	361,914	4	361,914	4	361,914	4	361,914	4	361,914	4	361,914	4
2TA Continuing Education Program	35,008	1	35,506	1	35,865	1	35,514	1	35,514	1	35,514	1	35,514	1	35,514	1	35,514	1
2TB State Employee Claims	11,589,653	0	14,000,000	0	14,000,000	0	14,000,000	0	15,000,000	0	15,000,000	0	14,000,000	0	15,000,000	0	15,000,000	0
2TC Governmental Bonding Board Operations	194,605	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	1,377,211	23	1,516,246	24	1,553,578	24	1,502,863	24	1,517,863	24	1,498,863	24	1,502,863	24	1,517,863	24	1,498,863	24
2TE Health Information Counseling	526,270	5	853,580	5	850,601	5	853,627	5	868,823	5	853,627	5	853,627	5	868,823	5	853,627	5
2TF Refunds of Overpayments	4,688,729	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	237,644	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	23,258	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	19,786	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	21,446	0	132,029	0	166,425	0	130,166	0	130,166	0	130,166	0	130,166	0	130,166	0	130,166	0
2TM Travel & Subsistence-Cash	76,837	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
2TN Prepaid Funeral Contracts Recovery	16,874	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
4HH Criminal Background Checks-Cash	84,194	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0
56A Public School Insurance Program	5,378,777	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	14,000,000	0	14,000,000	0
Total	40,935,590	177	69,205,523	187	69,096,415	184	68,863,590	184	70,283,734	187	70,051,738	187	68,863,590	184	70,283,734	187	70,051,738	187

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	68,304,143	59.1	74,693,094	51.0	61,738,006	46.2	61,738,006	45.8	61,738,006	45.8	64,929,135	47.4	64,539,187	46.9	64,736,987	47.0	
Federal Revenue	4000020	526,270	0.5	853,580	0.6	853,627	0.6	868,823	0.6	853,627	0.6	853,627	0.6	868,823	0.6	853,627	0.6	
Special Revenue	4000030	18,763,630	16.2	18,269,362	12.5	18,491,071	13.8	18,506,071	13.7	18,487,071	13.7	18,491,071	13.5	18,506,071	13.5	18,487,071	13.4	
Cash Fund	4000045	163,203	0.1	212,371	0.1	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	225,000	0.2	
Trust Fund	4000050	11,312,368	9.8	26,104,855	17.8	26,104,855	19.5	26,104,855	19.4	26,104,855	19.4	26,104,855	19.1	26,104,855	19.0	26,104,855	19.0	
Miscellaneous Revolving	4000350	4,969,417	4.3	12,250,000	8.4	12,250,000	9.2	12,250,000	9.1	12,250,000	9.1	12,250,000	9.0	12,250,000	8.9	12,250,000	8.9	
Workers' Comp Revolving	4000735	11,589,653	10.0	14,000,000	9.6	14,000,000	10.5	15,000,000	11.1	15,000,000	11.1	14,000,000	10.2	15,000,000	10.9	15,000,000	10.9	
Total Funds		115,628,684	100.0	146,383,262	100.0	133,662,559	100.0	134,692,755	100.0	134,658,559	100.0	136,853,688	100.0	137,493,936	100.0	137,657,540	100.0	
Excess Appropriation/(Funding)		(74,693,094)		(77,177,739)		(64,798,969)		(64,409,021)		(64,606,821)		(67,990,098)		(67,210,202)		(67,605,802)		
Grand Total		40,935,590		69,205,523		68,863,590		70,283,734		70,051,738		68,863,590		70,283,734		70,051,738		

The FY11 Budget amounts for the Insurance-State Operations Program (2SW), the Fraud Investigation Unit (2SX), and the Health Information Counseling Program (2TE) exceed the Authorized amounts due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium. Beginning Fund Balance for 2011-2012 is reduced by \$15,439,733 in accordance with adjustment specified in A.C.A. 23-61-710(c). Variance in 2012-2013 fund balances is due to unfunded appropriation in the Consumer Information System Program (2TK).

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
184	173	11	184	0	5.98 %	184	170	14	184	0	7.61 %	184	169	18	187	-3	8.15 %

Total Budgeted positions in FY2010-2011 include 3 positions provided from the OPM Central Growth Pool.

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 was established by Act 1762 of 2003 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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT 5900046	5,100,982	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	5,100,982	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	11,129,205	10,877,599		10,877,599	10,877,599	10,877,599	10,877,599	10,877,599	10,877,599
Trust Fund 4000050	4,849,376	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding	15,978,581	20,877,599		20,877,599	20,877,599	20,877,599	20,877,599	20,877,599	20,877,599
Excess Appropriation/(Funding)	(10,877,599)	(10,877,599)		(10,877,599)	(10,877,599)	(10,877,599)	(10,877,599)	(10,877,599)	(10,877,599)
Grand Total	5,100,982	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 Arkansas Code §19-5-922. Base Level for this program is \$11,590,931 each year, with 135 positions authorized and budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

The addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning.

Reallocation of \$150,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with this program's IT operations. The Office of Accounting has determined that these expenditures should properly be made from the Operating Expenses line item.

Restoration of three positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010, to establish a Market Conduct Program. These are an Attorney Specialist and two Insurance Senior Examiners. Total salary and matching costs are \$173,148 each year.

The reclassification of four positions and upgrading of four others is also requested. Total costs of these changes are \$54,800 each year.

The Executive Recommendation provides for the Agency Request, with Capital Outlay recommended at \$20,000 each year and the position upgrades and reclassifications not recommended.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	6,187,537	6,776,409	6,576,583	6,614,705	6,792,635	6,747,052	6,614,705	6,792,635	6,747,052
#Positions	129	138	135	135	138	138	135	138	138
Extra Help 5010001	98,422	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
#Extra Help	15	19	19	19	19	19	19	19	19
Personal Services Matching 5010003	1,780,237	1,975,422	1,947,646	1,982,226	2,032,244	2,023,027	1,982,226	2,032,244	2,023,027
Overtime 5010006	233	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses 5020002	1,780,110	2,035,000	2,035,000	2,035,000	2,185,000	2,185,000	2,035,000	2,185,000	2,185,000
Conference & Travel Expenses 5050009	126,255	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Professional Fees 5060010	21,016	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Data Processing 5090012	86,674	150,000	150,000	150,000	0	0	150,000	0	0
Capital Outlay 5120011	155,889	160,000	160,000	0	155,000	20,000	0	155,000	20,000
Special Maintenance 5120032	1,529	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services 5900043	129,694	386,000	386,000	386,000	386,000	386,000	386,000	386,000	386,000
Total	10,367,596	11,905,831	11,678,229	11,590,931	11,973,879	11,784,079	11,590,931	11,973,879	11,784,079
Funding Sources									
Fund Balance 4000005	42,165,318	47,306,484		34,959,057	34,959,057	34,959,057	38,368,126	37,985,178	38,174,978
Special Revenue 4000030	15,508,762	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total Funding	57,674,080	62,306,484		49,959,057	49,959,057	49,959,057	53,368,126	52,985,178	53,174,978
Excess Appropriation/(Funding)	(47,306,484)	(50,400,653)		(38,368,126)	(37,985,178)	(38,174,978)	(41,777,195)	(41,011,299)	(41,390,899)
Grand Total	10,367,596	11,905,831		11,590,931	11,973,879	11,784,079	11,590,931	11,973,879	11,784,079

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 biennium. Beginning Fund Balance for 2011-2012 is reduced to \$34,959,057, which is the total of 3 previous years' budgets, as specified in A.C.A. 23-61-710(c). The FY11 Budget includes 3 positions provided from the OPM Central Growth Pool.

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	11,590,931	135	11,590,931	100.0	11,590,931	135	11,590,931	100.0
C01	Existing Program	20,000	0	11,610,931	100.2	20,000	0	11,610,931	100.2
C04	Reallocation	0	0	11,610,931	100.2	0	0	11,610,931	100.2
C06	Restore Position/Approp	173,148	3	11,784,079	101.7	173,148	3	11,784,079	101.7
C08	Technology	135,000	0	11,919,079	102.8	135,000	0	11,919,079	102.8
C10	Reclass	5,279	0	11,924,358	102.9	5,279	0	11,924,358	102.9
C11	Upgrade/Downgrade	49,521	0	11,973,879	103.3	49,521	0	11,973,879	103.3

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	11,590,931	135	11,590,931	100.0	11,590,931	135	11,590,931	100.0
C01	Existing Program	20,000	0	11,610,931	100.2	20,000	0	11,610,931	100.2
C04	Reallocation	0	0	11,610,931	100.2	0	0	11,610,931	100.2
C06	Restore Position/Approp	173,148	3	11,784,079	101.7	173,148	3	11,784,079	101.7
C08	Technology	0	0	11,784,079	101.7	0	0	11,784,079	101.7
C10	Reclass	0	0	11,784,079	101.7	0	0	11,784,079	101.7
C11	Upgrade/Downgrade	0	0	11,784,079	101.7	0	0	11,784,079	101.7

Justification

C01	Capital Outlay of \$20,000 each year is requested for replacement of non-IT equipment.
C04	A Base Level of \$150,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C06	Restoration is requested for 3 positions that were provided from the OPM central growth pool and approved by the ALC Personnel Committee in April, 2010. These are an Attorney Specialist and 2 Insurance Senior Examiners to establish a Market Conduct Program as recommended for all states by the National Association of Insurance Commissioners.
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 DFA - Office of State Technology Planning. All items referenced in this request are listed under the Hardware tab in the IT Plan.
C10	Reclassification is requested for 4 positions as follows: An Insurance Senior Examiner, Grade C122, to Certified Financial Examiner, Grade C130; two Insurance Examiners, Grade C119, to Insurance Senior Examiner, Grade C122; and an Administrative Specialist III, Grade C112, to Administrative Analyst, Grade C115.
C11	Upgrading is requested for 4 positions as follows: Property & Casualty Manager from Grade C128 to Grade N906; Insurance Licensing Manager from C124 to C130; Insurance Consumer Protection Manager from C124 to C130; and Personnel Manager from C121 to C130.

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 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 and matching provide for the continuation of four positions and do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Base Level for this program is \$353,208 each 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	175,698	186,798	173,978	183,898	183,898	183,898	183,898	183,898	183,898
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	52,427	56,434	53,490	55,904	55,904	55,904	55,904	55,904	55,904
Operating Expenses	5020002	46,476	90,406	90,406	90,406	90,406	90,406	90,406	90,406	90,406
Conference & Travel Expenses	5050009	0	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
Total		274,601	356,638	340,874	353,208	353,208	353,208	353,208	353,208	353,208
Funding Sources										
Fund Balance	4000005	113,165	238,522		0	0	0	0	0	0
Special Revenue	4000030	399,958	118,116		353,208	353,208	353,208	353,208	353,208	353,208
Total Funding		513,123	356,638		353,208	353,208	353,208	353,208	353,208	353,208
Excess Appropriation/(Funding)		(238,522)	0		0	0	0	0	0	0
Grand Total		274,601	356,638		353,208	353,208	353,208	353,208	353,208	353,208

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 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.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

Base Level for this program is \$955,512 each year, with 11 positions budgeted. Changes are requested as follows:

Reallocation of resources that provide for assistance by the Department of Information Systems in the amounts of \$1,000 each year from Data Processing to the Operating Expenses line item.

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

The Executive Recommendation provides for the reduction in the Data Processing line item and for Base Level in all other line items.

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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	426,910	576,196	628,120	571,796	571,796	571,796	571,796	571,796	571,796
#Positions	11	11	11	11	11	11	11	11	11
Personal Services Matching 5010003	138,374	167,814	180,668	165,081	165,081	165,081	165,081	165,081	165,081
Operating Expenses 5020002	82,761	171,635	171,635	171,635	179,635	171,635	171,635	179,635	171,635
Conference & Travel Expenses 5050009	5,800	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees 5060010	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing 5090012	0	1,000	1,000	1,000	0	0	1,000	0	0
Capital Outlay 5120011	0	7,000	7,000	0	0	0	0	0	0
Total	653,845	969,645	1,034,423	955,512	962,512	954,512	955,512	962,512	954,512
Funding Sources									
Fund Balance 4000005	1,084,017	1,463,228		1,243,583	1,243,583	1,243,583	1,038,071	1,031,071	1,039,071
Special Revenue 4000030	1,033,056	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding	2,117,073	2,213,228		1,993,583	1,993,583	1,993,583	1,788,071	1,781,071	1,789,071
Excess Appropriation/(Funding)	(1,463,228)	(1,243,583)		(1,038,071)	(1,031,071)	(1,039,071)	(832,559)	(818,559)	(834,559)
Grand Total	653,845	969,645		955,512	962,512	954,512	955,512	962,512	954,512

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		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	955,512	11	955,512	100.0	955,512	11	955,512	100.0
C04	Reallocation	0	0	955,512	100.0	0	0	955,512	100.0
C08	Technology	7,000	0	962,512	100.7	7,000	0	962,512	100.7

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	955,512	11	955,512	100.0	955,512	11	955,512	100.0
C04	Reallocation	(1,000)	0	954,512	99.9	(1,000)	0	954,512	99.9
C08	Technology	0	0	954,512	99.9	0	0	954,512	99.9

Justification

C04	A Base Level of \$1,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C08	Requesting \$7,000 in Operating Expenses each year for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment in accordance with the Department's IT Plan as submitted to the DFA - Office of State Technology Planning. Items referenced in this request can be found under the Hardware tab in the IT Plan.

Analysis of Budget Request

Appropriation: 2SZ - Prepaid Funeral Benefits Division

Funding Sources: TIP - State Insurance Department Prepaid Trust Fund

Act 372 of 1997 (Arkansas Code §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 is \$361,914 each year, with 4 positions budgeted. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The only change requested is reallocation of \$2,000 in the Data Processing line item for assistance and support by the Department of Information Systems to the Operating Expenses line item, as determined by the Office of Accounting.

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			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	201,147	203,203	196,417	200,303	200,303	200,303	200,303	200,303	200,303
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	55,315	50,600	57,758	59,221	59,221	59,221	59,221	59,221	59,221
Operating Expenses	5020002	11,812	69,390	69,390	69,390	71,390	71,390	69,390	71,390	71,390
Conference & Travel Expenses	5050009	0	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	0	0	2,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		268,274	356,193	356,565	361,914	361,914	361,914	361,914	361,914	361,914
Funding Sources										
Fund Balance	4000005	742,464	779,263		688,070	688,070	688,070	591,156	591,156	591,156
Special Revenue	4000030	305,073	265,000		265,000	265,000	265,000	265,000	265,000	265,000
Total Funding		1,047,537	1,044,263		953,070	953,070	953,070	856,156	856,156	856,156
Excess Appropriation/(Funding)		(779,263)	(688,070)		(591,156)	(591,156)	(591,156)	(494,242)	(494,242)	(494,242)
Grand Total		268,274	356,193		361,914	361,914	361,914	361,914	361,914	361,914

The FY11 Budget amount for Regular Salaries exceeds Authorized due to salary adjustments during the 2009-2011 Biennium.

Change Level by Appropriation

Appropriation: 2SZ - Prepaid Funeral Benefits Division
Funding Sources: TIP - State Insurance Department Prepaid Trust Fund

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	361,914	4	361,914	100.0	361,914	4	361,914	100.0
C04	Reallocation	0	0	361,914	100.0	0	0	361,914	100.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	361,914	4	361,914	100.0	361,914	4	361,914	100.0
C04	Reallocation	0	0	361,914	100.0	0	0	361,914	100.0

Justification

C04	A Base Level of \$2,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.								
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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 Arkansas Code §23-64-308.

Base Level salaries and matching provide for the continuation of one position and do not include appropriation for a Cost of Living Adjustment or a Career Service Payment.

The Department is requesting continuation at the Base Level of \$35,514 each year.

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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	25,440	25,647	25,849	25,647	25,647	25,647	25,647	25,647	25,647
#Positions	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	9,568	9,859	10,016	9,867	9,867	9,867	9,867	9,867	9,867
Total	35,008	35,506	35,865	35,514	35,514	35,514	35,514	35,514	35,514
Funding Sources									
Fund Balance 4000005	809,777	897,465		981,959	981,959	981,959	1,066,445	1,066,445	1,066,445
Special Revenue 4000030	122,696	120,000		120,000	120,000	120,000	120,000	120,000	120,000
Total Funding	932,473	1,017,465		1,101,959	1,101,959	1,101,959	1,186,445	1,186,445	1,186,445
Excess Appropriation/(Funding)	(897,465)	(981,959)		(1,066,445)	(1,066,445)	(1,066,445)	(1,150,931)	(1,150,931)	(1,150,931)
Grand Total	35,008	35,506		35,514	35,514	35,514	35,514	35,514	35,514

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 Arkansas Code §19-5-805. Base Level is \$14,000,000 each year. The Department is requesting the addition of \$1,000,000 each year to assure sufficient appropriation to cover the growing level of expenses for claims.

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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	11,589,653	14,000,000	14,000,000	14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
Total	11,589,653	14,000,000	14,000,000	14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
Funding Sources									
Workers' Comp Revolving 4000735	11,589,653	14,000,000		14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
Total Funding	11,589,653	14,000,000		14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	11,589,653	14,000,000		14,000,000	15,000,000	15,000,000	14,000,000	15,000,000	15,000,000

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	14,000,000	0	14,000,000	100.0	14,000,000	0	14,000,000	100.0
C01	Existing Program	1,000,000	0	15,000,000	107.1	1,000,000	0	15,000,000	107.1

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	14,000,000	0	14,000,000	100.0	14,000,000	0	14,000,000	100.0
C01	Existing Program	1,000,000	0	15,000,000	107.1	1,000,000	0	15,000,000	107.1

Justification

C01	Requesting an additional \$1,000,000 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	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	311	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	1,414	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	192,880	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
Total	194,605	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Funding Sources									
Fund Balance 4000005	3,635,465	3,919,803		3,919,803	3,919,803	3,919,803	3,919,803	3,919,803	3,919,803
Trust Fund 4000050	478,943	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Total Funding	4,114,408	6,024,658		6,024,658	6,024,658	6,024,658	6,024,658	6,024,658	6,024,658
Excess Appropriation/(Funding)	(3,919,803)	(3,919,803)		(3,919,803)	(3,919,803)	(3,919,803)	(3,919,803)	(3,919,803)	(3,919,803)
Grand Total	194,605	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855

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 Arkansas Code §11-9-307.

Base Level is \$1,502,863 each year, with 24 positions budgeted. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. Requested changes are as follows:

Reclassification of one position, WCC CLaims Specialist to WCC Program Manager. Each of these titles has the same grade, C121, so no additional costs are involved.

The Data Processing line item contains \$4,000 each year for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.

Operating Expenses 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, but also includes the reduction of \$4,000 in the Data Processing line item.

Appropriation Summary

Appropriation: 2TD - Public Employees Claims Section

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	925,990	949,718	978,800	947,708	947,708	947,708	947,708	947,708	947,708
#Positions	23	24	24	24	24	24	24	24	24
Personal Services Matching 5010003	282,185	300,319	308,569	303,946	303,946	303,946	303,946	303,946	303,946
Operating Expenses 5020002	161,035	233,209	233,209	233,209	252,209	233,209	233,209	252,209	233,209
Conference & Travel Expenses 5050009	8,001	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	0	0	4,000	0	0
Capital Outlay 5120011	0	15,000	15,000	0	0	0	0	0	0
Total	1,377,211	1,516,246	1,553,578	1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863
Funding Sources									
Special Revenue 4000030	1,377,211	1,516,246		1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863
Total Funding	1,377,211	1,516,246		1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,377,211	1,516,246		1,502,863	1,517,863	1,498,863	1,502,863	1,517,863	1,498,863

Change Level by Appropriation

Appropriation: 2TD - Public Employees Claims Section
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,502,863	24	1,502,863	100.0	1,502,863	24	1,502,863	100.0
C01	Existing Program	10,000	0	1,512,863	100.7	10,000	0	1,512,863	100.7
C04	Reallocation	0	0	1,512,863	100.7	0	0	1,512,863	100.7
C08	Technology	5,000	0	1,517,863	101.0	5,000	0	1,517,863	101.0
C10	Reclass	0	0	1,517,863	101.0	0	0	1,517,863	101.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,502,863	24	1,502,863	100.0	1,502,863	24	1,502,863	100.0
C01	Existing Program	0	0	1,502,863	100.0	0	0	1,502,863	100.0
C04	Reallocation	(4,000)	0	1,498,863	99.7	(4,000)	0	1,498,863	99.7
C08	Technology	0	0	1,498,863	99.7	0	0	1,498,863	99.7
C10	Reclass	0	0	1,498,863	99.7	0	0	1,498,863	99.7

Justification

C01	Requesting \$10,000 each year in Operating Expenses for replacement of low value non-IT equipment.
C04	A Base Level of \$4,000 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C08	Requesting \$5,000 in Operating Expenses each year for this program's share of costs to continue scheduled replacement and upgrading of low value information technology equipment in accordance with the Department's IT Plan as submitted to the DFA - Office of State Technology Planning. Items referenced in this request are listed under the Hardware tab in the IT Plan.
C10	Reclassification of a WCC Claims Specialist to a WCC Program Manager is requested. The grades of both titles are the same (C121), so no change would occur in Base Level costs.

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 for this program is \$853,627 each year. Salaries and matching contained in Base Level do not include appropriation for a Cost of Living Adjustment or Career Service Payments for the five continuing positions.

Requested changes are upgrading of the position of Senior Health Insurance Information Program Manager from Grade C124 to C130 at salary and matching costs of \$15,196 each year and reallocation of resources that provide for assistance by the Department of Information Systems in the amounts of \$1,600 each year from Data Processing to the Operating Expenses line item.

The Executive Recommendation provides for the Agency Request, with the position upgrade not recommended.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	145,328	157,840	155,125	157,840	170,480	157,840	157,840	170,480	157,840
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	46,669	55,268	55,004	55,315	57,871	55,315	55,315	57,871	55,315
Operating Expenses 5020002	125,101	282,463	282,463	282,463	284,063	284,063	282,463	284,063	284,063
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	209,172	356,409	356,409	356,409	356,409	356,409	356,409	356,409	356,409
Data Processing 5090012	0	1,600	1,600	1,600	0	0	1,600	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	526,270	853,580	850,601	853,627	868,823	853,627	853,627	868,823	853,627
Funding Sources									
Federal Revenue 4000020	526,270	853,580		853,627	868,823	853,627	853,627	868,823	853,627
Total Funding	526,270	853,580		853,627	868,823	853,627	853,627	868,823	853,627
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	526,270	853,580		853,627	868,823	853,627	853,627	868,823	853,627

The FY11 Budget amounts for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments and matching rate adjustments during the 2009-2011 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	853,627	5	853,627	100.0	853,627	5	853,627	100.0
C04	Reallocation	0	0	853,627	100.0	0	0	853,627	100.0
C11	Upgrade/Downgrade	15,196	0	868,823	101.8	15,196	0	868,823	101.8

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	853,627	5	853,627	100.0	853,627	5	853,627	100.0
C04	Reallocation	0	0	853,627	100.0	0	0	853,627	100.0
C11	Upgrade/Downgrade	0	0	853,627	100.0	0	0	853,627	100.0

Justification

C04	A Base Level of \$1,600 each year is contained in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item.
C11	Requesting an upgrade of the Senior Health Insurance Information Program Manager position from Grade C124 to Grade C130. Total additional salary and matching costs are \$15,196 each year.

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			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	4,688,729	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total	4,688,729	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Funding Sources									
Miscellaneous Revolving 4000350	4,688,729	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total Funding	4,688,729	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,688,729	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000

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	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	237,644	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	237,644	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Funding Sources									
Miscellaneous Revolving 4000350	237,644	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	237,644	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	237,644	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 Arkansas Code §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	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	23,258	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	23,258	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Miscellaneous Revolving 4000350	23,258	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	23,258	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
Grand Total	23,258	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 Arkansas Code §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	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	19,786	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	19,786	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Funding Sources									
Miscellaneous Revolving 4000350	19,786	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding	19,786	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
Grand Total	19,786	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 \$130,166 each year and is the request for 2011-2013.

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 Arkansas Code §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	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	21,446	132,029	166,425	130,166	130,166	130,166	130,166	130,166	130,166
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
Total	21,446	132,029	166,425	130,166	130,166	130,166	130,166	130,166	130,166
Funding Sources									
Fund Balance 4000005	148,980	130,166		0	0	0	0	0	0
Cash Fund 4000045	2,632	0		0	0	0	0	0	0
Total Funding	151,612	130,166		0	0	0	0	0	0
Excess Appropriation/(Funding)	(130,166)	1,863		130,166	130,166	130,166	130,166	130,166	130,166
Grand Total	21,446	132,029		130,166	130,166	130,166	130,166	130,166	130,166

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 \$100,000 each year. Arkansas Code §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 continuation at the Base Level of \$100,000 each year.

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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	76,837	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	76,837	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	1,000	1,035		0	0	0	0	0	0
Cash Fund 4000045	76,872	98,965		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	77,872	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	(1,035)	0		0	0	0	0	0	0
Grand Total	76,837	100,000		100,000	100,000	100,000	100,000	100,000	100,000

Analysis of Budget Request

Appropriation: 2TN - Prepaid Funeral Contracts Recovery

Funding Sources: TIP - Prepaid Funeral Contracts Program Recovery Fund

Act 1043 of 2001 established the Prepaid Funeral Contracts Recovery Program to reimburse purchasers of pre-need 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.

The Department is requesting continuation of the Base Level amount of \$500,000 each year for this program.

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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	16,874	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	16,874	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Special Revenue 4000030	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	16,874	500,000		500,000	500,000	500,000	500,000	500,000	500,000

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. 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.

This program was appropriated by the General Assembly for the 2009-2011 biennium in the amounts of \$125,000 each year. The Department is requesting continuation at the Base Level of \$125,000.

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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	84,194	125,000	125,000	125,000	125,000	125,000	125,000	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
Total		84,194	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Funding Sources										
Fund Balance	4000005	12,089	11,594		0	0	0	0	0	0
Cash Fund	4000045	83,699	113,406		125,000	125,000	125,000	125,000	125,000	125,000
Total Funding		95,788	125,000		125,000	125,000	125,000	125,000	125,000	125,000
Excess Appropriation/(Funding)		(11,594)	0		0	0	0	0	0	0
Grand Total		84,194	125,000		125,000	125,000	125,000	125,000	125,000	125,000

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 to more efficiently and more economically provide coverage for the vehicles and property of participating school districts. 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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims	5900046	5,378,777	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total		5,378,777	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Funding Sources										
Fund Balance	4000005	8,462,663	9,067,935		9,067,935	9,067,935	9,067,935	9,067,935	9,067,935	9,067,935
Trust Fund	4000050	5,984,049	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total Funding		14,446,712	23,067,935		23,067,935	23,067,935	23,067,935	23,067,935	23,067,935	23,067,935
Excess Appropriation/(Funding)		(9,067,935)	(9,067,935)		(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)	(9,067,935)
Grand Total		5,378,777	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000