

STATE INSURANCE DEPARTMENT

Enabling Laws

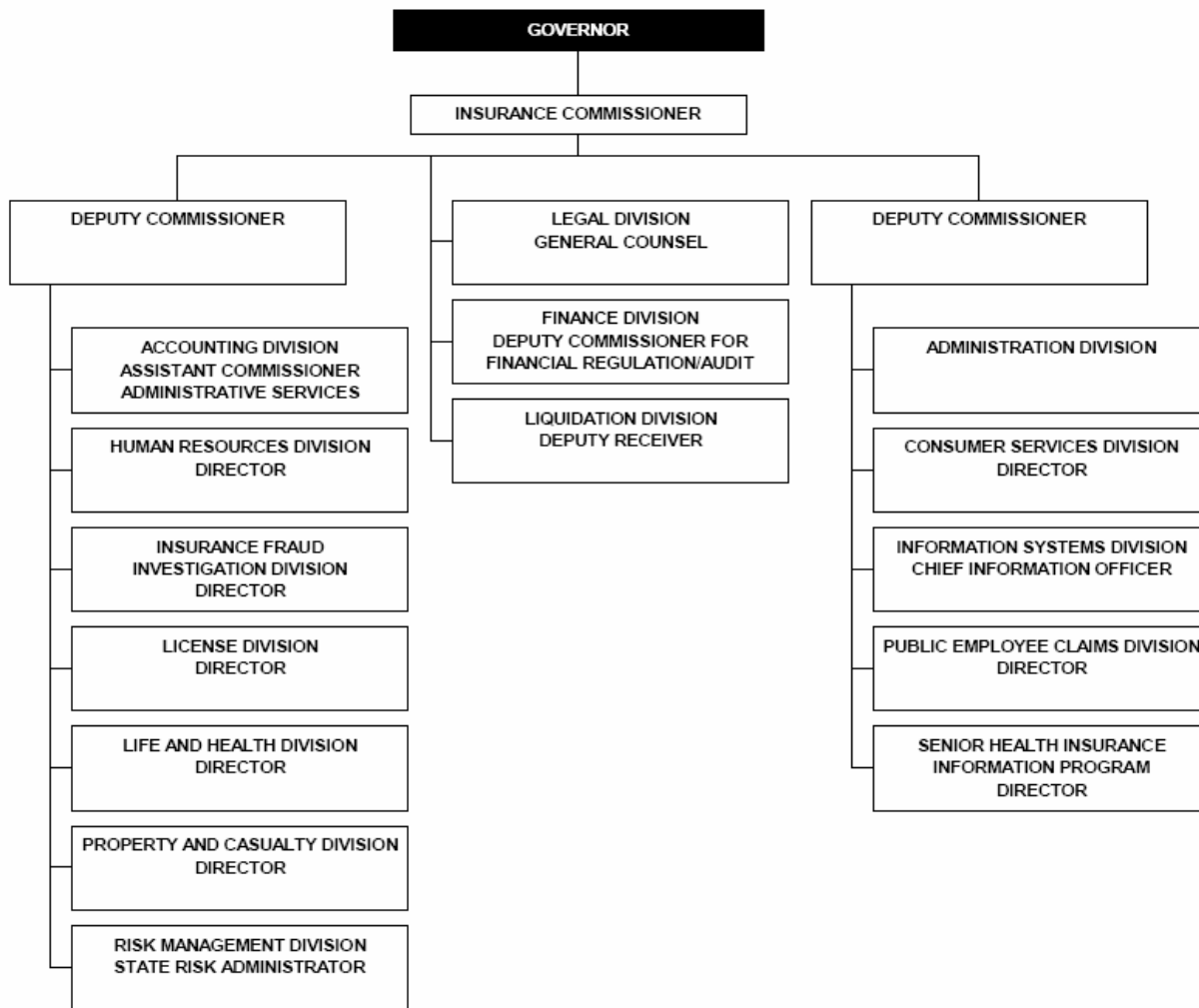
Act 1583 of 2003
Act 1628 of 2003
Act 1762 of 2003
Act 78 of 2003 - 2nd Extraordinary Session
AR Code §23-60-101---23-101-114
AR Code §26-57-601---26-57-616
AR Code §24-11-301; 24-11-809
AR Code §23-102-105---23-102-119
AR Code §11-9-301---11-9-307
AR Code §21-14-101(d)(2)
AR Code §23-40-101
AR Code §21-2-707-21-2-708(b)&(c) et seq
Act 809 of 1979
Act 1570 of 1999

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, 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 and regulations 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. We assist 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 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 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.

The Administration and Regulatory Support Services Program provides management, personnel, information technology, and material resources for the support of all programs assigned to the State Insurance Department. The Department is requesting the addition of 4 new positions, changes in 33 other positions, and additional resources in Operating Expenses to relocate an expanded Risk Management operation to new quarters.

The Insurance Regulation and Consumer Protection Program conducts consumer protection activities that include financial examinations, industry licensure, rate reviews, and continuing education. It also conducts a Risk Management Program to minimize government insurance costs and losses and regulates the prepaid funeral contracts industry. The Department is requesting 3 additional positions and changes in 46 current positions, along with increases in Operating Expenses and Capital Outlay for replacement of data processing hardware and software purchases.

The Insurance Fraud Investigation Program enforces insurance criminal fraud provisions by investigating and causing prosecution of violations of the Arkansas Insurance Code and the Worker's Compensation Law. For this program, the Department is requesting a new position of Attorney Specialist, changes in 7 current positions, and additional resources in Operating Expenses and Capital Outlay for information technology needs. Also requested are increases in Conference Fees and Travel for additional training costs.

The Worker's Compensation for State Employees Program provides claims management and worker's compensation benefits for State, public school, city, and county employees with work related injuries or illnesses while striving to minimize injuries and claims costs. The Department is requesting 2 new positions, changes in 2 current positions, and increases in Operating Expenses for the purchase and maintenance of claims management software.

Continuation is requested for the Multi-Agency Insurance Trust Fund Program that was established at the beginning of the 2003-05 Biennium to reduce the cost of insurance for state agencies by pooling their premium dollars in the purchase of broader coverage in fewer policies with larger deductibles.

Continuation is also requested for the Public School Motor Vehicle Insurance Program and the Public Elementary/Secondary School Property Insurance Program that were transferred to the State Insurance Department from the Department of Education.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE INSURANCE DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	55	72	127	77 %
Black Employees	4	30	34	20 %
Other Racial Minorities	1	4	5	3 %
Total Minorities			39	23 %
Total Employees			166	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	750	Required for the Governor and provided to others upon request.
Newsletter	None	N	N	3,000	Annually provide insurance fraud information to the public.

Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0425P01 Admin/Reg Support Svcs	13,145,598	50	17,286,399	52	17,357,755	52	17,758,334	56	17,322,331	52	17,842,981	56	17,400,195	52
0425P02 Regulation/Consumer Protection	4,370,250	81	6,207,039	82	6,158,483	82	7,830,081	86	7,412,840	82	6,949,458	86	6,521,456	82
0425P03 Insurance Fraud Program	972,252	16	1,156,268	16	1,158,268	16	1,310,029	17	1,160,710	16	1,321,753	17	1,184,752	16
0425P04 Wkrs Comp/State Employees	10,955,022	23	12,446,470	24	12,453,470	24	12,653,611	26	12,495,174	24	12,591,766	26	12,500,126	24
1QA AMATT	3,711,097	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
2HJ Sch Motor Vehicle Insurance	498,533	0	5,129,516	2	0	2	5,133,143	2	5,133,143	2	5,135,916	2	5,135,916	2
2HK PE/Sec School Insurance	2,066,034	2	9,184,488	4	0	4	9,190,246	4	9,190,246	4	9,194,213	4	9,194,213	4
NOT REQUESTED FOR THE BIENNIUM														
1NZ Health Ins Pool	7,164,812	0	8,000,000	0	8,000,000	0	0	0	0	0	0	0	0	0
1PG Fire Departments	835,188	0	0	0	8,000,000	0	0	0	0	0	0	0	0	0
Total	43,718,786	172	69,410,180	180	63,127,976	180	63,875,444	191	62,714,444	180	63,036,087	191	61,936,658	180

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	27,397,833	36.2	40,054,279	39.5	32,083,314	33.8	32,083,314	33.9	30,907,222	33.4	31,897,852	34.1
Federal Revenue	4000020	163,405	0.2	293,822	0.3	319,311	0.3	307,411	0.3	323,795	0.3	311,895	0.3
Special Revenue	4000030	11,826,965	15.6	12,513,312	12.3	13,738,575	14.5	13,580,138	14.4	12,682,211	13.7	12,590,571	13.5
Cash Fund	4000045	27,055	0.0	88,222	0.1	88,222	0.1	88,222	0.1	88,222	0.1	88,222	0.1
Trust Fund	4000050	18,055,869	23.8	26,418,859	26.0	26,428,244	27.9	26,428,244	27.9	26,434,984	28.6	26,434,984	28.3
Miscellaneous Revolving	4000350	9,245,928	12.2	11,975,000	11.8	11,975,000	12.6	11,975,000	12.7	11,975,000	12.9	11,975,000	12.8
Workers' Comp Revolving	4000735	9,056,010	12.0	10,150,000	10.0	10,150,000	10.8	10,150,000	10.7	10,150,000	11.0	10,150,000	10.9
Total Funds		75,773,065	100.0	101,493,494	100.0	94,782,666	100.0	94,612,329	100.0	92,561,434	100.0	93,448,524	100.0
Excess Appropriation/(Funding)		(32,054,279)		(32,083,314)		(30,907,222)		(31,897,885)		(29,525,347)		(31,511,866)	
Grand Total		43,718,786		69,410,180		63,875,444		62,714,444		63,036,087		61,936,658	

For FY05, the Fund Balance amount includes \$8,000,000 that is reserved for transfer to the Comprehensive Health Insurance Pool in accordance with provisions in Act 1583 of 2003.

Analysis of Budget Request

Appropriation / Program: 0425P01 - Admin/Reg Support Srvs

Funding Sources: TSI-Trust, NDD-Cash in Treasury, MTA-Miscellaneous Revolving Fund

The Administration and Regulatory Support Services Program provides the management, personnel, information technology, and material resources to support all department operations and to continue to improve consumer protection by regulation and information dissemination. Funding for this program is by Cash Funds in the State Treasury for examination reimbursements and consumer education, Miscellaneous Revolving Funds for Refunds and Overpayments of premium taxes, and special revenues in the State Insurance Department Trust Fund for administrative and consumer protection expenses.

The Agency's Fiscal Year 2004 Progress Report identified eight measures, of which the targets for seven were met or exceeded. The measure for the number of proprietary information systems maintained by agency staff or through contractual services resulted in six, compared with a target of 10. At this time, the Strategic Plan for the 2005-2009 period has not been adopted, so no key measures have been selected nor targets updated for this program.

Base Level for the Administration and Regulatory Support Program is \$17,391,706 for FY06 and \$17,469,290 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 52 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting 4 new positions as follows: An Insurance Department Education Outreach Director to manage dissemination of information to the general public, an Insurance Investigator II to assist the legal staff in fraud cases, and an Administrative Assistant I and an Applications & Systems Manager to bolster the Agency's Information Systems Program. Also requested are CLIP reclassifications for 6 positions, reclassification of 25 positions, upgrading of one position, one title change, and an extraordinary salary increase for the Insurance Assistant Deputy Commissioner for Finance to match the level of the requested new Director of Risk Management position. Costs for these personnel changes are \$253,628 for FY06 and \$260,691 for FY07.

Increases of \$113,000 each year are requested in Operating Expenses for rent, utilities, and janitorial services in new quarters to house the Risk Management Program that has been expanded by the addition of 2 programs and 6 positions transferred to the Insurance Department from the Department of Education during FY04 by Act 78 of 2003, 2nd Extraordinary Session.

The Executive Recommendation provides for Base Level, as well as a reduction in Base Level of \$78,636 each year in Travel-Conference Fees. In addition, the Executive recommends upgrading of one position and reclassification of 4 other positions.

Appropriation / Program Summary

Appropriation / Program: 0425P01 Administration and Regulatory Support Services Program

Funding Sources: TSI-Trust, NDD-Cash in Treasury, MTA-Miscellaneous Revolving Fund

Program Description	Program Goals	
This program is composed of all activities and resources necessary to administer and support the regulatory activities of the other Programs.	1	Effectively administer and support the regulatory activities of the other Programs.

Objective Code	Name	Description
00FC	Objective 1	Administration and Regulatory Support. Provide Department resources (management, personnel, systems, and material) necessary to continue to improve consumer protection by insurance industry regulation in Arkansas.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	% of agency key performance measures met.	76%/93%	78%	80%
1			Efficiency	% of agency staff in Administration and support services as compared to total agency positions.	30%/29%	30%	30%
1			Efficiency	% of agency budget in Administration and support services as compared to total agency budget.	47%/35%	47%	47%
1			Outcome	Number of prior year audit findings repeated in subsequent audit.	0/0	0%	0%
1			Effort	Number of proprietary information systems maintained by agency staff or maintained through contractual services.	10/6	10	10
1			Outcome	% Gramm-Leach-Bliley (GLB) Financial Services Modernization Act- required changes in state regulation of insurance substantially complied with.	100%/100%	100%	100%
1			Outcome	Implement all Commissioner approved National Association of Insurance Commissioners technology initiatives.	100%/100%	100%	100%
1			Effort	Agency information technology budget as a percent of total agency budget	4.70%/2.00%	4.7%	4.7%
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days

Appropriation / Program Summary

Appropriation / Program: 0425P01 Administration and Regulatory Support Services Program

Funding Sources: TSI-Trust, NDD-Cash in Treasury, MTA-Miscellaneous Revolving Fund

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4

Appropriation / Program Summary

Appropriation / Program: 0425P01 Admin/Reg Support Svcs
Authorized Program Amount 17,357,755

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,000,582	2,265,746	2,333,867	2,533,253	2,341,616	2,399,022	2,604,321	2,407,005
#Positions		50	52	52	56	52	52	56	52
Extra Help	5010001	105,218	140,000	140,000	140,000	140,000	140,000	140,000	140,000
#Extra Help		19	19	19	19	19	19	19	19
Personal Services Matching	5010003	510,085	627,319	664,505	718,747	666,017	676,934	732,326	678,492
Overtime	5010006	83	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses	5020002	1,564,955	2,187,827	2,187,827	2,300,827	2,187,827	2,187,827	2,300,827	2,187,827
Travel-Conference Fees	5050009	111,367	193,636	193,636	193,636	115,000	193,636	193,636	115,000
Professional Fees and Services	5060010	150,204	471,871	471,871	471,871	471,871	471,871	471,871	471,871
Data Processing	5090012	81,332	215,000	215,000	215,000	215,000	215,000	215,000	215,000
Refund/Reimbursements	5110014	8,458,606	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Capital Outlay	5120011	157,577	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Special Maintenance	5120032	5,589	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total		13,145,598	17,286,399	17,391,706	17,758,334	17,322,331	17,469,290	17,842,981	17,400,195

Funding Sources									
Fund Balance	4000005	13,874,614	15,397,886	15,523,578	15,523,578	15,523,578	14,957,971	14,591,343	15,027,329
Special Revenue	4000030	6,183,209	6,323,869	5,737,877	5,737,877	5,737,877	5,650,984	5,650,984	5,650,984
Cash Fund	4000045	27,055	88,222	88,222	88,222	88,222	88,222	88,222	88,222
Miscellaneous Revolving	4000350	8,458,606	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total Funding		28,543,484	32,809,977	32,349,677	32,349,677	32,349,677	31,697,177	31,330,549	31,766,535
Excess Appro/(Funding)		(15,397,886)	(15,523,578)	(14,957,971)	(14,591,343)	(15,027,346)	(14,227,887)	(13,487,568)	(14,366,340)
Grand Total		13,145,598	17,286,399	17,391,706	17,758,334	17,322,331	17,469,290	17,842,981	17,400,195

Objective Summary

Objective: 00FC Admin/Reg Support Srvs-Objective 1-Treasury

Description: Administration and Regulatory Support. Provide Department resources (management, personnel, systems, and material) necessary to continue to improve consumer protection by insurance industry regulation in Arkansas.

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,000,582	2,265,746	2,333,867	2,533,253	2,341,616	2,399,022	2,604,321	2,407,005
#Positions	50	52	52	56	52	52	56	52
Extra Help 5010001	105,218	140,000	140,000	140,000	140,000	140,000	140,000	140,000
#Extra Help	19	19	19	19	19	19	19	19
Personal Services Matching 5010003	510,085	627,319	664,505	718,747	666,017	676,934	732,326	678,492
Overtime 5010006	83	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses 5020002	1,564,955	2,187,827	2,187,827	2,300,827	2,187,827	2,187,827	2,300,827	2,187,827
Travel-Conference Fees 5050009	111,367	193,636	193,636	193,636	115,000	193,636	193,636	115,000
Professional Fees and Services 5060010	150,204	471,871	471,871	471,871	471,871	471,871	471,871	471,871
Data Processing 5090012	81,332	215,000	215,000	215,000	215,000	215,000	215,000	215,000
Refund/Reimbursements 5110014	8,458,606	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Capital Outlay 5120011	157,577	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Special Maintenance 5120032	5,589	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Objective Total	13,145,598	17,286,399	17,391,706	17,758,334	17,322,331	17,469,290	17,842,981	17,400,195

Analysis of Budget Request

Appropriation / Program: 0425P02 - Regulation/Consumer Protection

Funding Sources: TSI-Trust, FID-Federal, TFB-Trust, TIE-Trust, TIP-Trust

The Insurance Regulation and Consumer Protection Program conducts consumer protection activities that include financial examinations, industry licensure, rate reviews, and continuing education. It also conducts a risk management program to minimize government insurance costs and losses and regulates the prepaid funeral contracts industry. Funding for this program is by Federal Funds for consumer protection programs for senior citizens, by Trust Funds in the Fidelity Bond Trust Fund, and by special revenues contained in other Trust Fund accounts.

The Agency's Fiscal Year 2004 Progress Report listed seventeen measures, of which the targets for all were met or exceeded. At this time, the Strategic Plan for the 2005-2009 period has not been adopted, so no key measures have been selected nor targets updated for this program.

Base Level for the Insurance Regulation and Consumer Protection Program is \$7,367,357 for FY06 and \$6,474,574 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 82 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting 3 additional positions of Certified Financial Examiner and a Director of Risk Management to manage an expanded Risk Management Program. Also requested are CLIP reclassifications for 17 positions, reclassification of 18 positions, and upgrading of 11 other positions. Costs for these personnel changes are \$451,824 for FY06 and \$463,984 for FY07.

Capital Outlay of \$8,000 each year is requested for replacement of information technology equipment and \$2,900 each year is requested in Operating Expenses for software upgrades and purchase of postal software for mass mailings to senior citizens.

The Executive Recommendation provides for Base Level, as well as a reduction in Base Level of \$5,000 each year in Travel-Conference Fees. In addition, the Executive recommends 16 of the requested position reclassifications.

Appropriation / Program Summary

Appropriation / Program: 0425P02 Insurance Regulation & Consumer Protection Program

Funding Sources: TSI-Trust, FID-Federal, TFB-Trust, TIE-Trust, TIP-Trust

Program Description	Program Goals
This program is composed of all regulatory operations necessary to administer and provide current protection and future assurance to Arkansas insurance consumers; to safe-guard the consumer's right to local, state-based insurance regulation by protecting it from federal encroachment; and to fulfill any additional responsibilities that may be vested in the Insurance Commissioner from time to time by the Legislature or Administration.	1 Preserve State Regulation of Insurance through cooperation with the other States, and by conducting regulatory operations in such a manner as to provide the best insurance regulatory services possible.

Objective Code	Name	Description
01FC	Objective 1	Protect insurance consumers.
02FC	Objective 2	Inform and assist insurance consumers.
03FC	Objective 3	Minimize State government insurance costs and losses.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Percentage of resident agents meeting continuing education requirements	97%/99.46%	97%	97%
1			Output	Number resident and non-resident agents with active licenses	43,200/ 47,036	43,500	43,600
1			Outcome	% of company applications for admission which were processed for initial response within 120 days.	75%/89.50%	85%	90%
1			Outcome	% of domestic insurance companies required to be examined by Arkansas Statute, performed	100%/100%	100%	100%
1			Output	Examinations performed as a % of domestic insurance companies licensed in Arkansas.	20%/26.40%	27%	19%
1			Outcome	% of domestic insurance companies on which financial analysis reviews were performed	100%/100%	100%	100%
1			Efficiency	Average processing time for agent licenses (in days)	9.5/9.41	8 days	7 days
1			Outcome	Maintain full accreditation by annually achieving ever improving financial regulation standards.	100%/100%	100%	100%

Appropriation / Program Summary

Appropriation / Program: 0425P02 Insurance Regulation & Consumer Protection Program

Funding Sources: TSI-Trust, FID-Federal, TFB-Trust, TIE-Trust, TIP-Trust

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
2			Outcome	Number of consumer monetary awards resulting from investigation of complaints	\$1,980,000/ \$3,727,216	\$1.95M	\$1.94M
2			Output	Number of consumer complaints filed	4,400/2,936	4,800	5,000
2			Outcome	% of consumer complaints closed	91%/99%	93%	94%
2			Output	Number consumer calls received/handled	28,500/ 40,006	30,000	29,000
2			Output	% of Governor's Dislocated Worker Workshops participated in	96%/96%	98%	99%
3			Output	Number of updates to Insurance Risk Assessment System (IRAS) property databases.	1,600/3,734	1,650	1,650
3			Output	Number of Fidelity Bond Trust Fund contacts made.	1,400/2,467	1,550	1,600
3			Output	Number of on site inspections and analysis of State owned facilities in order to develop enhanced real property appraisals.	1,500/1,665	1,600	1,650
3			Outcome	% of insured State structures inspected to promote increased safety awareness and operating conditions, and to facilitate loss control and loss prevention.	50%/55%	50	50

Appropriation / Program Summary

Appropriation / Program: 0425P02 Regulation/Consumer Protection

Authorized Program Amount **6,158,483**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,787,311	2,982,017	3,084,185	3,449,424	3,126,428	3,173,940	3,549,357	3,217,353
#Positions		81	82	82	86	82	82	86	82
Personal Services Matching	5010003	754,489	857,705	915,855	1,002,440	924,095	933,317	1,021,884	941,786
Overtime	5010006	979	0	0	0	0	0	0	0
Operating Expenses	5020002	65,807	221,862	221,862	224,762	221,862	221,862	224,762	221,862
Travel-Conference Fees	5050009	4,576	12,000	12,000	12,000	7,000	12,000	12,000	7,000
Professional Fees and Services	5060010	286	219,218	219,218	219,218	219,218	219,218	219,218	219,218
Data Processing	5090012	0	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Refund/Reimbursements	5110014	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims	5110015	756,802	1,000,000	2,000,000	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay	5120011	0	0	0	8,000	0	0	8,000	0
Investments	5120013	0	760,637	760,637	760,637	760,637	760,637	760,637	760,637
Total		4,370,250	6,207,039	7,367,357	7,830,081	7,412,840	6,474,574	6,949,458	6,521,456

Funding Sources									
Fund Balance	4000005	4,195,503	4,224,040	4,251,809	4,251,809	4,251,809	4,719,841	4,268,017	4,673,342
Federal Revenue	4000020	163,405	293,822	308,411	319,311	307,411	312,895	323,795	311,895
Special Revenue	4000030	3,577,684	3,836,131	5,422,123	5,422,123	5,422,123	4,509,016	4,509,016	4,509,016
Trust Fund	4000050	657,698	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Total Funding		8,594,290	10,458,848	12,087,198	12,098,098	12,086,198	11,646,607	11,205,683	11,599,108
Excess Appro/(Funding)		(4,224,040)	(4,251,809)	(4,719,841)	(4,268,017)	(4,673,358)	(5,172,033)	(4,256,225)	(5,077,652)
Grand Total		4,370,250	6,207,039	7,367,357	7,830,081	7,412,840	6,474,574	6,949,458	6,521,456

FY05 Budgeted total exceeds Authorized amount in accordance with performance based budgeting transfer authority provided in Section 8 of Act 1463 of 2003.

Claims commitment item for Prepaid Funeral Contracts Recovery is authorized with appropriation of \$1,000,000 in the first year only and is included in Base Level for Claims in 2005-06 only. Special language provides that the unexpended balance remaining in the first year shall be carried forward and made available in the second year.

Objective Summary

Objective: 01FC Regulation/Consumer Protection-Objective 1-Treasury

Description: Protect insurance consumers.

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Regular Salaries 5010000	2,010,719	2,205,464	2,283,292	2,538,508	2,322,770	2,349,151	2,611,500	2,389,716	
#Positions	56	57	57	60	57	57	60	57	
Personal Services Matching 5010003	542,729	622,040	663,680	724,969	671,380	676,486	739,166	684,399	
Overtime 5010006	938	0	0	0	0	0	0	0	
Operating Expenses 5020002	16,460	69,390	69,390	69,390	69,390	69,390	69,390	69,390	
Travel-Conference Fees 5050009	2,367	4,000	4,000	4,000	0	4,000	4,000	0	
Professional Fees and Services 5060010	286	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	
Claims 5110015	99,410	0	1,000,000	1,000,000	1,000,000	0	0	0	
Objective Total	2,672,909	2,929,894	4,049,362	4,365,867	4,092,540	3,128,027	3,453,056	3,172,505	

Objective Summary

Objective: 02FC Regulation/Consumer Protection-Objective 2-Treasury

Description: Inform and assist insurance consumers.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	430,669	491,047	507,035	532,404	509,800	522,393	548,523	525,241
#Positions	19	19	19	19	19	19	19	19
Personal Services Matching 5010003	131,900	159,671	171,832	176,780	172,372	174,826	179,921	175,382
Overtime 5010006	41	0	0	0	0	0	0	0
Operating Expenses 5020002	49,041	147,472	147,472	150,372	147,472	147,472	150,372	147,472
Travel-Conference Fees 5050009	2,209	8,000	8,000	8,000	7,000	8,000	8,000	7,000
Professional Fees and Services 5060010	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing 5090012	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Capital Outlay 5120011	0	0	0	8,000	0	0	8,000	0
Objective Total	613,860	810,790	838,939	880,156	841,244	857,291	899,416	859,695

Objective Summary

Objective: 03FC Regulation/Consumer Protection-Objective 3-Treasury

Description: Minimize State government insurance costs and losses.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	345,923	285,506	293,858	378,512	293,858	302,396	389,334	302,396
#Positions	6	6	6	7	6	6	7	6
Personal Services Matching 5010003	79,860	75,994	80,343	100,691	80,343	82,005	102,797	82,005
Operating Expenses 5020002	306	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees and Services 5060010	0	189,218	189,218	189,218	189,218	189,218	189,218	189,218
Refund/Reimbursements 5110014	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	657,392	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Investments 5120013	0	760,637	760,637	760,637	760,637	760,637	760,637	760,637
Objective Total	1,083,481	2,466,355	2,479,056	2,584,058	2,479,056	2,489,256	2,596,986	2,489,256

Analysis of Budget Request

Appropriation / Program: 0425P03 - Insurance Fraud Program

Funding Sources: TSI-Trust, TIF-Trust

The Insurance Fraud Investigation Program endeavors to fully and equitably enforce insurance criminal fraud provisions by investigating and pursuing prosecution of violations of the Arkansas Insurance Code and the Worker's Compensation Law. Funding for this program is by special revenues in the State Insurance Department Trust Fund and the Insurance Fraud Investigation Division Trust Fund.

The Agency's Fiscal Year 2004 Progress Report identified four measures, of which the targets for two were met or exceeded. The measure for prosecuting attorney acceptance of 80% of referred cases resulted in 55% of referred cases being filed in court during FY04. The target was 95%. Of 33 cases referred, 18 were filed and 15 awaited a filing decision as the reporting period for FY04 ended. The measure for a 90% conviction rate on arraigned cases had a 90% result, compared to a target of 95%. At this time, the Strategic Plan for the 2005-2009 period has not been adopted, so no key measures have been selected nor targets updated for this program.

Base Level for the Insurance Fraud Investigation Program is \$1,190,710 for FY06 and \$1,214,752 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 16 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting one additional position of Attorney Specialist to do legal preparation on cases submitted for criminal activities and possible prosecution. Also requested are CLIP reclassifications for 5 Criminal Fraud Investigator positions, reclassification of a Management Project Analyst II position to Senior Fraud Investigator, and an extraordinary salary increase for the Fraud Division Director position to match the level of the requested new Director of Risk Management position. Costs for these personnel changes are \$76,589 for FY06 and \$78,771 for FY07.

\$22,000 each year is requested in Travel-Conference Fees for additional training for criminal investigators. Capital Outlay of \$13,500 is requested in the first year to replace a network printer and individual computers, along with increases in Operating Expenses of \$7,230 in FY06 for data processing supplies and \$6,230 in FY07 to subscribe to on-line access services with other criminal investigation agencies for assistance in criminal fraud cases.

The Executive Recommendation provides for Base Level, as well as reductions in Base Level of \$8,000 each year in Travel-Conference Fees and \$22,000 each year in Professional Fees and Services. In addition, the Executive recommends one position reclassification.

Appropriation / Program Summary

Appropriation / Program: 0425P03 Insurance Fraud Investigation

Funding Sources: TSI-Trust, TIF-Trust

Program Description	Program Goals	
Fraud Investigation Program. This program is composed of operations necessary to enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.	1	To fully and equitably enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.

Objective Code	Name	Description
04FC	Objective 1	Investigate and prosecute fraudulent insurance code and Workers' Compensation Act violations.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Efficiency	Review and assign referrals to an investigator within 48 hours of receipt.	85%/95%	95%	100%
1			Outcome	Investigation completed and closed or prosecution referred to local prosecutor prior to the expiration of the statute of limitation	100%/100%	100%	100%
1			Outcome	Referred cases accepted by prosecuting attorneys.	95%/55%	80%	80%
1			Outcome	90% conviction rate on arraigned cases.	95%/90%	90%	90%

Appropriation / Program Summary

Appropriation / Program: 0425P03 Insurance Fraud Program

Authorized Program Amount **1,158,268**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	637,194	663,145	685,681	746,559	685,681	705,801	768,505	705,801
#Positions		16	16	16	17	16	16	17	16
Personal Services Matching	5010003	163,868	183,242	195,148	210,859	195,148	199,070	215,137	199,070
Operating Expenses	5020002	149,369	255,811	255,811	263,041	255,811	255,811	262,041	255,811
Travel-Conference Fees	5050009	16,296	25,000	25,000	47,000	17,000	25,000	47,000	17,000
Professional Fees and Services	5060010	529	22,000	22,000	22,000	0	22,000	22,000	0
Data Processing	5090012	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	4,996	6,070	6,070	19,570	6,070	6,070	6,070	6,070
Total		972,252	1,156,268	1,190,710	1,310,029	1,160,710	1,214,752	1,321,753	1,184,752

Funding Sources									
Fund Balance	4000005	1,327,716	1,309,846	1,185,420	1,185,420	1,185,420	1,044,674	925,355	1,074,674
Special Revenue	4000030	954,382	1,031,842	1,049,964	1,049,964	1,049,964	1,055,445	1,055,445	1,055,445
Total Funding		2,282,098	2,341,688	2,235,384	2,235,384	2,235,384	2,100,119	1,980,800	2,130,119
Excess Appro/(Funding)		(1,309,846)	(1,185,420)	(1,044,674)	(925,355)	(1,074,674)	(885,367)	(659,047)	(945,367)
Grand Total		972,252	1,156,268	1,190,710	1,310,029	1,160,710	1,214,752	1,321,753	1,184,752

Objective Summary

Objective: 04FC Insurance Fraud Program-Objective 1-Treasury

Description: Investigate and prosecute fraudulent insurance code and Workers' Compensation Act violations.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	637,194	663,145	685,681	746,559	685,681	705,801	768,505	705,801
#Positions	16	16	16	17	16	16	17	16
Personal Services Matching 5010003	163,868	183,242	195,148	210,859	195,148	199,070	215,137	199,070
Operating Expenses 5020002	149,369	255,811	255,811	263,041	255,811	255,811	262,041	255,811
Travel-Conference Fees 5050009	16,296	25,000	25,000	47,000	17,000	25,000	47,000	17,000
Professional Fees and Services 5060010	529	22,000	22,000	22,000	0	22,000	22,000	0
Data Processing 5090012	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay 5120011	4,996	6,070	6,070	19,570	6,070	6,070	6,070	6,070
Objective Total	972,252	1,156,268	1,190,710	1,310,029	1,160,710	1,214,752	1,321,753	1,184,752

Analysis of Budget Request

Appropriation / Program: 0425P04 - Wkrs Comp/State Employees

Funding Sources: HUA-Miscellaneous Agencies Fund, TUW-Worker's Compensation Revolving Fund, Other Funds

The Worker's Compensation for State Employees Program provides claims management and worker's compensation benefits for State, public school, city, and county employees with work related injuries or illnesses while striving to minimize injuries and claims costs. Funding for this program is by special revenues in the Miscellaneous Agencies Fund for personnel and operating expenses and from the Worker's Compensation Revolving Fund and the Miscellaneous Revolving Fund for claims.

The Agency's Fiscal Year 2004 Progress Report identified four measures, of which the targets for all were met or exceeded. At this time, the Strategic Plan for the 2005-2009 period has not been adopted, so no key measures have been selected nor targets updated for this program.

Base Level for this program is \$12,478,310 for FY06 and \$12,508,126 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 24 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Department requests the addition of two new positions: A Health Care Analyst II and an Occupational Safety Coordinator to process initial worker's compensation filings and to reduce claims incidence by devising safer working environments for employees of government agencies. Also requested are reclassification of an Agency Program Coordinator position to Program Support Manager and upgrading of the Public Employees Benefits Determination Assistant Director position from Grade 24 to Grade 25. Total salary and matching costs for these personnel changes are \$75,630 for FY06 and \$77,669 for FY07.

In Operating Expenses, an addition of \$99,671 is requested in the first year for purchase of claims management software and \$5,971 is requested in the second year for software upgrades.

The Executive Recommendation provides for Base Level, as well as a reduction of \$8,000 each year in the Base Level for Travel-Conference Fees and Actual Expenditures of \$159,431, plus the requested \$99,671 in the first year for Operating Expenses.

Appropriation / Program Summary

Appropriation / Program: 0425P04 Worker's Compensation for State Employees

Funding Sources: HUA-Miscellaneous Agencies Fund, TUW-Worker's Compensation Revolving Fund, Other Funds

Program Description	Program Goals
The Worker's Compensation Claim Management Program for state employees is responsible for providing worker's compensation benefits for state employees with work related injuries or illnesses and residual claims of other public employees.	1 Efficiently administer the public employee Worker's Compensation Program and minimize state employee injuries and claim costs.

Objective Code	Name	Description
05FC		To efficiently process claims and make an eligibility decision on 75% on new lost time claims within 15 days of receipt of the claim in Public Employee Claims Division.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Percent of new claims with eligibility decisions within 15 days.	72%/79.47%	74%	75%
1			Outcome	State government worker's compensation benefit cost rate per \$100 of payroll	\$0.47/\$0.44	0.45	0.44
1			Efficiency	Administrative costs as percent of claim expenditures.	12%/11.31%	12%	12%
1			Outcome	Administrative costs per dollar amount of payroll.	0.08%/0.05%	.0700%	.0675%

Appropriation / Program Summary

Appropriation / Program: 0425P04 Wkrs Comp/State Employees
Authorized Program Amount 12,453,470

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	729,220	814,229	835,909	892,771	835,909	860,860	919,427	860,860
#Positions		23	24	24	26	24	24	26	24
Personal Services Matching	5010003	204,331	245,003	255,163	273,931	255,163	260,028	279,130	260,028
Operating Expenses	5020002	159,431	234,238	234,238	333,909	259,102	234,238	240,209	234,238
Travel-Conference Fees	5050009	4,405	13,000	13,000	13,000	5,000	13,000	13,000	5,000
Professional Fees and Services	5060010	0	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
Claims	5110015	9,843,333	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000
Capital Outlay	5120011	14,302	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total		10,955,022	12,446,470	12,478,310	12,653,611	12,495,174	12,508,126	12,591,766	12,500,126

Funding Sources									
Special Revenue	4000030	1,111,690	1,321,470	1,353,310	1,528,611	1,370,174	1,383,126	1,466,766	1,375,126
Miscellaneous Revolving	4000350	787,322	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Workers' Comp Revolving	4000735	9,056,010	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000
Total Funding		10,955,022	12,446,470	12,478,310	12,653,611	12,495,174	12,508,126	12,591,766	12,500,126
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		10,955,022	12,446,470	12,478,310	12,653,611	12,495,174	12,508,126	12,591,766	12,500,126

Objective Summary

Objective: 05FC Wkrs Comp/State Employees-Objective 1-Treasury

Description: To efficiently process claims and make an eligibility decision on 75% on new lost time claims within 15 days of receipt of the claim in Public Employee Claims Division.

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	729,220	814,229	835,909	892,771	835,909	860,860	919,427	860,860
#Positions		23	24	24	26	24	24	26	24
Personal Services Matching	5010003	204,331	245,003	255,163	273,931	255,163	260,028	279,130	260,028
Operating Expenses	5020002	159,431	234,238	234,238	333,909	259,102	234,238	240,209	234,238
Travel-Conference Fees	5050009	4,405	13,000	13,000	13,000	5,000	13,000	13,000	5,000
Professional Fees and Services	5060010	0	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
Claims	5110015	9,843,333	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000	11,125,000
Capital Outlay	5120011	14,302	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Objective Total		10,955,022	12,446,470	12,478,310	12,653,611	12,495,174	12,508,126	12,591,766	12,500,126

Analysis of Budget Request

Appropriation / Program: 1QA - AMAIT

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.

The Department requests Base Level for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 1QA AMAIT
Funding Sources: TMI-Arkansas Multi-Agency Insurance Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT 5900046	3,711,097	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	3,711,097	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	0	2,663,934		2,663,934	2,663,934	2,663,934	2,663,934	2,663,934	2,663,934
Trust Fund 4000050	6,375,031	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding	6,375,031	12,663,934		12,663,934	12,663,934	12,663,934	12,663,934	12,663,934	12,663,934
Excess Appropriation/(Funding)	(2,663,934)	(2,663,934)		(2,663,934)	(2,663,934)	(2,663,934)	(2,663,934)	(2,663,934)	(2,663,934)
Grand Total	3,711,097	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

The Arkansas Multi-Agency Insurance Trust Fund (AMAIT) was established by Act 1762 of 2003. No fund balance existed on July 1, 2003.

Analysis of Budget Request

Appropriation / Program: 2HJ - Sch Motor Vehicle Insurance

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

The Public School Motor Vehicle Insurance Program was transferred to the State Insurance Department from the Department of Education by Act 78 of 2003, 2nd Extraordinary Session, in February of 2004. This program provides voluntary insurance coverage to insure school district buses and other vehicles owned by the public schools.

Base Level for this program is \$5,133,143 for FY06 and \$5,135,916 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 2 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Department requests Base Level for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 2HJ Sch Motor Vehicle Insurance
Funding Sources: TVI-Public School Vehicle Insurance Reserve Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	15,523	75,122	0	77,375	77,375	77,375	79,695	79,695	79,695
#Positions	0	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	4,443	21,394	0	22,768	22,768	22,768	23,221	23,221	23,221
Operating Expenses 5020002	1,467	32,000	0	32,000	32,000	32,000	32,000	32,000	32,000
Travel-Conference Fees 5050009	0	1,000	0	1,000	1,000	1,000	1,000	1,000	1,000
Professional Fees and Services 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Claims 5110015	477,100	5,000,000	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	498,533	5,129,516	0	5,133,143	5,133,143	5,133,143	5,135,916	5,135,916	5,135,916
Funding Sources									
Fund Balance 4000005	0	2,878,494		2,878,494	2,878,494	2,878,494	2,878,494	2,878,494	2,878,494
Trust Fund 4000050	3,377,027	5,129,516		5,133,143	5,133,143	5,133,143	5,135,916	5,135,916	5,135,916
Total Funding	3,377,027	8,008,010		8,011,637	8,011,637	8,011,637	8,014,410	8,014,410	8,014,410
Excess Appropriation/(Funding)	(2,878,494)	(2,878,494)		(2,878,494)	(2,878,494)	(2,878,494)	(2,878,494)	(2,878,494)	(2,878,494)
Grand Total	498,533	5,129,516		5,133,143	5,133,143	5,133,143	5,135,916	5,135,916	5,135,916

The Public School Motor Vehicle Insurance Program was transferred from the Department of Education to the State Insurance Department by Act 78 of 2003, 2nd Extraordinary Session. Authorized amounts are listed in Act 1608 of 2003, the appropriation act for the Department of Education.

Analysis of Budget Request

Appropriation / Program: 2HK - PE/Sec School Insurance

Funding Sources: TBA-Public Elementary/Secondary School Insurance Fund

The Public Elementary/Secondary School Property Insurance Program was transferred to the State Insurance Department from the Department of Education by Act 78 of 2003, 2nd Extraordinary Session, in February of 2004. This program is designed to provide building and contents insurance to local school districts on a voluntary basis. Funding comes from charges to school districts that volunteer for insurance coverage.

Base Level for this program is \$9,190,246 for FY06 and \$9,194,213 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 4 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Department requests Base Level for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 2HK PE/Sec School Insurance
Funding Sources: TBA-Public Elementary/Secondary School Insurance Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	33,613	105,870	0	109,110	109,110	109,110	112,429	112,429	112,429
#Positions	2	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	8,976	34,118	0	36,636	36,636	36,636	37,284	37,284	37,284
Operating Expenses 5020002	4,989	44,000	0	44,000	44,000	44,000	44,000	44,000	44,000
Travel-Conference Fees 5050009	0	500	0	500	500	500	500	500	500
Professional Fees and Services 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Claims 5110015	2,018,456	9,000,000	0	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	2,066,034	9,184,488	0	9,190,246	9,190,246	9,190,246	9,194,213	9,194,213	9,194,213
Funding Sources									
Fund Balance 4000005	0	5,580,079		5,580,079	5,580,079	5,580,079	5,580,079	5,580,079	5,580,079
Trust Fund 4000050	7,646,113	9,184,488		9,190,246	9,190,246	9,190,246	9,194,213	9,194,213	9,194,213
Total Funding	7,646,113	14,764,567		14,770,325	14,770,325	14,770,325	14,774,292	14,774,292	14,774,292
Excess Appropriation/(Funding)	(5,580,079)	(5,580,079)		(5,580,079)	(5,580,079)	(5,580,079)	(5,580,079)	(5,580,079)	(5,580,079)
Grand Total	2,066,034	9,184,488		9,190,246	9,190,246	9,190,246	9,194,213	9,194,213	9,194,213

The Public Elementary/Secondary School Property Insurance Program was transferred from the Department of Education to the State Insurance Department by Act 78 of 2003, 2nd Extraordinary Session. Authorized amounts are listed in Act 1608 of 2003, the appropriation act for the Department of Education.

Appropriation / Program Summary

Appropriation / Program: 1NZ Health Ins Pool
Funding Sources: TSI-Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	7,164,812	8,000,000	8,000,000	0	0	0	0	0	0
Total	7,164,812	8,000,000	8,000,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	7,164,812	8,000,000		0	0	0	0	0	0
Total Funding	7,164,812	8,000,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	7,164,812	8,000,000		0	0	0	0	0	0

This Appropriation is not requested for the 2005-2007 Biennium.

Appropriation / Program Summary

Appropriation / Program: 1PG Fire Departments
Funding Sources: TSI-Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	835,188	0	8,000,000	0	0	0	0	0	0
Total	835,188	0	8,000,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	835,188	0		0	0	0	0	0	0
Total Funding	835,188	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	835,188	0		0	0	0	0	0	0

This Appropriation is not requested for the 2005-2007 Biennium.