

2015 SENATE APPROPRIATIONS

SB 2010

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
1/13/2015
Job # 21919

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason or introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Attachments 1-4

Legislative Council - Michael Johnson
OMB - Becky Deichert

Chairman Holmberg called the committee to order on SB 2010. All committee members were present, except **Senator Wanzek** who was attending a funeral.

The sub-committee will be **Senators Krebsbach, Erbele and Mathern**.

Adam Hamm, Commissioner, North Dakota Insurance Department: he said they are requesting no more FTEs, they have a hold even budget and their whole budget has decreased by 12%. Continued by speaking from Attachment 1.

Senator Krebsbach: On page 3, the Agency Licensing Division, what do you attribute the reduction in Resident producers to Non-resident producers in the licensed agent area?

Adam Hamm: It's hard to pinpoint exactly, but sometimes folks let their license lapse - or they get to the age where they no longer want to be an agent anymore. Sometimes there's a situation where folks move to a different state so they no longer need to be a licensed agent in North Dakota. There can be any number of reasons why that number has gone down. It hasn't gone down dramatically. The Non-resident numbers have gone up dramatically and that can be directly traced to the economic activity that we have in North Dakota.

Senator Carlisle: On page 8, the offsite rental increase, how many people in your department are offsite?

Adam Hamm: I don't have the exact number, but we have 49.5 FTEs and three offices - here in the capitol; one on the north side of town and one on the south side of town. I'm

going to round ball and say we have about 25 in the capitol and the rest are split between the two offsite locations, so more are offsite than at the capitol, but there a couple vacancies.

Senator O'Connell: Commended the Commissioner and his department and then asked on international last session, we passed a bill that we could do business with international companies. Have you had much response to that.

Adam Hamm said he didn't know if there's any uptick on that and then thanked him for his comments because the only reasons he's able to do that is because of his competent staff.

Senator G. Lee: On final page where it offers the district payments, what causes them to go up or down for the different fire departments that are listed there?

Adam Hamm: For Fire District payments, each insurance company has to report to us by March 1 of each year on the amount of all premiums on fire, allied lines, homeowners multi-peril, farm owners multi-peril and commercial multiple peril insurance received by it upon such policies issued on property within the boundaries of each fire district. Then each district receives its pro-rated amount, according to how much is issued within their boundaries. Of the estimated 100% of that premium total after other payments are made, the collections to Fire fighter death benefit fund, the NDFA, and the EMS grants thru the Health Department. It's simply a formula of how much is coming in and then its pro-rated out.

Senator G. Lee: If one payment is going out, it just means that there are more insurance policies being written. There's larger value there that's rated higher in terms of insurance cost, and that allocation is distributed back.

Adam Hamm: That's all that goes into the formula.

Joe Boespflug, Fire Chief for City of Bismarck, ND Fire Chief's Association: Speaking in favor of SB 2010. (Attachment 2)

Renee Loh, Executive Director, ND Firefighter's Association: Speaking in favor of SB 2010 (Attachment 3)

Senator Robinson: We have discussed various issues with our volunteer force. Some of the folks are getting so old, some are moving on, so we're asking our larger departments to assume greater geographical areas which place additional responsibility in terms of equipment and resources. Where are we with that issue statewide?

Renee Loh: We get calls at ND Firefighters so I would like to ask **Chief Weltikol** from Minot.

Rex Weltikol, Fire Chief for City of Minot, ND: It is making our fire districts bigger. The volunteers wouldn't have so much problem with that, but it's the funding that going to do the damage. In previous bills there are some things that will probably do damage to rural departments.

Senator Robinson: Our city (Valley City) has opted to provide some basic funding for their volunteers. It's nothing major, but the area fire departments are saying, what about us so they're under a lot of pressure. They're more than willing to assume responsibility, but the concern is coverage, equipment, resources. It's easy to say we'll expand our service area, but then to get it done is another story.

Rex Weltikol: They are volunteers and they have real jobs. It takes a lot of time. When they respond to a fire call and it takes them 45 minutes to get to it, it's going to take them 45 minutes to get back. Then it will take them a couple hours at the scene. They're losing a day's pay.

Senator Robinson: Are we catching up in energy country with the pressures we've had for the last couple years?

Rex Weltikol: We're making forward progress. It seems like the further we go ahead, there's always a step back. I believe this year with some of the bills that are coming due, if those pass, they could set us way back.

Senator Mathern: Does the Firefighter's Association have a position on the fire district payments on whether that should be housed in the Insurance Commissioner's office or somewhere else.

Rex Weltikol: Where that money is housed, as far as the Firefighters go, makes no difference, just so they get the money. They appreciate getting it because it reflects on their operations.

Robert Knuth, State Training Director, North Dakota Firefighter's Association
(Attachment 4.)

Senator Mathern: There are some places in MN, in the rural areas that are combining their fire departments, law enforcement and EMS into one agency. Do we do that anywhere in ND?

Robert Knuth: There are some combined EMS and fire departments in rural communities - especially the smaller ones. They would combine organizations to assist with housing apparatus and manning. I'm not 100% sure if there are any law enforcement embedded in those as well.

Senator Bowman: Dealing with oil well fires, have the rural fire departments received enough training to properly handle these fires because are very serious. Do you think that we've been able to keep up the demand of more education for them?

Robert Knuth: As the training director for North Dakota, I'll say no. We have to keep going out there and training, training, training. Our program is not to create oil well fire fighters, or give the false impression to these fire fighters that they can go and attempt to put out an oil well fire. Our program is designed to inform these individuals who may have never been on an oil site before, on what to expect when they get out there; what each piece of equipment

does in this function and how it plays into the entire process. Turning one valve the wrong way or inadvertently closing one could have a disastrous effect down the line. We focus on getting that information out to them. There are fire fighters that none of this training is mandated, it's all voluntary. We get the information out to them and there are some departments that have not taken NDFA up on our offer, but we are providing as much training as we can to those departments free of charge to protect them. We just want them to realize that when you get on scene, this is what you can expect; these are the people that you need to pull into your incident command structure and handle the situation.

Senator Bowman: Our local fire district updates and modernizes their equipment as they can. Are most rural fire departments equipped with the kind of equipment you need to address these issues?

Robert Knuth: As Minot Rural Fire Department's assistant chief, I can answer that there are several oil company grant programs out there that several fire departments have gone out and used. The overall question may be better answered by the Fire Chief's Association. They are the representatives of the department's themselves. In the northwest region, there are several departments that have gone and requested oil impact funds and received grants for equipment.

Senator Heckaman: Are you full time? (Answer - No) Do you receive any benefits? (Answer - We are a paid-on-call fire department.) I'm concerned about the care and safety of our fire department members across the State of North Dakota whether they're paid or volunteers. If you were hurt on the scene, and you weren't able to work for a while, you'd be able to get compensation for that? (Answer - Correct.) Say you were on the scene of an accident and you have a heart attack, would you get compensated for that? (Answer - I'd like to defer that to the Fire Chief's Association because I know there is an issue in this state with WSI.)

Fire Chief Joel Boespflug: We have recently met with WSI Director Bryan Klipfel on this issue and we were educated on what type of coverage is provided. If we are into a volunteer firefighter rule, that firefighter is awarded the same WSI protection as any worker throughout the state. If the issue is heart related, the test is "Did that incident cause a 50% increase in the amount of stress?" That is one of the criteria that is used. It may be a difficult test, but WSI, the director and his staffs are wonderful to work with and they're going to meet with us in Minot in February with the Fire Chiefs to further educate staff and volunteers. One of the avenues that some fire departments have been taking is called gap insurance. If the belief is that all fire departments want what is called a presumptive clause, if there is a heart related type incident, it is first of all presumed that it was work related. Some volunteer fire departments have chosen to file for gap insurance - a private insurance or another option would be to follow the criteria set forth for full-time more physical is required - no smoking, no chewing tobacco. It's a test of the incident if that volunteer fire fighter increased the stress by 50%.

Senator Heckaman: Is that something the legislature should look at is providing funding for gap insurance for volunteer fire districts? Would that gap insurance be per volunteer or per district? If we're looking at possibly funding that, or looking at providing something so that our volunteers are kept safe. Like Senator Robinson said, we're lacking volunteers. I live in

a rural area and we have volunteers that are not able to get compensation because they were hurt working at a fire, it's our state's responsibility to care for them. I don't know what it costs - if someone could get me the information.

Joel Boespflug: We'd be happy to work with you. It would dovetail nicely with the work we've been doing with WSI. We'd be happy to research and get you those costs.

Senator Heckaman: Would anyone here know how many fire districts have gap insurance?

Rex Weltikol: As far as the number of department that have it, it's pretty minimal. The larger departments, such as mine, I do have one. Some just can't afford it.

Senator Heckaman: Do you know what yours cost?

Rex Weltikol: My premium is roughly about \$7000 every 3 years. All of my firefighters are covered which is about 45 people.

Chairman Holmberg closed the hearing on SB 2010.

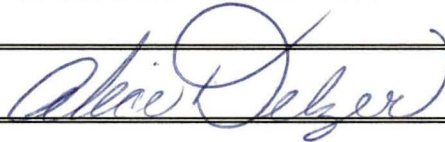
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
1/27/2015
Job # 22641

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for an appropriation for the Insurance Commissioner.

Minutes:

1.Green Sheet- Dept. 401 Insurance Commissioner
2.Email Message from Becky Deichert to Alex Cronquist regarding changes
3.Listing of Fire Districts

Chairman Krebsbach called the subcommittee to order on Tuesday, January 27, 2015 at 2:00 pm in the Harvest Room in regards to SB 2010. Let the record show that all 3 subcommittee members were present: Chairman Krebsbach, Senator Erbele and Senator Mathern. Michael Johnson, Legislative Council and Becky Deichert, OMB, were also present. We do have **Rebecca Ternes, Deputy Commissioner and Jon Datsko, Accountant for the Insurance Department with us today.**

Chairman Krebsbach: In the testimony from Mr. Hamm, the Commissioner, there was a comment raised about HB 1053. That's where they are requiring the FTE's to go to the ITD.

Rebecca Ternes, Deputy Commissioner Insurance Dept: We wanted to be on record that that bill would probably make its way to you and that we would not be in favor of losing our FTE because she is not a desk top support person. The number we have in here is much lower that what's showing up in the fiscal note. **See testimony # 1- Green Sheet- Department 401 - Insurance Commissioner.**

Chairman Krebsbach Any other comment on that.

Senator Mathern: Just to clarify, if that bill passes, there is already money in this budget for a portion of that? Or is there no money in this budget for implementation of that bill.

Rebecca: There is no money in this current appropriation bill to cover what is expected for our department to pay ITD for these services. We have only one IT person. They are looking at desk top support - setting up computers, updating software, dealing with printer issues etc. Most of our staff deals with that by themselves. We couldn't function without

this FTE because of the other items she does. This would be an additional expense for our agency with no savings that we can see right now.

Chairman Krebsbach: Is there any further question on that issue? I guess that's an item we wait for 'til 1043, if it arrives. Then we need an amendment on the section with the funding, 2,3,4 and 5. Rebecca, would you please explain that to the subcommittee?

Rebecca: We noticed after the appropriation bill came out that the numbers or the administrative expenses in sections 2,3, 4, and 5.

Chairman Krebsbach: I think this is incorrect, it should be 3,4,5 and 6.

Rebecca: What these sections do is pay, there are direct administrative expenses taken out of the revenues of these funds to pay for the administrative expenses. This is FTE's that are split multiple times in our special funds unit - supplies and general operating. The changes that we are asking for in these numbers are already in the total on the front page of the bill for the total appropriation. It doesn't change the overall ask for the agency, it's just mistaken numbers in the sections of the bill. (4.22)

Chairman Krebsbach: You're saying that those sections can be completely removed or just changed? She was told just changed.

Senator Mathern: Why even change them?

Becky Deichert, OMB: Those numbers give them the authority on how much that they can spend for the expenses in those funds. That's why we have to change them. **See Attachment # 2 - Email message from Becky Deichert to Alex Cronquist regarding changes in the dollar amounts in section 2,3,4 and 5 of SB 2010.**

Michael Johnson, Legislative Council: I agree with what Becky said.

Chairman Krebsbach: So if we have the amendment prepared that would take care of that issue.

Senator Erbele: Just to be clear, back to page one, those numbers are a part of the \$11M total? If we would add them up it would come to \$11M with the new numbers.

Becky Deichert, OMB: Those numbers are a portion of that \$11M.

Chairman Krebsbach: Are there any other concerns on this subcommittee regarding 2010?

Senator Erbele: Will we have to have a formal amendment drafted before we can accept it?

Chairman Krebsbach: It's pretty clear.

Senator Erbele: I move we accept the number changes presented to us here.

Senator Mathern: I presume that the subtotal was correct, someone had these numbers. I am fine with the amendment.

Senator Erbele moved to accept the numbers that are presented here. Seconded by Senator Mathern.

Chairman Krebsbach: Is there any further discussion on that motion. Hearing none, we will then vote to accept the proposed amendment for Sections 3,4,5 and 6, correcting the dollar figures to come up to the totals of \$11,810,000. All in favor signify by saying Aye. Voice vote - Yea: 3. No one is opposed so we won't even ask for it.

Senator Erbele: (8.37) I'd like to know more about the fire district grants - do you handle and administer these grants? How do you go about doing it? I've had calls about needing equipment.

Rebecca: This is one of the split agency activities. The insurance companies sell insurance in cities & towns and it's tracked by location by the companies. They then report to us how much they sold per district - fire districts. The districts themselves have to make sure they are certified by the Fire Marshall's office to be eligible to receive these grants. We then track by location how much insurance, fire and allied lines, is sold in those districts. Then we take what is appropriated for grants for the biennium and each year we take half of that amount, pro rate it and separate it according to how much insurance was sold. The last attachment of the testimony shares that information. (This testimony was presented in the hearing held on 01-13-2015.) If more or less insurance is purchased in a district that number goes up or down according to the pro-rated amount of the total. (10.35)

Senator Erbele: Was that grant increased in the Governor's budget this year of \$1,364,000? That was confirmed.

Rebecca: Because we've been told to do a hold-even budget by the executive, we've tried to do that. We don't feel it is our decision to raise or lower the amounts given to the districts or to the Fire Fighters Association. We kept it the same. OMB and the Governor's office did some projections of overall increases to premium tax and applied that to an increase for the district grants. They also increased the money going to the Fire Fighters Association which is direct grants to that association.

Senator Erbele: So this is money over and above premium collections within the individual districts or the projection of.

Rebecca: Last year the firefighters came in and said this bill was originally passed years ago and 100% of all these lines should go to the districts. The problem with that was 100% isn't known until many months after the year previous. Where you landed as a body was, we are going to do our best to predict over the next biennium what 100% would be and then deal with that number as an appropriation. That amount we keep as we collect it during the year. Off of that amount, there is some that goes to DHS for EMS for the ambulance services, the Firefighters Association money in our budget, the Firefighters

Death Fund, and I believe the rape kits at the AG's office. These all come off first and then we do the appropriation to the districts. 100% is not exactly 100% but it's the best we can do at this point.

Senator Erbele: Then when equipment is needed they should go to the Fire Marshall for that district and make application there?

Rebecca: We only have a set amount of money to settle. Unless more insurance is sold in his district, he can't get it. We would like another home for these funds. It's 58% of our budget right now.

Chairman Krebsbach: Is there a way it can be annotated in the records or anyplace that X number of dollars of this budget is for this entity?

Becky Deichert, OMB: We specifically broke it out in our bill - section 2. It's not up in their appropriation amount so that's why we did it - so it doesn't show.

Chairman Krebsbach referred to the green sheets. You can see where the executive budget put in increased grants to fire districts.

Senator Mathern: As a further clarification, when you use the word grants, you really don't mean somebody applies for a grant, you mean it's allocated to those districts.

Rebecca: That's exactly right. The only reason they wouldn't get a check and they would lose their share would be if they didn't get certified with the Fire Marshall. Every year there are two or three that don't go through whatever that process is. Otherwise, they can spend it as they want.

Senator Mathern: Did OMB deny your request to separate this money?

Rebecca: Yes. To me this separates it, but if you look at the budget book or if you look historically back and forth, you will see a large budget that is not representative of what the agency spends.

Senator Erbele: You mentioned there is a map in the testimony?

Rebecca: Page 13 of our testimony was just a sampling of different payments.

Chairman Krebsbach: It's a distribution - not really a map. Can we get a copy of the districts of the fire departments that are being funded here?

Rebecca: This is just the ones that you are representing on the Senate Appropriations, but I can get you a list of all districts. The bottom two figures are the total premiums collected and the total payments for all districts. **See Attachment # 3 - Listing of Fire Districts.**

Chairman Krebsbach: What percentage is that of the policies that go into this?

Rebecca: The total written premium in the state is almost \$5.5B. That was for 2013. These payments represent about \$1B. It's just a slice of the overall premiums collected. Then the payments are based on the tax which is 1.7%. All lines of insurance are taxed at 1.75% in the state except life insurance. Life is 2%.

Senator Erbele: He was also asking about getting insurance for injured volunteers? Where can I direct him to do that?

Rebecca: We have nothing to do with that.

Chairman Krebsbach: We voted on the amendment. No changes. We can conclude this subcommittee at this time. Alex will prepare the amendment in draft form. (The amendment was not available at the time of this hearing as it was to be drafted by Alex Cronquist from Legislative Council). We will have another meeting regarding salaries.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
2/11/2015
Job # 23674

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for the Insurance Commissioner.

Minutes:

Testimony # 1

Chairman Krebsbach called the subcommittee to order on Wednesday, February 11, 2015, at 3:30 pm in the Senate Conference Room in regards to SB 2010. All subcommittee members were present: Senator Krebsbach, Senator Erbele and Senator Mathern. Becky Deichert, OMB and Alex Cromquist, Legislative Council as well as two from the Insurance Office, Shelly White and Rebecca Ternes. You have before you the sheet prepared by Alex, Just to explain what is happening in the economy the decision was made to go to 3 and 3, the equity adjustments are taken out, and the retirement. The insurance fee stays, we have no FTE's requested in this budget.

Alex presented Attachment # 1 - Base Level Funding Changes.

Rebecca Ternes, Deputy Commissioner: There was just a mistake in the original bill draft. It would not increase the appropriation just the numbers that were separated out for each one of the special funds for operating were incorrect.

Chairman Krebsbach: That was the bonding fund, Fire and Tornado Fund, the unsatisfied judgment and the petroleum release compensation? She was told that was correct. So we have all of those and they are included in your amendment.

Alex: Yes, They are included in the work sheet and once the decision is made on this worksheet I will prepare the amendment. See Attachment # 1. Base Level funding Changes.

Senator Mathern: Is the Insurance Commissioner's salary separate from the other salary thing, is that the 3 and 3 also?

Alex: There is two separate columns, one is the Executive Budget Recommendation and the other is the Senate Version. Under the Senate version the amounts for the Insurance Commissioner's salary, those amounts were reduced to reflect 3% increase per year.

Senator Mathern: Why do you put that separate from all the other employees?

Alex: The Insurance Commissioner's salary is identified in law in the century code, so we have to make an amendment.

Senator Mathern: The other ones are just general in one line item then. He was told that was correct.

Chairman Krebsbach: I don't think that is any different from the Tax Commissioner, that's listed separately and all of the commissioners and it's three and three. That was confirmed. If there are no further questions we could entertain a motion.

Senator Erbele moved the bill with the changes on the list.

Senator Mathern: For the purposes of discussion I will second the motion but I don't agree with the changes that were made.

Chairman Krebsbach: Thank you Senator. I understand what you are saying and with that, it will be drafted in amendment form.

Senator Mathern: My vote is no because I believe that we should make the equity adjustments for salary and we should have the 4 and 4 increase but I am fine with all the other changes.

Chairman Krebsbach Personally I can't agree with you more. I'd like to see it that way but in view of what we're dealing with in the downturn in the budget we feel we have to be somewhat prudent and fiscally responsible to do what we are doing now. Hopefully things will change and we can do some add backs. Call the vote on the motion to amend the Bill as reflected by Alex's written attachment:

Yes- Senator Erbele;
Yes- Chairman Krebsbach;
No-Senator Mathern.

Chairman Krebsbach: Motion carried. This bill may be presented to the full committee with the amendment on Friday morning for their consideration. The subcommittee hearing on SB 2010 was adjourned.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
2/12/2015
Job # 23724

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Rose Lanning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Amendment

Senator Krebsbach handed out Amendment 15.8143.01001 and explained them. This amendment leaves in the health insurance increase, but adjusting the salaries to the 3-3 and removing the market equity dollars. When they calculated the money going back to the fire departments, there was a mistake made by the insurance department, so sections 2,3,4 are changed and increased according to the correct revenue projections.

Senator Krebsbach moved amendment 15.8143.01001.

Senator Carlisle seconded.

Voice vote carried.

Senator Krebsbach moved Do Pass as Amended.

Senator Sorvaag seconded.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0

Senator Krebsbach will carry the bill on the floor.

15.8143.01001
Title.02000
Fiscal No. 1

Prepared by the Legislative Council staff for
Senator Krebsbach
February 11, 2015

2/18/15
Jone
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PROPOSED AMENDMENTS TO SENATE BILL NO. 2010

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$8,019,514	\$961,224	\$8,980,738
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	0	90,000	90,000
Total special funds	\$11,040,704	\$542,076	\$11,582,780
Full-time equivalent positions	49.50	0.00	49.50"

Page 2, line 1, replace "\$43,451" with "\$50,813"

Page 2, line 4, replace "\$1,469,026" with "\$1,660,748"

Page 2, line 7, replace "\$30,048" with "\$29,062"

Page 2, line 11, replace "\$104,269" with "\$116,881"

Page 2, line 18, remove "one hundred"

Page 2, line 19, replace "three thousand six hundred eighty-six" with "one hundred two thousand six hundred eighty-nine"

Page 2, line 19, remove "one hundred seven"

Page 2, line 20, replace "thousand eight hundred thirty-three" with "one hundred five thousand seven hundred seventy"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,019,514	\$961,224	\$8,980,738
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets		90,000	90,000
Fire department grants	15,336,386	1,364,821	16,701,207
Accrued leave payments	163,182	(163,182)	
Total all funds	\$26,377,090	\$1,906,897	\$28,283,987
Less estimated income	26,377,090	1,906,897	28,283,987
General fund	\$0	\$0	\$0
FTE	49.50	0.00	49.50

Department No. 401 - Insurance Department - Detail of Senate Changes

	Adjusts Base Payroll ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Increases Grant to the Firefighter's Association ⁴	Increases Grants to Fire Districts ⁵	Adds One-Time Funding for IT Software ⁶
Salaries and wages	\$419,148	\$542,076				
Operating expenses			(345,966)			
Capital assets						90,000

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Fire department grants				90,000	1,144,821	
Accrued leave payments	(163,182)					
Total all funds	\$255,966	\$542,076	(\$345,966)	\$90,000	\$1,144,821	\$90,000
Less estimated income	255,966	542,076	(345,966)	90,000	1,144,821	90,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Firefighter's Association ⁷	Total Senate Changes
Salaries and wages		\$961,224
Operating expenses		(345,966)
Capital assets		90,000
Fire department grants	130,000	1,364,821
Accrued leave payments		(163,182)
Total all funds	\$130,000	\$1,906,897
Less estimated income	130,000	1,906,897
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$0	\$326,187	\$326,187
Health insurance increase	0	215,889	215,889
Total	\$0	\$542,076	\$542,076

³ Funding for operating expenses is reduced by \$692,031 from federal funds relating primarily to actuarial services for the rate review grant and increased by \$346,065 from special funds relating primarily to travel and office rental costs.

⁴ The grant to the North Dakota Firefighter's Association is increased by \$90,000 to provide a total of \$890,000 of ongoing funding from the insurance tax distribution fund.

⁵ Grants to fire districts are increased by \$1,144,821 to provide a total of \$15,681,207 from the insurance tax distribution fund.

⁶ One-time funding of \$90,000 from the state fire and tornado fund is added to purchase a new boiler inspection software program.

⁷ One-time funding of \$130,000 from the insurance tax distribution fund is provided for a grant to the North Dakota Firefighter's Association to create a computerized database for all data pertaining to firefighters.

This amendment also:

- Increases funding from the state bonding fund for administrative expenses from \$43,451 to \$50,813.
- Increases funding from the state fire and tornado fund for administrative expenses from \$1,469,026 to \$1,660,748.
- Decreases funding from the state unsatisfied judgment fund for administrative expenses from \$30,048 to \$29,062.

3/3

- Increases funding from the state petroleum release compensation fund for administrative expenses from \$104,269 to \$116,881.
- Changes the statutory salary for the Insurance Commissioner to provide for a 3 percent annual increase.

Date: 1-27-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Erbele Seconded By Mathern

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern	<input checked="" type="checkbox"/>	
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele	<input checked="" type="checkbox"/>				
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Amendment will be prepared by Leg. Council.

Voice Vote

Date: 2-11-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2010

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Erbele Seconded By Mathern

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		<input checked="" type="checkbox"/>
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele	<input checked="" type="checkbox"/>				
Senator Wanzek					

Total (Yes) 2 No 1

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

*Motion to Amend the Bill as reflected by
Alexia's written attachments.*

Date: 2-12-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 15. 8143. 01001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ Carried

Motion Made By Krebsbach Seconded By Carlisle

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Unice Vote Carried

Date: 2-2
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 15. 8143.01001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Krebsbach Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent _____

Floor Assignment Krebsbach

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2010: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2010 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 17 with:

Salaries and wages	\$8,019,514	\$961,224	\$8,980,738
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	0	90,000	90,000
Total special funds	\$11,040,704	\$542,076	\$11,582,780
Full-time equivalent positions	49.50	0.00	49.50"

Page 2, line 1, replace "\$43,451" with "\$50,813"

Page 2, line 4, replace "\$1,469,026" with "\$1,660,748"

Page 2, line 7, replace "\$30,048" with "\$29,062"

Page 2, line 11, replace "\$104,269" with "\$116,881"

Page 2, line 18, remove "one hundred"

Page 2, line 19, replace "three thousand six hundred eighty-six" with "one hundred two thousand six hundred eighty-nine"

Page 2, line 19, remove "one hundred seven"

Page 2, line 20, replace "thousand eight hundred thirty-three" with "one hundred five thousand seven hundred seventy"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,019,514	\$961,224	\$8,980,738
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets		90,000	90,000
Fire department grants	15,336,386	1,364,821	16,701,207
Accrued leave payments	163,182	(163,182)	
Total all funds	\$26,377,090	\$1,906,897	\$28,283,987
Less estimated income	26,377,090	1,906,897	28,283,987
General fund	\$0	\$0	\$0
FTE	49.50	0.00	49.50

Department No. 401 - Insurance Department - Detail of Senate Changes

	Adjusts Base Payroll ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Increases Grant to the Firefighter's Association ⁴	Increases Grants to Fire Districts ⁵	Adds One-Time Funding for IT Software ⁶
Salaries and wages	\$419,148	\$542,076				
Operating expenses			(345,966)			
Capital assets						90,000
Fire department grants				90,000	1,144,821	
Accrued leave payments	(163,182)					
Total all funds	\$255,966	\$542,076	(\$345,966)	\$90,000	\$1,144,821	\$90,000

Less estimated income	255,966	542,076	(345,966)	90,000	1,144,821	90,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Firefighter's Association⁷	Total Senate Changes
Salaries and wages		\$961,224
Operating expenses		(345,966)
Capital assets		90,000
Fire department grants	130,000	1,364,821
Accrued leave payments		(163,182)
Total all funds	\$130,000	\$1,906,897
Less estimated income	130,000	1,906,897
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$0	\$326,187	\$326,187
Health insurance increase	0	215,889	215,889
Total	\$0	\$542,076	\$542,076

³ Funding for operating expenses is reduced by \$692,031 from federal funds relating primarily to actuarial services for the rate review grant and increased by \$346,065 from special funds relating primarily to travel and office rental costs.

⁴ The grant to the North Dakota Firefighter's Association is increased by \$90,000 to provide a total of \$890,000 of ongoing funding from the insurance tax distribution fund.

⁵ Grants to fire districts are increased by \$1,144,821 to provide a total of \$15,681,207 from the insurance tax distribution fund.

⁶ One-time funding of \$90,000 from the state fire and tornado fund is added to purchase a new boiler inspection software program.

⁷ One-time funding of \$130,000 from the insurance tax distribution fund is provided for a grant to the North Dakota Firefighter's Association to create a computerized database for all data pertaining to firefighters.

This amendment also:

- Increases funding from the state bonding fund for administrative expenses from \$43,451 to \$50,813.
- Increases funding from the state fire and tornado fund for administrative expenses from \$1,469,026 to \$1,660,748.
- Decreases funding from the state unsatisfied judgment fund for administrative expenses from \$30,048 to \$29,062.
- Increases funding from the state petroleum release compensation fund for administrative expenses from \$104,269 to \$116,881.
- Changes the statutory salary for the Insurance Commissioner to provide for a 3 percent annual increase.

2015 HOUSE APPROPRIATIONS

SB 2010

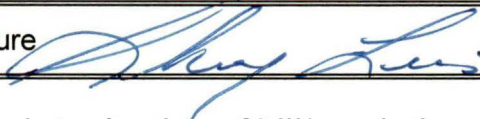
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division Medora Room, State Capitol

SB2010
3/9/2015
Recording Job# 24458

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide an appropriation for the distribution of funds from the insurance tax distribution fund; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

Minutes:

See attachments A through C

Chairman Thoreson: Opened the hearing on SB2010.

Adam Hamm, Commissioner, ND Insurance Department: See testimony attachment A.

Chairman Thoreson: We were part of with other states? Were they doing business in multi states?

Adam Hamm: There are six lead states, North Dakota is one of them; that are doing examinations of the largest life insurance companies in America. We've gotten through about companies representing the top 80% of the life insurance industry as a total. What triggered it was information that came to insurance regulators showing that some life insurance companies were using the "death master file" to stop annuity payments as soon as it became apparent through the "death master file" that someone had died; but they weren't using that same information to pay out life insurance proceeds to the correct beneficiaries.

Chairman Thoreson: Have they corrected it now so that they're using the same thing on both sides of the business?

Adam Hamm: Yes. For the companies that have been examined. Some of those companies are still in the process of being examined. You have the continued examinations of the largest life insurance companies and then the other track through the national association of insurance commissioners is putting in place rules.

Chairman Thoreson: So you're part way through this?

Adam Hamm: Eighty percent of the total life insurance premium volume has been taken care of.

Chairman Thoreson: There are still probably hundreds of smaller ones. Are they working with the association?

Adam Hamm: Yes.

Chairman Thoreson: Is it a struggle to get the information?

Adam Hamm: I wouldn't say it's a struggle. There are a lot of issues that have to be sorted out. I believe within the next year or so we can get there.

Vice Chairman Brandenburg: Did anyone not get their benefits through this?

Adam Hamm: There have been many people that didn't get their benefits; well over \$1 billion.

Vice Chairman Brandenburg: What's been corrected is if any companies are upside down, will the people know so that it is corrected? Could somebody be in a position of having a life insurance policy and not being covered?

Adam Hamm: What we wanted to do as insurance regulators is we wanted to make sure the largest ones were examined first and any problems could be corrected.

Vice Chairman Brandenburg: Does the insurance companies have something where if they go upside down they cover each other; they're self-funded?

Adam Hamm: Yes. None of these companies that I'm talking about have solvency concerns. There's a guarantee fund for any companies that become insolvent.

Representative Skarphol: Is there anything inappropriate about telling us the names of the companies and the financial situation that they've taken advantage of dollar wise?

Adam Hamm: I have the list of the top 40 companies and the companies where the examines have been finished.

Representative Vigesaa: During the audit were you finding that these companies were willfully not paying these claims?

Adam Hamm: Some of these companies we found that it was willful in not paying the benefits and others it was possible that it was closer to negligent.

Representative Vigesaa: How long do you estimate it will take to go through the remainder of these companies?

Adam Hamm: It is an exhaustive process. We still have half a dozen more in the top 40 to finish up and they represent 20% or more of this life insurance industry that haven't been concluded.

Representative Vigesaa: How many claims do you get on an annual basis from citizens that are claiming that they haven't received their insurance proceeds?

Adam Hamm: In North Dakota the number is minimal. In some states there are thousands of claims.

Representative Skarphol: Are these people incompetent?

Adam Hamm: I wouldn't put it in the category of incompetent. Competence isn't an issue. The issue is that some of these companies are gigantic.

Representative Skarphol: One thing I neglected to talk about when we had the industrial commission budget and we'll have to talk about it in conference committee is the fact that one of the oil companies had at one time over \$1 billion in unpaid royalties to the people in North Dakota or mineral owners in North Dakota. Has anyone been prosecuted for this or charged with anything because of this? If not, why not?

Adam Hamm: Not to my knowledge.

Representative Skarphol: Why not?

Adam Hamm: None of the other lead states have specific prosecutorial authority. That would have to be taken up by the different state or federal prosecutorial agencies. I'm not

Representative Skarphol: I would think when you have a life insurance contract with someone, violating that contract is a crime. Is it not? How can you not say it's a crime?

Adam Hamm: As a former prosecutor, I'm struggling to think of the exact crime that would be. It would certainly be a civil action; there would certainly be regulatory authority at issue. What crime that would be and who you would put in prison, I don't know.

Representative Skarphol: What's the resolution to this?

Adam Hamm: The resolution is making sure that they're doing the correct thing on a go forward basis. None of these companies we have found to violate the law have walked away scot free; they've all been penalized.

Representative Skarphol: What type of penalties are we talking about?

Adam Hamm: The penalty is going to be 100%. We have a matrix to figure out what the penalty is going to be for each company after we go through the exam and we see where they fit on that continuum. We also learn how cooperative they've been, how willing they are to make changes; all those things go into the mix of how big the penalty is.

Representative Skarphol: You said 100%. If you have a \$50 million ...

Adam Hamm: I can't give you an answer to if a company was supposed to pay \$50 million in benefits and didn't what exactly their penalty is going to be. There are a number of factors that go in there. All six lead states have to agree to what the penalty will be.

Representative Skarphol: If you would add to the information I requested earlier what penalties have been paid by those companies compared to what the dollar amounts were I'd appreciate it.

Adam Hamm: Not a problem.

Vice Chairman Brandenburg: If a person has a \$1 million policy, they're expecting to have that policy to be paid out in 30 days. If it becomes a year, is there any penalty there? Is there anything going back to those people so they get compensated for their time and interest?

Adam Hamm: Yes. I don't have those numbers.

Representative Kempenich: Are you holding the principle companies to task?

Adam Hamm: It's the company.

Representative Kempenich: The company is a broad statement. If they aren't going to jail, is the vice president or CEO getting penalized on anything?

Adam Hamm: No.

Representative Kempenich: That's the problem. It should be the principle people and not the shareholders.

Adam Hamm: Maybe you want to give me the specific legal authority to start holding CSweep people personally responsible.

Adam Hamm continued with his presentation.

Chairman Thoreson: Do you have open positions right now?

Adam Hamm: We do.

Adam Hamm continued with his presentation.

Chairman Thoreson: How long have those been vacant?

Adam Hamm: I can get that information.

Representative Kempenich: We did have a vacant FTE report. Do you have a newer one?

Adam Mathiak, Fiscal Analyst, ND Legislative Council: It's something we do at the end of January and it's not been updated since then.

Chairman Thoreson: Six but really five; because one is being transferred to the boil inspector. Is that correct?

Adam Hamm: One is half-time.

Representative Hogan: Can you talk about recruitment and retention issues in general in your department? Are you having trouble recruiting, do you have a lot of turnover, what's your general pattern of employment?

Adam Hamm: It depends on the position. Some of these positions we do struggle to get the volume of applications. Some we don't have a problem with at all.

Adam Hamm continued with his presentation.

Chairman Thoreson: We're hearing securities this half of the session; are a lot of these people doing the same thing? I'm curious if these people are working in one specific area or coming in with a broad range of services and products.

Adam Hamm: These are new agents. That's being driven by the economic success we're having in the state.

Representative Vigesaa: The resident producers have been down significantly since 2009; what would be the reason for that?

Adam Hamm: I wouldn't say those numbers are down significantly.

Representative Glassheim: What's a non-resident agent? What do they do?

Adam Hamm: That would be an agent that lives in a state like California; but they also do business in North Dakota. They need to have an insurance license in our state.

Representative Glassheim: Do they actually sell to people in North Dakota?

Adam Hamm: Sometimes they do. If an agent lives, for example, in Montana they'd be crossing the border and would need a non-resident license in North Dakota. If they live in California, they would likely need a license in every state as they may be selling insurance over the telephone.

Adam Hamm continued with his presentation.

Representative Kempenich: You have a special fund budget that you didn't have in the past; it's \$65,000.00. Are you starting another fund? There's another one where you're increasing the fire and tornado fund. The percentages are increasing quite a bit and I was curious.

Adam Hamm: I can check on that.

Adam Hamm continued with his presentation.

Chairman Thoreson: I was wondering on page 10 with lines through it. What is that?

Adam Hamm: That was on the Senate side. It's my understanding that that has been fixed.

Vice Chairman Brandenburg: For the fire districts; what are you trying to do? Can you explain that a little more?

Adam Hamm: It's part of our budget now. We've asked on the Senate side to have those amounts; if you go back to page 8 section 1 it's about \$16.7 million. This is about 60% of the overall appropriation. We're asking that it be moved out of the department's budget.

Chairman Thoreson: How did it get there in the first place?

Adam Hamm: In the seventies it was in OMB and after that it was moved to the department. I can suggest places to put it.

Chairman Thoreson: Make some suggestions if you wish.

Adam Hamm: My suggestion is that it goes back to OMB or you could put it in the fire marshal's budget.

Vice Chairman Brandenburg: The money going to the fire district actually comes to the insurance department.

Adam Hamm: Correct.

Vice Chairman Brandenburg: What you're saying is that you could write the check to OMB and they could authorize the payment.

Adam Hamm: It could all go to OMB like it used to.

Representative Kempenich: You're predecessor had the same request and it's still here.

Representative Skarphol: If the monies collected by the insurance department and transferred to OMB; does it still not have to be reflected in the insurance commissioner's budget? Wouldn't he have to show the dollars flowing to OMB?

Adam Mathiak: We'd have to double check but I would imagine that if the insurance commissioner would be making the payments out to the fire districts, there would need to be some sort of appropriation.

Representative Skarphol: That's not what I'm asking. If the insurance department collects the money and pays the money out to someone, if it's the fire district or OMB, doesn't it need to be reflected in their budget?

Adam Mathiak: If they were transferring it to another agency, I suppose it would not need to be.

Representative Skarphol: The point is that it's money that's deducted from the fire insurance premiums. Is that correct?

Adam Hamm: Correct.

Representative Skarphol: You need to account for these dollars as being sent out to someone else. My question is whether it would result in any less work for you.

Adam Hamm: This request doesn't have to do with work; what it has to do with is as a statewide elected official, I would like to explain to the people that this is the money I'm asking for that we're spending. Right now I'm asking for a little over \$11 million to run this agency.

Chairman Thoreson: But this number is much larger because of this portion.

Adam Hamm: Sixty percent of the budget is money that is never touched.

Representative Skarphol: You don't want credit for giving this money to the fire department; you want someone else to have the credit.

Adam Hamm: If you want to put it that way.

Representative Kempenich: It does hold your numbers a little higher than it probably should.

Chairman Thoreson: With your position on the national level is this being done anywhere else where insurance departments are put in charge of this?

Adam Hamm: I haven't asked this question, but I can find out.

Chairman Thoreson: We'll need to take a look at it.

Representative Glassheim: Is there a formula? It seems like this is a large increase in the districts.

Adam Hamm: Explained the formula from his testimony.

Representative Glassheim: So it goes up as the premiums go up in each district.

Adam Hamm: Yes.

Vice Chairman Brandenburg: Wouldn't this be like a general fund transfer to OMB and then OMB would authorize the money out to the fire districts?

Becky Deichert, Fiscal Analyst, Office of Management and Budget: It wouldn't be a transfer it would give another agency authority to spend the money.

Representative Glassheim: Assuming the Supreme Court decides that you can't have a federal exchange, are we prepared to do anything?

Adam Hamm: If the Supreme Court were to rule in favor of the plaintiffs and say that you can't hand out tax subsidies to people that are purchasing their policies on the federal exchange, it would be up to Congress to decide what to do and it would be up to the state legislature to decide if North Dakota wants to set up a state exchange. In North Dakota 10,000 to 11,000 people have purchased policies on the federal exchange and 85% of that number are getting subsidies.

Chairman Thoreson: The court finished hearing that last week.

Adam Hamm: The decision comes out in June.

Chairman Thoreson: It could be that it won't be decided until we come back.

Representative Glassheim: The likelihood would be that 8,000 would be without health insurance?

Adam Hamm: I'm not sure that any of that is going to happen.

Joel Boespflug, Fire Chief, City of Bismarck: See testimony attachment B.

Chairman Thoreson: There's some additional money in the department of emergency services budget also? That's grants to fire departments to purchase equipment for train derailment fires.

Joel Boespflug: It's my understanding that those dollars would be to build caches of certain type of equipment, such as foam. Those types of equipment would be strategically placed across the state. I'm not aware of them coming directly to any fire department.

Chairman Thoreson: I'm not sure how that would be categorized.

Becky Deichert: It would be on a needs basis. It wouldn't be granted out to any fire district.

Vice Chairman Brandenburg: Looking at the fire district payments, I see Bismarck and Fargo; I see quite a bit of it is going to the bigger districts and some going to the smaller ones. Is everyone getting along?

Joel Boespflug: I believe they are. It seems to be a fair process. In Bismarck the dollar equates to about 5% of our fiscal challenges that we're facing. It doesn't replace local funding.

Renae Lowe, Executive Director, ND Firefighter's Association: Testified in support of SB2010.

Representative Kempenich: When you get to the western side of the state these volunteer firefighters are really getting stretched.

Renae Lowe: We depend on your funding to get them trained to respond to each incident.

Chairman Thoreson: Closed the hearing.

Attachment C handed out but not discussed.

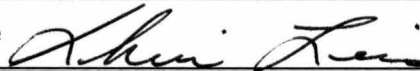
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

SB2010
3/20/2015
Recording Job# 25172

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide an appropriation for the distribution of funds from the insurance tax distribution fund; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

Minutes:

See attachment A.

Chairman Thoreson: Opened the discussion on SB2010.

Rebecca Ternes, Deputy Commissioner, ND Insurance Commission: See attachment A.

Chairman Thoreson: So 3 out of the 4 that we're the managing lead; there's no money involved yet?

Rebecca Ternes: Correct.

Chairman Thoreson: Do you know what the schedule is for those?

Rebecca Ternes: Sometimes it goes fairly quickly and sometimes they've taken 1 ½ to 2 years.

Chairman Thoreson: So when we're the lead state on these 4; do we send people to their locations or do they come to us? Do we use a third party to do the investigation?

Rebecca Ternes: We use a third party.

Chairman Thoreson: Who's that? Do we always use the same group?

Rebecca Ternes: Currently we're using Veras which also has contracts with the state land department on unclaimed property.

Chairman Thoreson: Walk me through the process. Do they get just a flat rate payment to do the work or is it a percentage of what they find?

Rebecca Ternes: I believe they are on a percentage with unclaimed property; but, that contract doesn't lie with us.

Rebecca Ternes continued with her presentation.

Vice Chairman Brandenburg: How do they base it?

Rebecca Ternes: It's based on North Dakota's share of what they sold.

Vice Chairman Brandenburg: These are all life insurance?

Rebecca Ternes: Right.

Rebecca Ternes continued with her presentation.

Chairman Thoreson: They have the policy and they would calculate how much that is?

Rebecca Ternes: Right. I've talked to Linda Fisher and she said there is no set rate; it would be according to what the policy is.

Rebecca Ternes continued with her presentation.

Chairman Thoreson: Are there any states where the insurance commissioner is also the fire marshal?

Rebecca Ternes: There are. They may have other duties as well; like we have.

Chairman Thoreson: They may have merged insurance into other things.

Rebecca Ternes: There have been discussions about doing securities and insurance or banking and insurance.

Rebecca Ternes continued with her presentation.

Chairman Brandenburg: If the fire districts are kept in a separate line item, everyone figures it out.

Rebecca Ternes: When it's reported to the public and in the budget books, it's all lumped together.

Rebecca Ternes continued with her presentation.

Chairman Thoreson: When was the last time you replaced your equipment?

Rebecca Ternes: We follow the four year cycle.

Chairman Thoreson: Where are you at in your four years now?

Rebecca Ternes: It will be at the end of the next biennium.

Rebecca Ternes continued with her presentation.

Representative Glassheim: Is there some way in the same bill to separate out the two sections; insurance department and fire grants?

Becky Deichert, Fiscal Analyst, ND Office of Management and Budget: We did that. We have it in section 2 of the bill for the appropriation for the fire districts and section 1 would be the insurance department's appropriation.

Representative Glassheim: Can we do that on the green sheet?

Chairman Thoreson: We can have council check on that.

Rebecca Ternes continued with her presentation.

Chairman Thoreson: What kind of policy decisions are you asked to make?

Rebecca Ternes: Each biennium we're asked to attend meetings with the fire fighters association; sometimes separately with the chiefs association, with the governor's office, OMB. Usually there are requested increases in their budgets; both to the association and to the districts.

Vice Chairman Brandenburg: It looks like your budget has increased by \$1 million to \$2 million and it's the fire money that increased your budget.

Rebecca Ternes: Last time it was almost a 40% increase to our budget because of that.

Representative Skarphol: So the mechanics of determining what each fire districts gets is based on whatever premiums are paid. Is that correct?

Rebecca Ternes: Correct.

Representative Skarphol: Who has the record at the state level of those premiums that are paid?

Rebecca Ternes: The fire marshal creates district maps. The insurance companies then write insurance and they tell us according to those maps how much was sold in each one of those districts.

Representative Skarphol: Tell whom?

Rebecca Ternes: The insurance department on an annual report.

Representative Skarphol: If the legislature were to take away the need for your to have this in your budget. Would that report to you also disappear and go to someone else?

Rebecca Ternes: We expected that to remain with us.

Representative Skarphol: You would expect that you would create the list of payments that would be made to the fire districts and then tell someone to pay them?

Rebecca Ternes: Correct. We had a bill drafted that would have done that. It would have left the work with us; left the responsibility for collection and reporting with us. It would have been giving OMB the list of payments to be made to the districts.

Representative Skarphol: How would that have changed the fact that they come to you and tell you what they need?

Rebecca Ternes: Then the appropriation for the expenditure would not be in our budget; it would be in the governor's OMB budget.

Representative Skarphol: The distribution of the money would be.

Rebecca Ternes: Correct.

Representative Skarphol: Who would be the entity that the fire entities would go to so they could ask for more money? Wouldn't it still be your department because you're the one assessing the dollar value that's available and distributing it to the various entities? Would that responsibility still not remain with you?

Rebecca Ternes: It would lie with the governor's office and OMB. Each year you set the amount; it's not an unlimited amount, it is a set appropriation. Each district gets a prorated amount; but we don't have any discretion with that. The discretion comes in where the executive budget sets the expected collection and where the executive budget sets the grant to the fire fighter association and any increases or decreases that they determine.

Representative Skarphol: Under the present scenario, you create this list distribution to the entities. Who writes the checks?

Rebecca Ternes: We write the checks.

Representative Hogan: Could we see a copy of the bill draft?

Rebecca Ternes: The department decided not to put that bill in; but I'd be happy to share that.

Vice Chairman Brandenburg: Is there a cutoff date?

Rebecca Ternes: Each year the companies report in their annual statements to us by March 1st what they sold the previous year. The checks are now due December 1st.

Vice Chairman Brandenburg: When does it end where you say it's the end of the year?

Rebecca Ternes: Those reports that come in March 1st are for the previous calendar year. We will begin to calculate soon for December 1st what the payment was based on the 2014 calendar year.

Vice Chairman Brandenburg: So you know everything by March 1st.

Rebecca Ternes: Yes.,

Vice Chairman Brandenburg: You know what the money is before we leave.

Rebecca Ternes: The map changes are due in October and we allocate accordingly.

Vice Chairman Brandenburg: If you didn't write the check, then it wouldn't be a problem.

Rebecca Ternes: Then it wouldn't be in our budget.

Chairman Thoreson: Closed the discussion.


2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division Medora Room, State Capitol

SB2010
3/30/2015
Recording Job# 25607

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide an appropriation for the distribution of funds from the insurance tax distribution fund; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

Minutes:

See attachment A.

Chairman Thoreson: Opened the discussion on SB2010.

Rebecca Ternes, Deputy Commissioner, ND Department of Insurance: See attachment A.

Chairman Thoreson: You had decided not to file that bill even though you did have it drafted. Correct?

Rebecca Ternes: Correct.

Representative Hogan: Have you had any formal discussions with OMB about your proposed amendment?

Rebecca Ternes: We've had numerous conversations over numerous bienniums on this issue.

Representative Hogan: There was no resolution on it?

Rebecca Ternes: The resolution that OMB came to was this section 2 separate appropriation; that separates it out in the legislation but it doesn't separate it out according to the budget.

Representative Hogan: They would essentially do the distribution.

Rebecca Ternes: No it doesn't change anything at all.

Representative Skarphol: Do you actually write the checks to these fire departments? How does the money get disbursed?

Rebecca Ternes: Yes.

Representative Skarphol: I wasn't familiar with the fact that agencies write checks other than the treasurer's office.

Rebecca Ternes: We request them through the treasurer's office.

Representative Skarphol: You make the request and the treasurer's office actually writes the checks.

Rebecca Ternes: Yes.

Vice Chairman Brandenburg: Made a motion to take the \$130,000.00 out for the central database for the fire fighters and the \$90,000.00 out for the boiler inspector software.

Representative Boehning: Seconded the motion.

Representative Boehning: You're looking at the one-time funding?

Vice Chairman Brandenburg: Yes. Items number 5 and 6.

Rebecca Ternes: We haven't discussed the \$90,000.00 but our boiler inspection program will not operate; it can't be supported anymore so we have to build a new one. The \$130,000.00 is requested by the fire fighter association for an IT program.

Chairman Thoreson: The software program you have is no longer working?

Rebecca Ternes: We have to run it on a special computer with an older version of windows; because it's no longer supported. When that's gone, we don't have any other options.

Representative Kempenich: Is that a web based program?

Rebecca Ternes: It is not currently a web based program; we would like to get there so that our insurance company inspectors can report via web.

Representative Boehning: Is that something we have to build? Is that available out in the market that we can use?

Rebecca Ternes: We have shopped this around for about 5 years and have looked at some off the shelf and customizing off the shelf. This will be working with a company who does building inspection software for cities and doing a small bit of customization.

Representative Boehning withdrew his second.

Vice Chairman Brandenburg: Made a new motion to just remove the \$130,000.00.

Representative Vigesaa: Seconded the motion.

Voice vote made and carried.

Representative Hogan: Made a motion to modify the health insurance.

Representative Glassheim: Seconded the motion.

Voice vote made and carried.

Representative Vigesaa: I'm looking at the \$90,000.00 for increased grant to fire fighters. In this particular budget the governor included an additional \$90,000.00. The districts are going to receive between \$15 million and \$17 million. I would make a motion to eliminate that increased grant of \$90,000.00.

Representative Skarphol: Seconded the motion.

Voice vote made and carried.

Vice Chairman Brandenburg: Made a motion for a "Do Pass as Amended".

Representative Boehning: Seconded the motion.

Representative Skarphol: I would like to have Adam explain sections 3 and 4; the increase from the executive recommendation. The Senate increased the dollar amounts in those two sections.

Adam Mathiak, Fiscal Analyst, ND Legislative Council: I believe in my discussions with Alex that that was an inflationary item; that the initial amounts were based on preliminary estimates and then some more finalized estimates came after that.

Rebecca Ternes: There was a mistake made in the original bill draft. That money was in the appropriation line items; it wasn't separated out appropriately amongst our different special funds. It didn't increase the appropriation; some of the money was just moved to those separate sections.

Roll call vote: 8 Yeas 0 Nays 0 Absent

Representative Thoreson carried the bill.

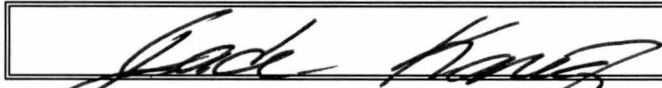
Chairman Thoreson: Closed the discussion.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2010
4/10/2015
26034

- ☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Appropriation for defraying the expenses of the insurance commissioner; to provide an appropriation for the distribution of funds from the insurance tax distribution fund; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary

Minutes:

Representative Thoreson: Spoke on amendment 15.8143.02001. On the bottom of page 1 we did the change in the health insurance premium increases. Item number 2 there were increases in grants for the firefighters association, the 90,000 dollars. If you go to the back side on page 2 we removed that ongoing grant funding from the fire fighters. There has been some other increases in grants in areas. There was money for a computerized data base of 130,000 dollars which we removed. That's onetime grant funding from the insurance acts distribution funds. There has been a request to put that back in and I'm sure we will have a conversation about this in conference. I think they are operating on an older system but we felt at this time it was probably worthwhile to have a conversation on whether or not we can get by without adding that data base or doing the changes at this time. I will go ahead and move amendment .02001 to SB 2010.

Representative Skarphol: Second.

Chairman Jeff Delzer: Did you get any information on the changes we made in 1145 last time. We made some pretty major changes on distribution to the fire fighters association and the different volunteer fire fighter groups. I know we had a bunch of reporting requirements on that did you receive that?

Representative Thoreson: I don't know that the agency brought it in but I don't recall having them come forward with that.

Chairman Jeff Delzer: I know we passed legislation that they were supposed to report to us.

Representative Guggisberg: It did go through the fire marshal's office so that might be the person to ask.

Chairman Jeff Delzer: Allen can you find those for us? They were supposed to report back to us on that. It even dealt with how much they had on hand and things that way.

Representative Guggisberg: I believe they had to report to the budget section and they might have done that I missed a couple of meetings.

Knutson: It wasn't a complete report because payments go out in October and November and we got the reports in September and it was only through the first year but we will see if that has been updated.

Chairman Jeff Delzer: I would like that report

Motion to Adopt Amendment .02001.
Motion Made by Representative Thoreson.
Seconded by Representative Skarphol
Voice vote.
Motion carries

Representative Bellew: Representative Thoreson did your committee have any discussion as to whether there should be or should not be some property taxes, because of the money they are giving to the fire departments?

Representative Thoreson: That did not come up in our discussion on this bill.

Chairman Jeff Delzer: We did have a couple bills that dealt with fire fighters and how many are in the extended mill levy that they could have.

Representative Bellew: The reason I ask is the Minot fire chief two years ago supported us given them more money out of the insurance distribution fund which takes money out of the general fund and he specifically emailed me that this would be property tax relief and I have not seen any on my tax bill.

Chairman Jeff Delzer: Allen, check and see if that was part of our reporting requirements. I don't think it was on 1145 but it is a valid point.

Representative Thoreson: I move a Do Pass As Amended on SB 2010

Representative Skarphol: Second.

Representative Guggisberg: I was wondering if there was any discussion in a committee on making this just a pass through thing with the insurance money instead of having to appropriate every year? Maybe that would make the insurance commissioner more at ease.

Chairman Jeff Delzer: I don't know if any committee had discussion about it or not but in general we really dislike continuing appropriations and we would like to know how much actually flows through there. I can understand the desire to do that and maybe even the insurance commissioner has a desire to do that but it does take it out of the legislative realm so we wouldn't even see it and it is something that every legislature should see.

Motion for a Do Pass As Amended on SB 2010.

Motion made by Representative Thoreson.

Seconded by Representative Skarphol.

Total yes 21. No 2. Absent 0.

Motion carries.

Floor assignment Representative Thoreson.

Handwritten:
4-10-15
1002

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$8,019,514	\$923,583	\$8,943,097
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total special funds	\$11,040,704	\$504,435	\$11,545,139"

Page 1, line 19, replace "\$16,701,207" with "\$16,481,207"

Page 1, line 23, replace "\$1,020,000, of which, \$130,000 is one-time funds" with "\$800,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$8,019,514	\$8,980,738	(\$37,641)	\$8,943,097
Operating expenses	2,858,008	2,512,042		2,512,042
Capital assets		90,000		90,000
Fire department grants	15,336,386	16,701,207	(220,000)	16,481,207
Accrued leave payments	<u>163,182</u>			
Total all funds	\$26,377,090	\$28,283,987	(\$257,641)	\$28,026,346
Less estimated income	<u>26,377,090</u>	<u>28,283,987</u>	<u>(257,641)</u>	<u>28,026,346</u>
General fund	\$0	\$0	\$0	\$0
FTE	49.50	49.50	0.00	49.50

Department No. 401 - Insurance Department - Detail of House Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Remove Grant Increase for the Firefighter's Association ²	Remove Funding for Firefighter's Association Computerized Database ³	Total House Changes
Salaries and wages	(\$37,641)			(\$37,641)
Operating expenses				
Capital assets				
Fire department grants		(90,000)	(130,000)	(220,000)
Accrued leave payments				
Total all funds	(\$37,641)	(\$90,000)	(\$130,000)	(\$257,641)
Less estimated income	<u>(37,641)</u>	<u>(90,000)</u>	<u>(130,000)</u>	<u>(257,641)</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

202

² The House removed \$90,000 of increased ongoing grant funding from the insurance tax distribution fund for the North Dakota Firefighter's Association to provide ongoing funding of \$800,000.

³ The House removed \$130,000 of one-time grant funding from the insurance tax distribution fund for a computerized database for the North Dakota Firefighter's Association.

Date: March 30, 2015
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep Brandenburg Seconded By Rep Beckmire

Representatives	Yes	No	Representatives	Yes	No
VOICE VOTE					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Remove \$130,000. ⁰⁰ requested by fire fighters for
IT program - Motion carried

Date: March 30, 2015
Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.**

House Appropriations - Government Operations Divison Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment

☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation

☐ As Amended ☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Rep Hogan Seconded By Rep Glassheim

Representatives	Yes	No	Representatives	Yes	No
VOICE VOTE					

	(Yes)	No
Total		

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

If the vote is on an amendment, briefly indicate intent:
to modify health insurance - motion carried

Date: march 30, 2015
Roll Call Vote #: 3

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment

☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation

☐ As Amended ☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Rep Vigosa Seconded By Rep Skarphol

[illegible]

	(Yes)	No
Total		

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

If the vote is on an amendment, briefly indicate intent:
to remove \$90,000. 00 fr increased grant to fire fighters
motion carried.

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Divison Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Brandenburg Seconded By Representative Boehning

Representatives	Yes	No	Representatives	Yes	No
Chairman Thoreson	x		Representative Hogan	x	
Vice Chairman Brandenburg	x		Representative Glassheim	x	
Representative Kemperich	x				
Representative Vigesaa	x				
Representative Boehning	x				
Representative Skarphol	x				

Total (Yes) 8 No 0

Absent 0

Floor Assignment Representative Thoreson

If the vote is on an amendment, briefly indicate intent:

Date: 4/10/15Roll Call Vote #: 12015 HOUSE STANDING COMMITTEE
ROLL CALL VOTESBILL/RESOLUTION NO. 2010House: Appropriations Committee☐ SubcommitteeAmendment LC# or Description: 15,8143,02001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By: ThoresonSeconded By: Skarphol

Representatives	Yes	No	Absent
Chairman Jeff Delzer			
Vice Chairman Keith Kempenich			
Representative Bellew			
Representative Brandenburg			
Representative Boehning			
Representative Dosch			
Representative Kreidt			
Representative Martinson			
Representative Monson			
Representative Nelson			
Representative Pollert			
Representative Sanford			
Representative Schmidt			
Representative Silbernagel			
Representative Skarphol			
Representative Streyle			
Representative Thoreson			
Representative Vigesaa			
Representative Boe			
Representative Glassheim			
Representative Guggisberg			
Representative Hogan			
Representative Holman			
TOTALS			

Voice
Vote
Motion Carries

Floor Assignment: _____

If the vote is on an amendment, briefly indicate intent: _____

Date: 4/19/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2010

House: Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 15-8143.02001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By: Thoreson

Seconded By: Skarphol

Representatives	Yes	No	Absent
Chairman Jeff Delzer		✓	
Vice Chairman Keith Kempenich	✓		
Representative Bellew		✓	
Representative Brandenburg	✓		
Representative Boehning	✓		
Representative Dosch	✓		
Representative Kreidt	✓		
Representative Martinson	✓		
Representative Monson	✓		
Representative Nelson	✓		
Representative Pollert	✓		
Representative Sanford	✓		
Representative Schmidt	✓		
Representative Silbernagel	✓		
Representative Skarphol	✓		
Representative Streyle	✓		
Representative Thoreson	✓		
Representative Vigesaa	✓		
Representative Boe	✓		
Representative Glassheim	✓		
Representative Guggisberg	✓		
Representative Hogan	✓		
Representative Holman	✓		
TOTALS	21	2	0

Floor Assignment: Thoreson

If the vote is on an amendment, briefly indicate intent: _____

REPORT OF STANDING COMMITTEE

SB 2010, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2010 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$8,019,514	\$923,583	\$8,943,097
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	0	90,000	90,000
Total special funds	\$11,040,704	\$504,435	\$11,545,139"

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Page 1, line 23, replace "\$1,020,000, of which, \$130,000 is one-time funds" with "\$800,000"

Renumber accordingly

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FTE	49.50	49.50	0.00	49.50

Department No. 401 - Insurance Department - Detail of House Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Remove Grant Increase for the Firefighter's Association ²	Remove Funding for Firefighter's Association Computerized Database ³	Total House Changes
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General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² The House removed \$90,000 of increased ongoing grant funding from the insurance tax distribution fund for the North Dakota Firefighter's Association to provide ongoing funding of \$800,000.

³ The House removed \$130,000 of one-time grant funding from the insurance tax distribution

fund for a computerized database for the North Dakota Firefighter's Association.

2015 CONFERENCE COMMITTEE

SB 2010

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
4/20/2015
Job # 26268

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature

Eva Liebelt for Rose Lanning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner

Minutes:

Attachment 1 - 3

Legislative Council - Alex Cronquist
OMB - Sheila Peterson

Conferees:
Senators Krebsbach, Erbele, Mathern
Representatives Thoreson, Vigesaa, Hogan

Alex Cronquist, Legislative Council handed out Base Level Funding Changes - Attachment 1.

Senator Krebsbach: Called the conference committee to order on SB 2010 and asked the House to go through the amendments.

Rep. Thoreson: The changes that were made were the health insurance increase change and the other change was \$130,000 for the computerized data base for the firefighters association. He said that there was an increase in grants that each fire district had received. (1:07-3:14)

Senator Krebsbach: Did you say that you removed the information technology software?

Rep. Thoreson: He explained where it showed what was taken out.

Senator Mathern: The House reduced the amount of grants to the firefighters association by \$220,000 from the Senate version?

Rep. Vigesaa: It's in two lines, \$90,000 in increase grant to the firefighters association and the \$130,000 is a separate item which is for a one time funding for the data base. The increase last time to the firefighters over the previous biennium was \$8.3M. Going forward

they are getting additional 7-8 M because we changed the distribution to a full 100% of premium tax.

Senator Krebsbach: Said that this is quite a change to the budget. The rural fire departments are looking at some unseen times at this point.

Rep. Vigesaa: I agree with that but the increase funding of 7-8 million dollars every biennium will provide them to do many things that they have not been able to do previously to our formula change.

Rep. Thoreson: I thought I had entire break down with me. He gave examples. (6:46-7:46)

Senator Krebsbach: We can look at this from the standpoint of the changes that we have and I see three.

Rep. Thoreson: This is a special fund budget. We can have discussions on those.

Senator Mathern: As we have time, let's have someone tell us about the computerized program.

Renee Loh, Executive Director of the North Dakota Firefighter's Association: On computerized data base, we need to have some kind of system where we would have all the certifications and firefighter's numbers and all the other pertinent information into a data base. She said right now the system they have is not user friendly. (9:58-12:12)

Senator Krebsbach: Is there further questions?

Rep. Vigesaa: Does the North Dakota Firefighters Association receive funds from the premium tax?

Renee Loh: Our funding does come out of the insurance premium tax money. Our money comes off the top and the rest is dispersed through the fire departments.

Rep. Vigesaa: Because of the change in the allocation to 100%, what additional funds were received by the firefighters association?

Sheila Peterson, OMB: In 2013 when the formula was changed on the fire department side almost all of their funding was doubled. On the fire fighters association side their budget was cut. The firefighter's association appropriation for the 13-15 budgets was actually less than 11-13. This restores it. (13:32-14:19)

Rep. Vigesaa: How will it perform going forward, funds to the association?

Sheila Peterson: The language in HB 1145 says from last time says 100% of the 5 lines of insurance should be allocated to the fire departments and the fire fighters association. If the \$220,000 is not restored it would sit there and there would not be a 100% allocation. (14:37- 15:58)

Senator Krebsbach: That premium tax is 1.75 % on all lines of insurance except life and they are dispersed to the fire districts on a prorated amount of tax collected in each district. (16:00- 16:24)

Rep. Thoreson: You said you had presented some information to the Senate? That was not presented to the House side when we had the testimony.

Senator Krebsbach: We can get copies of this for you. We have those two items to look at and then I heard from Rebecca and she has asked that some technical changes are made to this bill. Listing of fire districts and 2013-14 refunds - Attachment 2
2015 - Testimony for Senate Appropriations Committee - Attachment 3.

Rep. Thoreson: She has shared that concern with us too.

Sheila Peterson: Said she needed to clarify that the firefighters association used to have two funding streams, the insurance premium tax and the fire and tornado and with the revamping two years ago it went only to the insurance premium tax. The combination of what they use to get from the two was what was decreased from what they got in 11-13 by forty thousand.

Rep. Thoreson: Asked for a breakdown of that for the conference committee.

Senator Krebsbach: Let's meet again.

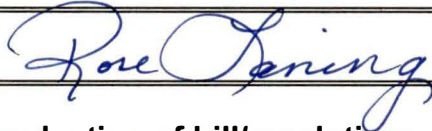
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
4/21/2015
Job # 26328

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Attachment 1

Legislative Council - Alex Cronquist
OMB - Sheila Peterson & Becky Deichert

Conferees:
Senators Krebsbach, Erbele, Mathern
Representatives Thoreson, Vigesaa, Hogan

Senator Erbele: Called the conference committee to order on SB 2010 and we were waiting for some amendments from the department.

Rebecca Ternes: Deputy Insurance Commissioner North Dakota Insurance Department. Handed out proposed amendment - attachment 1.

There are two separate issues, the first proposed amendment deals with sections 8-10 has to do with bail bondsmen and issues we have been having with the clarity of some of our statutes as it relates to bail bondsman. We have an agency bill HB 1126 that went to the House and was significantly amended. It came to the Senate and was amended back to original version under our request and we are having a lot of trouble getting bill complete. Rather than have another bill, we'll add it to our appropriation bill and take care of the rest of the language at that time.

As you can see there is a word change in section 8.

Section 9 - must have an appointment and not just a license to be a bail bond agent. We have had them try to use this as an excuse when they issue surety bonds but they are not appointed by the surety company.

Page 3, subsection 2 - shall monitor the status of bonds written and make timely return of collateral. We want to make sure that it is clear that it is their responsibility to get those funds back.

Section 11 - technical fix to two separate bills, HB 1146 and SB 2187

SB 2187 is an agency bill, HB 1146 was the repeal of the surplus lines compact language.

In SB 2187 we wanted to make sure names of reports are updated. We didn't catch it in other House bill, we were able to catch a few other things with code revision, we want to do it right.

Rep. Thoreson: In section 11 we've had discussion and it is technical correction and we have no problems. The question that I have is in the sections dealing with the bail bond agents, is this the language same as bill still in conference.

Rep. Thoreson: I move these proposed amendments to SB 2010.

Senator Erbele seconded.

Senator Mathern: I am concerned about policy committees, have these amendments been approved by both Senate and House policy committees.

Rebecca Ternes: Yes, the issues over HB 1126 were over the registration for bounty hunters. This language was never changed in either committee.

Senator Mathern: I'm satisfied.

Senator Krebsbach: The House appropriation meant to adopt it and forgot it.

Representative Thoreson: That was section 11.

Senator Krebsbach: Is there any further discussion.

There was no further discussion, roll was taken and the motion passed on a 6-0-0 count.

Senator Krebsbach: Go back to amended bill.

Rep. Vigesaa: I would to ask OMB, we received new information about \$220,000 that it is part of premium tax money. Our impression in the House thought this was additional funds above and beyond what was coming from that tax. Is this \$220,000 part of the monies that are collected through the premium tax?

Becky Deichert, OMB: That is correct.

Rep. Vigesaa: If we increased by \$1,000,000 then it would reduce the \$1,000,000 going to fire districts.

Becky Deichert: That is correct.

Rep. Thoreson: With that information that it is the same amount of money just going to a different area and in discussions in the House the Senate had amended the bill last and we have further amended it here.

Alex Cronquist, Legislative Council: the House recesses and further amends.

Senate Appropriations Committee
SB 2010 conference committee
April 21, 2015
Page 3

Rep. Thoreson moved the House recede from House amendments on SB 2010 and amend with the proposed amendment.

Rep. Vigesaa seconded.

A Roll Call vote was taken. Yea: 6 Nay: 0 Absent: 0

Motion carried.

Senator Krebsbach thanked everyone and dissolved the committee.

1044
TD
4/22/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1432 and 1433 of the Senate Journal and pages 1585 and 1586 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

Page 1, line 3, replace the first "section" with "sections"

Page 1, line 3, after "26.1-01-09" insert ", 26.1-26.6-01, 26.1-26.6-04, 26.1-26.6-05, and subsection 4 of section 26.1-44-03.1"

Page 1, line 4, after "salary" insert ", bail bond agents, and surplus lines insurance filings"

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$8,019,514	\$923,583	\$8,943,097
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total special funds	\$11,040,704	\$504,435	\$11,545,139"

Page 2, after line 20, insert:

"SECTION 8. AMENDMENT. Section 26.1-26.6-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-01. Definition.

As used in this chapter, unless the context otherwise requires, "bail bond agent" means any person ~~who~~that has been licensed by the commissioner and appointed by an insurer by power of attorney to execute or countersign bail bonds for the insurer in connection with the judicial proceedings and charges and receives money for the services.

SECTION 9. AMENDMENT. Section 26.1-26.6-04 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-04. ~~Qualification~~Appointment and license as bail bond agent - Pledge of property as security - Penalty.

A person may not act in the capacity of a bail bond agent or perform any of the functions, duties, or powers prescribed for a bail bond agent under this chapter unless that person is ~~qualified~~appointed and licensed as provided in this chapter. However, this section does not prohibit any individual from pledging real or other property as security for a bail bond in judicial proceedings if the individual does not receive, or is not promised, money or other things of value therefor. Violation of this section is a class ~~BA~~ misdemeanor.

SECTION 10. AMENDMENT. Section 26.1-26.6-05 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-05. Violations - Penalties.

1. The commissioner may suspend, revoke, or refuse to continue, issue, or renew any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:
 - a. Recommending any particular attorney at law to handle the case in which the bail bond agent has caused a bond to be issued under this chapter.
 - b. Forging the name of another to a bond or application for bond.
 - c. Soliciting business in or about any place for prisoners or persons confined, arraigned, or in custody.
 - d. Paying a fee or rebate, or giving or promising anything of value to a jailer, trustee, police officer or officer of the law, or any other person who has power to arrest or hold in custody or to any public official or public employee in order to secure a settlement, compromise, remission, or reduction of the amount of any bail bond or entreatment thereof, or to secure, delay, or other advantage. This subdivision does not apply to a jailer, police officer, or officer of the law who is not on duty and who assists in the apprehension of a defendant.
 - e. Paying a fee or rebating or giving anything of value to an attorney in bail bond matters, except in defense of any action on a bond.
 - f. Accepting anything of value from a principal other than a premium. Provided, the bail bond agent may accept collateral security or other indemnity from the principal which must be returned immediately upon final termination of liability on the bond. Such collateral security or other indemnity required by the bail bond agent must be reasonable in relation to the amount of the bond.
 - g. Willfully failing to return collateral security to the principal when the principal is entitled to the security.
 - h. Knowingly employing a person whose insurance producer license has been revoked, suspended, or denied in this or any other state.
 - i. Knowingly or intentionally executing a bail bond without collecting in full a premium for the bond, at the premium rate as filed with and approved by the commissioner.
 - j. Failing to pay any forfeiture as directed by a court and as required by this chapter.
2. For purposes of subdivisions f and g of subsection 1, a bail bond agent shall monitor the status of bonds written by the bail bond agent to make timely return of the collateral security to the principal. It is not a defense to administrative action under this section that the bail bond agent did not know liability on the bond had been terminated or that the principal was entitled to return of the security.
3. A bail bond agent or bail bond agency may not advertise as or hold itself out to be a surety company.

- 3-4. A bail bond agent may not sign nor countersign any blank in any bond, nor give up power of attorney to or otherwise authorize, anyone to countersign the bail bond agent's name to bonds.
- 4-5. When a bail bond agent accepts collateral, the bail bond agent shall give a written receipt for the collateral and this receipt must contain a full description of the collateral received in the terms of redemption. The bail bond agent shall keep copies of all receipts of the bonds to be placed in business to be available to the commissioner for the commissioner's review. 2 of 4
- 5-6. The provisions and penalties under this section are in addition to those provided under chapter 26.1-26.

SECTION 11. AMENDMENT. Subsection 4 of section 26.1-44-03.1 of the North Dakota Century Code is amended and reenacted as follows:

4. At the time of filing the ~~verified report~~ annual tax statement as set forth in section 26.1-44-06.1, each surplus lines producer shall pay the premium tax due for the policies written during the period covered by the ~~report~~ annual tax statement."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,019,514	\$8,980,738	(\$37,641)	\$8,943,097	\$8,943,097	
Operating expenses	2,858,008	2,512,042		2,512,042	2,512,042	
Capital assets		90,000		90,000	90,000	
Fire department grants	15,336,386	16,701,207		16,701,207	16,481,207	220,000
Accrued leave payments	163,182					
Total all funds	\$26,377,090	\$28,283,987	(\$37,641)	\$28,246,346	\$28,026,346	\$220,000
Less estimated income	26,377,090	28,283,987	(37,641)	28,246,346	28,026,346	220,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	49.50	49.50	0.00	49.50	49.50	0.00

Department No. 401 - Insurance Department - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Total Conference Committee Changes
Salaries and wages	(\$37,641)	(\$37,641)
Operating expenses		
Capital assets		
Fire department grants		
Accrued leave payments		
Total all funds	(\$37,641)	(\$37,641)
Less estimated income	(37,641)	(37,641)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

This amendment also:

- Adds 3 sections to amend North Dakota Century Code Sections 26.1-26.6-01, 26.1-26.6-04, and 26.1-26.6-05 relating to bail bond agents.
- Adds a section to amend Subsection 4 of Section 26.1-44-03.1 relating to surplus lines insurance filings.
- Does not include the change from the House version to remove funding of \$90,000 from the insurance tax distribution fund for increased grant funding for the North Dakota Firefighter's Association.
- Does not include the change from the House version to remove one-time funding of \$130,000 from the insurance tax distribution fund for a computerized database for the North Dakota Firefighter's Association.

Date: 4/21/2015
Roll Call Vote #: 1

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2010 as (re) engrossed

Senate Appropriations Committee

Action Taken

- ☐ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☐ **HOUSE recede from House amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed



On a motion to accept the proposed amendment

Motion Made by: Senator Erbele Seconded by: Senator Mathern

Senators	4/20	4/21		Yes	No		Representatives	4/20	4/21		Yes	No
Krebsbach	X	X		X			Thoreson	X	X		X	
Erbele	X	X		X			Vigesaa	X	X		X	
Mathern	X	X		X			Hogan	X	X		X	
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: 6 No: 0 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/21/2015
Roll Call Vote #: 2

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2010 as (re) engrossed

Senate Appropriations Committee

- Action Taken ☐ SENATE accede to House Amendments
☐ SENATE accede to House Amendments and further amend
☐ HOUSE recede from House amendments
☒ HOUSE recede from House amendments and amend as follows

☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Rep. Thoreson Seconded by: Rep. Vigesaa

Senators				Yes	No		Representatives				Yes	No
Krebsbach				X			Thoreson				X	
Erbele				X			Vigesaa				X	
Mathern				X			Hogan				X	
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: 6 No: 0 0

Senate Carrier Krebsbach House Carrier Thoreson

LC Number 15.8143 . 02002 of amendment

LC Number 15.8143 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2010, as engrossed: Your conference committee (Sens. Krebsbach, Erbele, Mathern and Reps. Thoreson, Vigesaa, Hogan) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1432-1433, adopt amendments as follows, and place SB 2010 on the Seventh order:

That the House recede from its amendments as printed on pages 1432 and 1433 of the Senate Journal and pages 1585 and 1586 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

Page 1, line 3, replace the first "section" with "sections"

Page 1, line 3, after "26.1-01-09" insert ", 26.1-26.6-01, 26.1-26.6-04, 26.1-26.6-05, and subsection 4 of section 26.1-44-03.1"

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 - b. Forging the name of another to a bond or application for bond.
 - c. Soliciting business in or about any place for prisoners or persons confined, arraigned, or in custody.
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Fire department grants	15,336,386	16,701,207		16,701,207	16,481,207	220,000
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General fund	\$0	\$0	\$0	\$0	\$0	\$0
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Department No. 401 - Insurance Department - Detail of Conference Committee Changes

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- Does not include the change from the House version to remove one-time funding of \$130,000 from the insurance tax distribution fund for a computerized database for the North Dakota Firefighter's Association.

Engrossed SB 2010 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2010

Department 414 - Securities Department
Senate Bill No. 2011

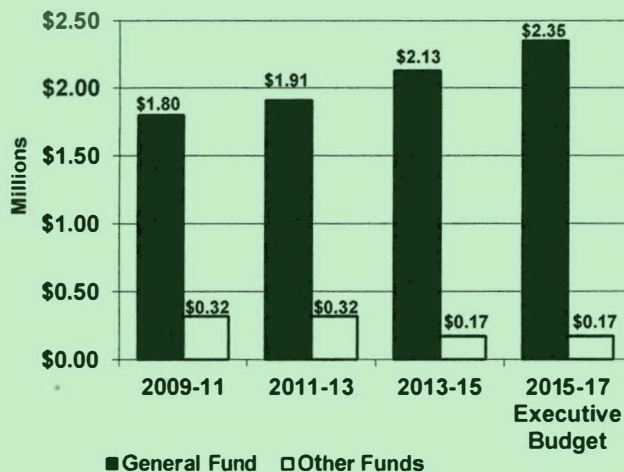
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	9.00	\$2,349,174	\$170,000	\$2,519,174
2013-15 Legislative Appropriations	9.00	2,127,782	170,000	2,297,782
Increase (Decrease)	0.00	\$221,392	\$0	\$221,392

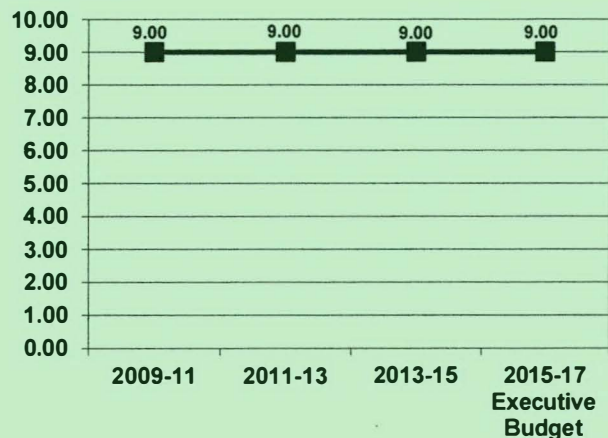
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$2,295,922	\$53,252	\$2,349,174
2013-15 Legislative Appropriations	2,063,005	64,777	2,127,782
Increase (Decrease)	\$232,917	(\$11,525)	\$221,392

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$2,349,174	\$170,000	\$2,519,174
2015-17 Base Level	2,063,005	170,000	2,233,005
Increase (Decrease)	\$286,169	\$0	\$286,169

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$90,340 relates to performance increases, \$19,719 is for market equity adjustments, \$38,860 is for health insurance increases, and \$9,292 is for retirement contribution increases. The Senate provided funding for performance salary increases of 2 to 4 percent per year and funding for health insurance increases, but did not include funding for market equity increases or funding for retirement contribution increases.	\$158,211	\$0	\$158,211
2. Adds funding for desktop support services to be received from the Information Technology Department	\$46,805	\$0	\$46,805
3. Adds one-time funding for accrued leave payouts	\$53,252	\$0	\$53,252

Continuing Appropriations

Investor education and technology fund - North Dakota Century Code Section 10-04-03 - This fund receives funding from tuition, grants, donations, and certain civil penalties assessed by the Securities Commissioner. The moneys in the fund can be used for public education services and for the technology needs of the Securities Department.

Investor restitution fund - Section 10-04-03 - This fund is used to deposit civil penalties collected from enforcement action to be distributed to aggrieved investors.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1053 - Requires certain agencies to obtain centralized desktop support services from the Information Technology Department.

Securities Department - Budget No. 414
Senate Bill No. 2011
Base Level Funding Changes

	Executive Budget Recommendation					Senate Version			
	FTE Positions	General Fund	Other Funds	Total		FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	9.00	\$2,063,005	\$170,000	\$2,233,005		9.00	\$2,063,005	\$170,000	\$2,233,005
2015-17 Ongoing Funding Changes									
Base payroll changes		\$27,901		\$27,901			\$27,901		\$27,901
Salary increase - Performance		90,340		90,340			67,530		67,530
Salary increase - Market equity		19,719		19,719					0
Retirement contribution increase		9,292		9,292					0
Health insurance increase		38,860		38,860			38,860		38,860
Desktop support costs		46,805		46,805			46,805		46,805
Total ongoing funding changes	0.00	\$232,917	\$0	\$232,917		0.00	\$181,096	\$0	\$181,096
One-time funding items									
Accrued leave payout	0.00	\$53,252	\$0	\$53,252			\$53,252		\$53,252
Total one-time funding changes	0.00	\$53,252	\$0	\$53,252		0.00	\$53,252	\$0	\$53,252
Total Changes to Base Level Funding	0.00	\$286,169	\$0	\$286,169		0.00	\$234,348	\$0	\$234,348
2015-17 Total Funding	9.00	\$2,349,174	\$170,000	\$2,519,174		9.00	\$2,297,353	\$170,000	\$2,467,353

Other Sections in Senate Bill No. 2011

Executive Budget Recommendation	Senate Version
None	None

Senate Bill No. 2010

1-13-15

Presented by: Adam Hamm
Commissioner
North Dakota Insurance Department

/

Before: Senate Appropriations Committee
Sen. Ray Holmberg, Chairman

Date: January 13, 2015

ND insurance industry and regulation—At a glance

The North Dakota Insurance Department is a special funded agency that generated \$69.4 million in revenue in 2014. The Department contributed \$49.3 million in premium tax revenue to the state's General Fund last year.

	2013	2014
The insurance industry		
Total premium written	\$5,452,137,183	n/a
Net premium tax collected (General Fund dollars)	\$46,283,404	\$49,264,493
Claims, losses and benefits paid to consumers	\$3,994,852,194	n/a
Regulation and consumer protection		
Consumer relief from complaints and hotline contacts	\$3,351,130	\$1,042,282
Enforcement fines from agents and companies	\$986,786	\$834,802
State Health Insurance Counseling (SHIC) program		
Number of North Dakotans assisted	9,758	9,694
Savings for North Dakota citizens	\$2,336,943	\$2,375,030
Centers for Medicare and Medicaid grants	\$248,149	\$253,865
Prescription Connection program		
Number of North Dakotans assisted	301	188
Savings for North Dakota citizens	\$596,126	\$531,989
Benefiting North Dakota taxpayers		
Insurance regulatory trust fund; turnback to the General Fund	\$3,846,205	\$5,445,434

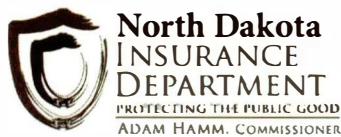
The Department's 2014 revenue was 17 percent higher than in 2012. There were several contributing factors to the increase.

- Premium tax revenue has increased due to the state's growth. More policies are being written and more premiums are being paid, which means more tax revenue is collected.
- The number of licensed agents in the state has grown, which generates more licensing fees.
- \$1,528,887 in settlement fines were collected in 2013-14 through 12 multi-state life insurance company settlements regarding practices using the Death Master File Index to identify beneficiaries.

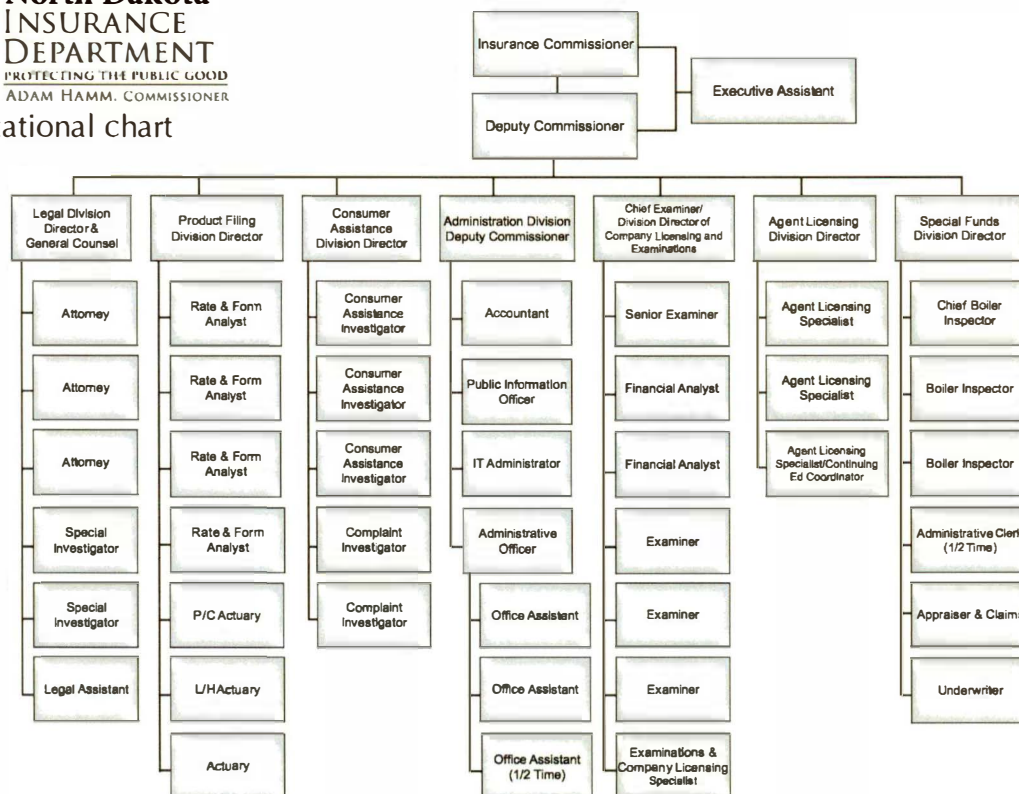
From 2012 to 2013, written insurance premiums in the state increased by over \$400 million. Premiums have increased 35 percent from 2009.

Year	Written premiums
2013	\$5,452,137,183
2012	\$5,046,323,923
2011	\$4,941,246,953
2010	\$4,191,934,714
2009	\$4,044,836,633

Department Divisions



Organizational chart



* No new FTE's are requested for the 2015-2017 biennium.

Administration Division

The Administration Division of the Insurance Department is responsible for oversight of the budget, accounting, IT needs and general office support through the Department. In addition, the division oversees day-to-day business operations, public relations, human resource management and the internal policies and procedures for the Department.

Agent Licensing Division

The Agent Licensing Division is responsible for the licensing of more than 60,000 individual insurance producers doing business in North Dakota. Insurance producers must comply with pre-licensing exams, background checks and continuing education requirements.

Licensed agents	2009	2013	2014
Resident producers	6,706	5,703	5,695
Non-resident producers	42,281	50,416	55,449
Total	48,987	56,119	61,144

Licensed business entities			
Resident	770	820	840
Non-resident	3,871	4,545	4,896
Total	4,641	5,365	5,736

Legal Division

The functions of the Legal Division are to provide legal counsel to the Department; investigate insurance fraud and related offenses; investigate and enforce all laws governing insurance producers and insurance companies; litigate administrative actions; and research and prepare proposed legislative bills and administrative rules. The Commissioner signed 40 orders involving agents and 15 orders involving companies in 2013. Fifty-four orders involving agents and 10 orders involving companies were signed in 2014.

The fraud unit received 158 insurance fraud referrals in 2013 and 189 referrals in 2014. Known losses due to fraud in 2013 totaled at least \$319,315 and in 2014 totaled at least \$831,465.

Examinations and Company Licensing Division

The primary function of the Examinations and Company Licensing Division is to monitor the financial strength of insurance companies licensed to do business in North Dakota.

As of Dec. 31, 2014, there were a total of 2,268 insurance entities licensed to do business in North Dakota and among them, 32 domiciled companies.

- Four financial exams were completed on domiciled companies July 1, 2013–June 30, 2014.
- The Department has newly licensed 17 companies selling property and casualty, title and life insurance since July 1, 2013.
- The Department has revoked four company licenses since July 1, 2013.

1-3

Product Filing Division

The Product Filing Division reviews policy forms and rate requests to ensure policy language complies with all the laws of this state, properly reflects the benefits provided by the policy and is not deceptive or misleading. For most types of insurance, this division evaluates the premium rates companies propose to charge to assure that the premiums are not excessive, inadequate or unfairly discriminatory.

The Department received a large number of new health insurance filings in the spring of 2013 as companies bring their policies into compliance with Patient Protection and Affordable Care Act (PPACA) requirements.

	Filings received
2009	5,558
2013	6,318
2014	6,216

Consumer Assistance Division

The Consumer Assistance Division houses the Prescription Connection and State Health Insurance Counseling (SHIC) programs, as well as complaints and hotline duties.

The SHIC program provides free, confidential health insurance counseling to Medicare beneficiaries, their families or other representatives. The program held seven Medicare Part D enrollment events and co-sponsored 24 Medicare Part D events across the state in 2014.

The Prescription Connection program helps low income North Dakotans find low-cost and no-cost prescription drugs by connecting them with prescription assistance programs. The program assists consumers with the application process and connects over 99 percent of all applicants to a program.

Special Funds Division

This division includes the following programs that are self-funded and do not require an appropriation from either the state General Fund or the Insurance Regulatory Trust Fund.

Fund	2014
State Bonding Fund	
Bondholders	2,991
Combined insured value	\$704,576,861
Fire and Tornado Fund	
Policyholders	1,137
	9,615 buildings
	5,093 outdoor structures
Combined insured value	\$12.2 billion

Fund	2014
Petroleum Tank Release Compensation Fund	
Tank owners	1,677
Tanks	5,773
Boiler and Pressure Vessel Inspection Programs	
Boilers inspected by Department	4,652
Boilers inspected by private insurance carriers	5,735
Total boilers in ND	10,387

Bonding Fund

The State Bonding Fund provides fidelity bond coverage to the state of North Dakota and its political subdivisions including counties, townships, cities, park districts and school districts. To date this biennium, one judgment totaling \$48,028, has been paid.

Fire and Tornado Fund

Since 1919, the State Fire and Tornado Fund has provided affordable building and business personal property insurance coverage to state entities and political subdivisions of the state. In recent years, property values have increased due to the increases in construction costs, both labor and material, and the explosive growth in new construction statewide. The Fund recommended policyholders budget for a minimum five percent increase for each policy year of the 2015-2017 biennium. For the first time in the Fire and Tornado Fund history, no premium was charged in 2014. The quality management of its reserves continues to ensure its solvency.

Fire and Tornado Fund premiums and claims					
Fiscal year	Policyholders	Rate change	Premiums collected	# claims	Claim payments
2010	1,087	50% premium credit	\$3.22 million	381 (12/23/10)	\$2.91 million
2011	1,090	50% premium credit	\$3.47 million	272	\$4.35 million
2012	1,131	Permanent 50% premium reduction	\$3.77 million	220	\$2.87 million
2013	1,140	No change	\$4.11 million	199	\$1.30 million
2014	1,137	Premium waived	n/a	214	\$1.68 million

Petroleum Tank Release Compensation Fund

The North Dakota Petroleum Tank Release Compensation Fund financially assists tank owners for cleanup costs and third-party liability caused by petroleum contamination. All owners or operators of aboveground or underground petroleum storage tanks in North Dakota are required to register their tanks with the fund and pay an annual registration fee. The annual fee per tank is \$50.

Unsatisfied Judgment Fund

The Unsatisfied Judgment Fund was created to protect residents of North Dakota against the financial hardships associated with bodily injury caused by irresponsible, uninsured, judgment-proof drivers. During 2013-2014, one \$10,000 payment was made from the Fund.

Boiler and Pressure Vessel Inspection Programs

The Boiler and Pressure Vessel Inspection Program provides initial and periodic inspections of boilers. Nominal fees ranging from \$35-\$150 per boiler are collected to fund the inspection activity. The boiler certification fee, collected every three years, is \$60. The number of active boilers today is 10,387. Of that total, the Department inspects 4,652; the remaining boilers are inspected by authorized agencies.

	Boilers
2009	9,050
2012	9,812
2014	10,387

	Oil rig boilers
2009	200
2012	299
2014	251

Special Funds balance report*As of Sep. 30, 2014*

Fund	Reserve balance	Minimum requirement	Variance fav (unfav)	Loss claims payable
State Bonding Fund	\$3,501,200	\$2,000,000	\$1,501,200	\$49,716
Fire and Tornado Fund	\$23,970,281	\$12,000,000	\$11,970,281	\$2,133,448
Petroleum Tank Release Comp Fund	\$6,437,901	\$6,000,000	\$437,901	\$1,317,127
Unsatisfied Judgment	\$184,814	\$150,000	\$34,814	\$0

Note: Reserve balance = cash + money market deposit accounts + investments



1-7

North Dakota Insurance Department appropriation

Senate Bill No. 2010

Section 1: Appropriation

- Total executive budget recommendation—\$28,511,574
- The Department requested—\$26,377,090

	Department request*	Governor's recommendation
Salaries and wages	8,438,662	\$9,208,325
Operating	\$2,512,042	\$2,512,042
IT/Sware over \$5,000	\$90,000	\$90,000
Grants to ND Fire Assoc.	\$800,000	\$1,020,000
Total	\$11,840,704	\$12,830,367
Grants to fire districts	\$14,536,386	\$15,681,207
Total budget	\$26,377,090	\$28,511,574

*The Department's original request did not include legislative salary increases or fringe benefit increases. The Governor's recommendation did include these increases.

Requested base budget changes for 2015-2017

The Department's 2015-2017 operating expenditure request represents a decrease of \$345,966 or 12.11 percent compared to the 2013-2015 biennium. This is a net result of the Insurance Department's cost to continue operations, an increase in expenses that are not within the Department's control and cost savings implemented in various areas within the Department. With salaries, benefits and capital assets, the Department's 2015-2017 appropriation request is a hold-even budget as requested by the Governor.

Key changes in expenditures include:

- Travel increase of \$40,891: The mileage, room and board costs have all increased.
- Printing decrease of \$12,331: The Department continues to offer more communication and provide easy, 24/7 methods in which to submit communication and documents to the Department electronically.
- Insurance decrease of \$10,105: The information supplied by Risk Management and the State Fire and Tornado fund indicates lower premium rates.
- Rentals/leases—building/land increase of \$65,138: The Department will see an increase in their capitol office rent of 2.47 percent and a slight increase in their two off-site office spaces.
- Professional development decrease of \$10,131: The Department constantly monitors the cost of maintaining key credentials and licenses on behalf of employees.
- Operating fees and services decrease of \$7,966.23: The amount was based on lowered use of these types of services in the existing biennium.

- Professional services decrease of \$385,651: The Department had previously included federal grant dollars for rate review used to purchase the services of a health actuary.
- IT communications decrease of \$20,006: There were decreases in ITD monthly service rates and reduced the budget for desk phones, cell phones and 1-800 calls.
- IT equipment/software >\$5,000 increase of \$90,000: The Department must develop or purchase a new system to handle its boiler inspections. The old system is no longer supported.
- IT contract service and repair decrease of 30,252: One IT project was completed in the 2013-2015 biennium.

Executive compensation package adjustment

This budget change includes the Office of Management and Budget salary adjustments, costs to continue and benefit cost increases.

Full-time employees

The Department has 49.5 FTEs. No new FTEs are being requested for the 2015-2017 biennium. One vacant company examiner position is being transferred to the Special Funds division to a boiler inspection position to manage the growth in boiler inspections.

The Department is very concerned with HB1053 and the indication that requiring the Department to use desktop support services from ITD might reduce the need for an IT FTE in the Department itself. The FTE associated with IT services in the Insurance Department does very little desktop support. Our IT position manages our critical database functions, provides liaison services with ITD for programming and development of new software and manages all IT resources for the Department. These functions could not be done by ITD and the Department cannot function without this specialty position. We have indicated to ITD that to pay for their desktop support, our budget would need to be increased \$174,944. These costs are not included in this request.

Section 2: Increase grants to fire districts recommended by Governor

The Executive recommendation in the bill provides an increase of \$1,364,821, or about 8.9 percent, for grants to the North Dakota Firefighters Association (NDFA) and fire districts from the Insurance Tax Distribution Fund. This increase brings the appropriation to \$16,701,207 million for the biennium. This increase follows the 2013-2015 increase of \$8.3 million.

The grants are made up of an estimated amount for the future collection of fire and allied line premium tax. The dollars are dispersed to the fire districts based on the pro-rated amount of tax collected in each district plus the grant to the NDFA. Based on revenue predictions, the Executive recommendation increased the total distribution to \$16,701,207. In that amount the Governor included a one-time grant to the NDFA in the amount of \$130,000, an additional \$90,000 to the NDFA for training, plus the previous grant amount of \$800,000 totaling \$1,020,000 to the NDFA. The fire districts would receive \$15,681,207.

For several biennia, the Department has requested the firefighter district grants and grants to the NDFA be removed from its appropriation bill. Always a significant portion of the Department's

budget, in the 2013-2015 biennium, the fire district and NDFA grant became over 58 percent of the Department's overall appropriation where it remains for the Governor's recommended 2015-2017 appropriation.

The Department has focused its resources to find efficiencies and not increase the size of state government. It would ask that its budget accurately reflect that focus. Without the increase to the districts and association in 2013-2015, the Department's overall budget would have decreased instead of increasing by almost 50 percent. The Department's request for 2015-2017 is a hold even budget request which includes a decreased operating line of 12.11 percent.

The Department strongly supports funds going to the fire districts as was suggested by the original payment language in 1887. Our request to remove this line item from our appropriation and budget is not a statement on the amount or purpose of these payments, only a request for more accurate and transparent budgeting.

See page 13 for a detailed example of fire district grant payments.

Special Funds allocation

The requested appropriation provides for allocation of expenses for administration of each of the following funds:

Section	Fund	Appropriated Administrative Expense
3	State Bonding Fund	\$43,451
4	Fire and Tornado Fund	\$1,469,026
5	Unsatisfied Judgment Fund	\$30,048
6	Petroleum Tank Release Comp Fund	\$104,269

* These amounts were incorrectly placed in the appropriation bill and will be corrected through an amendment. This amendment will not change the overall budget request.

Section 7: Salary of commissioner

Section 7 adjusts the Commissioner's salary with a four percent increase each year of the biennium.



Summary of major achievements and goals

1. Health care reform

Achievements

- Participated weekly in numerous conference calls.
- Reported at every interim Health Care Reform Review committee meeting.
- Hired a consultant to study the potential 2014 Essential Health Benefit benchmark plan options.
- Commissioner Hamm was elected President of the National Association of Insurance Commissioners, giving North Dakota an active role in health care reform discussions at the national level.
- Cross-trained new filing analyst to assist with health insurance filings.
- Implemented all market reforms required by health care reform for all health insurance plan filings in 2013 and 2014.

2015-2017 focus

- Continue to participate in weekly conference calls and meetings.
- Continue to work with insurance carriers to implement additional market reforms and filing requirements.
- Participate as requested in all interim studies and committee meetings.

2. Continued progress toward fully electronic (paperless) systems

Achievements

- Developed a new online surplus lines reporting and tracking software.
- Implemented enhancements to contact change requests for agents.

2015-2017 focus

- Develop and implement an updated, internet based boiler inspection reporting and tracking database.
- Implement new online surplus lines reporting and tracking software.
- Continue to work with SERFF to modify the system to meet PPACA requirements.
- Continue to work on scanning Fire and Tornado building appraisals into FileNET.
- Continue to work with SBS to develop enhancements.

3. Enhance outreach programs and consumer education

Achievements

- In 2013 and 2014, the Prescription Connection program helped approximately 185 people across North Dakota obtain more affordable or free prescriptions. Savings to these low-income applicants amounted to \$1.1 million in prescription drug costs that would otherwise be unaffordable.
- The SHIC program served 555 people at Medicare Part D enrollment events in 2013 and 515 in 2014.
- The State Fire and Tornado Fund developed Risk Advisories for policyholders to assist them in reducing their exposure to claims.

2015-2017 focus

- Increase Prescription Connection program awareness and participation.
- Increase program outreach to Native American residents.
- Partner with local community organizations to enhance Medicare counseling.
- Hold statewide Medicare Part D enrollment events.

4. Respond in a timely fashion to inquiries and requests

Achievements

- During 2013 and 2014, staff handled 13,598 inquiry and complaint requests for assistance from North Dakotans needing help resolving insurance-related matters and obtained more than \$4,393,412 in relief on behalf of consumers.
- Substantially met all response times.

2015-2017 focus

- Respond to inquiries within 24 hours.
- Respond to complaints within time frame appropriate for each division.
- Process new company applications for licensure within 60 days.

5. Improve enforcement and solvency regulation

Achievements

- Continue to train staff and implement risk-based focused exams.
- During 2013 and 2014, our fraud unit referred 32 cases for insurance fraud and related criminal offenses that were criminally prosecuted.
- Conducted and participated in 18 market conduct examinations of life and health insurance companies.
- Implemented 2013 statutory requirement for fingerprinting resident agents.

2015-2017 focus

- Develop and implement a structured market conduct team to monitor improvements in specific companies.
- Strengthen company practices relating to auditor independence, corporate governance and internal control over financial reporting.
- Increase insurance fraud referrals to appropriate prosecutors and continue developing working relationships with local, state and federal law enforcement agencies.

Fire District Payments

The insurance premium tax is collected quarterly and deposited into the State General Fund. The legislature appropriates a portion of the insurance premium tax revenue collected from all companies licensed to do business in North Dakota to be allocated to qualified fire districts in the state of North Dakota. The following chart provides a sampling of district payments.

Fire Districts	2012 payment	2013 payment	2014 payment
Bismarck Fire Department	\$223,431.24	\$467,697.60	\$505,939.08
Bismarck Rural Fire	\$57,042.59	\$162,487.77	\$160,498.54
Bowman Fire Department	\$7,952.06	\$18,446.99	\$19,539.62
Bowman Rural Fire	\$6,225.69	\$11,603.42	\$11,445.51
Carrington Fire Department	\$8,570.50	\$18,484.10	\$22,960.91
Carrington Rural Fire	\$11,377.21	\$26,739.70	\$20,437.49
Casselton Fire Department	\$7,953.28	\$16,959.34	\$35,819.58
Casselton Rural Fire	\$19,788.64	\$44,999.21	\$56,371.49
Cooperstown Fire Department	\$4,278.89	\$9,414.31	\$10,845.11
Cooperstown Rural Fire	\$5,147.59	\$11,526.51	\$9,721.86
Edgeley Fire Department	\$4,096.68	\$9,821.29	\$9,500.88
Edgeley Rural Fire	\$12,292.31	\$33,423.33	\$29,458.83
Fargo Fire Department	\$295,271.53	\$627,613.78	\$645,927.63
Grand Forks Fire Department	\$141,638.13	\$309,738.26	\$321,435.64
Jamestown Fire Department	\$41,116.56	\$86,163.99	\$105,090.99
Jamestown F/P District	\$35,036.19	\$90,411.85	\$86,203.76
Lansford F/P District	\$4,040.51	\$15,280.46	\$10,258.39
Lehr Fire Department	\$378.77	\$758.68	\$781.01
Lehr Rural Fire	\$1,741.14	\$3,431.25	\$3,289.08
Mayville Fire Department	\$12,322.71	\$28,294.00	\$27,111.83
Minot Fire Department	\$118,167.97	\$265,134.28	\$287,541.42
Minot Fire Protection	\$29,362.85	\$91,366.48	\$85,966.18
Mylo Fire Department	\$1,633.57	\$4,132.91	\$2,935.91
New Rockford Fire Dept	\$4,371.44	\$9,422.16	\$11,205.51
New Rockford Rural Fire	\$7,827.74	\$16,552.74	\$14,116.49
New Salem Fire	\$12,513.51	\$24,701.18	\$24,393.59
Osnabrook Fire Department	\$889.05	\$1,442.90	\$2,914.30
Osnabrook Fire Protection	\$3,986.33	\$14,694.84	\$7,466.39
Rugby Fire Department	\$10,491.41	\$10,722.36	\$20,858.70
Rugby Fire Protection	\$9,478.02	\$22,209.97	\$22,454.81
Tioga Fire Department	\$4,544.98	\$13,043.37	\$16,209.17
Tioga Rural Fire	\$4,885.73	\$11,817.80	\$13,242.20
Underwood F/P District	\$8,364.75	\$20,650.84	\$31,222.04
Valley City Fire Department	\$18,026.26	\$36,818.16	\$40,537.78
Valley City Rural Fire	\$14,419.11	\$33,747.65	\$36,838.35
Total Premiums (all districts)	\$396,747,255.00	\$456,634,313.00	\$466,161,049.00
Total Payments (all districts)	\$3,100,000.00	\$7,268,192.97	\$7,268,192.88

Testimony on Senate Bill 2010
Senate Appropriations Committee

By Joel Boespflug

January 13, 2015

SB 2010

1-13-15

#2

Mr. Chairman and members of the committee, my name is Joel Boespflug, Fire Chief for the City of Bismarck. I am also speaking on behalf of the ND Fire Chief's Association.

My testimony is limited to Section 2 of Senate Bill 2010, specifically in support of the payments to fire departments as described in lines 18-22 on page 1.

The Insurance Premium Tax was established in 1887. Insurance companies were required to record which fire department provided fire protection for the insured property. The revenue generated from the tax was distributed to that fire department. Basically, the same process remains in effect today.

2-1

The premium tax dollars that we receive are greatly appreciated. For the Bismarck Fire Department, the revenue reflects about five percent of the current fiscal needs. Though the dollars received do not replace the need for local funding, they are essential to us as we strive to fund the necessary fire protection costs related to our community growth.

The methodology for distribution of the premium tax is fair. It correlates directly with where the insured property is located and is distributed to the fire department having the responsibility to provide fire protection.

Mr. Chairman and members of the committee, I urge your support to continue disbursement of the premium tax revenue to fire departments. Thank you and I will be happy to answer your questions.

2-2

SENATE BILL: 2010
2015 TESTIMONY FOR: SENATE APPROPRIATIONS COMMITTEE
NORTH DAKOTA FIREFIGHTER'S ASSOCIATION

Renee Loh, Executive Director

SB 2010
1-13-15
#3

Chairman Holmberg and members of the Appropriations Committee; good afternoon. As Executive Director of the North Dakota Firefighter's Association, I stand before you to thank you for the support of the North Dakota firefighters over the last 130 years.

In 2014, there were 6,095 firefighters that attended training that was offered by the North Dakota Firefighter's Association. The firefighters are the first line of defense for the North Dakota communities. The firefighters are expected to deliver results rapidly and safely on the fire ground. The North Dakota Firefighter's Association provides the training so that the firefighters learn proper preparation that will be needed during any type of response.

The dynamics and infrastructure in North Dakota have changed tremendously in recent years and the dangers that firefighter's faces are greater than ever. There is increasing pressure and demands for fire departments to perform more technical services relating to all forms of extrication, vehicle accidents, structural collapse, trench rescue and hazardous material response.

There were over 100 house fires reported in 2014 and noted increases in arson cases that have kept the state's firefighters continuously challenged to respond when the tones sound. During recent train derailments that caught the world's attention, the North Dakota firefighters courageously followed proper procedures efficiently and executed perfectly. The firefighters relied on their training and got the job done effectively so that there were no casualties.

Hazardous Materials, oil shipped via rail, truck and pipeline, explosions, fire hazard incidents, and other unfortunate incidents will continue through our communities. The firefighters must be ready and the North Dakota Firefighter's Association must be ready to present the most current national training standards and certifications to the valued firefighters. We are here today to ask your continued support of our beloved North Dakota Firefighters training needs!

3-1

Total Student count by date range

Beginning Date: 1/1/2014

Ending Date: 12/31/2014

<u>Class Title</u>	<u># of Students</u>
10 Signs Your Incident is Going Bad"	68
ABC's of SCBA's - 4hrs	91
Advanced Auto Extrication	59
Air Management for Firefighter Survival	44
Assistance to Firefighter Grant Program (AFG)	20
Auto Extrication - instructed class	99
Automobile Extrication	560
Automobile Extrication Re-Certification	497
Automobile Extrication - Shadowed instructor	19
Automobile Extrication Completion	1
Basic Firefighter Skills	102
Basic Rapid Intervention Teams (RIT)	35
Basic Ventilation	40
Building Construction in 2013: You Haven't seen anything yet!	73
Building Construction/Fire behavior/Firefighter Safety	64
Burn Building Fires with Rescues	36
Car Fire Attack	63
Certification Tester Methodology Workshop	12
Command & Control of Fire Department Operations at Target Hazards	22
Command Training Simulator	20
Command Training Simulator (CTS) Train-the -Trainer	8
Community Risk Issues & Prevention Intervention	11
Courage To Be Safe So Everyone Goes Home	440
Decision Making for Initial Company Operations	8
Digital Imagery & Social Media in the Fire Service	71
EVOC (FD)	7
FD & EMS Emergency Vehicle Operations Course	76
FD Emergency Vehicle Operations Course (EVOC)	108
Fire Danger Rating System	22
Fire Instructor I	30
Fire Investigations and the Role of First Responders	83
Fire Streams and Fire Control	69
Firefighter Survival	49
Flammable Liquid Fires	79
Foam/Ethanol Train-the -Trainer	14
Grain Bin Extrication (Completed)	43
Grain Bin Rescue	99
Haz Mat Operations - Hands-on Practical	13
Haz Mat Operations Level Refresher Hands-on	141
Hazardous Materials Emergency Response - classroom	11
Hazardous Materials Emergency Response - Hands-on Training	20
Hazardous Materials Operations - 12 hrs	17
Hazardous Materials Operations Level Refresher Hands-on	50
HazMat Awareness - Tested	2
HazMat Operations - 8 hrs	208

3-2

Class Title**# of Students**

HazMat Operations - Classroom 1	1
Hazmat Operations - Classroom 1 & 2	19
HazMat Operations - tested	2
Heartsaver CPR/First Aid	11
Heavy Truck Extrication	67
Heavy Truck Extrication and Familiarization	64
High Strength Steel, Airbags and Hybrids	23
Highway Response Safety	74
Hybrid/New Vehicle Technology 8hrs	56
ICS 100: Introduction to ICS	9
Incident Safety Officer - 4hrs	52
Incident Safety Officer -16 hrs	42
Interior Attack	29
Introduction to Confined Space	30
Introduction to Rope Rescue	35
Leadership, Accountability, Culture and Knowledge (LACK) Training	70
Live Fire Propane Emergencies	31
LPG Fire Training	69
NFIRS	19
NIMS I-700	9
Primary Search; Back to the Basics	40
Primary Search; Intermediate Level	33
Pump Operations	29
Pump Operations & Maintenance	82
Railroad Community Awareness & Hazardous Materials Training	91
Responding to Oilfield Emergencies	14
Responding to Pipeline Emergencies	46
Ropes & Knots with Hoisting of Tools & Equipment	32
Rules of Engagement	75
S130/S190 Introduction to Wildland Fire Behavior and Firefighter Training	23
Safe Motor Grader Fire Suppression	19
School Bus Extrication - 8hrs	56
School Bus Extrication -4 hrs	17
Strategy & Tactics for Initial Company Operations (STICO) - 16hr	15
Stretching and Advancing the Initial Attack Line	26
Structural Burn Simulation Trailer - Advanced	22
Structural Burn Simulation Trailer - Basic	175
Structural Burn Simulation Trailer - Intermediate	134
Strut Class	16
Technology in the Fire Service	46
The Art of Reading Smoke - 4 hrs	122
Thermal Image Cameras -4 hrs	42
Thermal Image Cameras -8hrs	28
Training Operations in Small Departments (TOSD)	13
Training The Next Generation	48
TRANSCAER - Petroleum Crude Oil Training	404
Vent-Enter-Search	46

3-3

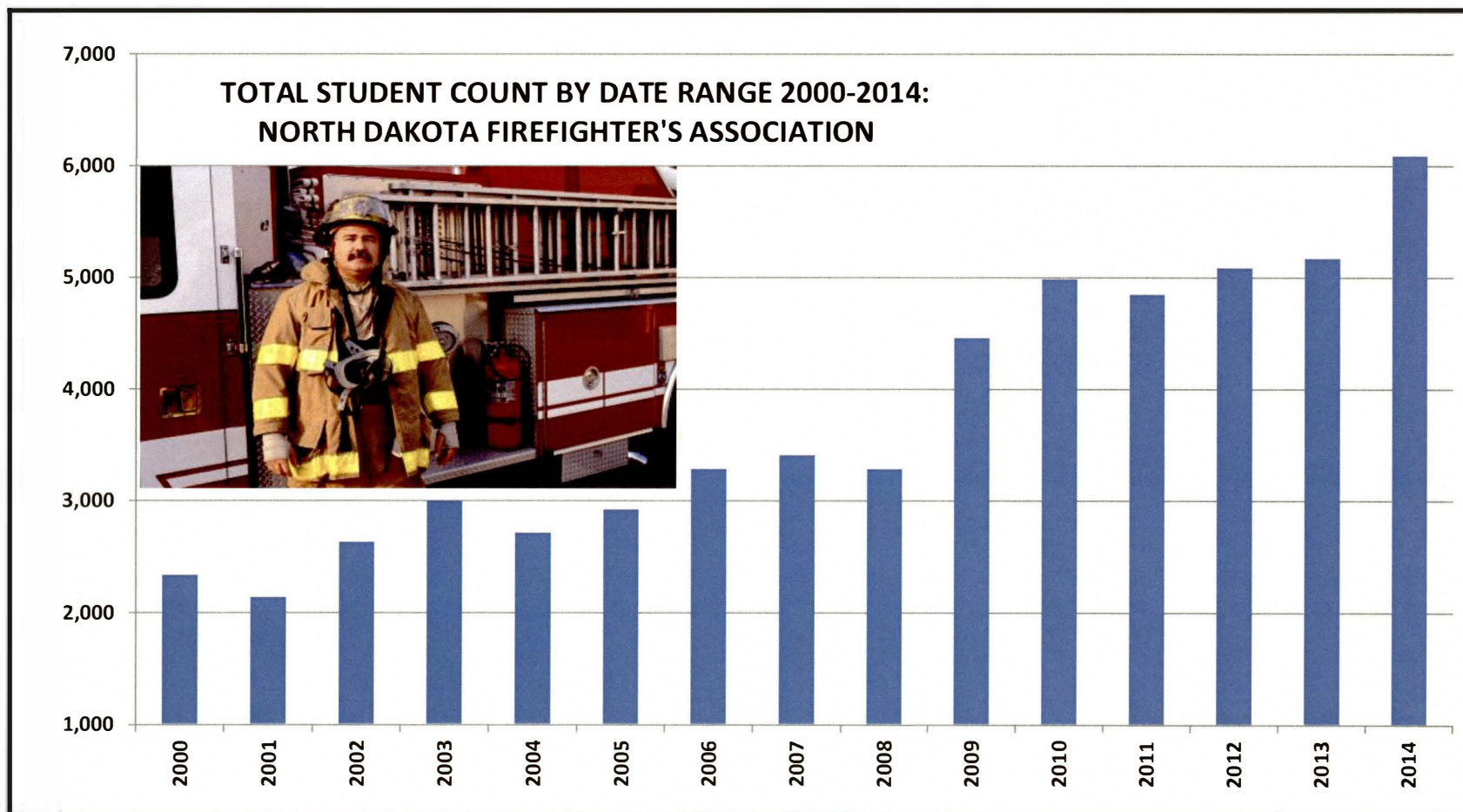
<u>Class Title</u>	<u># of Students</u>
Wide Area Search	22
Wildland Fire Refresher	25
Wildland Fire Simulation	38
Total Students for Date Range	<u>6095</u>

3-4

3-5

NORTH DAKOTA FIREFIGHTER'S ASSOCIATION TOTAL STUDENT COUNT BY DATE RANGE 2000-2014

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2,335	2,139	2,629	3,000	2,715	2,922	3,286	3,410	3,285	4,462	4,986	4,852	5,089	5,173	6,095



2015 TESTIMONY FOR THE SENATE APPROPRIATIONS COMMITTEE

ROBERT KNUTH, TRAINING DIRECTOR
NORTH DAKOTA FIREFIGHTER'S ASSOCIATION

SB 2010
1-13-15
#4

Chairman Holmberg and members of the Appropriations Committee; thank you for allowing me a few minutes to present testimony in favor of Senate Bill 2010. As the State recognized fire training and certification authority it is our goal to provide relevant training opportunities to the firefighters in North Dakota.

In October of 2013 NDFA became the 39th State/Provincial level fire training entity to receive accreditation from the National Board on Fire Service Professional Qualifications, also known as the Pro Board, for our Certification Program. This accreditation provides validation to the level of standards that NDFA has met and continues to meet in all of our programs. Along with the Fargo Fire Department, who will become a delegated authority under NDFA, we will continue to provide nationally and internationally recognized certifications to any member of the North Dakota Firefighter's Association who wishes to test.

As our Executive Director already stated in 2014 we provided training for over 6,000 firefighters. Our programs include:

Fire Department Emergency Vehicle Operations which has been endorsed by the North Dakota Highway Patrol;

Courage to Be Safe, a program developed by the National Fallen Firefighters Foundation which focuses on the 16 Life Safety Initiatives;

Hazardous Materials Response, both Awareness and Operations levels, which due to recent events throughout the state have become more vital to the first responders;

Auto Extrication, which includes basic, advanced, heavy truck, and school bus.

Responding to Oil Field Emergencies, which instructs fire departments on equipment and processes found on drilling and storage sites throughout the western side of the state and how to deal with them safely and protect themselves and their jurisdiction during an emergency situation.

Along with these classes NDFA also provides department level specific training based on their specific needs. We operate using volunteer, contract instructors who dedicate their very valuable spare time to travel around the state and provide this training.

With the ever increasing demand being placed on our first responders NDFA conducts many of their trainings regionally which reduces the travel time and cost burden on the departments and firefighters. We have developed two online courses to assist those firefighters who wish to become certified to the Firefighter 1 or Firefighter 2 level. Again we want to afford every opportunity to the firefighters to train while we maintain our level of accreditation.

Earlier in my testimony I stated that we strive to provide relevant training opportunities. A prime example of this is in December of 2014 NDFA held our first Rescue School in Minot at the All Seasons Arena on the State Fair Grounds. This event focused on Extrication classes including basic, advanced,

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Heavy Truck/trailer, school bus, and grain bin. It is a proven fact that vehicle accidents are the number one response category for fire departments who do not run EMS in the western side of North Dakota. It may be safe to say across the whole state. On January 5th of this year there was a tragic accident involving a train and a school bus in Larimore, ND. A few members of the Larimore Fire Department who responded to the accident had also attended the Rescue School. According to their chief those members, facing a horrific incident, stated how overwhelmed they were until their training kicked in. As an active firefighter myself who has responded to too many of these types of incidents I can assure you that you can never prepare yourself fully. You can only try to be the best prepared as you can by training. NDFA's goal is to provide that training so that the firefighters of North Dakota have the skills and knowledge to respond to incidents in their communities safely, professionally and all of them go home afterwards.

In closing I want to thank the committee on allowing me this time and would be more than happy to answer any questions you may have. Thank You.

Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments
Senate Bill No. 2010

Executive Budget Comparison to Prior Biennium Appropriations

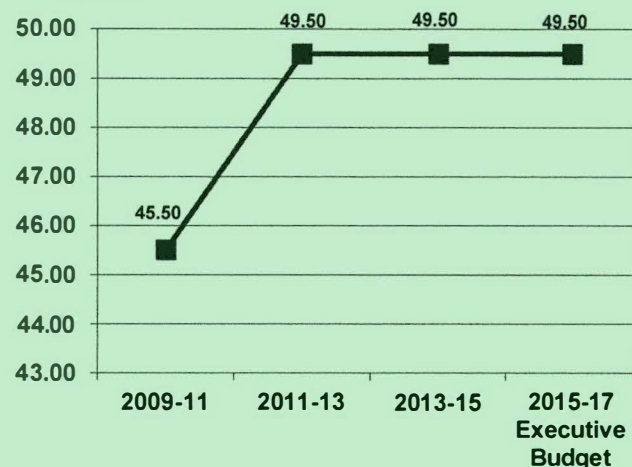
2010
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	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	49.50	\$0	\$28,511,574	\$28,511,574
2013-15 Legislative Appropriations	49.50	0	26,377,090	26,377,090
Increase (Decrease)	0.00	\$0	\$2,134,484	\$2,134,484

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$0	\$28,511,574	\$28,511,574
2015-17 Base Level	0	26,377,090	26,377,090
Increase (Decrease)	\$0	\$2,134,484	\$2,134,484

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$436,261 relates to performance increases, \$72,631 is for market equity adjustments, \$215,889 is for health insurance increases, and \$44,882 is for retirement contribution increases	\$0	\$769,663	\$769,663
2. Increases the grant to the North Dakota Firefighter's Association	\$0	\$90,000	\$90,000
3. Increases grants to fire districts to provide total grants of \$15,681,207	\$0	\$1,144,821	\$1,144,821
4. Decreases funding relating to operating expenses	\$0	(\$345,966)	(\$345,966)
5. Provides one-time funding for a central database for the North Dakota Firefighter's Association	\$0	\$130,000	\$130,000
6. Provides one-time funding for a new boiler inspection software program	\$0	\$90,000	\$90,000

Other Sections in Bill

Insurance tax distribution fund - Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.

Bonding fund - Section 3 designates \$43,451 from the state bonding fund to pay bonding fund administrative expenses.

State fire and tornado fund - Section 4 designates \$1,469,026 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses.

1.

Unsatisfied judgment fund - Section 5 designates \$30,048 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Petroleum release compensation fund - Section 6 designates \$104,269 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Insurance Commissioner's salary - Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary as follows:

Annual salary authorized by the Legislative Assembly in 2013:

July 1, 2013	\$96,794
July 1, 2014	\$99,698

Proposed annual salary recommendation in the 2015-17 executive budget:

July 1, 2015	\$103,686
July 1, 2016	\$107,833

The executive budget recommendation provides funding for elected officials' salary increases equal to 4 percent of salaries effective July 1, 2015, and 4 percent effective July 1, 2016.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

The State Auditor's office identified the Insurance Department is not monitoring internal control activities of outside service organizations by obtaining and reviewing available service organization audit reports for the National Association of Insurance Companies and National Insurance Producer Registry. The State Auditor's office also identified the Insurance Department overspent the appropriation for administrative expenses from the petroleum release compensation fund by \$52,736.

Major Related Legislation

Senate Bill No. 2016 - Appropriates \$3 million of one-time funding from the general fund to the Department of Emergency Services for grants to fire departments to purchase equipment for train derailment fires.

House Bill No. 1039 - Expands alternative health insurance coverage of substance abuse treatment to include residential treatment.

House Bill No. 1053 - Requires certain agencies to obtain desktop support services from the Information Technology Department.

House Bill No. 1072 - Expands health insurance coverage of cancer treatment medications.

Insurance Commissioner - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE	General	Other Funds	Total
	Positions	Fund		
2015-17 Biennium Base Level	49.50	\$0	\$26,377,090	\$26,377,090
2015-17 Ongoing Funding Changes				
Base payroll changes			\$255,966	\$255,966
Salary increase - Performance			436,261	436,261
Salary increase - Market equity			72,631	72,631
Retirement contribution increase			44,882	44,882
Health insurance increase			215,889	215,889
Reduce operating expenses			(345,966)	(345,966)
Increase grant to North Dakota Firefighter's Association			90,000	90,000
Increase grants to fire districts			1,144,821	1,144,821
Total ongoing funding changes	0.00	\$0	\$1,914,484	\$1,914,484
One-time funding items				
Information technology software			\$90,000	\$90,000
Computerized database for North Dakota Firefighter's Association			130,000	130,000
Total one-time funding changes	0.00	\$0	\$220,000	\$220,000
Total Changes to Base Level Funding	0.00	\$0	\$2,134,484	\$2,134,484
2015-17 Total Funding	49.50	\$0	\$28,511,574	\$28,511,574

Other Sections in Senate Bill No. 2010

	Executive Budget Recommendation
Insurance tax distribution fund	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.
Bonding fund	Section 3 designates \$43,451 from the state bonding fund to pay bonding fund administrative expenses.
State fire and tornado fund	Section 4 designates \$1,469,026 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.
Unsatisfied judgment fund	Section 5 designates \$30,048 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Petroleum release compensation fund	Section 6 designates \$104,269 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.
Insurance Commissioner's salary	Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$103,686 beginning July 1, 2015 and \$107,833 beginning July 1, 2016.

SB 2010

Subcomm.

1-27-15

#2

Deichert, Becky J.

From: Deichert, Becky J.
Sent: Thursday, January 22, 2015 7:04 AM
To: Cronquist, Alex J.
Cc: Ternes, Rebecca L.; Datsko, Jon N.
Subject: Amendment to SB2010

Hi Alex. We have an amendment to be made to sections 2, 3, 4 and 5 of SB2010. The changes are as follows:

Section 2. Bonding Fund – should be **\$50,813** not \$43,451

Section 3. Fire and Tornado Fund – should be **\$1,660,748** not \$1,469,026

Section 4. Unsatisfied Judgment Fund – should be **\$29,062** not \$30,048

Section 5. Petroleum Release Compensation Fund – should be **\$116,881** not \$104,269

Please let me know if there's anything else you need from me or the Insurance Department.

FireDist#	FireDistName	2013 Refund	2014 Refund
0011	ABERCROMBIE F/P DIST	8,593.60	7,191.33
0031	ADAMS F/P DISTRICT	9,897.07	7,550.46
0071	ALAMO F/P DISTRICT	10,823.46	9,441.46
0081	ALEXANDER F/P DISTRICT	13,467.99	16,330.90
0101	ALICE F/P DISTRICT	7,153.14	5,459.46
0121	ALMONT F/P DISTRICT	2,834.02	3,179.84
0141	AMBROSE FIRE DEPT	869.84	953.44
0161	AMIDON F/P DISTRICT	3,344.39	4,753.03
0171	ANAMOOSE F/P DISTRICT	10,102.19	8,470.15
0181	ANETA F/P DISTRICT	8,311.78	7,515.01
0191	ANTLER F/P DISTRICT	4,613.81	5,271.63
0190	ANTLER FIRE DEPT	7,793.54	7,975.66
0231	ARGUSVILLE F/P DIST	7,717.08	7,624.57
0241	ARNEGARD F/P DISTRICT	5,616.83	7,538.92
0251	ARTHUR F/P DISTRICT	11,934.09	11,290.18
0270	ASHLEY FIRE DEPT	5,557.00	6,356.07
0271	ASHLEY RURAL FIRE DEPT	6,607.54	6,747.25
0361	BARNEY F/P DISTRICT	14,263.19	10,483.93
0390	BATHGATE FIRE DEPT	789.21	871.82
0410	BEACH FIRE DEPT	8,419.25	8,143.21
0421	BELCOURT RURAL FIRE DEPT	10,995.43	10,965.44
0440	BELFIELD FIRE DEPT	9,393.84	10,711.74
0491	BERTHOLD F/P DISTRICT	22,058.98	20,171.03
0511	BEULAH F/P DISTRICT	72,438.96	50,871.54
0501	BILLINGS COUNTY F/P DIST	16,019.02	15,212.08
0521	BINFORD F/P DISTRICT	6,701.59	6,503.18
0531	BISBEE F/P DISTRICT	9,119.42	7,799.07
0541	BISMARCK F/P DISTRICT	162,487.77	160,498.54
0540	BISMARCK FIRE DEPT	467,697.60	505,939.08
0591	BOTTINEAU F/P DISTRICT	29,152.75	26,600.96
0590	BOTTINEAU FIRE DEPT	20,955.13	23,476.56
0601	BOWBELLS F/P DISTRICT	7,071.66	8,453.64
0610	BOWDON FIRE DEPT	2,190.89	5,390.37
0611	BOWDON RURAL FIRE DEPT	14,647.70	10,308.79
0630	BOWMAN FIRE DEPT	18,446.99	19,539.62
0631	BOWMAN RURAL FIRE DEPT	11,603.42	11,445.51
0641	BRADDOCK F/P DISTRICT	4,615.07	4,793.34
0701	BROCKET-LAWTON F/P DIST	8,236.60	6,102.83
0731	BUFFALO F/P DISTRICT	19,480.60	14,616.31
0750	BURLINGTON FIRE DEPT	7,363.71	8,783.51
0751	BURLINGTON RURAL FIRE DP	8,610.27	7,656.10
0781	BUTTE F/P DISTRICT	6,155.47	5,235.17
0791	BUXTON F/P DISTRICT	19,737.76	22,417.48
0821	CALVIN F/P DISTRICT	7,228.25	5,269.62
0831	CANDO F/P DISTRICT	10,211.23	9,194.63
0830	CANDO FIRE DEPT	10,637.79	12,558.17
0861	CARPIO F/P DISTRICT	15,886.10	10,339.05

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Subcommittee

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0870	CARRINGTON FIRE DEPT	18,484.10	22,960.91
0871	CARRINGTON RURAL FIRE DP	26,739.70	20,437.49
0881	CARSON F/P DISTRICT	9,978.55	9,999.48
0900	CASSELTON FIRE DEPT	16,959.34	35,819.58
0901	CASSELTON RURAL FIRE DP	44,999.21	56,371.49
0911	CATHAY F/P DISTRICT	7,137.16	5,217.02
0920	CAVALIER FIRE DEPT	15,906.47	14,794.57
0921	CAVALIER RURAL FIRE DEPT	23,257.07	18,783.36
0931	CEDAR VALLEY F/P DIST	1,840.60	1,421.66
0941	CENTRAL-BEACH F/P DIST	5,278.55	4,413.20
0991	CHRISTINE F/P DISTRICT	8,354.80	11,911.98
1011	CLEVELAND F/P DISTRICT	21,387.70	14,257.48
1041	COGSWELL F/P DISTRICT	16,928.06	15,315.03
1090	COLUMBUS FIRE DEPT	1,416.49	2,124.88
1091	COLUMBUS RURAL FIRE DEPT	2,733.12	2,782.68
1110	COOPERSTOWN FIRE DEPT	9,414.31	10,845.11
1111	COOPERSTOWN RURAL FIRE	11,526.51	9,721.86
1151	COURTENAY F/P DISTRICT	7,494.48	6,081.45
1180	CROSBY FIRE DEPT	9,136.42	10,754.22
1181	CROSBY RURAL FIRE DEPT	6,080.68	6,165.01
1191	CRYSTAL F/P DISTRICT	6,407.15	8,083.51
1221	DAHLEN F/P DISTRICT	3,422.30	2,778.47
1231	DAVENPORT F/P DISTRICT	9,903.40	7,188.05
1241	DAWSON F/P DISTRICT	5,423.21	5,897.58
1251	DAZEY F/P DISTRICT	3,486.13	3,206.66
1250	DAZEY FIRE DEPT	4,187.27	4,059.05
1261	DEERING F/P DISTRICT	6,592.82	4,266.69
1301	DES LACS F/P DISTRICT	6,902.78	6,919.05
1310	DEVILS LAKE FIRE DEPT	47,593.66	51,419.14
1311	DEVILS LAKE RURAL FIRE	37,215.89	37,443.94
1341	DICKINSON F/P DISTRICT	60,339.55	53,592.09
1340	DICKINSON FIRE DEPT	160,969.34	173,249.37
1361	DONNYBROOK F/P DISTRICT	11,230.87	8,368.43
1381	DOUGLAS F/P DISTRICT	3,433.72	3,217.51
1401	DRAKE F/P DISTRICT	10,073.28	13,145.05
1400	DRAKE FIRE DEPT	1,621.09	1,574.58
1410	DRAYTON FIRE DEPT	5,474.51	5,369.59
1411	DRAYTON RURAL FIRE DEPT	11,637.42	9,909.35
1451	DUNSEITH F/P DISTRICT	6,524.33	6,374.39
1450	DUNSEITH FIRE DEPT	2,523.78	2,667.94
1471	DWIGHT F/P DISTRICT	18,390.81	17,108.79
1481	EAST ADAMS F/P DISTRICT	4,623.87	4,044.96
1490	EDGELEY FIRE DEPT	9,821.29	9,500.88
1491	EDGELEY RURAL FIRE DEPT	33,423.33	29,458.83
1501	EDINBURG F/P DISTRICT	7,879.19	7,075.14
1510	EDMORE FIRE DEPT	2,118.28	2,264.49
1511	EDMORE RURAL FIRE DEPT	9,717.72	5,343.74
2971	EDNA F/P DISTRICT	795.59	1,665.43
1531	EGELAND F/P DISTRICT	5,858.59	4,236.22

1551	ELGIN F/P DISTRICT	14,977.93	14,116.71
1561	ELLEDALE F/P DISTRICT	34,069.04	31,636.23
1590	EMERADO FIRE DEPT	5,058.40	925.35
1591	EMERADO RURAL FIRE DEPT	4,846.04	9,050.81
1621	ENDERLIN F/P DISTRICT	36,971.63	35,303.29
1641	EPPING F/P DISTRICT	11,285.23	11,227.19
1651	ERIE RURAL FIRE DEPT	4,152.05	3,197.35
1661	ESMOND F/P DISTRICT	14,745.64	11,402.93
1671	FAIRDALE F/P DISTRICT	4,765.39	3,564.05
1691	FAIRMOUNT F/P DISTRICT	20,941.31	17,775.49
1700	FARGO FIRE DEPT	627,613.78	645,927.63
1705	FERRY TOWNSHIP F/P DIST	15,636.58	13,712.59
1711	FESSENDEN F/P DISTRICT	21,227.77	18,657.41
1731	FINGAL F/P DISTRICT	4,275.86	3,773.76
1741	FINLEY F/P DISTRICT	19,108.98	19,820.70
1751	FLASHER F/P DISTRICT	12,252.05	13,059.67
1761	FLAXTON F/P DISTRICT	2,176.44	1,705.83
1781	FORBES F/P DISTRICT	3,345.62	22,052.42
1791	FORDVILLE F/P DISTRICT	9,095.00	8,215.02
1800	FOREST RIVER FIRE DEPT	2,314.47	2,558.50
1811	FORMAN F/P DISTRICT	22,340.95	25,625.05
1831	FORT RANSOM F/P DISTRICT	6,935.13	7,129.16
1871	FORT YATES F/P DISTRICT	3,174.45	3,697.30
1861	FORTUNA F/P DISTRICT	5,598.30	5,780.65
1901	FREDONIA F/P DISTRICT	4,129.32	3,278.60
1921	FULLERTON F/P DISTRICT	15,186.95	13,347.79
1931	GACKLE RURAL FIRE DEPT	11,450.00	13,627.80
1951	GALESBURG F/P DISTRICT	10,000.13	8,587.04
1981	GARRISON F/P DISTRICT	26,875.65	30,912.33
1980	GARRISON FIRE DEPT	12,177.14	4,383.93
2011	GILBY F/P DISTRICT	14,395.08	15,032.15
2021	GLADSTONE F/P DISTRICT	7,628.96	7,920.11
2061	GLEN ULLIN F/P DISTRICT	17,655.50	16,937.02
2041	GLENBURN F/P DISTRICT	19,722.33	13,590.22
2051	GLENFIELD F/P DISTRICT	11,791.21	11,528.98
2071	GOLDEN VALLEY F/P DIST	3,579.05	3,323.64
2081	GOLVA F/P DISTRICT	3,141.80	3,920.80
2091	GOODRICH F/P DISTRICT	10,705.39	8,649.36
2121	GRAFTON F/P DISTRICT	29,290.00	25,977.93
2120	GRAFTON FIRE DEPT	24,677.88	26,982.31
2130	GRAND FORKS FIRE DEPT	309,738.26	321,435.64
2141	GRANDIN F/P DISTRICT	19,692.57	14,234.06
2161	GRANVILLE F/P DISTRICT	9,805.37	8,787.98
2171	GRASSY BUTTE F/P DIST	2,953.92	3,231.37
2181	GREAT BEND F/P DISTRICT	7,380.02	5,163.89
2191	GRENORA F/P DISTRICT	15,755.43	15,501.92
2211	GWINNER F/P DISTRICT	22,489.53	50,487.02
2221	HAGUE F/P DISTRICT	3,763.07	3,496.57
2241	HALLIDAY F/P DISTRICT	11,312.60	10,545.56

2291	HAMPDEN F/P DISTRICT	2,849.55	3,048.45
2301	HANKINSON F/P DISTRICT	19,780.27	17,415.43
2321	HANNAFORD RURAL FIRE DP	10,330.45	8,901.77
2331	HANNAH F/P DISTRICT	7,028.18	4,920.36
2381	HARVEY F/P DISTRICT	25,345.46	18,217.36
2380	HARVEY FIRE DEPT	14,390.77	15,942.14
2391	HARWOOD F/P & RESCUE	9,448.24	9,602.13
2400	HASTINGS FIRE DEPT	375.45	536.80
2411	HATTON RURAL FIRE DEPT	21,155.00	16,390.02
2421	HAVANA F/P DISTRICT	1,427.89	936.07
2441	HAZELTON F/P DISTRICT	13,705.02	14,240.28
2451	HAZEN F/P DISTRICT	13,547.68	12,156.14
2450	HAZEN FIRE DEPT	16,074.36	18,609.22
2471	HEBRON F/P DISTRICT	13,167.38	14,861.25
2470	HEBRON FIRE DEPT		1,318.36
2521	HETTINGER F/P DISTRICT	32,809.02	30,882.80
2541	HILLSBORO FIRE & RESCUE	38,514.87	34,866.68
2561	HOOPLE F/P DISTRICT	9,686.93	7,810.37
2560	HOOPLE FIRE DEPT	4,388.59	4,748.78
2571	HOPE F/P DISTRICT	28,772.11	26,484.11
2581	HORACE F/P DISTRICT	37,795.15	36,990.66
2591	HORSE CREEK F/P DISTRICT	1,415.12	1,382.90
2601	HUNTER F/P DISTRICT	10,722.66	9,318.66
2621	INKSTER F/P DISTRICT	7,423.98	5,227.69
2631	JAMESTOWN F/P DISTRICT	90,411.85	86,203.76
2630	JAMESTOWN FIRE DEPT	86,163.99	105,090.99
2681	JUD F/P DISTRICT	10,231.18	9,929.55
2701	KARLSRUHE F/P DISTRICT	8,498.58	8,502.27
2711	KATHRYN F/P DISTRICT	4,445.47	13,022.16
2760	KENMARE FIRE DEPT	11,425.58	11,578.50
2761	KENMARE RURAL FIRE DEPT	27,021.29	20,104.30
2771	KENSAL F/P DISTRICT	9,635.43	7,855.92
2801	KINDRED RURAL FIRE DEPT	19,992.68	18,531.43
2841	KRAMER F/P DISTRICT	4,576.74	2,450.05
2840	KRAMER FIRE DEPT	847.34	851.39
2851	KULM RURAL FIRE DEPT	10,611.18	10,449.67
2871	LAKOTA F/P DISTRICT	14,599.77	13,180.12
2880	LAMOURE FIRE DEPT	5,501.75	20,559.10
2881	LAMOURE RURAL FIRE DEPT	44,106.67	40,948.73
2901	LANGDON F/P DISTRICT	30,116.23	25,012.94
2900	LANGDON FIRE DEPT	17,137.51	16,670.70
2911	LANKIN F/P DISTRICT	7,137.77	5,863.94
2910	LANKIN FIRE DEPT	989.23	1,112.09
2921	LANSFORD F/P DISTRICT	15,280.46	10,258.39
2930	LARIMORE FIRE DEPT	7,243.06	7,767.47
2931	LARIMORE RURAL FIRE DEPT	18,251.25	17,540.46
2981	LEEDS F/P DISTRICT	29,692.76	26,027.62
3000	LEHR FIRE DEPT	758.68	781.01
3001	LEHR RURAL FIRE DEPT	3,431.25	3,289.08

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3021	LEONARD F/P DISTRICT	16,362.79	13,334.63
3041	LIDGERWOOD F/P DISTRICT	23,482.57	19,396.39
3051	LIGNITE F/P DISTRICT	4,343.97	5,839.33
3061	LINTON F/P DISTRICT	20,298.35	21,666.79
3071	LISBON F/P DISTRICT	33,657.67	30,235.84
3070	LISBON FIRE DEPT	18,404.38	19,131.02
3080	LITCHVILLE FIRE DEPT	1,754.10	2,070.89
3081	LITCHVILLE RURAL FIRE DP	12,941.41	13,194.54
3221	MADDOCK F/P DISTRICT	18,863.30	18,622.16
3251	MANDAN F/P DISTRICT	60,144.63	63,517.54
3250	MANDAN FIRE DEPT	126,262.07	141,568.72
3291	MANTADOR F/P DISTRICT	7,546.26	5,591.35
3320	MAPLETON FIRE DEPT	8,807.10	11,110.71
3330	MARION FIRE DEPT	3,828.14	4,233.24
3331	MARION RURAL FIRE DEPT	22,046.50	21,822.05
3341	MARMARTH RURAL FIRE DIST	2,743.08	3,406.58
3371	MAX F/P DISTRICT	17,215.52	13,144.48
3381	MAXBASS F/P DISTRICT	5,770.66	4,655.10
3391	MAYVILLE FIRE DEPT	28,294.00	27,111.83
3161	MCCLUSKY F/P DISTRICT	11,715.51	11,859.20
3181	MCHENRY RURAL FIRE DEPT	8,873.56	7,997.80
3191	MCKENZIE COUNTY F/P DIST	22,575.63	23,661.29
3211	MCVILLE F/P DISTRICT	7,634.53	8,320.02
3411	MEDINA F/P DISTRICT	8,499.65	8,520.04
3420	MEDORA FIRE DEPT	5,281.55	5,955.58
3461	MERCER F/P DISTRICT	6,029.62	5,600.61
3481	MICHIGAN F/P DISTRICT	9,703.28	8,389.29
3501	MILNOR F/P DISTRICT	24,426.77	23,279.59
3511	MILTON F/P DISTRICT	6,877.40	3,998.81
3521	MINNEWAUKAN F/P DISTRICT	6,576.71	8,416.39
3520	MINNEWAUKAN FIRE DEPT	2,265.97	1,964.60
3531	MINOT F/P DISTRICT	91,366.48	85,966.18
3530	MINOT FIRE DEPT	265,134.28	287,541.42
3541	MINTO F/P DISTRICT	20,587.24	17,411.58
3561	MOHALL F/P DISTRICT	10,335.93	7,687.25
3560	MOHALL FIRE DEPT	5,600.27	6,697.93
3591	MOORETON F/P DISTRICT	10,961.03	8,582.05
3590	MOORETON FIRE DEPT	2,352.96	2,162.52
3601	MOTT F/P DISTRICT	28,889.20	24,109.87
3611	MOUNTAIN F/P DISTRICT	3,463.94	2,665.91
3631	MUNICH F/P DISTRICT	18,122.62	14,729.88
3641	MYLO F/P DISTRICT	4,132.91	2,935.91
3661	NAPOLEON F/P DISTRICT	20,247.96	21,450.18
3681	NECHE F/P DISTRICT	8,100.29	7,251.07
3691	NEKOMA F/P DISTRICT	7,203.42	4,284.62
3721	NEW ENGLAND F/P DISTRICT	14,361.47	14,993.55
3720	NEW ENGLAND FIRE DEPT	5,679.94	7,700.02
3741	NEW LEIPZIG F/P DISTRICT	8,567.18	7,715.34
3750	NEW ROCKFORD FIRE DEPT	9,422.16	11,205.51

3751	NEW ROCKFORD RURAL FIRE	16,552.74	14,116.49
3761	NEW SALEM F/P DISTRICT	24,701.18	24,393.59
3771	NEW TOWN F/P DISTRICT	22,224.67	22,076.32
3770	NEW TOWN FIRE DEPT	9,948.72	11,673.16
3711	NEWBURG F/P DISTRICT	9,968.60	8,588.66
3781	NIAGARA F/P DISTRICT	5,645.43	4,635.60
3801	NOME F/P DISTRICT	4,387.92	3,870.61
3810	NOONAN FIRE DEPT	780.88	1,017.96
3811	NOONAN RURAL FIRE DEPT	1,664.57	3,330.71
3841	NORTHWOOD F/P DISTRICT	22,575.90	18,488.63
3840	NORTHWOOD FIRE DEPT		1,583.39
3871	OAKES F/P DISTRICT	61,088.09	58,453.44
3880	OBERON FIRE DEPT	464.50	594.27
3881	OBERON RURAL FIRE DEPT	4,546.51	3,391.92
3891	OLIVER COUNTY F/P DIST	28,342.36	34,880.45
3900	ORISKA FIRE DEPT	2,582.90	2,078.27
3931	OSNABROCK F/P DISTRICT	14,694.84	7,466.39
3930	OSNABROCK FIRE DEPT	1,442.90	2,914.30
3951	PAGE F/P DISTRICT	22,930.35	22,926.45
3971	PARK RIVER F/P DISTRICT	7,417.41	5,748.23
3970	PARK RIVER FIRE DEPT	10,192.69	10,782.08
3981	PARSHALL F/P DISTRICT	23,003.20	18,841.35
3991	PEKIN F/P DISTRICT	3,205.64	3,902.20
4001	PEMBINA RURAL FIRE DEPT	1,437.74	1,839.65
4000	PEMBINA RURAL FIRE DEPT	7,482.57	7,568.35
4031	PETERSBURG F/P DISTRICT	9,040.39	7,987.31
4041	PETTIBONE RURAL FIRE DP	5,132.10	4,323.77
4050	PICK CITY FIRE DEPT	2,070.28	2,092.38
4061	PINGREE F/P DISTRICT	4,622.96	3,520.88
4071	PISEK F/P DISTRICT	3,190.00	2,518.49
4081	PLAZA F/P DISTRICT	16,546.90	13,582.58
4101	PORTAL F/P DISTRICT	992.97	2,185.89
4111	PORTLAND F/P DISTRICT	27,876.41	21,804.90
4121	POWERS LAKE F/P DISTRICT	9,480.75	10,670.82
4171	RAY F/P DISTRICT	16,376.83	16,711.19
4181	REEDER F/P DISTRICT	26,658.21	19,486.26
4201	REGENT F/P DISTRICT	17,486.25	18,127.49
4211	REYNOLDS F/P DISTRICT	14,420.07	12,264.95
4221	RHAME F/P DISTRICT	8,706.33	10,925.65
4231	RICHARDTON F/P DISTRICT	12,890.25	15,426.94
4240	RIVERDALE FIRE DEPT	5,221.75	5,629.39
4251	ROBINSON RURAL FIRE DEPT	3,667.73	2,724.43
4261	ROCK LAKE F/P DISTRICT	12,648.78	10,608.86
4270	ROGERS FIRE DEPT	2,049.97	2,035.48
4281	ROLETTE F/P DISTRICT	12,909.42	11,042.89
4280	ROLETTE FIRE DEPT	2,967.37	3,989.73
4291	ROLLA F/P DISTRICT	10,895.96	8,492.68
4290	ROLLA FIRE DEPT	10,722.36	10,969.73
4331	RUGBY F/P DISTRICT	22,209.97	22,454.81

4330	RUGBY FIRE DEPT	20,327.27	20,858.70
4351	RUTLAND-CAYUGA F/P DIST	13,947.75	13,736.55
4361	RYDER-MAKOTI F/P DIST	14,547.50	10,881.73
4411	SANBORN F/P DISTRICT	7,432.47	6,946.21
4410	SANBORN FIRE DEPT	1,765.34	1,731.18
4441	SARLES F/P DISTRICT	6,306.92	5,881.63
4451	SAWYER F/P DISTRICT	12,862.91	11,121.16
4461	SCRANTON F/P DISTRICT	19,649.31	18,629.75
4471	SELFRIEDGE F/P DISTRICT	5,898.27	5,895.49
4491	SENTINEL BUTTE F/P DIST	2,547.66	2,152.29
4500	SHARON FIRE DEPT	2,540.41	2,687.01
4521	SHERWOOD F/P DISTRICT	12,766.36	9,671.79
4530	SHEYENNE FIRE DEPT	2,818.86	2,692.22
4531	SHEYENNE RURAL FIRE DEPT	7,276.56	7,472.64
4540	SIBLEY FIRE DEPT	1,207.34	757.07
4551	SIOUX-YELLOWSTONE F/P DISTRICT	3,307.34	3,569.59
4561	SOLEN F/P DISTRICT	3,442.76	4,104.30
4571	SOURIS F/P DISTRICT	10,328.43	7,422.85
4591	SOUTH HEART F/P DISTRICT	17,045.51	15,569.92
4611	SOUTHWEST F/P DISTRICT	584.74	533.26
4381	ST JOHN F/P DISTRICT	6,131.68	6,168.05
4401	ST THOMAS F/P DISTRICT	14,317.58	11,809.37
4641	STANLEY F/P DISTRICT	19,886.34	23,125.09
4640	STANLEY FIRE DEPT	13,037.83	15,401.31
4651	STANTON F/P DISTRICT	14,976.76	5,657.28
4650	STANTON FIRE DEPT	2,277.40	2,427.02
4661	STARKWEATHER F/P DIST	9,749.57	8,710.21
4671	STEELE F/P DISTRICT	14,076.31	16,003.16
4681	STERLING F/P DISTRICT	8,674.46	9,436.16
4701	STRASBURG F/P DISTRICT	9,719.12	11,112.03
4721	STREETER F/P DISTRICT	8,854.58	9,122.97
4731	SURREY F/P DISTRICT	9,201.12	10,137.08
4761	SYKESTON F/P DISTRICT	11,447.13	6,377.13
4781	TAPPEN RURAL FIRE DEPT	9,196.69	8,752.51
4791	TAYLOR F/P DISTRICT	7,747.37	7,879.49
4821	THOMPSON F/P DISTRICT	31,077.75	26,989.95
4840	TIOGA FIRE DEPT	13,043.37	16,209.17
4841	TIOGA RURAL FIRE DEPT	11,817.80	13,242.20
4860	TOLLEY FIRE DEPT	1,541.25	2,017.35
4871	TOLNA F/P DISTRICT	12,860.01	10,051.40
4881	TOWER CITY F/P DISTRICT	14,347.25	11,043.93
4891	TOWNER F/P DISTRICT	7,900.74	7,580.80
4890	TOWNER FIRE DEPT	3,802.00	3,707.63
4901	TRENTON F/P DISTRICT	2,133.31	2,126.47
4921	TURTLE LAKE F/P DISTRICT	12,584.84	13,593.12
4931	TUTTLE F/P DISTRICT	5,762.21	4,308.55
4941	UNDERWOOD F/P DISTRICT	20,650.84	31,222.04
4961	UPHAM F/P DISTRICT	6,888.71	5,509.23
4980	VALLEY CITY FIRE DEPT	36,818.16	40,537.78

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4981	VALLEY CITY RURAL FIRE	33,747.65	36,838.35
4991	VELVA F/P DISTRICT	16,266.11	12,781.96
4990	VELVA FIRE DEPT	8,251.17	8,987.70
5020	VERONA FIRE DEPT	1,897.02	1,006.62
5021	VERONA RURAL FIRE DEPT	16,078.26	18,303.38
5050	WAHPETON FIRE DEPT	54,164.39	60,043.59
5061	WALCOTT-COLFAX F/P DIST	26,650.43	17,367.08
5070	WALES FIRE DEPT	1,556.48	1,045.54
5081	WALHALLA F/P DISTRICT	14,203.82	12,438.38
5080	WALHALLA FIRE DEPT	8,427.54	9,851.78
5101	WARWICK F/P DISTRICT	2,731.27	3,003.77
5111	WASHBURN F/P DISTRICT	33,953.63	32,692.17
5110	WASHBURN FIRE DEPT	8,421.48	9,601.65
5120	WATFORD CITY FIRE DEPT	27,609.77	34,981.05
5151	WEST DUNN F/P DISTRICT	29,123.69	32,008.43
5160	WEST FARGO FIRE DEPT	140,419.07	150,500.38
5161	WEST FARGO RURAL FIRE DP	88,171.63	83,873.10
5181	WESTHOPE F/P DISTRICT	13,888.91	9,317.13
5241	WILDROSE F/P DISTRICT	5,769.52	6,495.22
5251	WILLISTON F/P DISTRICT	43,780.89	51,106.99
5250	WILLISTON FIRE DEPT	142,991.75	156,743.85
5261	WILLOW CITY F/P DISTRICT	14,957.44	10,819.36
5260	WILLOW CITY FIRE DEPT		106.96
5271	WILTON F/P DISTRICT	25,640.42	25,079.23
5281	WIMBLEDON F/P DISTRICT	11,738.24	12,508.70
5301	WING F/P DISTRICT	7,219.37	6,665.97
5311	WISHEK F/P DISTRICT	15,163.61	15,654.75
5321	WOLFORD F/P DISTRICT	5,837.91	4,904.68
5340	WOODWORTH FIRE DEPT	2,292.52	2,878.55
5341	WOODWORTH RURAL FIRE DP	5,909.05	4,696.17
5351	WYNDMERE F/P DISTRICT	25,387.49	19,163.20
5391	ZAP F/P DISTRICT	3,894.16	3,763.22
5401	ZEELAND F/P DISTRICT	10,135.63	10,144.70
		7,268,193.03	7,268,192.84

SB 2010 Subcom
#1
2-11-15

Insurance Commissioner - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	49.50	\$0	\$26,377,090	\$26,377,090	49.50	\$0	\$26,377,090	\$26,377,090	0.00	\$0	\$0	\$0
2015-17 Ongoing Funding Changes												
Base payroll changes			\$255,966	\$255,966			\$255,966	\$255,966				\$0
Salary increase - Performance			436,261	436,261			326,187	326,187			(110,074)	(110,074)
Salary increase - Market equity			72,631	72,631				0			(72,631)	(72,631)
Retirement contribution increase			44,882	44,882				0			(44,882)	(44,882)
Health insurance increase			215,889	215,889			215,889	215,889				0
Reduce operating expenses			(345,966)	(345,966)			(345,966)	(345,966)				0
Increase grant to North Dakota Firefighter's Association			90,000	90,000			90,000	90,000				0
Increase grants to fire districts			1,144,821	1,144,821			1,144,821	1,144,821				0
Total ongoing funding changes	0.00	\$0	\$1,914,484	\$1,914,484	0.00	\$0	\$1,686,897	\$1,686,897	0.00	\$0	(\$227,587)	(\$227,587)
One-time funding items												
Information technology software			\$90,000	\$90,000			\$90,000	\$90,000			\$0	\$0
Computerized database for North Dakota Firefighter's Association			130,000	130,000			130,000	130,000			0	0
Total one-time funding changes	0.00	\$0	\$220,000	\$220,000	0.00	\$0	\$220,000	\$220,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$2,134,484	\$2,134,484	0.00	\$0	\$1,906,897	\$1,906,897	0.00	\$0	(\$227,587)	(\$227,587)
2015-17 Total Funding	49.50	\$0	\$28,511,574	\$28,511,574	49.50	\$0	\$28,283,987	\$28,283,987	0.00	\$0	(\$227,587)	(\$227,587)

Other Sections in Senate Bill No. 2010

	Executive Budget Recommendation	Senate Version
Insurance tax distribution fund	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.
Bonding fund	Section 3 designates \$43,451 from the state bonding fund to pay bonding fund administrative expenses.	Section 3 designates \$50,813 from the state bonding fund to pay bonding fund administrative expenses.
State fire and tornado fund	Section 4 designates \$1,469,026 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.	Section 4 designates \$1,660,748 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.

1.1

Unsatisfied judgment fund

Section 5 designates \$30,048 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Section 5 designates \$29,062 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Petroleum release compensation fund

Section 6 designates \$104,269 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Section 6 designates \$116,881 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Insurance Commissioner's salary

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$103,686 beginning July 1, 2015 and \$107,833 beginning July 1, 2016.

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$102,689 beginning July 1, 2015 and \$105,770 beginning July 1, 2016.

1.2

Senate Bill No. 2010

Presented by: Adam Hamm
Commissioner
North Dakota Insurance Department

Before: House Appropriations Committee
Rep. Blair Thoreson, Chairman

Date: March 9, 2015

ND insurance industry and regulation—At a glance

The North Dakota Insurance Department is a special funded agency that generated \$69.4 million in revenue in 2014. The Department contributed \$49.3 million in premium tax revenue to the state's General Fund last year.

	2013	2014
The insurance industry		
Total premium written	\$5,452,137,183	n/a
Net premium tax collected (General Fund dollars)	\$46,283,404	\$49,264,493
Claims, losses and benefits paid to consumers	\$3,994,852,194	n/a
Regulation and consumer protection		
Consumer relief from complaints and hotline contacts	\$3,351,130	\$1,042,282
Enforcement fines from agents and companies	\$986,786	\$834,802
State Health Insurance Counseling (SHIC) program		
Number of North Dakotans assisted	9,758	9,694
Savings for North Dakota citizens	\$2,336,943	\$2,375,030
Centers for Medicare and Medicaid grants	\$248,149	\$253,865
Prescription Connection program		
Number of North Dakotans assisted	301	188
Savings for North Dakota citizens	\$596,126	\$531,989
Benefiting North Dakota taxpayers		
Insurance regulatory trust fund; turnback to the General Fund	\$3,846,205	\$5,445,434

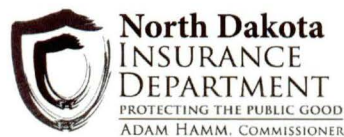
The Department's 2014 revenue was 17 percent higher than in 2012. There were several contributing factors to the increase.

- Premium tax revenue has increased due to the state's growth. More policies are being written and more premiums are being paid, which means more tax revenue is collected.
- The number of licensed agents in the state has grown, which generates more licensing fees.
- \$1,528,887 in settlement payments were collected in 2013-14 through 12 multi-state life insurance company settlements regarding practices using the Death Master File Index to identify beneficiaries.

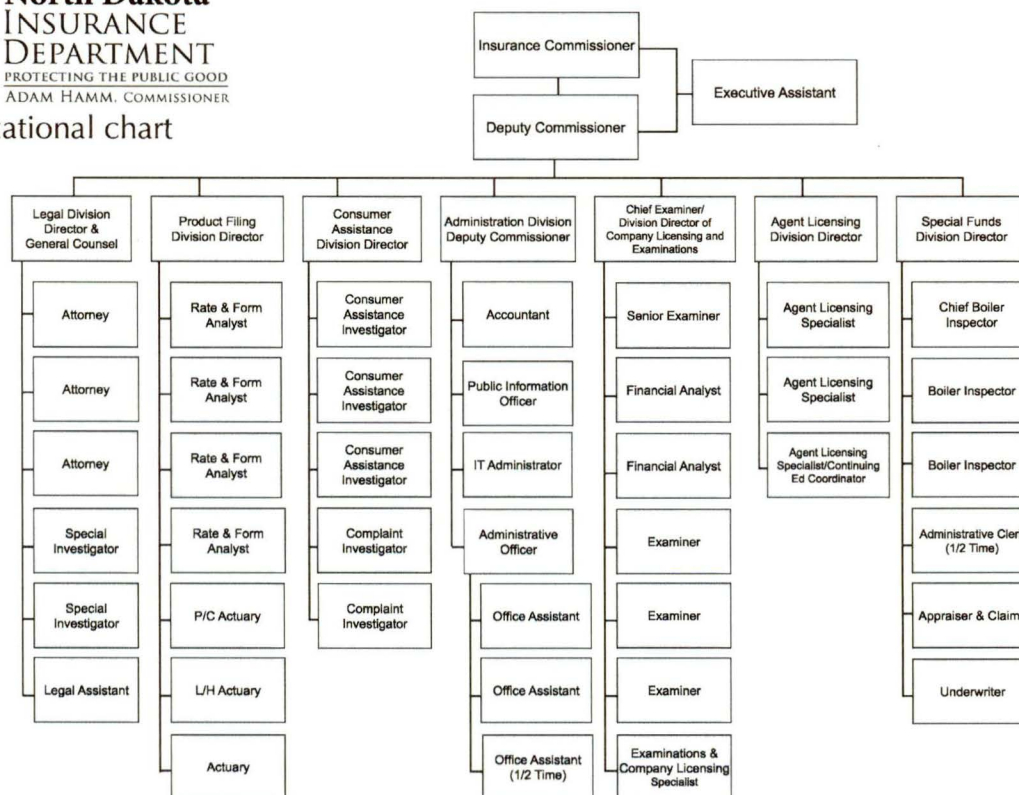
From 2012 to 2013, written insurance premiums in the state increased by over \$400 million. Premiums have increased 35 percent from 2009.

Year	Written premiums
2013	\$5,452,137,183
2012	\$5,046,323,923
2011	\$4,941,246,953
2010	\$4,191,934,714
2009	\$4,044,836,633

Department Divisions



Organizational chart



* No new FTE's are requested for the 2015-2017 biennium.

Administration Division

The Administration Division of the Insurance Department is responsible for oversight of the budget, accounting, IT needs and general office support through the Department. In addition, the division oversees day-to-day business operations, public relations, human resource management and the internal policies and procedures for the Department.

Agent Licensing Division

The Agent Licensing Division is responsible for the licensing of more than 60,000 individual insurance producers doing business in North Dakota. Insurance producers must comply with pre-licensing exams, background checks and continuing education requirements.

Licensed agents	2009	2013	2014
Resident producers	6,706	5,703	5,695
Non-resident producers	42,281	50,416	55,449
Total	48,987	56,119	61,144

Licensed business entities			
Resident	770	820	840
Non-resident	3,871	4,545	4,896
Total	4,641	5,365	5,736

Legal Division

The functions of the Legal Division are to provide legal counsel to the Department; investigate insurance fraud and related offenses; investigate and enforce all laws governing insurance producers and insurance companies; litigate administrative actions; and research and prepare proposed legislative bills and administrative rules. The Commissioner signed 40 orders involving agents and 15 orders involving companies in 2013. Fifty-four orders involving agents and 10 orders involving companies were signed in 2014.

The fraud unit received 158 insurance fraud referrals in 2013 and 189 referrals in 2014. Known losses due to fraud in 2013 totaled at least \$319,315 and in 2014 totaled at least \$831,465.

Examinations and Company Licensing Division

The primary function of the Examinations and Company Licensing Division is to monitor the financial strength of insurance companies licensed to do business in North Dakota.

As of Dec. 31, 2014, there were a total of 2,268 insurance entities licensed to do business in North Dakota and among them, 32 domiciled companies.

- Four financial exams were completed on domiciled companies July 1, 2013–June 30, 2014.
- The Department has newly licensed 17 companies selling property and casualty, title and life insurance since July 1, 2013.
- The Department has revoked four company licenses since July 1, 2013.

Product Filing Division

The Product Filing Division reviews policy forms and rate requests to ensure policy language complies with all the laws of this state, properly reflects the benefits provided by the policy and is not deceptive or misleading. For most types of insurance, this division evaluates the premium rates companies propose to charge to assure that the premiums are not excessive, inadequate or unfairly discriminatory.

The Department received a large number of new health insurance filings in the spring of 2013 as companies bring their policies into compliance with Patient Protection and Affordable Care Act (PPACA) requirements.

	Filings received
2009	5,558
2013	6,318
2014	6,216

Consumer Assistance Division

The Consumer Assistance Division houses the Prescription Connection and State Health Insurance Counseling (SHIC) programs, as well as complaints and hotline duties.

The SHIC program provides free, confidential health insurance counseling to Medicare beneficiaries, their families or other representatives. The program held seven Medicare Part D enrollment events and co-sponsored 24 Medicare Part D events across the state in 2014.

The Prescription Connection program helps low income North Dakotans find low-cost and no-cost prescription drugs by connecting them with prescription assistance programs. The program assists consumers with the application process and connects over 99 percent of all applicants to a program.

Special Funds Division

This division includes the following programs that are self-funded and do not require an appropriation from either the state General Fund or the Insurance Regulatory Trust Fund.

Fund	2014
State Bonding Fund	
Bondholders	2,991
Combined insured value	\$704,576,861
Fire and Tornado Fund	
Policyholders	1,137
	9,615 buildings
	5,093 outdoor structures
Combined insured value	\$12.2 billion

Fund	2014
Petroleum Tank Release Compensation Fund	
Tank owners	1,677
Tanks	5,773
Boiler and Pressure Vessel Inspection Programs	
Boilers inspected by Department	4,652
Boilers inspected by private insurance carriers	5,735
Total boilers in ND	10,387

Bonding Fund

The State Bonding Fund provides fidelity bond coverage to the state of North Dakota and its political subdivisions including counties, townships, cities, park districts and school districts. To date this biennium, one judgment totaling \$48,028, has been paid.

Fire and Tornado Fund

Since 1919, the State Fire and Tornado Fund has provided affordable building and business personal property insurance coverage to state entities and political subdivisions of the state. In recent years, property values have increased due to the increases in construction costs, both labor and material, and the explosive growth in new construction statewide. The Fund recommended policyholders budget for a minimum five percent increase for each policy year of the 2015-2017 biennium. For the first time in the Fire and Tornado Fund history, no premium was charged in 2014. The quality management of its reserves continues to ensure its solvency.

Fire and Tornado Fund premiums and claims					
Fiscal year	Policyholders	Rate change	Premiums collected	# claims	Claim payments
2010	1,087	50% premium credit	\$3.22 million	381 (12/23/10)	\$2.91 million
2011	1,090	50% premium credit	\$3.47 million	272	\$4.35 million
2012	1,131	Permanent 50% premium reduction	\$3.77 million	220	\$2.87 million
2013	1,140	No change	\$4.11 million	199	\$1.30 million
2014	1,137	Premium waived	n/a	214	\$1.68 million

Petroleum Tank Release Compensation Fund

The North Dakota Petroleum Tank Release Compensation Fund financially assists tank owners for cleanup costs and third-party liability caused by petroleum contamination. All owners or operators of aboveground or underground petroleum storage tanks in North Dakota are required to register their tanks with the fund and pay an annual registration fee. The annual fee per tank is \$50.

Unsatisfied Judgment Fund

The Unsatisfied Judgment Fund was created to protect residents of North Dakota against the financial hardships associated with bodily injury caused by irresponsible, uninsured, judgment-proof drivers. During 2013-2014, one \$10,000 payment was made from the Fund.

Boiler and Pressure Vessel Inspection Programs

The Boiler and Pressure Vessel Inspection Program provides initial and periodic inspections of boilers. Nominal fees ranging from \$35-\$150 per boiler are collected to fund the inspection activity. The boiler certification fee, collected every three years, is \$60. The number of active boilers today is 10,387. Of that total, the Department inspects 4,652; the remaining boilers are inspected by authorized agencies.

	Boilers
2009	9,050
2012	9,812
2014	10,387

	Oil rig boilers
2009	200
2012	299
2014	251

Special Funds balance report*As of Sep. 30, 2014*

Fund	Reserve balance	Minimum requirement	Variance fav (unfav)	Loss claims payable
State Bonding Fund	\$3,501,200	\$2,000,000	\$1,501,200	\$49,716
Fire and Tornado Fund	\$23,970,281	\$12,000,000	\$11,970,281	\$2,133,448
Petroleum Tank Release Comp Fund	\$6,437,901	\$6,000,000	\$437,901	\$1,317,127
Unsatisfied Judgment	\$184,814	\$150,000	\$34,814	\$0

Note: Reserve balance = cash + money market deposit accounts + investments

North Dakota Insurance Department appropriation

Senate Bill No. 2010

Section 1: Appropriation

- Total executive budget recommendation—\$28,511,574
- The Department requested—\$26,377,090

	Department request*	Governor's recommendation	Senate Version
Salaries and wages	8,438,662	\$9,208,325	\$8,980,738
Operating	\$2,512,042	\$2,512,042	\$2,512,042
IT/Sware over \$5,000	\$90,000	\$90,000	\$90,000
Grants to ND Fire Assoc.	\$800,000	\$1,020,000	\$1,020,000
Total	\$11,840,704	\$12,830,367	\$12,602,780
Grants to fire districts	\$14,536,386	\$15,681,207	\$15,681,207
Total budget	\$26,377,090	\$28,511,574	\$28,283,987

*The Department's original request did not include legislative salary increases or fringe benefit increases. The Governor's recommendation did include these increases.

Requested base budget changes for 2015-2017

The Department's 2015-2017 operating expenditure request represents a decrease of \$345,966 or 12.11 percent compared to the 2013-2015 biennium. This is a net result of the Insurance Department's cost to continue operations, an increase in expenses that are not within the Department's control and cost savings implemented in various areas within the Department. With salaries, benefits and capital assets, the Department's 2015-2017 appropriation request is a hold-even budget as requested by the Governor.

Key changes in expenditures include:

- Travel increase of \$40,891: The mileage, room and board costs have all increased.
- Printing decrease of \$12,331: The Department continues to offer more communication and provide easy, 24/7 methods in which to submit communication and documents to the Department electronically.
- Insurance decrease of \$10,105: The information supplied by Risk Management and the State Fire and Tornado fund indicates lower premium rates.
- Rentals/leases—building/land increase of \$65,138: The Department will see an increase in their capitol office rent of 2.47 percent and a slight increase in their two off-site office spaces.
- Professional development decrease of \$10,131: The Department constantly monitors the cost of maintaining key credentials and licenses on behalf of employees.

- Operating fees and services decrease of \$7,966.23: The amount was based on lowered use of these types of services in the existing biennium.
- Professional services decrease of \$385,651: The Department had previously included federal grant dollars for rate review used to purchase the services of a health actuary.
- IT communications decrease of \$20,006: There were decreases in ITD monthly service rates and reduced the budget for desk phones, cell phones and 1-800 calls.
- IT equipment/software >\$5,000 increase of \$90,000: The Department must develop or purchase a new system to handle its boiler inspections. The old system is no longer supported.
- IT contract service and repair decrease of 30,252: One IT project was completed in the 2013-2015 biennium.

Executive compensation package adjustment

The Governor's budget included the Office of Management and Budget salary adjustments, costs to continue and benefit cost increases.

The North Dakota Senate decreased the executive compensation package.

Full-time employees

The Department has 49.5 FTEs. No new FTEs are being requested for the 2015-2017 biennium. One vacant company examiner position is being transferred to the Special Funds division to a boiler inspection position to manage the growth in boiler inspections.

The Department is very concerned with HB1053 and the indication that requiring the Department to use desktop support services from ITD might reduce the need for an IT FTE in the Department itself. The FTE associated with IT services in the Insurance Department does very little desktop support. Our IT position manages our critical database functions, provides liaison services with ITD for programming and development of new software and manages all IT resources for the Department. These functions could not be done by ITD and the Department cannot function without this specialty position.

We have indicated to ITD that to pay for their desktop support, our budget would need to be increased \$127,754. These costs are not included in this request.

Section 2: Increase grants to fire districts recommended by Governor

The Executive recommendation in the bill provides an increase of \$1,364,821, or about 8.9 percent, for grants to the North Dakota Firefighters Association (NDFA) and fire districts from the Insurance Tax Distribution Fund. This increase brings the appropriation to \$16,701,207 million for the biennium. This increase follows the 2013-2015 increase of \$8.3 million.

The grants are made up of an estimated amount for the future collection of fire and allied line premium tax. The dollars are dispersed to the fire districts based on the pro-rated amount of tax collected in each district plus the grant to the NDFA. Based on revenue predictions, the Executive recommendation increased the total distribution to \$16,701,207. In that amount the Governor included a one-time grant to the NDFA in the amount of \$130,000, an additional \$90,000 to the NDFA for training, plus the previous grant amount of \$800,000 totaling \$1,020,000 to the NDFA. The fire districts would receive \$15,681,207.

For several biennia, the Department has requested the firefighter district grants and grants to the NDFA be removed from its appropriation bill. Always a significant portion of the Department's budget, in the 2013-2015 biennium, the fire district and NDFA grant became over 58 percent of the Department's overall appropriation where it remains for the Governor's recommended 2015-2017 appropriation.

The Department has focused its resources to find efficiencies and not increase the size of state government. It would ask that its budget accurately reflect that focus. Without the increase to the districts and association in 2013-2015, the Department's overall budget would have decreased instead of increasing by almost 50 percent. The Department's request for 2015-2017 is a hold even budget request which includes a decreased operating line of 12.11 percent.

The Department strongly supports funds going to the fire districts as was suggested by the original payment language in 1887. Our request to remove this line item from our appropriation and budget is not a statement on the amount or purpose of these payments, only a request for more accurate and transparent budgeting.

See page 13 for a detailed example of fire district grant payments.

Special Funds allocation

The requested appropriation provides for allocation of expenses for administration of each of the following funds:

Section	Fund	Appropriated Administrative Expense
3	State Bonding Fund	\$50,813
4	Fire and Tornado Fund	\$1,660,748
5	Unsatisfied Judgment Fund	\$29,062
6	Petroleum Tank Release Comp Fund	\$116,881

~~* These amounts were incorrectly placed in the appropriation bill and will be corrected through an amendment. This amendment will not change the overall budget request.~~

Section 7: Salary of commissioner

Section 7 adjusts the Commissioner's salary with a three percent increase each year of the biennium.

Summary of major achievements and goals

1. Health care reform

Achievements

- Participated weekly in numerous conference calls.
- Reported at every interim Health Care Reform Review committee meeting.
- Hired a consultant to study the potential 2014 Essential Health Benefit benchmark plan options.
- Commissioner Hamm was elected President of the National Association of Insurance Commissioners, giving North Dakota an active role in health care reform discussions at the national level.
- Cross-trained new filing analyst to assist with health insurance filings.
- Implemented all market reforms required by health care reform for all health insurance plan filings in 2013 and 2014.

2015-2017 focus

- Continue to participate in weekly conference calls and meetings.
- Continue to work with insurance carriers to implement additional market reforms and filing requirements.
- Participate as requested in all interim studies and committee meetings.

2. Continued progress toward fully electronic (paperless) systems

Achievements

- Developed a new online surplus lines reporting and tracking software.
- Implemented enhancements to contact change requests for agents.

2015-2017 focus

- Develop and implement an updated, internet based boiler inspection reporting and tracking database.
- Implement new online surplus lines reporting and tracking software.
- Continue to work with SERFF to modify the system to meet PPACA requirements.
- Continue to work on scanning Fire and Tornado building appraisals into FileNET.
- Continue to work with SBS to develop enhancements.

3. Enhance outreach programs and consumer education

Achievements

- In 2013 and 2014, the Prescription Connection program helped approximately 185 people across North Dakota obtain more affordable or free prescriptions. Savings to these low-income applicants amounted to \$1.1 million in prescription drug costs that would otherwise be unaffordable.
- The SHIC program served 555 people at Medicare Part D enrollment events in 2013 and 515 in 2014.
- The State Fire and Tornado Fund developed Risk Advisories for policyholders to assist them in reducing their exposure to claims.

2015-2017 focus

- Increase Prescription Connection program awareness and participation.
- Increase program outreach to Native American residents.
- Partner with local community organizations to enhance Medicare counseling.
- Hold statewide Medicare Part D enrollment events.

4. Respond in a timely fashion to inquiries and requests

Achievements

- During 2013 and 2014, staff handled 13,598 inquiry and complaint requests for assistance from North Dakotans needing help resolving insurance-related matters and obtained more than \$4,393,412 in relief on behalf of consumers.
- Substantially met all response times.

2015-2017 focus

- Respond to inquiries within 24 hours.
- Respond to complaints within time frame appropriate for each division.
- Process new company applications for licensure within 60 days.

5. Improve enforcement and solvency regulation

Achievements

- Continue to train staff and implement risk-based focused exams.
- During 2013 and 2014, our fraud unit referred 32 cases for insurance fraud and related criminal offenses that were criminally prosecuted.
- Conducted and participated in 18 market conduct examinations of life and health insurance companies.
- Implemented 2013 statutory requirement for fingerprinting resident agents.

2015-2017 focus

- Develop and implement a structured market conduct team to monitor improvements in specific companies.
- Strengthen company practices relating to auditor independence, corporate governance and internal control over financial reporting.
- Increase insurance fraud referrals to appropriate prosecutors and continue developing working relationships with local, state and federal law enforcement agencies.

Fire District Payments

The insurance premium tax is collected quarterly and deposited into the State General Fund. The legislature appropriates a portion of the insurance premium tax revenue collected from all companies licensed to do business in North Dakota to be allocated to qualified fire districts in the state of North Dakota. The following chart provides a sampling of district payments.

Fire Districts	2012 payment	2013 payment	2014 payment
Bismarck Fire Department	\$223,431.24	\$467,697.60	\$505,939.08
Bismarck Rural Fire	\$57,042.59	\$162,487.77	\$160,498.54
Bowman Fire Department	\$7,952.06	\$18,446.99	\$19,539.62
Bowman Rural Fire	\$6,225.69	\$11,603.42	\$11,445.51
Carrington Fire Department	\$8,570.50	\$18,484.10	\$22,960.91
Carrington Rural Fire	\$11,377.21	\$26,739.70	\$20,437.49
Casselton Fire Department	\$7,953.28	\$16,959.34	\$35,819.58
Casselton Rural Fire	\$19,788.64	\$44,999.21	\$56,371.49
Cooperstown Fire Department	\$4,278.89	\$9,414.31	\$10,845.11
Cooperstown Rural Fire	\$5,147.59	\$11,526.51	\$9,721.86
Edgeley Rural Fire	\$12,292.31	\$33,423.33	\$29,458.83
Fargo Fire Department	\$295,271.53	\$627,613.78	\$645,927.63
Grand Forks Fire Department	\$141,638.13	\$309,738.26	\$321,435.64
Mandan Fire Department	\$141,568.72	\$126,262.07	\$58,384.73
Mandan Rural Fire Department	\$63,517.54	\$60,144.63	\$23,503.91
Mayville Fire Department	\$12,322.71	\$28,294.00	\$27,111.83
Minot Fire Department	\$118,167.97	\$265,134.28	\$287,541.42
Minot Fire Protection	\$29,362.85	\$91,366.48	\$85,966.18
Mylo Fire Department	\$1,633.57	\$4,132.91	\$2,935.91
New Salem Fire	\$12,513.51	\$24,701.18	\$24,393.59
Osnabrook Fire Department	\$889.05	\$1,442.90	\$2,914.30
Osnabrook Fire Protection	\$3,986.33	\$14,694.84	\$7,466.39
Rugby Fire Department	\$10,491.41	\$10,722.36	\$20,858.70
Rugby Fire Protection	\$9,478.02	\$22,209.97	\$22,454.81
Tioga Fire Department	\$4,544.98	\$13,043.37	\$16,209.17
Underwood F/P District	\$8,364.75	\$20,650.84	\$31,222.04
Total Premiums (all districts)	\$396,747,255.00	\$456,634,313.00	\$466,161,049.00
Total Payments (all districts)	\$3,100,000.00	\$7,268,192.97	\$7,268,192.88

Testimony on Senate Bill 2010
House Appropriations Government Operations Committee

By Joel Boespflug

March 9, 2015

Mr. Chairman and members of the committee, my name is Joel Boespflug, Fire Chief for the City of Bismarck. I am also speaking on behalf of the ND Fire Chief's Association.

My testimony is limited to Section 2 of Senate Bill 2010, specifically in support of the payments to fire departments as described in lines 18-22 on page 1.

The Insurance Premium Tax was established in 1887. Insurance companies were required to record which fire department provided fire protection for the insured property. The revenue generated from the tax was distributed to that fire department.

Basically, the same process remains in effect today.

The premium tax dollars that we receive are greatly appreciated. For the Bismarck Fire Department, the revenue reflects about five percent of the current fiscal needs. Though the dollars received do not replace the need for local funding, they are essential to us as we strive to fund the necessary fire protection costs related to our community growth.

The methodology for distribution of the premium tax is fair. It correlates directly with where the insured property is located and is distributed to the fire department having the responsibility to provide fire protection.

Mr. Chairman and members of the committee, I urge your support to continue disbursement of the premium tax revenue to fire departments. Thank you and I will be happy to answer your questions.

SB2010

March 9, 2010

Attachment C

Insurance Commissioner - Budget No. 401

Senate Bill No. 2010

Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	49.50	\$0	\$26,377,090	\$26,377,090	49.50	\$0	\$26,377,090	\$26,377,090	0.00	\$0	\$0	\$0
2015-17 Ongoing Funding Changes												
Base payroll changes			\$255,966	\$255,966			\$255,966	\$255,966				\$0
Salary increase - Performance			436,261	436,261			326,187	326,187			(110,074)	(110,074)
Salary increase - Market equity			72,631	72,631				0			(72,631)	(72,631)
Retirement contribution increase			44,882	44,882				0			(44,882)	(44,882)
Health insurance increase			215,889	215,889			215,889	215,889				0
Reduce operating expenses			(345,966)	(345,966)			(345,966)	(345,966)				0
Increase grant to North Dakota Firefighter's Association			90,000	90,000			90,000	90,000				0
Increase grants to fire districts			1,144,821	1,144,821			1,144,821	1,144,821				0
Total ongoing funding changes	0.00	\$0	\$1,914,484	\$1,914,484	0.00	\$0	\$1,686,897	\$1,686,897	0.00	\$0	(\$227,587)	(\$227,587)
One-time funding items												
Information technology software			\$90,000	\$90,000			\$90,000	\$90,000			\$0	\$0
Computerized database for North Dakota Firefighter's Association			130,000	130,000			130,000	130,000			0	0
Total one-time funding changes	0.00	\$0	\$220,000	\$220,000	0.00	\$0	\$220,000	\$220,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$2,134,484	\$2,134,484	0.00	\$0	\$1,906,897	\$1,906,897	0.00	\$0	(\$227,587)	(\$227,587)
2015-17 Total Funding	49.50	\$0	\$28,511,574	\$28,511,574	49.50	\$0	\$28,283,987	\$28,283,987	0.00	\$0	(\$227,587)	(\$227,587)

Other Sections in Senate Bill No. 2010

	Executive Budget Recommendation	Senate Version
Insurance tax distribution fund	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.
Bonding fund	Section 3 designates \$43,451 from the state bonding fund to pay bonding fund administrative expenses.	Section 3 designates \$50,813 from the state bonding fund to pay bonding fund administrative expenses.
State fire and tornado fund	Section 4 designates \$1,469,026 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.	Section 4 designates \$1,660,748 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.

Unsatisfied judgment fund

Section 5 designates \$30,048 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Section 5 designates \$29,062 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Petroleum release compensation fund

Section 6 designates \$104,269 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Section 6 designates \$116,881 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Insurance Commissioner's salary

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$103,686 beginning July 1, 2015 and \$107,833 beginning July 1, 2016.

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$102,689 beginning July 1, 2015 and \$105,770 beginning July 1, 2016.

SB2010

March 20, 2010

Attachment A

SB2010 – North Dakota Insurance Department Budget Follow Up



To: Rep. Blair Thoreson, Chairman
House of Representatives Government Operations Division
From: Rebecca Ternes, Deputy Insurance Commissioner

1. Who are the top 40 life insurance companies under scrutiny for asymmetrical use of the Social Security Administration's Death Master File (DMF)? List those that have settled and the settlement amounts.

Death Master File Life Insurer Multistate Examinations as of March 17, 2015

Rank	Company	Total Settlement Amount	ND Amount
1	Metropolitan Group (Met Life)	\$40,000,000	\$255,627
2	Prudential of America	17,000,000	186,400
3	New York Life Group	15,000,000	180,952
4	John Hancock Group	13,300,000	181,908
5	Lincoln National	12,600,000	173,532
6	Jackson National Group		
7	Aegon US Holding Group (Transamerica)	11,200,000	162,190
8	American International Group	11,000,000	169,387
9	ING America Insurance Holding Group	10,700,000	171,027
10	Northwestern Mutual		
11	Mass Mutual Life Insurance Company	Exam report issued - compliant	N/A
12	TIAA Family of Companies	6,200,000	167,230
13	AXA Insurance Group		
14	Nationwide Corporation	7,200,000	163,729
15	* Allianz Insurance Group	4,738,000	90,510
16	Hartford Fire & Casualty Group		
17	Ameriprise Financial Group		
18	Aviva Group	4,000,000	86,628
19	Pacific Life Insurance Company	2,450,000	53,166
20	Great West Life Assurance		
21	Sun Life Assurance Company	3,200,000	77,080
22	Protective Life Insurance Group		
23	Sammons Enterprises Group	3,300,000	89,902
24	Guardian Life Group	2,000,000	43,848
25	American Equity Investment Group		
26	* State Farm		
27	* Minnesota Mutual		
28	AFLAC Group		
29	* Principal Financial Group		
30	Allstate Insurance Group		
31	Genworth Financial Group	1,900,000	43,558
32	West Southern Group		
33	Oneamerica Financial Partners		
34	White Mountain/Symetra	1,200,000	25,494
35	American Financial Group		
36	Ohio National Life Group		
37	United Services Auto Association Group	Exam report issued - compliant	N/A
38	American National Financial Group		
39	Stancorp Financial Group		
40	Citigroup		
	Totals	\$166,988,000	\$2,278,320

* North Dakota is managing lead state.

2. **Which life insurance companies have been examined under the DMF exams, what settlement amounts have been paid and at what interest rate were policyholders' benefits calculated at?**

The ND Department of Trust Lands, through the Unclaimed Property Division, requires late payment interest rate penalties be paid to beneficiaries per the policy contract language.

3. **Please provide an update on Department vacancies.**

The vacancy report submitted to Legislative Council is accurate. There are 5.5 FTEs vacant. However, we had our chief boiler inspector retire in February, so we promoted a deputy as interim and are interviewing for the deputy position this week. We intend to have the position filled within a month.

4. **What makes up the increase to Special Funds Fund 003 in the amount of \$64,875?**

This amount is the adjustment for the market equity portion of the compensation package. OMB placed it all in the roll-up fund of 003 rather than place it in each Special Fund operating line.

5. **Do other state insurance departments distribute fire district grant dollars?**

We sent out a request to all 50 state insurance departments asking if they send out grants.

Only one state, Mississippi, confirmed they provide a portion of premium taxes to fire districts in the form of grants. However, this insurance commissioner is also the state's fire marshal.

Another state, Illinois said they collect the tax but again transfer that money to the state's fire marshal for its use.

In Washington State, the insurance department collects the tax but the state treasurer distributes it to fire districts and others.

Texas assesses a fee on insurance policies that is collected by the fire marshal (separate from the insurance department) and provided to the volunteer fire service as appropriated each session.

Wyoming and New Jersey transfer portions of the collected tax and put into firefighter retirement home and volunteer firefighter pension respectively.

The West Virginia Insurance Department collects the tax but the funds are deposited into the fire marshal's account and the treasurer's account, among others. The treasurer's office then distributes additional funds to the volunteer fireman's account and fireman's pension account.

At least one other state (Kansas) puts money into a relief fund for firefighters injured or killed on the job. North Dakota does the same.

SB2010 – North Dakota Insurance Department Budget Follow Up (II)



Date: 3.26.15

To: Rep. Blair Thoreson, Chairman
House of Representatives Appropriations Committee, Government Operations Division

From: Rebecca Ternes, Deputy Insurance Commissioner

1. How is the contracted examiner paid for Death Master File (DMF) life insurance market conduct examinations?

The contractor is paid pursuant to a contract between the Department and Verus. Pursuant to N.D.C.C. § 26.1-03-19.6, the expenses incurred during the exams are paid by the company under examination after approval by the Department.

According to the Department of Trust Lands, Verus requires the life insurers to perform due diligence (owner/beneficiary contact) on any property that is identified in the audit as potentially reportable. Only properties not claimed in that process are reported to our office. The fee on the reported properties is 10%.

2. What is the Insurance Department's replacement schedule for information technology hardware?

The Department follows the ND ITD suggested schedule of four years. We switch out all computers over a four or five month period spanning two biennia (May – August). That way, we keep a consistent appropriation each biennium.

Our next replacement will begin in May, 2017.

3. What is the Insurance Department's current spend-down?

Please see the attached chart.

4. Provide a copy of the draft legislation moving the appropriation for the ND Firefighters Association grant and fire district grant payments to OMB.

Please see the attached bill draft.

North Dakota Insurance Department Spend Down Report

(as of 2.28.2015)

SALARIES	BIENNIUM TO DATE ACTUAL	% SPENT	BIENNIUM BUDGET	BUDGET REMAINING	% REMAINING
SALARIES	\$ 4,173,071	72%	\$ 5,812,283	\$ 1,639,212	28%
BENEFITS	\$ 1,644,165	74%	\$ 2,207,231	\$ 563,066	26%
ACCRUED LEAVE PAYOUTS	\$ 12,060	7%	\$ 163,182	\$ 151,122	93%
TOTAL SALARIES/BENEFITS	\$ 5,829,296.12	71%	\$ 8,182,696	\$ 2,353,400	29%
OPERATING EXPENSES					
TRAVEL	\$ 218,724	55%	\$ 397,024	\$ 178,300	45%
IT-SOFTWARE/SUPPLIES	\$ 58,259	65%	\$ 89,490	\$ 31,231	35%
PROFESSIONAL SUPPLIES	\$ 11,653	69%	\$ 16,980	\$ 5,327	31%
FOOD & CLOTHING	\$ 218	20%	\$ 1,100	\$ 882	80%
MISC SUPPLIES	\$ 1,218	8%	\$ 16,080	\$ 14,862	92%
OFFICE SUPPLIES	\$ 10,354	36%	\$ 28,820	\$ 18,467	64%
POSTAGE	\$ 52,333	52%	\$ 99,875	\$ 47,542	48%
PRINTING	\$ 31,999	55%	\$ 58,666	\$ 26,667	45%
IT EQUIP-UNDER \$5000	\$ 15,036	39%	\$ 39,050	\$ 24,014	61%
OFF EQUIP/FURN-UNDER \$5000	\$ 4,186	14%	\$ 29,185	\$ 24,999	86%
INSURANCE	\$ 3,436	23%	\$ 15,175	\$ 11,739	77%
RENTALS/LEASES-EQUIP/OTHER	\$ 12,814	59%	\$ 21,840	\$ 9,026	41%
RENTALS/LEASES-BLDG & LAND	\$ 312,704	86%	\$ 364,449	\$ 51,745	14%
REPAIRS	\$ 1,206	46%	\$ 2,630	\$ 1,424	54%
IT-DATA PROCESSING	\$ 235,335	62%	\$ 376,954	\$ 141,619	38%
IT-COMMUNICATIONS	\$ 50,652	54%	\$ 94,136	\$ 43,484	46%
CONTRACT SERV/REPAIR	\$ 5,046	7%	\$ 68,600	\$ 63,555	93%
PROFESSIONAL DEVELOPMENT	\$ 35,696	43%	\$ 82,608	\$ 46,912	57%
OPERATING FEES & SERVICES	\$ 45,703	33%	\$ 138,310	\$ 92,607	67%
PROFESSIONAL SERVICES	\$ 131,578	14%	\$ 917,036	\$ 785,458	86%
TOTAL OPERATING EXPENSES	\$ 1,238,148	43%	\$ 2,858,008	\$ 1,619,860	57%
EQUIPMENT-\$5000 & OVER	\$ -	0%	\$ -	\$ -	
TECHNOLOGY CARRYOVER	\$ -	0%	\$ -	\$ -	
GRANTS, BENEFITS & CLAIMS	\$ 15,296,919.46	100%	\$ 15,336,386	\$ 39,467	0%
TOTAL EXPENDITURES	\$ 22,364,363.24	85%	\$ 26,377,090	\$ 4,012,727	15%



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

DRAFT

Fire districts – 8/21/14

Sixty-fourth
Legislative Assembly
of North Dakota

_____ BILL NO. _____

Introduced by

_____ Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact section 18-04-05 of the North Dakota Century
2 Code, relating to fire districts _____.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 18-04-05 of the North Dakota Century
5 Code is amended and reenacted as follows:

6 **18-04-05. Amount due cities, rural fire protection districts, or rural fire**
7 **departments - Transfer to firefighters death benefit fund - Disbursement to North**
8 **Dakota firefighter's association - ~~Payments by insurance commissioner~~**
9 **Disbursements to fire districts.**

10 1. The insurance commissioner shall disburse deposit funds in the insurance
11 tax distribution fund and the office of management and budget shall
12 disburse the funds as provided under this section.

Sixty-fourth
Legislative Assembly

1 ~~department certified by the state fire marshal, and pay the amount~~
2 ~~allocated in December of each year. The allocation~~ disbursement must be
3 made in proportion to the amount of insurance company premiums
4 received by insurance companies pursuant to section 26.1-03-17 for
5 policies for fire, allied lines, homeowner's multiple peril, farmowner's
6 multiple peril, commercial multiple peril, and crop hail insurance on
7 property within the city, certified rural fire protection district, or area served
8 by the certified rural fire department to the total of those premiums for
9 those policies in the state. The insurance commissioner shall submit the
10 disbursement amounts due to the certified city fire departments, certified
11 rural fire departments or certified fire protection districts to the office of
12 management and budget on or before November first of each year. The
13 office of management and budget shall disburse the amounts on or before
14 December first of each year.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, replace lines 12 through 16 with:

"Salaries and wages	\$8,019,514	\$923,583	\$8,943,097
Accrued leave payments	163,182	(163,182)	0
Operating expenses	2,858,008	(345,966)	2,512,042
Capital assets	0	90,000	90,000
Total special funds	\$11,040,704	\$504,435	\$11,545,139"

Page 1, line 19, replace "\$16,701,207" with "\$16,481,207"

Page 1, line 23, replace "\$1,020,000, of which, \$130,000 is one-time funds" with "\$800,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$8,019,514	\$8,980,738	(\$37,641)	\$8,943,097
Operating expenses	2,858,008	2,512,042		2,512,042
Capital assets		90,000		90,000
Fire department grants	15,336,386	16,701,207	(220,000)	16,481,207
Accrued leave payments	163,182			
Total all funds	\$26,377,090	\$28,283,987	(\$257,641)	\$28,026,346
Less estimated income	26,377,090	28,283,987	(257,641)	28,026,346
General fund	\$0	\$0	\$0	\$0
FTE	49.50	49.50	0.00	49.50

Department No. 401 - Insurance Department - Detail of House Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Remove Grant Increase for the Firefighter's Association ²	Remove Funding for Firefighter's Association Computerized Database ³	Total House Changes
Salaries and wages	(\$37,641)			(\$37,641)
Operating expenses				
Capital assets				
Fire department grants		(90,000)	(130,000)	(220,000)
Accrued leave payments				
Total all funds	(\$37,641)	(\$90,000)	(\$130,000)	(\$257,641)
Less estimated income	(37,641)	(90,000)	(130,000)	(257,641)
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² The House removed \$90,000 of increased ongoing grant funding from the insurance tax distribution fund for the North Dakota Firefighter's Association to provide ongoing funding of \$800,000.

³ The House removed \$130,000 of one-time grant funding from the insurance tax distribution fund for a computerized database for the North Dakota Firefighter's Association.

Insurance Commissioner - Budget No. 401

Senate Bill No. 2010

Base Level Funding Changes

	Senate Version				House Version				House Changes to Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	49.50	\$0	\$26,377,090	\$26,377,090	49.50	\$0	\$26,377,090	\$26,377,090	0.00	\$0	\$0	\$0
2015-17 Ongoing Funding Changes												
Base payroll changes			\$255,966	\$255,966			\$255,966	\$255,966				\$0
Salary increase - Performance			326,187	326,187			326,187	326,187				0
Salary increase - Market equity				0				0				0
Retirement contribution increase				0				0				0
Health insurance increase			215,889	215,889			178,248	178,248			(37,641)	(37,641)
Reduce operating expenses			(345,966)	(345,966)			(345,966)	(345,966)				0
Increase grant to North Dakota Firefighter's Association			90,000	90,000			0	0			(90,000)	(90,000)
Increase grants to fire districts			1,144,821	1,144,821			1,144,821	1,144,821				0
Total ongoing funding changes	0.00	\$0	\$1,686,897	\$1,686,897	0.00	\$0	\$1,559,256	\$1,559,256	0.00	\$0	(\$127,641)	(\$127,641)
One-time funding items												
Information technology software			\$90,000	\$90,000			\$90,000	\$90,000				\$0
Computerized database for North Dakota Firefighter's Association			130,000	130,000			0	0			(130,000)	(130,000)
Total one-time funding changes	0.00	\$0	\$220,000	\$220,000	0.00	\$0	\$90,000	\$90,000	0.00	\$0	(\$130,000)	(\$130,000)
Total Changes to Base Level Funding	0.00	\$0	\$1,906,897	\$1,906,897	0.00	\$0	\$1,649,256	\$1,649,256	0.00	\$0	(\$257,641)	(\$257,641)
2015-17 Total Funding	49.50	\$0	\$28,283,987	\$28,283,987	49.50	\$0	\$28,026,346	\$28,026,346	0.00	\$0	(\$257,641)	(\$257,641)

Other Sections in Senate Bill No. 2010

	Senate Version	House Version
Insurance tax distribution fund	Section 2 designates \$15,681,207 for payments to fire departments and \$1,020,000 for payments to the North Dakota Firefighter's Association.	Section 2 designates \$15,681,207 for payments to fire departments and \$800,000 for payments to the North Dakota Firefighter's Association.
Bonding fund	Section 3 designates \$50,813 from the state bonding fund to pay bonding fund administrative expenses.	Section 3 designates \$50,813 from the state bonding fund to pay bonding fund administrative expenses.
State fire and tornado fund	Section 4 designates \$1,660,748 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.	Section 4 designates \$1,660,748 from the state fire and tornado fund to pay fire and tornado fund administrative expenses.

Unsatisfied judgment fund

Section 5 designates \$29,062 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Section 5 designates \$29,062 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Petroleum release compensation fund

Section 6 designates \$116,881 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Section 6 designates \$116,881 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

Insurance Commissioner's salary

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$102,689 beginning July 1, 2015 and \$105,770 beginning July 1, 2016.

Section 7 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$102,689 beginning July 1, 2015 and \$105,770 beginning July 1, 2016.

FireDist#	FireDistName	2013 Refund	2014 Refund
0011	ABERCROMBIE F/P DIST	8,593.60	7,191.33
0031	ADAMS F/P DISTRICT	9,897.07	7,550.46
0071	ALAMO F/P DISTRICT	10,823.46	9,441.46
0081	ALEXANDER F/P DISTRICT	13,467.99	16,330.90
0101	ALICE F/P DISTRICT	7,153.14	5,459.46
0121	ALMONT F/P DISTRICT	2,834.02	3,179.84
0141	AMBROSE FIRE DEPT	869.84	953.44
0161	AMIDON F/P DISTRICT	3,344.39	4,753.03
0171	ANAMOOSE F/P DISTRICT	10,102.19	8,470.15
0181	ANETA F/P DISTRICT	8,311.78	7,515.01
0191	ANTLER F/P DISTRICT	4,613.81	5,271.63
0190	ANTLER FIRE DEPT	7,793.54	7,975.66
0231	ARGUSVILLE F/P DIST	7,717.08	7,624.57
0241	ARNEGARD F/P DISTRICT	5,616.83	7,538.92
0251	ARTHUR F/P DISTRICT	11,934.09	11,290.18
0270	ASHLEY FIRE DEPT	5,557.00	6,356.07
0271	ASHLEY RURAL FIRE DEPT	6,607.54	6,747.25
0361	BARNEY F/P DISTRICT	14,263.19	10,483.93
0390	BATHGATE FIRE DEPT	789.21	871.82
0410	BEACH FIRE DEPT	8,419.25	8,143.21
0421	BELCOURT RURAL FIRE DEPT	10,995.43	10,965.44
0440	BELFIELD FIRE DEPT	9,393.84	10,711.74
0491	BERTHOLD F/P DISTRICT	22,058.98	20,171.03
0511	BEULAH F/P DISTRICT	72,438.96	50,871.54
0501	BILLINGS COUNTY F/P DIST	16,019.02	15,212.08
0521	BINFORD F/P DISTRICT	6,701.59	6,503.18
0531	BISBEE F/P DISTRICT	9,119.42	7,799.07
0541	BISMARCK F/P DISTRICT	162,487.77	160,498.54
0540	BISMARCK FIRE DEPT	467,697.60	505,939.08
0591	BOTTINEAU F/P DISTRICT	29,152.75	26,600.96
0590	BOTTINEAU FIRE DEPT	20,955.13	23,476.56
0601	BOWBELLS F/P DISTRICT	7,071.66	8,453.64
0610	BOWDON FIRE DEPT	2,190.89	5,390.37
0611	BOWDON RURAL FIRE DEPT	14,647.70	10,308.79
0630	BOWMAN FIRE DEPT	18,446.99	19,539.62
0631	BOWMAN RURAL FIRE DEPT	11,603.42	11,445.51
0641	BRADDOCK F/P DISTRICT	4,615.07	4,793.34
0701	BROCKET-LAWTON F/P DIST	8,236.60	6,102.83
0731	BUFFALO F/P DISTRICT	19,480.60	14,616.31
0750	BURLINGTON FIRE DEPT	7,363.71	8,783.51
0751	BURLINGTON RURAL FIRE DP	8,610.27	7,656.10
0781	BUTTE F/P DISTRICT	6,155.47	5,235.17
0791	BUXTON F/P DISTRICT	19,737.76	22,417.48
0821	CALVIN F/P DISTRICT	7,228.25	5,269.62
0831	CANDO F/P DISTRICT	10,211.23	9,194.63
0830	CANDO FIRE DEPT	10,637.79	12,558.17
0861	CARPIO F/P DISTRICT	15,886.10	10,339.05

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0870	CARRINGTON FIRE DEPT	18,484.10	22,960.91
0871	CARRINGTON RURAL FIRE DP	26,739.70	20,437.49
0881	CARSON F/P DISTRICT	9,978.55	9,999.48
0900	CASSELTON FIRE DEPT	16,959.34	35,819.58
0901	CASSELTON RURAL FIRE DP	44,999.21	56,371.49
0911	CATHAY F/P DISTRICT	7,137.16	5,217.02
0920	CAVALIER FIRE DEPT	15,906.47	14,794.57
0921	CAVALIER RURAL FIRE DEPT	23,257.07	18,783.36
0931	CEDAR VALLEY F/P DIST	1,840.60	1,421.66
0941	CENTRAL-BEACH F/P DIST	5,278.55	4,413.20
0991	CHRISTINE F/P DISTRICT	8,354.80	11,911.98
1011	CLEVELAND F/P DISTRICT	21,387.70	14,257.48
1041	COGSWELL F/P DISTRICT	16,928.06	15,315.03
1090	COLUMBUS FIRE DEPT	1,416.49	2,124.88
1091	COLUMBUS RURAL FIRE DEPT	2,733.12	2,782.68
1110	COOPERSTOWN FIRE DEPT	9,414.31	10,845.11
1111	COOPERSTOWN RURAL FIRE	11,526.51	9,721.86
1151	COURTENAY F/P DISTRICT	7,494.48	6,081.45
1180	CROSBY FIRE DEPT	9,136.42	10,754.22
1181	CROSBY RURAL FIRE DEPT	6,080.68	6,165.01
1191	CRYSTAL F/P DISTRICT	6,407.15	8,083.51
1221	DAHLEN F/P DISTRICT	3,422.30	2,778.47
1231	DAVENPORT F/P DISTRICT	9,903.40	7,188.05
1241	DAWSON F/P DISTRICT	5,423.21	5,897.58
1251	DAZEY F/P DISTRICT	3,486.13	3,206.66
1250	DAZEY FIRE DEPT	4,187.27	4,059.05
1261	DEERING F/P DISTRICT	6,592.82	4,266.69
1301	DES LACS F/P DISTRICT	6,902.78	6,919.05
1310	DEVILS LAKE FIRE DEPT	47,593.66	51,419.14
1311	DEVILS LAKE RURAL FIRE	37,215.89	37,443.94
1341	DICKINSON F/P DISTRICT	60,339.55	53,592.09
1340	DICKINSON FIRE DEPT	160,969.34	173,249.37
1361	DONNYBROOK F/P DISTRICT	11,230.87	8,368.43
1381	DOUGLAS F/P DISTRICT	3,433.72	3,217.51
1401	DRAKE F/P DISTRICT	10,073.28	13,145.05
1400	DRAKE FIRE DEPT	1,621.09	1,574.58
1410	DRAYTON FIRE DEPT	5,474.51	5,369.59
1411	DRAYTON RURAL FIRE DEPT	11,637.42	9,909.35
1451	DUNSEITH F/P DISTRICT	6,524.33	6,374.39
1450	DUNSEITH FIRE DEPT	2,523.78	2,667.94
1471	DWIGHT F/P DISTRICT	18,390.81	17,108.79
1481	EAST ADAMS F/P DISTRICT	4,623.87	4,044.96
1490	EDGELEY FIRE DEPT	9,821.29	9,500.88
1491	EDGELEY RURAL FIRE DEPT	33,423.33	29,458.83
1501	EDINBURG F/P DISTRICT	7,879.19	7,075.14
1510	EDMORE FIRE DEPT	2,118.28	2,264.49
1511	EDMORE RURAL FIRE DEPT	9,717.72	5,343.74
2971	EDNA F/P DISTRICT	795.59	1,665.43
1531	EGELAND F/P DISTRICT	5,858.59	4,236.22

1551	ELGIN F/P DISTRICT	14,977.93	14,116.71
1561	ELLEDALE F/P DISTRICT	34,069.04	31,636.23
1590	EMERADO FIRE DEPT	5,058.40	925.35
1591	EMERADO RURAL FIRE DEPT	4,846.04	9,050.81
1621	ENDERLIN F/P DISTRICT	36,971.63	35,303.29
1641	EPPING F/P DISTRICT	11,285.23	11,227.19
1651	ERIE RURAL FIRE DEPT	4,152.05	3,197.35
1661	ESMOND F/P DISTRICT	14,745.64	11,402.93
1671	FAIRDALE F/P DISTRICT	4,765.39	3,564.05
1691	FAIRMOUNT F/P DISTRICT	20,941.31	17,775.49
1700	FARGO FIRE DEPT	627,613.78	645,927.63
1705	FERRY TOWNSHIP F/P DIST	15,636.58	13,712.59
1711	FESSENDEN F/P DISTRICT	21,227.77	18,657.41
1731	FINGAL F/P DISTRICT	4,275.86	3,773.76
1741	FINLEY F/P DISTRICT	19,108.98	19,820.70
1751	FLASHER F/P DISTRICT	12,252.05	13,059.67
1761	FLAXTON F/P DISTRICT	2,176.44	1,705.83
1781	FORBES F/P DISTRICT	3,345.62	22,052.42
1791	FORDVILLE F/P DISTRICT	9,095.00	8,215.02
1800	FOREST RIVER FIRE DEPT	2,314.47	2,558.50
1811	FORMAN F/P DISTRICT	22,340.95	25,625.05
1831	FORT RANSOM F/P DISTRICT	6,935.13	7,129.16
1871	FORT YATES F/P DISTRICT	3,174.45	3,697.30
1861	FORTUNA F/P DISTRICT	5,598.30	5,780.65
1901	FREDONIA F/P DISTRICT	4,129.32	3,278.60
1921	FULLERTON F/P DISTRICT	15,186.95	13,347.79
1931	GACKLE RURAL FIRE DEPT	11,450.00	13,627.80
1951	GALESBURG F/P DISTRICT	10,000.13	8,587.04
1981	GARRISON F/P DISTRICT	26,875.65	30,912.33
1980	GARRISON FIRE DEPT	12,177.14	4,383.93
2011	GILBY F/P DISTRICT	14,395.08	15,032.15
2021	GLADSTONE F/P DISTRICT	7,628.96	7,920.11
2061	GLEN ULLIN F/P DISTRICT	17,655.50	16,937.02
2041	GLENBURN F/P DISTRICT	19,722.33	13,590.22
2051	GLENFIELD F/P DISTRICT	11,791.21	11,528.98
2071	GOLDEN VALLEY F/P DIST	3,579.05	3,323.64
2081	GOLVA F/P DISTRICT	3,141.80	3,920.80
2091	GOODRICH F/P DISTRICT	10,705.39	8,649.36
2121	GRAFTON F/P DISTRICT	29,290.00	25,977.93
2120	GRAFTON FIRE DEPT	24,677.88	26,982.31
2130	GRAND FORKS FIRE DEPT	309,738.26	321,435.64
2141	GRANDIN F/P DISTRICT	19,692.57	14,234.06
2161	GRANVILLE F/P DISTRICT	9,805.37	8,787.98
2171	GRASSY BUTTE F/P DIST	2,953.92	3,231.37
2181	GREAT BEND F/P DISTRICT	7,380.02	5,163.89
2191	GRENORA F/P DISTRICT	15,755.43	15,501.92
2211	GWINNER F/P DISTRICT	22,489.53	50,487.02
2221	HAGUE F/P DISTRICT	3,763.07	3,496.57
2241	HALLIDAY F/P DISTRICT	11,312.60	10,545.56

2291	HAMPDEN F/P DISTRICT	2,849.55	3,048.45
2301	HANKINSON F/P DISTRICT	19,780.27	17,415.43
2321	HANNAFORD RURAL FIRE DP	10,330.45	8,901.77
2331	HANNAH F/P DISTRICT	7,028.18	4,920.36
2381	HARVEY F/P DISTRICT	25,345.46	18,217.36
2380	HARVEY FIRE DEPT	14,390.77	15,942.14
2391	HARWOOD F/P & RESCUE	9,448.24	9,602.13
2400	HASTINGS FIRE DEPT	375.45	536.80
2411	HATTON RURAL FIRE DEPT	21,155.00	16,390.02
2421	HAVANA F/P DISTRICT	1,427.89	936.07
2441	HAZELTON F/P DISTRICT	13,705.02	14,240.28
2451	HAZEN F/P DISTRICT	13,547.68	12,156.14
2450	HAZEN FIRE DEPT	16,074.36	18,609.22
2471	HEBRON F/P DISTRICT	13,167.38	14,861.25
2470	HEBRON FIRE DEPT		1,318.36
2521	HETTINGER F/P DISTRICT	32,809.02	30,882.80
2541	HILLSBORO FIRE & RESCUE	38,514.87	34,866.68
2561	HOOPLE F/P DISTRICT	9,686.93	7,810.37
2560	HOOPLE FIRE DEPT	4,388.59	4,748.78
2571	HOPE F/P DISTRICT	28,772.11	26,484.11
2581	HORACE F/P DISTRICT	37,795.15	36,990.66
2591	HORSE CREEK F/P DISTRICT	1,415.12	1,382.90
2601	HUNTER F/P DISTRICT	10,722.66	9,318.66
2621	INKSTER F/P DISTRICT	7,423.98	5,227.69
2631	JAMESTOWN F/P DISTRICT	90,411.85	86,203.76
2630	JAMESTOWN FIRE DEPT	86,163.99	105,090.99
2681	JUD F/P DISTRICT	10,231.18	9,929.55
2701	KARLSRUHE F/P DISTRICT	8,498.58	8,502.27
2711	KATHRYN F/P DISTRICT	4,445.47	13,022.16
2760	KENMARE FIRE DEPT	11,425.58	11,578.50
2761	KENMARE RURAL FIRE DEPT	27,021.29	20,104.30
2771	KENSAL F/P DISTRICT	9,635.43	7,855.92
2801	KINDRED RURAL FIRE DEPT	19,992.68	18,531.43
2841	KRAMER F/P DISTRICT	4,576.74	2,450.05
2840	KRAMER FIRE DEPT	847.34	851.39
2851	KULM RURAL FIRE DEPT	10,611.18	10,449.67
2871	LAKOTA F/P DISTRICT	14,599.77	13,180.12
2880	LAMOURE FIRE DEPT	5,501.75	20,559.10
2881	LAMOURE RURAL FIRE DEPT	44,106.67	40,948.73
2901	LANGDON F/P DISTRICT	30,116.23	25,012.94
2900	LANGDON FIRE DEPT	17,137.51	16,670.70
2911	LANKIN F/P DISTRICT	7,137.77	5,863.94
2910	LANKIN FIRE DEPT	989.23	1,112.09
2921	LANSFORD F/P DISTRICT	15,280.46	10,258.39
2930	LARIMORE FIRE DEPT	7,243.06	7,767.47
2931	LARIMORE RURAL FIRE DEPT	18,251.25	17,540.46
2981	LEEDS F/P DISTRICT	29,692.76	26,027.62
3000	LEHR FIRE DEPT	758.68	781.01
3001	LEHR RURAL FIRE DEPT	3,431.25	3,289.08

3021	LEONARD F/P DISTRICT	16,362.79	13,334.63
3041	LIDGERWOOD F/P DISTRICT	23,482.57	19,396.39
3051	LIGNITE F/P DISTRICT	4,343.97	5,839.33
3061	LINTON F/P DISTRICT	20,298.35	21,666.79
3071	LISBON F/P DISTRICT	33,657.67	30,235.84
3070	LISBON FIRE DEPT	18,404.38	19,131.02
3080	LITCHVILLE FIRE DEPT	1,754.10	2,070.89
3081	LITCHVILLE RURAL FIRE DP	12,941.41	13,194.54
3221	MADDOCK F/P DISTRICT	18,863.30	18,622.16
3251	MANDAN F/P DISTRICT	60,144.63	63,517.54
3250	MANDAN FIRE DEPT	126,262.07	141,568.72
3291	MANTADOR F/P DISTRICT	7,546.26	5,591.35
3320	MAPLETON FIRE DEPT	8,807.10	11,110.71
3330	MARION FIRE DEPT	3,828.14	4,233.24
3331	MARION RURAL FIRE DEPT	22,046.50	21,822.05
3341	MARMARTH RURAL FIRE DIST	2,743.08	3,406.58
3371	MAX F/P DISTRICT	17,215.52	13,144.48
3381	MAXBASS F/P DISTRICT	5,770.66	4,655.10
3391	MAYVILLE FIRE DEPT	28,294.00	27,111.83
3161	MCCLUSKY F/P DISTRICT	11,715.51	11,859.20
3181	MCHENRY RURAL FIRE DEPT	8,873.56	7,997.80
3191	MCKENZIE COUNTY F/P DIST	22,575.63	23,661.29
3211	MCVILLE F/P DISTRICT	7,634.53	8,320.02
3411	MEDINA F/P DISTRICT	8,499.65	8,520.04
3420	MEDORA FIRE DEPT	5,281.55	5,955.58
3461	MERCER F/P DISTRICT	6,029.62	5,600.61
3481	MICHIGAN F/P DISTRICT	9,703.28	8,389.29
3501	MILNOR F/P DISTRICT	24,426.77	23,279.59
3511	MILTON F/P DISTRICT	6,877.40	3,998.81
3521	MINNEWAUKAN F/P DISTRICT	6,576.71	8,416.39
3520	MINNEWAUKAN FIRE DEPT	2,265.97	1,964.60
3531	MINOT F/P DISTRICT	91,366.48	85,966.18
3530	MINOT FIRE DEPT	265,134.28	287,541.42
3541	MINTO F/P DISTRICT	20,587.24	17,411.58
3561	MOHALL F/P DISTRICT	10,335.93	7,687.25
3560	MOHALL FIRE DEPT	5,600.27	6,697.93
3591	MOORETON F/P DISTRICT	10,961.03	8,582.05
3590	MOORETON FIRE DEPT	2,352.96	2,162.52
3601	MOTT F/P DISTRICT	28,889.20	24,109.87
3611	MOUNTAIN F/P DISTRICT	3,463.94	2,665.91
3631	MUNICH F/P DISTRICT	18,122.62	14,729.88
3641	MYLO F/P DISTRICT	4,132.91	2,935.91
3661	NAPOLEON F/P DISTRICT	20,247.96	21,450.18
3681	NECHE F/P DISTRICT	8,100.29	7,251.07
3691	NEKOMA F/P DISTRICT	7,203.42	4,284.62
3721	NEW ENGLAND F/P DISTRICT	14,361.47	14,993.55
3720	NEW ENGLAND FIRE DEPT	5,679.94	7,700.02
3741	NEW LEIPZIG F/P DISTRICT	8,567.18	7,715.34
3750	NEW ROCKFORD FIRE DEPT	9,422.16	11,205.51

3751	NEW ROCKFORD RURAL FIRE	16,552.74	14,116.49
3761	NEW SALEM F/P DISTRICT	24,701.18	24,393.59
3771	NEW TOWN F/P DISTRICT	22,224.67	22,076.32
3770	NEW TOWN FIRE DEPT	9,948.72	11,673.16
3711	NEWBURG F/P DISTRICT	9,968.60	8,588.66
3781	NIAGARA F/P DISTRICT	5,645.43	4,635.60
3801	NOME F/P DISTRICT	4,387.92	3,870.61
3810	NOONAN FIRE DEPT	780.88	1,017.96
3811	NOONAN RURAL FIRE DEPT	1,664.57	3,330.71
3841	NORTHWOOD F/P DISTRICT	22,575.90	18,488.63
3840	NORTHWOOD FIRE DEPT		1,583.39
3871	OAKES F/P DISTRICT	61,088.09	58,453.44
3880	OBERON FIRE DEPT	464.50	594.27
3881	OBERON RURAL FIRE DEPT	4,546.51	3,391.92
3891	OLIVER COUNTY F/P DIST	28,342.36	34,880.45
3900	ORISKA FIRE DEPT	2,582.90	2,078.27
3931	OSNABROCK F/P DISTRICT	14,694.84	7,466.39
3930	OSNABROCK FIRE DEPT	1,442.90	2,914.30
3951	PAGE F/P DISTRICT	22,930.35	22,926.45
3971	PARK RIVER F/P DISTRICT	7,417.41	5,748.23
3970	PARK RIVER FIRE DEPT	10,192.69	10,782.08
3981	PARSHALL F/P DISTRICT	23,003.20	18,841.35
3991	PEKIN F/P DISTRICT	3,205.64	3,902.20
4001	PEMBINA RURAL FIRE DEPT	1,437.74	1,839.65
4000	PEMBINA RURAL FIRE DEPT	7,482.57	7,568.35
4031	PETERSBURG F/P DISTRICT	9,040.39	7,987.31
4041	PETTIBONE RURAL FIRE DP	5,132.10	4,323.77
4050	PICK CITY FIRE DEPT	2,070.28	2,092.38
4061	PINGREE F/P DISTRICT	4,622.96	3,520.88
4071	PISEK F/P DISTRICT	3,190.00	2,518.49
4081	PLAZA F/P DISTRICT	16,546.90	13,582.58
4101	PORTAL F/P DISTRICT	992.97	2,185.89
4111	PORTLAND F/P DISTRICT	27,876.41	21,804.90
4121	POWERS LAKE F/P DISTRICT	9,480.75	10,670.82
4171	RAY F/P DISTRICT	16,376.83	16,711.19
4181	REEDER F/P DISTRICT	26,658.21	19,486.26
4201	REGENT F/P DISTRICT	17,486.25	18,127.49
4211	REYNOLDS F/P DISTRICT	14,420.07	12,264.95
4221	RHAME F/P DISTRICT	8,706.33	10,925.65
4231	RICHARDTON F/P DISTRICT	12,890.25	15,426.94
4240	RIVERDALE FIRE DEPT	5,221.75	5,629.39
4251	ROBINSON RURAL FIRE DEPT	3,667.73	2,724.43
4261	ROCK LAKE F/P DISTRICT	12,648.78	10,608.86
4270	ROGERS FIRE DEPT	2,049.97	2,035.48
4281	ROLETTE F/P DISTRICT	12,909.42	11,042.89
4280	ROLETTE FIRE DEPT	2,967.37	3,989.73
4291	ROLLA F/P DISTRICT	10,895.96	8,492.68
4290	ROLLA FIRE DEPT	10,722.36	10,969.73
4331	RUGBY F/P DISTRICT	22,209.97	22,454.81

2.6

4330	RUGBY FIRE DEPT	20,327.27	20,858.70
4351	RUTLAND-CAYUGA F/P DIST	13,947.75	13,736.55
4361	RYDER-MAKOTI F/P DIST	14,547.50	10,881.73
4411	SANBORN F/P DISTRICT	7,432.47	6,946.21
4410	SANBORN FIRE DEPT	1,765.34	1,731.18
4441	SARLES F/P DISTRICT	6,306.92	5,881.63
4451	SAWYER F/P DISTRICT	12,862.91	11,121.16
4461	SCRANTON F/P DISTRICT	19,649.31	18,629.75
4471	SELFRIIDGE F/P DISTRICT	5,898.27	5,895.49
4491	SENTINEL BUTTE F/P DIST	2,547.66	2,152.29
4500	SHARON FIRE DEPT	2,540.41	2,687.01
4521	SHERWOOD F/P DISTRICT	12,766.36	9,671.79
4530	SHEYENNE FIRE DEPT	2,818.86	2,692.22
4531	SHEYENNE RURAL FIRE DEPT	7,276.56	7,472.64
4540	SIBLEY FIRE DEPT	1,207.34	757.07
4551	SIOUX-YELLOWSTONE F/P DISTRICT	3,307.34	3,569.59
4561	SOLENE F/P DISTRICT	3,442.76	4,104.30
4571	SOURIS F/P DISTRICT	10,328.43	7,422.85
4591	SOUTH HEART F/P DISTRICT	17,045.51	15,569.92
4611	SOUTHWEST F/P DISTRICT	584.74	533.26
4381	ST JOHN F/P DISTRICT	6,131.68	6,168.05
4401	ST THOMAS F/P DISTRICT	14,317.58	11,809.37
4641	STANLEY F/P DISTRICT	19,886.34	23,125.09
4640	STANLEY FIRE DEPT	13,037.83	15,401.31
4651	STANTON F/P DISTRICT	14,976.76	5,657.28
4650	STANTON FIRE DEPT	2,277.40	2,427.02
4661	STARKWEATHER F/P DIST	9,749.57	8,710.21
4671	STEELE F/P DISTRICT	14,076.31	16,003.16
4681	STERLING F/P DISTRICT	8,674.46	9,436.16
4701	STRASBURG F/P DISTRICT	9,719.12	11,112.03
4721	STREETER F/P DISTRICT	8,854.58	9,122.97
4731	SURREY F/P DISTRICT	9,201.12	10,137.08
4761	SYKESTON F/P DISTRICT	11,447.13	6,377.13
4781	TAPPEN RURAL FIRE DEPT	9,196.69	8,752.51
4791	TAYLOR F/P DISTRICT	7,747.37	7,879.49
4821	THOMPSON F/P DISTRICT	31,077.75	26,989.95
4840	TIOGA FIRE DEPT	13,043.37	16,209.17
4841	TIOGA RURAL FIRE DEPT	11,817.80	13,242.20
4860	TOLLEY FIRE DEPT	1,541.25	2,017.35
4871	TOLNA F/P DISTRICT	12,860.01	10,051.40
4881	TOWER CITY F/P DISTRICT	14,347.25	11,043.93
4891	TOWNER F/P DISTRICT	7,900.74	7,580.80
4890	TOWNER FIRE DEPT	3,802.00	3,707.63
4901	TRENTON F/P DISTRICT	2,133.31	2,126.47
4921	TURTLE LAKE F/P DISTRICT	12,584.84	13,593.12
4931	TUTTLE F/P DISTRICT	5,762.21	4,308.55
4941	UNDERWOOD F/P DISTRICT	20,650.84	31,222.04
4961	UPHAM F/P DISTRICT	6,888.71	5,509.23
4980	VALLEY CITY FIRE DEPT	36,818.16	40,537.78

4981	VALLEY CITY RURAL FIRE	33,747.65	36,838.35
4991	VELVA F/P DISTRICT	16,266.11	12,781.96
4990	VELVA FIRE DEPT	8,251.17	8,987.70
5020	VERONA FIRE DEPT	1,897.02	1,006.62
5021	VERONA RURAL FIRE DEPT	16,078.26	18,303.38
5050	WAHPETON FIRE DEPT	54,164.39	60,043.59
5061	WALCOTT-COLFAX F/P DIST	26,650.43	17,367.08
5070	WALES FIRE DEPT	1,556.48	1,045.54
5081	WALHALLA F/P DISTRICT	14,203.82	12,438.38
5080	WALHALLA FIRE DEPT	8,427.54	9,851.78
5101	WARWICK F/P DISTRICT	2,731.27	3,003.77
5111	WASHBURN F/P DISTRICT	33,953.63	32,692.17
5110	WASHBURN FIRE DEPT	8,421.48	9,601.65
5120	WATFORD CITY FIRE DEPT	27,609.77	34,981.05
5151	WEST DUNN F/P DISTRICT	29,123.69	32,008.43
5160	WEST FARGO FIRE DEPT	140,419.07	150,500.38
5161	WEST FARGO RURAL FIRE DP	88,171.63	83,873.10
5181	WESTHOPE F/P DISTRICT	13,888.91	9,317.13
5241	WILDROSE F/P DISTRICT	5,769.52	6,495.22
5251	WILLISTON F/P DISTRICT	43,780.89	51,106.99
5250	WILLISTON FIRE DEPT	142,991.75	156,743.85
5261	WILLOW CITY F/P DISTRICT	14,957.44	10,819.36
5260	WILLOW CITY FIRE DEPT		106.96
5271	WILTON F/P DISTRICT	25,640.42	25,079.23
5281	WIMBLEDON F/P DISTRICT	11,738.24	12,508.70
5301	WING F/P DISTRICT	7,219.37	6,665.97
5311	WISHEK F/P DISTRICT	15,163.61	15,654.75
5321	WOLFORD F/P DISTRICT	5,837.91	4,904.68
5340	WOODWORTH FIRE DEPT	2,292.52	2,878.55
5341	WOODWORTH RURAL FIRE DP	5,909.05	4,696.17
5351	WYNDMERE F/P DISTRICT	25,387.49	19,163.20
5391	ZAP F/P DISTRICT	3,894.16	3,763.22
5401	ZEELAND F/P DISTRICT	10,135.63	10,144.70
		7,268,193.03	7,268,192.84

SB 2010
4-20-15
#3

SENATE BILL: 2010
2015 TESTIMONY FOR: SENATE APPROPRIATIONS COMMITTEE
NORTH DAKOTA FIREFIGHTER'S ASSOCIATION

Renee Loh, Executive Director

Chairman Holmberg and members of the Appropriations Committee; good afternoon. As Executive Director of the North Dakota Firefighter's Association, I stand before you to thank you for the support of the North Dakota firefighters over the last 130 years.

In 2014, there were 6,095 firefighters that attended training that was offered by the North Dakota Firefighter's Association. The firefighters are the first line of defense for the North Dakota communities. The firefighters are expected to deliver results rapidly and safely on the fire ground. The North Dakota Firefighter's Association provides the training so that the firefighters learn proper preparation that will be needed during any type of response.

The dynamics and infrastructure in North Dakota have changed tremendously in recent years and the dangers that firefighter's faces are greater than ever. There is increasing pressure and demands for fire departments to perform more technical services relating to all forms of extrication, vehicle accidents, structural collapse, trench rescue and hazardous material response.

There were over 100 house fires reported in 2014 and noted increases in arson cases that have kept the state's firefighters continuously challenged to respond when the tones sound. During recent train derailments that caught the world's attention, the North Dakota firefighters courageously followed proper procedures efficiently and executed perfectly. The firefighters relied on their training and got the job done effectively so that there were no casualties.

Hazardous Materials, oil shipped via rail, truck and pipeline, explosions, fire hazard incidents, and other unfortunate incidents will continue through our communities. The firefighters must be ready and the North Dakota Firefighter's Association must be ready to present the most current national training standards and certifications to the valued firefighters. We are here today to ask your continued support of our beloved North Dakota Firefighters training needs!

Total Student count by date range

Beginning Date: 1/1/2014

Ending Date: 12/31/2014

<u>Class Title</u>	<u># of Students</u>
10 Signs Your Incident is Going Bad"	68
ABC's of SCBA's - 4hrs	91
Advanced Auto Extrication	59
Air Management for Firefighter Survival	44
Assistance to Firefighter Grant Program (AFG)	20
Auto Extrication - instructed class	99
Automobile Extrication	560
Automobile Extrication Re-Certification	497
Automobile Extrication - Shadowed instructor	19
Automobile Extrication Completion	1
Basic Firefighter Skills	102
Basic Rapid Intervention Teams (RIT)	35
Basic Ventilation	40
Building Construction in 2013: You Haven't seen anything yet!	73
Building Construction/Fire behavior/Firefighter Safety	64
Burn Building Fires with Rescues	36
Car Fire Attack	63
Certification Tester Methodology Workshop	12
Command & Control of Fire Department Operations at Target Hazards	22
Command Training Simulator	20
Command Training Simulator (CTS) Train-the -Trainer	8
Community Risk Issues & Prevention Intervention	11
Courage To Be Safe So Everyone Goes Home	440
Decision Making for Initial Company Operations	8
Digital Imagery & Social Media in the Fire Service	71
EVOC (FD)	7
FD & EMS Emergency Vehicle Operations Course	76
FD Emergency Vehicle Operations Course (EVOC)	108
Fire Danger Rating System	22
Fire Instructor I	30
Fire Investigations and the Role of First Responders	83
Fire Streams and Fire Control	69
Firefighter Survival	49
Flammable Liquid Fires	79
Foam/Ethanol Train-the -Trainer	14
Grain Bin Extrication (Completed)	43
Grain Bin Rescue	99
Haz Mat Operations - Hands-on Practical	13
Haz Mat Operations Level Refresher Hands-on	141
Hazardous Materials Emergency Response - classroom	11
Hazardous Materials Emergency Response - Hands-on Training	20
Hazardous Materials Operations - 12 hrs	17
Hazardous Materials Operations Level Refresher Hands-on	50
HazMat Awareness - Tested	2
HazMat Operations - 8 hrs	208

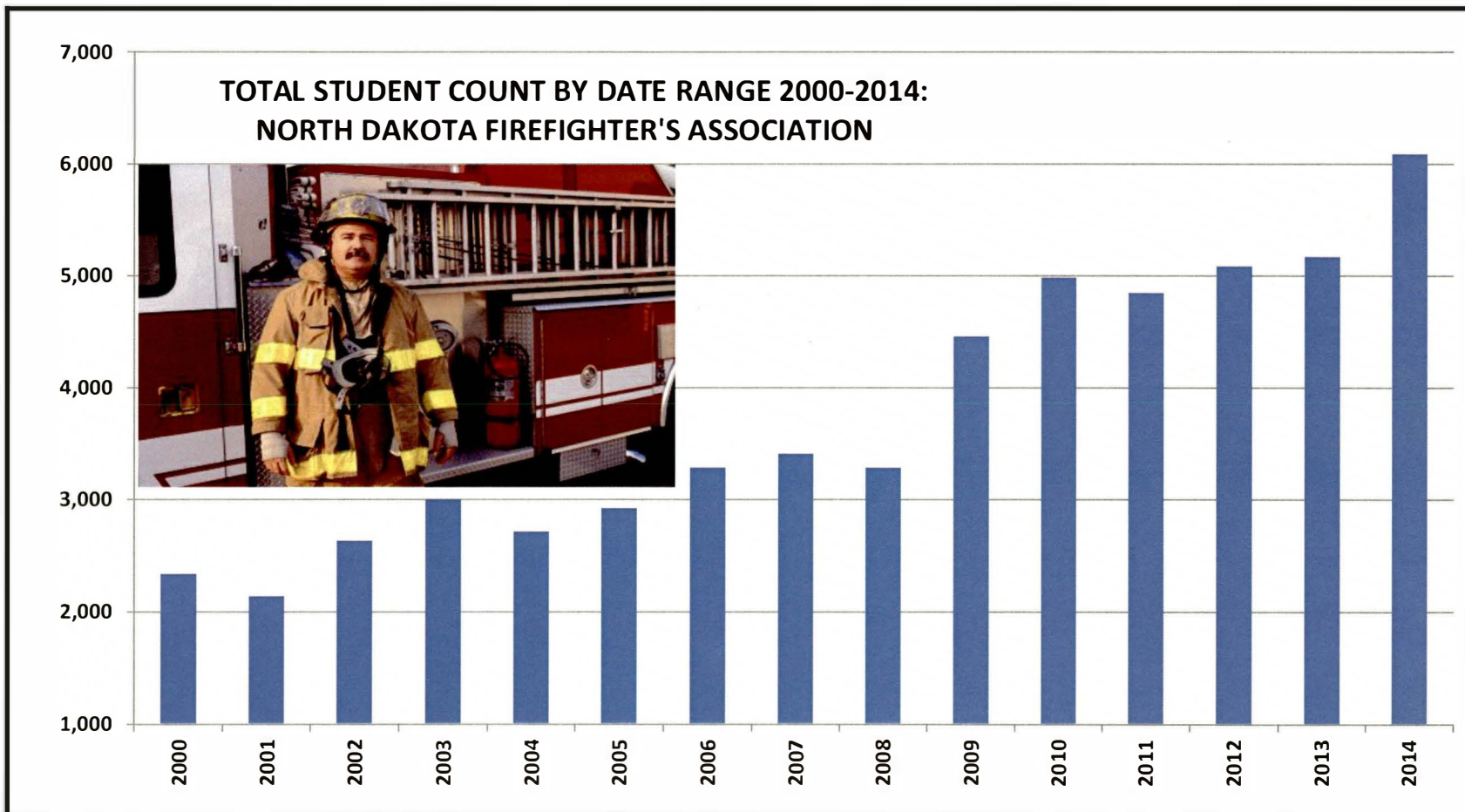
3.2

Class Title	# of Students
HazMat Operations - Classroom 1	1
Hazmat Operations - Classroom 1 & 2	19
HazMat Operations - tested	2
Heartsaver CPR/First Aid	11
Heavy Truck Extrication	67
Heavy Truck Extrication and Familiarization	64
High Strength Steel, Airbags and Hybrids	23
Highway Response Safety	74
Hybrid/New Vehicle Technology 8hrs	56
ICS 100: Introduction to ICS	9
Incident Safety Officer - 4hrs	52
Incident Safety Officer -16 hrs	42
Interior Attack	29
Introduction to Confined Space	30
Introduction to Rope Rescue	35
Leadership, Accountability, Culture and Knowledge (LACK) Training	70
Live Fire Propane Emergencies	31
LPG Fire Training	69
NFIRS	19
NIMS I-700	9
Primary Search; Back to the Basics	40
Primary Search; Intermediate Level	33
Pump Operations	29
Pump Operations & Maintenance	82
Railroad Community Awareness & Hazardous Materials Training	91
Responding to Oilfield Emergencies	14
Responding to Pipeline Emergencies	46
Ropes & Knots with Hoisting of Tools & Equipment	32
Rules of Engagement	75
S130/S190 Introduction to Wildland Fire Behavior and Firefighter Training	23
Safe Motor Grader Fire Suppression	19
School Bus Extrication - 8hrs	56
School Bus Extrication -4 hrs	17
Strategy & Tactics for Initial Company Operations (STICO) - 16hr	15
Stretching and Advancing the Initial Attack Line	26
Structural Burn Simulation Trailer - Advanced	22
Structural Burn Simulation Trailer - Basic	175
Structural Burn Simulation Trailer - Intermediate	134
Strut Class	16
Technology in the Fire Service	46
The Art of Reading Smoke - 4 hrs	122
Thermal Image Cameras -4 hrs	42
Thermal Image Cameras -8hrs	28
Training Operations in Small Departments (TOSD)	13
Training The Next Generation	48
TRANSCAER - Petroleum Crude Oil Training	404
Vent-Enter-Search	46

<u>Class Title</u>	<u># of Students</u>
Wide Area Search	22
Wildland Fire Refresher	25
Wildland Fire Simulation	38
Total Students for Date Range	<u>6095</u>

NORTH DAKOTA FIREFIGHTER'S ASSOCIATION **TOTAL STUDENT COUNT BY DATE RANGE 2000-2014**

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2,335	2,139	2,629	3,000	2,715	2,922	3,286	3,410	3,285	4,462	4,986	4,852	5,089	5,173	6,095



SB 2010
4-21-15

Prepared by the North Dakota
Insurance Department
April 20, 2015

#1

PROPOSED AMENDMENT TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 3, replace "section" with "sections" and after "26.1-01-09" insert ", 26.1-26.6-01, 26.1-26.6-04, 26.1-26.6-05, and subsection 4 of section 26.1-44-03.1"

Page 1, line 4, after "salary" and before the period insert ", bail bond agents, and surplus lines insurance filings"

Page 2, after line 20, insert:

"SECTION 8. AMENDMENT. Section 26.1-26.6-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-01. Definition. As used in this chapter, unless the context otherwise requires, "bail bond agent" means any person ~~who~~ that has been licensed by the commissioner and appointed by an insurer by power of attorney to execute or countersign bail bonds for the insurer in connection with the judicial proceedings and charges and receives money for the services.

SECTION 9. AMENDMENT. Section 26.1-26.6-04 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-04. Qualification Appointment and license as bail bond agent - Pledge of property as security - Penalty. A person may not act in the capacity of a bail bond agent or perform any of the functions, duties, or powers prescribed for a bail bond agent under this chapter unless that person is qualified appointed and licensed as provided in this chapter. However, this section does not prohibit any individual from pledging real or other property as security for a bail bond in judicial proceedings if the individual does not receive, or is not promised, money or other things of value therefor. Violation of this section is a class B A misdemeanor.

SECTION 10. AMENDMENT. Section 26.1-26.6-05 of the North Dakota Century Code is amended and reenacted as follows:

26.1-26.6-05. Violations - Penalties.

1. The commissioner may suspend, revoke, or refuse to continue, issue, or renew any license issued under this chapter if, after notice

to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:

- a. Recommending any particular attorney at law to handle the case in which the bail bond agent has caused a bond to be issued under this chapter.
- b. Forging the name of another to a bond or application for bond.
- c. Soliciting business in or about any place for prisoners or persons confined, arraigned, or in custody.
- d. Paying a fee or rebate, or giving or promising anything of value to a jailer, trustee, police officer or officer of the law, or any other person who has power to arrest or hold in custody or to any public official or public employee in order to secure a settlement, compromise, remission, or reduction of the amount of any bail bond or entreatment thereof, or to secure, delay, or other advantage. This subdivision does not apply to a jailer, police officer, or officer of the law who is not on duty and who assists in the apprehension of a defendant.
- e. Paying a fee or rebating or giving anything of value to an attorney in bail bond matters, except in defense of any action on a bond.
- f. Accepting anything of value from a principal other than a premium. Provided, the bail bond agent may accept collateral security or other indemnity from the principal which must be returned immediately upon final termination of liability on the bond. Such collateral security or other indemnity required by the bail bond agent must be reasonable in relation to the amount of the bond.
- g. Willfully failing to return collateral security to the principal when the principal is entitled to the security.
- h. Knowingly employing a person whose insurance producer license has been revoked, suspended, or denied in this or any other state.
- i. Knowingly or intentionally executing a bail bond without collecting in full a premium for the bond, at the premium rate as filed with and approved by the commissioner.

- j. Failing to pay any forfeiture as directed by a court and as required by this chapter.
- 2. For purposes of subdivisions f and g of subsection 1, a bail bond agent shall monitor the status of bonds written by the bail bond agent to make timely return of the collateral security to the principal. It is not a defense to administrative action under this section that the bail bond agent did not know liability on the bond had been terminated or that the principal was entitled to return of the security.
- 3. A bail bond agent or bail bond agency may not advertise as or hold itself out to be a surety company.
- ~~3.4.~~ A bail bond agent may not sign nor countersign any blank in any bond, nor give up power of attorney to or otherwise authorize, anyone to countersign the bail bond agent's name to bonds.
- ~~4.5.~~ When a bail bond agent accepts collateral, the bail bond agent shall give a written receipt for the collateral and this receipt must contain a full description of the collateral received in the terms of redemption. The bail bond agent shall keep copies of all receipts of the bonds to be placed in business to be available to the commissioner for the commissioner's review.
- ~~5.6.~~ The provisions and penalties under this section are in addition to those provided under chapter 26.1-26.

SECTION 11. AMENDMENT. Subsection 4 of section 26.1-44-03.1 is amended and reenacted as follows:

- 4. At the time of filing the ~~verified report~~ annual tax statement as set forth in section 26.1-44-06.1, each surplus lines producer shall pay the premium tax due for the policies written during the period covered by the ~~report~~ annual tax statement."

Renumber accordingly