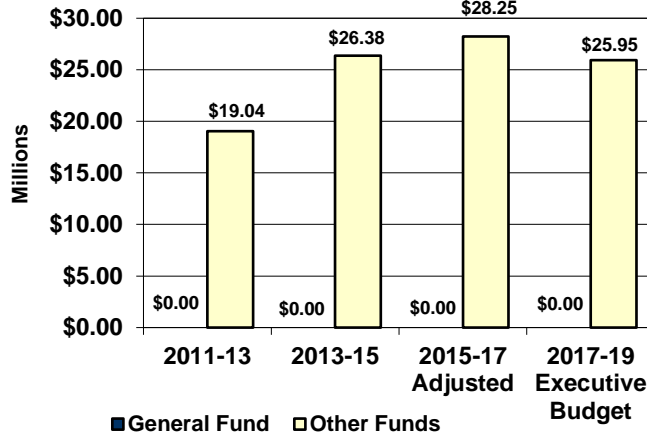


**Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments**  
**House Bill No. 1010**

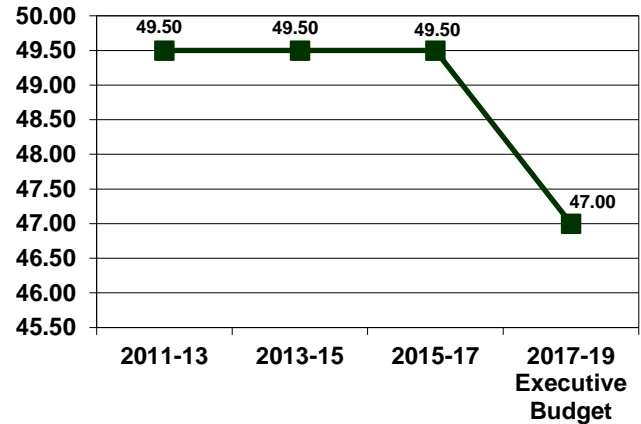
**Dalrymple Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	47.00	\$0	\$25,949,985	\$25,949,985
2015-17 Adjusted Legislative Appropriations	49.50	0	28,246,346	28,246,346
Increase (Decrease)	(2.50)	\$0	(\$2,296,361)	(\$2,296,361)

**Agency Funding**



**FTE Positions**



**Dalrymple Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$0	\$25,949,985	\$25,949,985
2017-19 Base Level	0	28,026,346	28,026,346
Increase (Decrease)	\$0	(\$2,076,361)	(\$2,076,361)

**First House Action**

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

**Dalrymple and Burgum 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 \$38,781 is for salary increases and \$134,513 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) <b>The House removed funding for the salary increases.</b>	\$0	\$173,294	\$173,294
2. Removes 2.5 FTE positions	\$0	(\$616,460)	(\$616,460)
3. Reduces funding for operating expenses	\$0	(\$357,265)	(\$357,265)
4. Reduces funding for fire district grants to provide a total of \$14,113,086. <b>The House reduced funding for fire district grants by \$2,604,439, to provide a total of \$13,076,768 for fire district grants.</b>	\$0	(\$1,568,121)	(\$1,568,121)
5. Reduces funding for North Dakota Firefighter's Association operations. <b>The House reduced funding for North Dakota Firefighter's Association operations by \$128,918, to provide a total of \$761,082 for the North Dakota Firefighter's Association.</b>	\$0	(\$89,000)	(\$89,000)
6. Increases funding for North Dakota Firefighter's Association rent expenses. <b>The House did not increase funding for North Dakota Firefighter's Association rent expenses.</b>	\$0	\$150,000	\$150,000
7. The Burgum budget removed 1 additional FTE position	\$0	(\$165,862)	(\$165,862)

## **Other Sections in House Bill No. 1010**

**Health insurance increase** - The House added section 2, which identifies the appropriation includes \$134,513 from other funds for increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

**Insurance tax distribution fund** - Section 4 designates \$13,076,768 for payments to fire departments and \$761,082 for payments to the North Dakota Firefighter's Association.

**Bonding fund** - Section 5 designates \$52,004 from the state bonding fund to pay bonding fund administrative expenses.

**State fire and tornado fund** - Section 6 designates \$1,797,218 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses.

**Unsatisfied judgment fund** - Section 7 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

**Petroleum release compensation fund** - Section 8 designates \$119,472 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

**Insurance tax distribution fund transfer** - The House added section 9, which provides for any amounts carried over in the insurance tax distribution fund pursuant to Section 7 of Chapter 50 of the 2015 Session Laws to be transferred to the general fund.

**Appropriations from the insurance tax distribution fund** - The House added section 10, which amends North Dakota Century Code Section 18-04-05 to remove the requirement that the legislative appropriation from the insurance tax distribution fund be based on an amount equal to 100 percent of the total premium tax collected for certain insurance lines.

## **Continuing Appropriations**

There are no continuing appropriations for this agency.

## **Significant Audit Findings**

The State Auditor's office identified the Insurance Department does not obtain proof that boilers are operating in a safe condition prior to issuing inspection certificates. The State Auditor's office identified when the Insurance Department identifies violations during an inspection, the boiler owner is only required to certify that repairs have been made, and then the inspection certificate is issued.

## **Major Related Legislation**

**House Bill No. 1100** - Relates to confidentiality for risk-based capital reports.

**House Bill No. 1101** - Relates to reporting of premiums and losses for the state fire and tornado fund.

**House Bill No. 1112** - Relates to the Insurance Commissioner's authority to deny licensure to applicants deemed unqualified or dishonest.

**House Bill No. 1434** - Relates to mandated insurance coverage of autism services.

**Senate Bill No. 2052** - Relates to mandated insurance coverage of telehealth services.

**Senate Bill No. 2103** - Relates to fees charged by the Insurance Commissioner.

**Senate Bill No. 2105** - Relates to exemption of certain licensed insurance producer or insurance consultant information from public records law.

**Insurance Commissioner, Including Insurance Tax Payments to Fire Departments - Budget No. 401**  
**House Bill No. 1010**  
**Base Level Funding Changes**

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2017-19 Biennium Base Level</b>	49.50	\$0	\$28,026,346	\$28,026,346	49.50	\$0	\$28,026,346	\$28,026,346
<b>2017-19 Ongoing Funding Changes</b>								
Base payroll changes			\$240,791	\$240,791			\$240,791	\$240,791
<b>Salary increase</b>				<b>0</b>				<b>0</b>
Health insurance increase			134,513	134,513			134,513	134,513
<b>Employee portion of health insurance</b>			<b>(70,466)</b>	<b>(70,466)</b>				<b>0</b>
Remove FTE positions	(2.50)		(616,460)	(616,460)	(2.50)		(616,460)	(616,460)
Remove funding for retention bonuses			(9,600)	(9,600)			(9,600)	(9,600)
Reduce operating expenses			(357,265)	(357,265)			(357,265)	(357,265)
Reduce funding for North Dakota Firefighter's Association operations			(89,000)	(89,000)			(128,918)	(128,918)
Increase funding for North Dakota Firefighter's Association rent			150,000	150,000				0
Reduce funding for fire district grants			(1,568,121)	(1,568,121)			(2,604,439)	(2,604,439)
<b>Remove FTE position</b>	<b>(1.00)</b>		<b>(165,862)</b>	<b>(165,862)</b>	<b>(1.00)</b>		<b>(165,862)</b>	<b>(165,862)</b>
Adjust funding between line items				0				0
Total ongoing funding changes	(3.50)	\$0	(\$2,351,470)	(\$2,351,470)	(3.50)	\$0	(\$3,507,240)	(\$3,507,240)
<b>One-time funding items</b>								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
<b>Total Changes to Base Level Funding</b>	<b>(3.50)</b>	<b>\$0</b>	<b>(\$2,351,470)</b>	<b>(\$2,351,470)</b>	<b>(3.50)</b>	<b>\$0</b>	<b>(\$3,507,240)</b>	<b>(\$3,507,240)</b>
<b>2017-19 Total Funding</b>	<b>46.00</b>	<b>\$0</b>	<b>\$25,674,876</b>	<b>\$25,674,876</b>	<b>46.00</b>	<b>\$0</b>	<b>\$24,519,106</b>	<b>\$24,519,106</b>

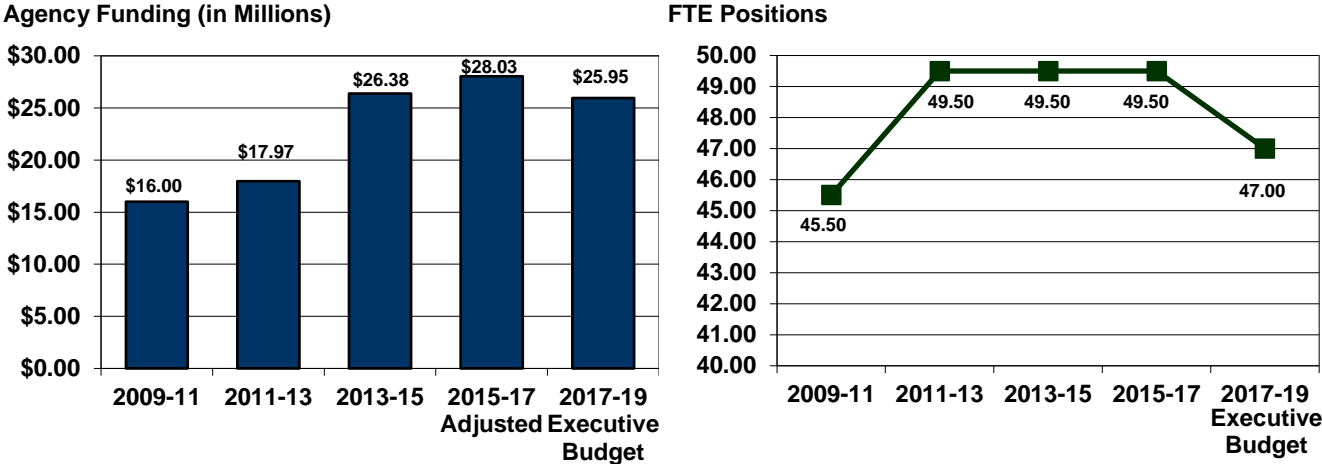
**Other Sections in Insurance Commissioner, Including Insurance Tax Payments to Fire Departments - Budget No. 401**

	<b>Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)</b>	<b>House Version</b>
Health insurance increase		Section 2 identifies the amount appropriated relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.
Insurance tax distribution fund	Section 3 designates \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.	Section 4 designates \$13,076,768 for payments to fire departments and \$761,082 for payments to the North Dakota Firefighter's Association.
Bonding fund	Section 4 designates \$52,191 from the state bonding fund to pay bonding fund administrative expenses.	Section 5 designates \$52,004 from the state bonding fund to pay bonding fund administrative expenses.
State fire and tornado fund	Section 5 designates \$1,779,497 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses.	Section 6 designates \$1,797,218 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses.
Unsatisfied judgment fund	Section 6 designates \$29,820 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 7 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Petroleum release compensation fund	Section 7 designates \$119,895 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.	Section 8 designates \$119,472 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.
Insurance Commissioner's salary	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 1 percent, to \$106,828, effective July 1, 2018. <b>(The Burgum budget recommendation removes this section.)</b>	
Transfer - Insurance tax distribution fund - General fund		Section 9 provides for a transfer of any funding carried over pursuant to Section 7 of Chapter 50 of the 2015 Session Laws, from the insurance tax distribution fund to the general fund.
Payments to fire departments		Section 10 amends North Dakota Century Code Section 18-04-05 to remove the requirement that the legislative appropriation from the insurance tax distribution fund total 100 percent of estimated revenue from select insurance lines.

**Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments**

**Historical Appropriations Information**

**Ongoing Other Funds Appropriations Since 2009-11**



Ongoing Other Funds Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing other funds appropriations	\$15,996,800	\$17,974,080	\$26,377,090	\$28,026,346	\$25,949,985
Increase (decrease) from previous biennium	N/A	\$1,977,280	\$8,403,010	\$1,649,256	(\$2,076,361)
Percentage increase (decrease) from previous biennium	N/A	12.4%	46.8%	6.3%	(7.4%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	12.4%	64.9%	75.2%	62.2%

**Major Increases (Decreases) in Ongoing Other Funds Appropriations**

<b>2011-13 Biennium</b>		
1. Added funding for health insurance premium rate review requirements relating to federal health care reform		\$1,418,636
<b>2013-15 Biennium</b>		
1. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$14,536,386 for grants to fire departments and \$800,000 to the North Dakota Firefighter's Association		\$8,296,386
2. Reduced funding for operating expenses		(\$690,892)
<b>2015-17 Biennium</b>		
1. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$15,681,207 for grants to fire departments and \$890,000 to the North Dakota Firefighter's Association		\$1,234,821
2. Adjusted funding for operating expenses relating primarily to actuarial services, travel, and office rental		(\$345,966)
<b>2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)</b>		
1. Removes 2 FTE positions		(\$616,460)
2. Reduces operating expenses		(\$357,265)
3. Reduces funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$14,113,086 for grants to fire departments and \$951,000 to the North Dakota Firefighter's Association		(\$1,507,121)
4. The Burgum budget removed 1 additional FTE position		(\$165,862)