

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

**First Chamber Comparison to Base Level**

|                               | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b>   |
|-------------------------------|---------------------|--------------------|----------------|
| 2023-25 First Chamber Version | \$0                 | \$16,831,745       | \$16,831,745   |
| 2023-25 Base Level            | 0                   | 30,312,180         | 30,312,180     |
| Increase (Decrease)           | \$0                 | (\$13,480,435)     | (\$13,480,435) |

**First Chamber Changes**

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

**Selected Bill Sections Included in the First Chamber Version**

**Excess federal funds** - Section 3 appropriates all federal funds received by the Insurance Commissioner in excess of those funds appropriated.

**Insurance Commissioner's salary** - Section 4 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$130,000 (14 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

**Unsatisfied judgement fund** - Sections 5 and 6 transfer any remaining balance in the unsatisfied judgement fund to the insurance regulatory trust fund contingent upon the passage of Senate Bill No. 2295.

**Continuing Appropriations**

**State bonding fund** - North Dakota Century Code Section 26.1-21-17 - This fund was created to provide fidelity bond coverage to the state and its political subdivisions to protect against the theft of money and property by public officials and employees. Administration of the fund is contracted with the North Dakota Insurance Reserve Fund.

**State fire and tornado fund** - Section 26.1-22-03 - This fund was created to provide affordable building and business personal property insurance coverage to state entities and political subdivisions. Administration of the fund is contracted with the North Dakota Insurance Reserve Fund.

**Reinsurance Association of North Dakota** - Section 26.1-36.7-12 - Provides a continuing appropriation to the Insurance Commissioner for federal funding received by the Reinsurance Association of North Dakota to administer the invisible reinsurance pool.

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

The State Auditor's office operational audit of the Insurance Commissioner for the period ending June 30, 2021, identified one deficiency relating to the incorrect distribution of payments to fire departments and districts.

**Major Related Legislation**

**Senate Bill No. 2056** - Changes reporting and auditing requirements.

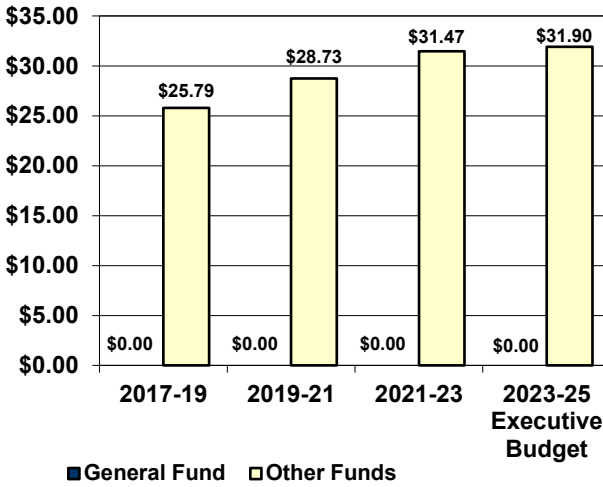
**Senate Bill No. 2211** - Transfers the State Fire Marshal from the Attorney General's office to the Insurance Commissioner and provides for a continuing appropriation for payments to fire departments and districts from the insurance tax distribution fund.

**Senate Bill No. 2295** - Repeals provisions relating to the unsatisfied judgement fund.

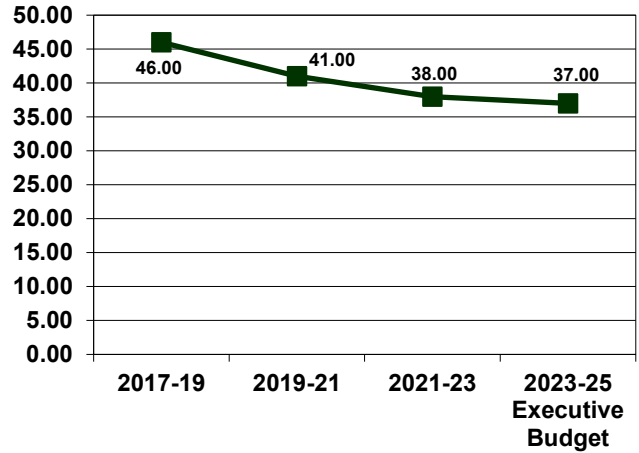
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing Other Funds Appropriations

|                                                                 | 2015-17      | 2017-19       | 2019-21      | 2021-23      | 2023-25 Executive Budget |
|-----------------------------------------------------------------|--------------|---------------|--------------|--------------|--------------------------|
| Ongoing other funds appropriations                              | \$28,026,346 | \$27,793,430  | \$28,534,703 | \$30,312,180 | \$31,725,133             |
| Increase (decrease) from previous biennium                      | N/A          | (\$2,232,916) | \$2,741,273  | \$1,777,477  | \$1,412,953              |
| Percentage increase (decrease) from previous biennium           | N/A          | (8.0%)        | 10.6%        | 6.2%         | 4.7%                     |
| Cumulative percentage increase (decrease) from 2015-17 biennium | N/A          | (8.0%)        | 1.8%         | 8.2%         | 13.2%                    |

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

#### 2017-19 Biennium

1. Removed 3.5 FTE positions (\$724,448)
2. Reduced funding for operating expenses (\$357,265)
3. Reduced grants to fire departments to provide total ongoing funding of \$14,235,561 from the insurance tax distribution fund (\$1,445,656)

#### 2019-21 Biennium

1. Added 2 new FTE positions, including a consumer assistance outreach coordinator position and a high-risk pool and health care reform coordinator position \$382,502
2. Removed 2 FTE positions and authorized the Insurance Commissioner to contract for the administration of the state fire and tornado fund and the state bonding fund under continuing appropriation authority (\$610,352)
3. Transferred the boiler inspection program, including 4 FTE positions, to the Department of Environmental Quality (\$753,365)
4. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$17,989,505 for grants to fire departments and \$328,525 to the North Dakota Firefighter's Association \$3,753,944

#### 2021-23 Biennium

1. Added 1 new FTE position for an insurance adjuster \$115,276
2. Removed 4 FTE positions, including a producer licensing division director, senior insurance form rate analyst, insurance company financial analyst, and office assistant (\$786,636)

- 3. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$19,588,470 for grants to fire departments and \$1,140,070 to the North Dakota Firefighter's Association \$1,910,510

**2023-25 Biennium (Executive Budget Recommendation)**

- 1. Transfers 1 FTE to Information Technology Department for information technology (IT) unification, of which (\$226,656) is for decreases in salaries and wages and \$148,164 is for increases in operating expenses (\$78,492)
- 2. Adds funding for additional operating expenses to provide a total of \$2,170,770 \$748,763

**One-Time Other Funds Appropriations**

|                                     | 2015-17   | 2017-19 | 2019-21   | 2021-23     | 2023-25<br>Executive<br>Budget |
|-------------------------------------|-----------|---------|-----------|-------------|--------------------------------|
| One-time other funds appropriations | \$220,000 | \$0     | \$200,000 | \$1,162,000 | \$173,300                      |

**Major One-Time Other Funds Appropriations**

**2017-19 Biennium**

None \$0

**2019-21 Biennium**

Health care analysis \$200,000

**2021-23 Biennium**

- 1. State flexibility to stabilize the market grant \$662,000
- 2. Coal and fossil fuel industry insurance study \$200,000
- 3. Reinsurance pool study (House Bill No. 1087) \$200,000

**2023-25 Biennium (Executive Budget Recommendation)**

- 1. Retirement leave payouts for five positions \$98,300
- 2. Office remodel \$75,000

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

|                                                                                 | Executive Budget Recommendation |              |              |              | Senate Version |              |                |                |
|---------------------------------------------------------------------------------|---------------------------------|--------------|--------------|--------------|----------------|--------------|----------------|----------------|
|                                                                                 | FTE Positions                   | General Fund | Other Funds  | Total        | FTE Positions  | General Fund | Other Funds    | Total          |
| <b>2023-25 Biennium Base Level</b>                                              | 38.00                           | \$0          | \$30,312,180 | \$30,312,180 | 38.00          | \$0          | \$30,312,180   | \$30,312,180   |
| <b>2023-25 Ongoing Funding Changes</b>                                          |                                 |              |              |              |                |              |                |                |
| Cost to continue salaries                                                       |                                 |              | \$62,195     | \$62,195     |                |              | \$62,195       | \$62,195       |
| Salary increase                                                                 |                                 |              | 553,145      | 553,145      |                |              | 414,226        | 414,226        |
| Health insurance increase                                                       |                                 |              | 174,890      | 174,890      |                |              | 178,913        | 178,913        |
| Removes 1 FTE for IT unification                                                | (1.00)                          |              | (78,492)     | (78,492)     | (1.00)         |              | (78,492)       | (78,492)       |
| Transfers \$185,968 from operating to salaries                                  |                                 |              |              | 0            |                |              |                | 0              |
| Transfers State Fire Marshal from Attorney General                              |                                 |              |              | 0            | 8.00           |              | 2,162,899      | 2,162,899      |
| Adds 4 FTEs for State Fire Marshal                                              |                                 |              |              | 0            | 4.00           |              | 1,207,101      | 1,207,101      |
| Adds salary equity funding for elected officials                                |                                 |              |              | 0            |                |              | 26,748         | 26,748         |
| Reduces funding for operating expenses to meet base budget                      |                                 |              | (47,548)     | (47,548)     |                |              | (47,548)       | (47,548)       |
| Adds funding for additional operating expenses                                  |                                 |              | 748,763      | 748,763      |                |              | 748,763        | 748,763        |
| Provides funding for payments to fire departments as a continuing appropriation |                                 |              |              | 0            |                |              | (19,588,470)   | (19,588,470)   |
| Adds funding for North Dakota Firefighter's Association                         |                                 |              |              | 0            |                |              | 1,259,930      | 1,259,930      |
| Total ongoing funding changes                                                   | (1.00)                          | \$0          | \$1,412,953  | \$1,412,953  | 11.00          | \$0          | (\$13,653,735) | (\$13,653,735) |
| <b>One-Time Funding Items</b>                                                   |                                 |              |              |              |                |              |                |                |
| Adds one-time funding for retirement leave payouts                              |                                 |              | \$98,300     | \$98,300     |                |              | \$98,300       | \$98,300       |
| Adds one-time funding for office remodel                                        |                                 |              | 75,000       | 75,000       |                |              | 75,000         | 75,000         |
| Total one-time funding changes                                                  | 0.00                            | \$0          | \$173,300    | \$173,300    | 0.00           | \$0          | \$173,300      | \$173,300      |
| <b>Total Changes to Base Level Funding</b>                                      | (1.00)                          | \$0          | \$1,586,253  | \$1,586,253  | 11.00          | \$0          | (\$13,480,435) | (\$13,480,435) |
| <b>2023-25 Total Funding</b>                                                    | 37.00                           | \$0          | \$31,898,433 | \$31,898,433 | 49.00          | \$0          | \$16,831,745   | \$16,831,745   |
| <i>Federal funds included in other funds</i>                                    |                                 |              | \$607,916    |              |                |              | \$599,701      |                |
| <i>Total ongoing changes as a percentage of base level</i>                      | (2.6%)                          |              | 4.7%         | 4.7%         | 28.9%          |              | (45.0%)        | (45.0%)        |
| <i>Total changes as a percentage of base level</i>                              | (2.6%)                          |              | 5.2%         | 5.2%         | 28.9%          |              | (44.5%)        | (44.5%)        |

**Other Sections in Insurance Commissioner - Budget No. 401**

|                                 | Executive Budget Recommendation                                                                                                                                               | Senate Version                                                                                                                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Insurance tax distribution fund | Section 3 would appropriate \$19,588,470 for insurance tax payments to fire departments and \$1,140,070 for payments to the North Dakota Firefighter's Association.           |                                                                                                                                                                                                          |
| Excess federal funds            | Section 4 would appropriate all federal funds received by the Insurance Commissioner in excess of those funds appropriated.                                                   | Section 3 appropriates all federal funds received by the Insurance Commissioner in excess of those funds appropriated.                                                                                   |
| Insurance Commissioner's salary | Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary by 6 percent the 1st year and 4 percent the 2nd year of the biennium. | Section 4 provides the statutory changes necessary to increase the Insurance Commissioner's annual salary to \$130,000 (14 percent) the 1st year and \$135,200 (4 percent) the 2nd year of the biennium. |
| Unsatisfied Judgment Fund       |                                                                                                                                                                               | Section 5 transfers the balance from the unsatisfied judgment fund to the insurance regulatory trust fund.                                                                                               |
| Contingency - Effective Date    |                                                                                                                                                                               | Section 6 provides an effective date for Section 5 contingent on the passage of Senate Bill No. 2295.                                                                                                    |