

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 2, remove "chapter 23.1-16 and"

Page 1, line 2, after "26.1-22-03.1" insert "and a new section to chapter 26.1-36"

Page 1, line 3, remove "boiler inspections and"

Page 1, line 4, after "producers" insert "and health insurance"

Page 1, line 4, remove "sections 18-04-04, 18-04-04.1, and 18-04-05,"

Page 1, line 5, replace "subsection 1 of section 26.1-03-17, and" with "subdivision c of
subsection 8 of section 26.1-04-03, subsection 2 of section 26.1-04-06,"

Page 1, line 6, after "26.1-23.1-01" insert ", and subsection 2 of section 26.1-25-16"

Page 1, line 8, after the second comma insert "insurance rebates,"

Page 1, line 9, remove "to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating
to"

Page 1, line 10, replace "boiler inspections; to provide a penalty;" with "to provide for a
legislative management study; to provide legislative intent;"

Page 1, line 10, remove "and to provide a"

Page 1, line 11, replace "contingent effective date" with "and to declare an emergency"

Page 1, replace lines 20 through 23 with:

"Salaries and wages	\$8,549,567	(\$399,569)	\$8,149,998
Operating expenses	<u>2,179,777</u>	<u>(613,102)</u>	<u>1,566,675</u>
Total special funds	\$10,729,344	(\$1,012,671)	\$9,716,673
Full-time equivalent positions	46.00	(5.00)	41.00

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$17,519,422, or so much of the sum as may be necessary, to the insurance commissioner for the purpose of providing payments, in accordance with provisions of section 18-04-05, to North Dakota fire departments in the amount of \$16,773,750 and payments to the North Dakota firefighter's association in the amount of \$745,672, for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, remove lines 4 through 30

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 31

Page 8, remove lines 1 through 30

Page 9, remove lines 1 through 31

Page 10, remove lines 1 through 3

Page 10, line 16, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred ten thousand five hundred eighty-two"

Page 10, remove lines 17 through 31

Page 11, replace lines 1 through 7 with:

"SECTION 6. AMENDMENT. Subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code is amended and reenacted as follows:

- c. Notwithstanding any other provision in this subsection, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subdivision, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subdivision, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotion article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subdivision, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance.

SECTION 7. AMENDMENT. Subsection 2 of section 26.1-04-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or

entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance."

Page 13, replace lines 22 through 28 with:

"SECTION 13. AMENDMENT. Subsection 2 of section 26.1-25-16 of the North Dakota Century Code is amended and reenacted as follows:

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance.

SECTION 14. A new section to chapter 26.1-36 of the North Dakota Century Code is created and enacted as follows:

Pre-existing conditions.

Notwithstanding any law to the contrary, an accident and health insurance policy issued under this chapter may not take into account any pre-existing condition of an insured or applicant, including waiting periods, refusal of coverage, and ratesetting.

SECTION 15. LEGISLATIVE INTENT - INSURANCE TAX DISTRIBUTION FUND PAYMENTS TO FIRE DEPARTMENTS. It is the intent of the sixty-sixth legislative assembly that, when feasible, fire departments utilize increased payments from the insurance tax distribution fund to improve their insurance service office rating.

SECTION 16. LEGISLATIVE MANAGEMENT STUDY - VOLUNTEER FIREFIGHTER PENSION. During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of establishing a pension for volunteer firefighters. The study must include a review of firefighter needs of the state and benefits provided to volunteer firefighters in other states. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 17. EMERGENCY. Sections 8, 9, 10, 11, and 12 of this Act are declared to be an emergency measure."

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	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998
Operating expenses	2,179,777	1,566,675		1,566,675
Insurance tax payments	<u>15,064,086</u>		<u>17,519,422</u>	<u>17,519,422</u>
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	<u>25,793,430</u>	<u>9,701,150</u>	<u>17,534,945</u>	<u>27,236,095</u>
General fund	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00

Department 401 - Insurance Department - Detail of House Changes

	Adds Funding for Salary Increases¹	Adjusts Funding for Fire District Payments²	Total House Changes
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		<u>\$17,519,422</u>	<u>17,519,422</u>
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	<u>15,523</u>	<u>17,519,422</u>	<u>17,534,945</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020. The Senate provided funding for a 2 percent salary increase on July 1, 2019, and a 3 percent salary increase on July 1, 2020.

² Funding from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association is restored to reflect the removal of continuing appropriation authority approved by the Senate. This amendment provides \$16,773,750 to be distributed to fire districts, an estimated reduction of \$1,009,288 from the Senate version but an increase of \$2,538,189 from the base level. The amendment also provides \$745,672 to be distributed to the North Dakota Firefighter's Association, an estimated reduction of \$289,320 from the Senate version and a reduction of \$82,853 from the base level. This results in a general fund revenue reduction of \$2,455,336 compared to the base level, and a general fund revenue increase of \$1,298,608 compared to the Senate version.

Senate Bill No. 2010 - Other Changes - House Action

This amendment also:

- Removes sections providing continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund.
- Removes sections providing for the transfer of the boiler inspection program to the Department of Environmental Quality. The transfer of the program is provided for in the Senate version of House Bill No. 1024.
- Adjusts the section providing statutory changes necessary to increase the salary of the Insurance Commissioner.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote.
- Adds a statutory section to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant.
- Adds a section to provide legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a

- pension for volunteer firefighters.
- Adds a section to declare the sections providing for the transfer of administration of the state bonding fund and the state fire and tornado fund to be an emergency.