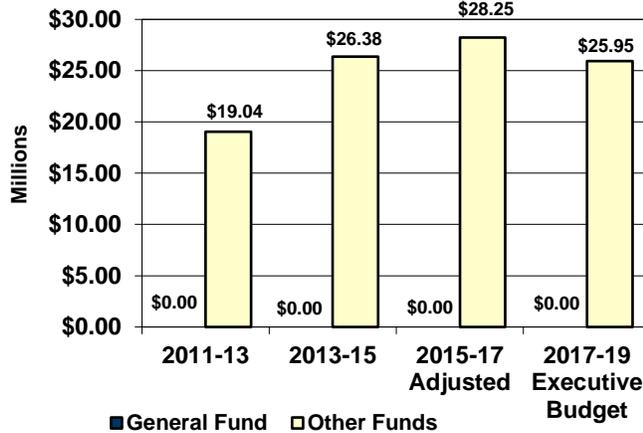


**Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments**  
**House Bill Nos. 1010 and 1070**

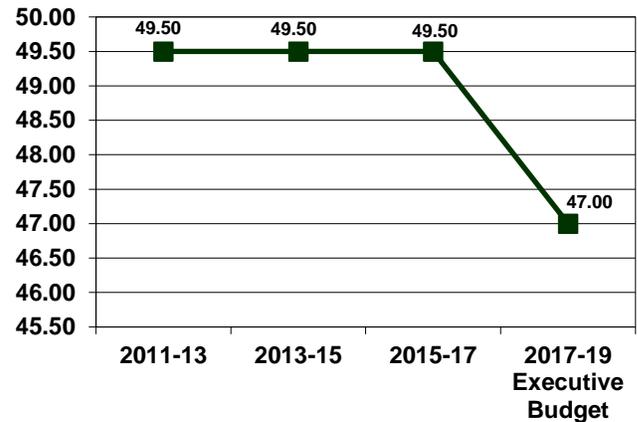
**Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2017-19 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**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2017-19 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)

**Executive Budget Highlights**

	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	\$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	\$0	(\$1,568,121)	(\$1,568,121)
5. Reduces funding for North Dakota Firefighter's Association operations	\$0	(\$89,000)	(\$89,000)
6. Increases funding for North Dakota Firefighter's Association rent expenses	\$0	\$150,000	\$150,000

**Other Bill Sections Recommended to be Added in the Executive Budget  
(As Detailed in House Bill No. 1070)**

**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.

**Bonding fund** - Section 4 designates \$52,191 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.

**Unsatisfied judgment fund** - Section 6 designates \$29,820 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.

**Insurance Commissioner's salary** - Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary as follows:

Annual salary authorized by the Legislative Assembly in 2015:

July 1, 2015	\$102,689
July 1, 2016	\$105,770

Proposed annual salary recommendation in the 2017-19 executive budget:

July 1, 2017	\$105,770
July 1, 2018	\$106,828

### **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.

**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 Nos. 1010 and 1070  
Base Level Funding Changes**

**Executive Budget Recommendation**

	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2017-19 Biennium Base Level</b>	49.50	\$0	\$28,026,346	\$28,026,346
<b>2017-19 Ongoing Funding Changes</b>				
Base payroll changes			\$240,791	\$240,791
Salary increase			38,781	38,781
Health insurance increase			134,513	134,513
Reduce FTE positions	(2.50)		(616,460)	(616,460)
Remove funding for retention bonuses			(9,600)	(9,600)
Reduce operating expenses			(357,265)	(357,265)
Reduce funding for North Dakota Firefighter's Association operations			(89,000)	(89,000)
Increase funding for North Dakota Firefighter's Association rent			150,000	150,000
Reduce funding for fire district grants			(1,568,121)	(1,568,121)
<b>Total ongoing funding changes</b>	<b>(2.50)</b>	<b>\$0</b>	<b>(\$2,076,361)</b>	<b>(\$2,076,361)</b>
<b>One-time funding items</b>				
No one-time funding items				\$0
<b>Total one-time funding changes</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Changes to Base Level Funding</b>	<b>(2.50)</b>	<b>\$0</b>	<b>(\$2,076,361)</b>	<b>(\$2,076,361)</b>
<b>2017-19 Total Funding</b>	<b>47.00</b>	<b>\$0</b>	<b>\$25,949,985</b>	<b>\$25,949,985</b>

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

**Executive Budget Recommendation**

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.
Bonding fund	Section 4 designates \$52,191 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.
Unsatisfied judgment fund	Section 6 designates \$29,820 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.

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

Insurance Commissioner's salary

**Executive Budget Recommendation**

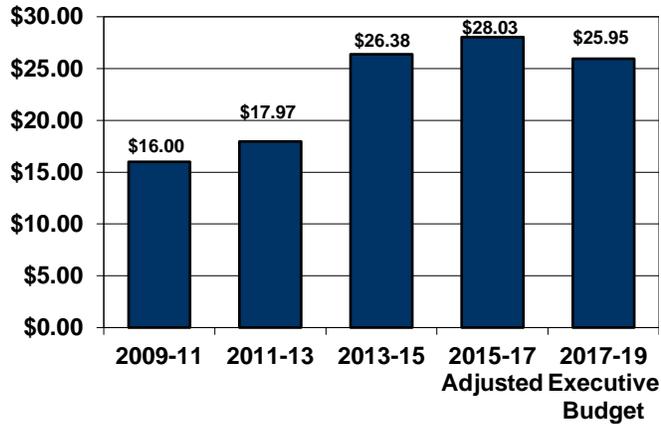
Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 1 percent, to \$106,828, effective July 1, 2018.

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

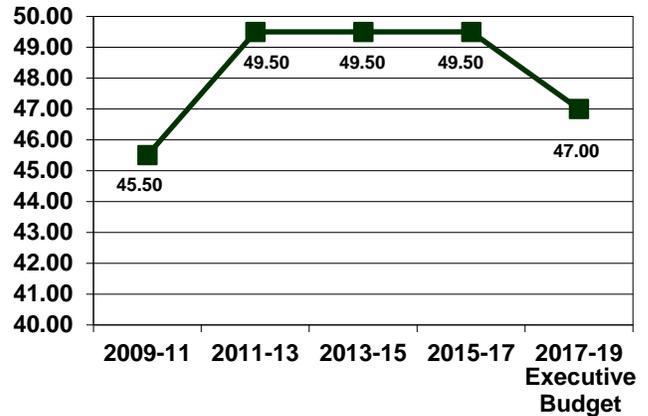
**Historical Appropriations Information**

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

Agency Funding (in Millions)



FTE Positions



Ongoing Other Funds Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 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**

**2011-13 Biennium**

- 1. Added funding for health insurance premium rate review requirements relating to federal health care reform \$1,418,636

**2013-15 Biennium**

- 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)

**2015-17 Biennium**

- 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)

**2017-19 Biennium (Executive Budget Recommendation)**

- 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)