

Insurance Commissioner, Including Insurance Tax Payments to Fire Departments
Budget No. 401
House Bill No. 1010

	FTE Positions	General Fund	Other Funds	Total
2009-11 executive budget (bills as introduced)	46.50	\$0	\$15,861,006	\$15,861,006
2009-11 legislative appropriations	45.50	0	16,058,934¹	16,058,934
Legislative increase (decrease) to executive budget	(1.00)	\$0	\$197,928	\$197,928
Legislative increase (decrease) to 2007-09 appropriations	(1.00)	\$0	\$1,576,827	\$1,576,827

¹This amount includes a \$500,000 transfer from the insurance regulatory trust fund to the state bonding fund. Excluding this amount, the agency's ongoing other funds appropriation is \$15,558,934.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items			
	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding added in the executive budget for state employee salary equity adjustments			(\$139,510)	(\$139,510)
Removed a vacant fraud investigator FTE position	(1.00)		(123,562)	(123,562)
Reduced funding for operating expenses			(39,000)	(39,000)
Added a transfer from the insurance regulatory trust fund to the state bonding fund (see State Bonding Fund section below)			500,000	500,000
Total	<u>(1.00)</u>	<u>\$0</u>	<u>\$197,928</u>	<u>\$197,928</u>

FTE Changes

The 2009-11 biennium appropriation includes funding for 45.5 FTE positions, a decrease of 1 FTE position from the executive recommendation and the 2007-09 biennium authorized level of 46.5 FTE positions. The Legislative Assembly removed 1 vacant FTE fraud investigator position.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the state bonding fund, state fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund:

	2007-09 Biennium	2009-11 Biennium	Increase (Decrease)
State bonding fund	\$44,131	\$41,518	(\$2,613)
State fire and tornado fund	\$1,003,804	\$1,454,159	\$450,355
Unsatisfied judgment fund	\$16,546	\$24,087	\$7,541
Petroleum tank release compensation fund	\$108,674	\$96,238	(\$12,436)

Insurance Tax Payments to Fire Departments

The Legislative Assembly did not change the executive recommendation to provide \$6.2 million from the insurance tax distribution fund to the Insurance Commissioner for insurance tax payments to fire departments. This is the same level of funding as provided in the 2007-09 biennium.

North Dakota Firefighters Association Grant Funding

The Legislative Assembly did not change the executive recommendation to provide total grant funding of \$790,000 to the North Dakota Firefighters Association. Of this amount, \$170,000 is from the state fire and tornado fund and \$620,000 is from the insurance tax distribution fund. This represents an increase of \$500,000 from the 2007-09 appropriation of \$290,000, of which \$170,000 was from the state fire and tornado fund and \$120,000 was from the insurance tax distribution fund.

Cost-Benefit Analyses of Health Insurance Coverage Mandates

The Legislative Assembly did not change the executive recommendation to provide funding of \$10,000 from special funds for cost-benefit analyses of legislative measures being considered by the 2011 Legislative Assembly mandating health insurance coverage as required by North Dakota Century Code (NDCC) Section 54-03-28. This represents a decrease of \$45,000 from the 2007-09 biennium appropriation of \$55,000.

State Bonding Fund

The Legislative Assembly provided a \$500,000 transfer from the insurance regulatory trust fund to the state bonding fund in Section 2 of House Bill No. 1010. The Insurance Department estimated the state bonding fund reserve would fall below \$2 million by the end of the 2007-09 biennium, and as a result, premiums would be charged to state agencies and political subdivisions in accordance with NDCC Section 26.1-21-09. The department estimated the \$500,000 transfer would prevent the fund reserve from falling below \$2 million.

Other Sections in Bill

Anhydrous ammonia tank inspections - Section 8 provides that \$150,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous ammonia tank inspections done by the Insurance Commissioner. This is the same level of funding provided from the anhydrous ammonia storage facility inspection fund for the 2007-09 biennium.

Insurance Commissioner's annual salary - Section 9 provides the statutory changes relating to the Insurance Commissioner's annual salary. The Insurance Commissioner's salary is to increase from \$79,571 to \$83,550 on July 1, 2009, and \$87,728 on July 1, 2010.

Continuation of insurance - Section 10 creates a new subsection to NDCC Section 26.1-36-23 relating to the continuation of insurance after the termination of employment.

Related Legislation

Insurance Commissioner fees - House Bill No. 1136 amends NDCC Sections 26.1-01-07 and 26.1-01-08.1 relating to fees charged by the Insurance Commissioner. The provisions of the bill allow the Insurance Commissioner or the commissioner's designee to charge a processing fee for electronic filing. Because the Insurance Department utilizes third-party facilitators for electronic filing, there is no fiscal impact to the department.