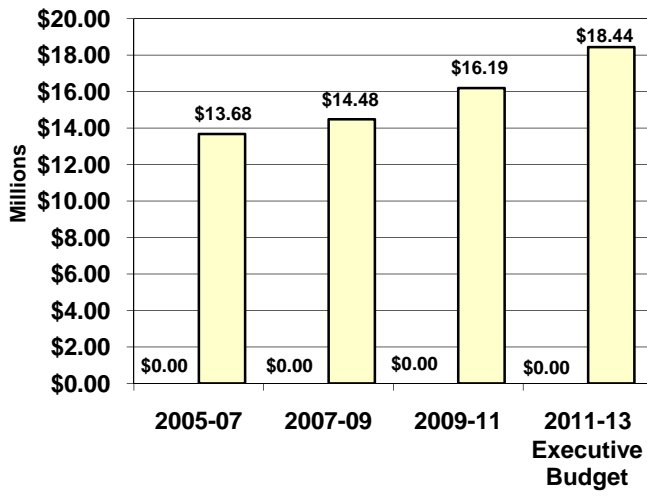


**Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments
 Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	50.50	\$0	\$18,437,148	\$18,437,148
2009-11 Legislative Appropriations	45.50	0	16,191,800	16,191,800 ¹
Increase (Decrease)	5.00	\$0	\$2,245,348	\$2,245,348

¹The 2009-11 legislative appropriation amounts include \$132,866 of special funds for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Removes one-time funding provided in the 2009-11 biennium relating to information technology equipment and software	\$0	(\$195,000)	(\$195,000)
2. Provides funding for health care reform (\$2,469,871), including:			
1 FTE insurance company examiner (federal funds). The Senate removed this funding and FTE position.		\$149,869	\$149,869
1 FTE research analyst (federal funds). The Senate removed this funding and FTE position.		\$144,938	\$144,938
1 FTE insurance company financial analyst (federal funds). The Senate removed this funding and FTE position.		\$145,012	\$145,012
1 FTE insurance form rate analyst (federal funds). The Senate removed this funding and FTE position.		\$62,287	\$62,287
1 FTE state health insurance counselor (insurance regulatory trust fund). The Senate removed this funding and FTE position.		\$133,845	\$133,845
Federal funds relating to health insurance premium rate review. The Senate removed funding provided for temporary salaries (\$147,631) and operating expenses (\$267,653) related to federal health care reform. Federal fund authority of \$1,418,636 remains in the bill for operating expenses and information technology software.		\$1,833,920	\$1,833,920

Other Sections in Bill

Section 3 provides that \$6,820,000 of special funds from the insurance tax distribution fund be distributed to fire departments (\$6.2 million) and in two equal payments to the North Dakota Firefighters Association (\$620,000).

Administrative costs of special funds - Sections 4, 5, 6, and 7 provide for administrative costs allocated to the 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. The increases from the 2009-11 biennium will result in a decrease of \$442,847 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	2009-11 Biennium Legislative Appropriation	2011-13 Biennium Executive Recommendation	Increase (Decrease)
Bonding fund	\$41,518	\$46,769	(\$2,613)
State fire and tornado fund	\$1,454,159	\$1,611,575 ¹	\$450,355
Unsatisfied judgment fund	\$24,087	\$27,349	\$7,541
Petroleum tank release compensation fund	\$96,238	\$46,769	(\$12,436)

¹Section 5 specifies \$170,000 from the state fire and tornado fund be provided for a grant to the North Dakota Firefighters Association.

Section 8 provides the statutory changes necessary to increase the commissioner's salary as follows:

Annual salary authorized by the 2009 Legislative Assembly:

July 1, 2009	\$83,550
July 1, 2010	\$87,728

Proposed annual salary recommended in the 2011-13 executive budget:

July 1, 2011	\$90,360
July 1, 2012	\$93,071

Continuing Appropriations

No continuing appropriations for this agency.

Significant Audit Findings

None.

Major Related Legislation

House Bill No. 1123 - Surplus lines insurance - Revises North Dakota law relating to surplus lines insurance to conform to the requirements of the United States Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA). The bill provides that the state collect premium taxes on multistate policies where North Dakota is the insured's home state.

House Bill No. 1125 - Compliance with federal law - Provides the Insurance Commissioner authority to administer and enforce the provisions of the federal Patient Protection and Affordable Care Act and of the Health Care and Education Reconciliation Act of 2010 to the extent that the provisions apply to the commissioner's jurisdiction.

House Bill No. 1126 - American health benefit exchange - Provides the Insurance Commissioner authority to plan for the implementation of a health insurance exchange that meets the requirements of the federal health care reform law and any future regulations. The bill provides a federal funds appropriation of \$1 million from the federal funds available under the federal Patient Protection and Affordable Care Act of 2010 as amended by the Health Care and Education Reconciliation Act of 2010. The bill includes an emergency clause.

House Bill No. 1127 - Health carrier external appeals and internal claims and appeals procedures - Updates language in the North Dakota Century Code to ensure that the state's appeals process meets the requirements of 2010 federal legislation.

House Bill No. 1418 - Standards for audits of pharmacy records - Provides standards that insurers must abide by when auditing claims from pharmacies. The bill provides that the Insurance Commissioner is responsible for enforcing these standards.

Senate Bill No. 2064 - Boiler and other inspections - Increases the cap and fees collected by the department for boiler and other inspections, the annual fee for a reciprocal commission and welder-qualified card, and the fee hobby boiler operating examination and license.

Senate Bill No. 2309 - Federal health care reform law - States that the Legislative Assembly declares the federal laws known as the federal Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 are not authorized by the United States Constitution and violate its true meaning and intent as given by the founders and ratifiers. The bill states that the Legislative Assembly shall consider enacting any measure necessary to prevent the enforcement of these acts within the state.

Senate Bill No. 2347 - Petroleum release compensation fund - Requires tank owners or operators participating in the petroleum release compensation fund to pay a \$25 per month late fee for each tank if the registration fee is not paid within 60 days of July 1.

ATTACH:1