

2019 SENATE APPROPRIATIONS

SB 2010

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
1/8/2019
Job # 30509

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning/Marne Johnson/Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner

Minutes:

Testimony Attached # 1 - 10

Legislative Council: Alex Cronquist
OMB: Larry Martin

Chairman Holmberg: Called to order the hearing on SB 2022.

Tomorrow at 1:30PM – budget forecasting with Joint Appropriations. Sub-committee on insurance: Senator Oehlke, Senator Erbele, and Senator Grabinger.

Jon Godfread, Commissioner, North Dakota Insurance Department:

Testimony Attached # 1 - Senate Bill No. 2010 and department overview

Testimony Attached # 2 – Proposed Amendments to Senate Bill No. 2010

Testimony Attached # 3 – North Dakota Premium Tax Distribution to Fire Departments and the Difference from Actual Collection and NDFA Payment.

(3:00) Reading from attachment 1 – starting page 2.

(9:30) These proposed changes have been vetted with every stake holder we could think of, and discussed with our staff. Reading from attachment 1, page 4, which are the proposed changes –

- 1) Moving the Petroleum Tank Release Compensation Fund to the Department of Environmental Quality (DEQ)
- 2) Moving the Boiler and Pressure Vessel Inspectors to DEQ

(16:21) Chairman Holmberg: This is one of the things the subcommittee needs to be aware. The DEQ is HB 1024, what you have given us is a policy decision. Are you sharing this particular issue with the House Appropriation?

Mr. Godfread: Yes. We'll talk to everyone who will listen to us.

3) (Attachment #1, page 5) Moving administration of the Fire and Tornado and State Bonding Fund to the North Dakota Insurance Reserve Fund.

(21:15) Brennan Quintus, CEO, North Dakota Insurance Reserve Fund (NDIRF):
Testimony Attached # 4.

(23:47) Senator Grabinger: Can you briefly tell the difference between what you offer and what the Tornado Fund offers?

Brennan Quintus – Currently the Fire and Tornado Fund offers property coverage; building and contents coverage. They offer it to state agencies along with political subdivisions. The NDIRF offers liability coverage which would include your standard general liability coverage, along with professional coverage; directors and officer's coverage. We offer automobile coverage; and equipment coverage, but only to political subdivisions

Senator Grabinger: So you're offering the same thing that the Tornado and Fire Fund already offers.

Mr. Quintus: No, we don't offer the property coverage. We are precluded in the Century Code from offering those types. The amendment that would allow us to contract with the Insurance Department is included in there.

Chairman Holmberg: For those following green sheet, the last page shows the governor's recommendation. Going back to the 2nd page of the green sheets, section 6,7,8 – it tells the subcommittee that if we want to do that, you have to add that as an amendment to the bill. But the language for that bill is in the green sheets.

(26:10) Senator Mathern: What would be the rationale for contracting vs. direct transfer?

Mr. Godfread: The Fire and Tornado Fund and State Bonding Fund are constitutional funds. We're not able to turn the control of the funds over to a private entity. We'd be a final signatory on it, but contract with NDIRF for all the administrative function. We'd ultimately sign the checks. We treat NDIRF like another insurance related entity, we audit them. Outside of the constitutional language, we can't turn complete control of those funds over to a non-government entity.

Senator Mathern: Why not put it in constitution? You evidently decided not to, why?

Mr. Godfread: We're working with what we can do here. I wouldn't be opposed to putting that question onto the ballot. We're going through the legislative process.

(28:35) Blake Crosby, Executive Director, ND League of Cities: (No written testimony.) I am a board member of the North Dakota Insurance Reserve Fund. The idea of having the state fire and tornado being admin by the NDIRF was brought up at the annual conference last September, the members were very receptive and concerns had to do with levels of service. The state reserve and NDIRF have a lot of customers in common, when compared they wanted the NDIRF to handle the services. I would ask the subcommittee to understand that our city members are in favor of it.

(29:41) Terry Traynor, Executive Director, ND Association of Counties: (No written testimony.) I too am a board member of the NDIRF. Our county auditors are the ones who deal with coverage on both levels now and they've said it would make things a lot easier.

(30:00) Steve Becker, Executive Director of Professional Insurance Agents: We support the change. Right now our agents meet with these counties and cities; we can talk about everything but property. In order to do the best job possible, we need to know the whole picture. This will allow our agents to bring it into one package.

(31:14) Dana Schaar Jahner, Executive Director, ND Recreation & Parks Association: Written testimony submitted - attached # 5

(31:38) Senator Dever: This government self-insurance pool – they would have control of the insurance, but the control of the funds stays with the commissioner. Is that correct?

Mr. Godfreed: Yes. It would be a contract for services. The governing body of those fire, tornado, bonding funds. We're not able to remove authority to a non-governmental entity. We worked this through with the risk team/officers. The language satisfies the constitution and also achieves the goal.

Senator Dever: They will function as an insurance company. If there is a disaster. If it's not covered, then the liability falls on the state.

Mr. Godfreed: Yes, as the owner of the fund. Fund balance statutory floor is at \$12M, we are at over \$22M. Reinsurance that kicks in for any event over a million dollars. If we had an event that wouldn't be covered, I'd hate to see what that is. (34:06)

4) (Attachment #1 page 6) 100% Funding for Fire Districts

(39:00) Jason Catrambone, Fire Chief for the City of Williston: Testimony Attached # 6.

Bruce Schreiner, Fire Chief for the City of Garrison: Written testimony submitted # 7.

Joel Boespflug, Fire Chief for the City of Bismarck: Written testimony submitted # 8.

(42:48) Senator Robinson: Many smaller rural areas running out of people and we are unable to retain those we have. Larger communities are asked to assume responsibility. Do you have anything with you or where are we with those issues?

Mr. Catrambone: We can get something for you.

Senator Robinson: There are horror stories of people calling the fire dept. and no one shows up, or having a truck quit on the way to the fire. We can't tolerate that.

(44:35) Senator Grabinger: How many of our volunteer fire departments are using this funding for Workforce Safety. With the WS, are we moving ahead, are we able to help with those on the scene?

Mr. Catrambone: Yes, we will try to put something together on that.

(45:37) Shawn Weltikol, Fire Chief of the Devils Lake Rural Fire Department: Testimony Attached # 9.

(47:32) Robert Knuth, Training Director, North Dakota Firefighter's Association: Testimony Attached # 10.

(50:55) Mr. Knuth: explained the FEMA SAFER Grant – 4-year grant, in one year we had 250 new volunteers. Over the next few approx. 400-500 new fire fighters state wide. We can get the exact up to date figures that have been reported for that grant.

(52:18) Senator Robinson: It's an area that we are still challenged with recruitment and retention?

Mr. Knuth: Yes, that is one of the major issues face the North Dakota Fire Department.

(52:56) Darren Schimke, President of Professional Firefighters of North Dakota (PFFND): (No written testimony) Totally support this proposed change.

(53:30) Blake Crosby, Exec. Dir. League of Cities: (No written testimony.) I stand in favor of this bill and amendments. No cities should have to have bake sales to support their own safety and fire departments. Fire enforcement is critical for everybody.

(54:51) Mr. Godfread – (continuing.)
We're one tragedy aware from solving this problem.

Chairman Holmberg: With what is in the budget currently, the general fund is receiving about \$3M funds annually (\$6M biennially).

(57:09) Senator Poolman: Were these dollars not allocated or given to other agencies with similar missions? Or did we just dump these into the general fund?

Chairman Holmberg: General fund.

Mr. Catrambone: Finishing with 'Conclusion'- Attachment #1 page 7.

(59:12) Chairman Holmberg: Did the Governor's budget had your agency fully funded with the 4 and 2?

Mr. Godfread: We had a hard time deciphering that. Take into account the 4 and 2, didn't follow the executive budget.

Chairman Holmberg: The subcommittee can look at that. Anyone from the public have anything to say?

Closed the hearing on SB 2010.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
1/22/2019
Job # 31232

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning / Marne Johnson
--

Explanation or reason for introduction of bill/resolution:

A bill to provide an appropriation for defraying the expenses of the insurance commissioner; relating to North Dakota reserve fund use of producers; relating to the state fire and tornado fund, the state bonding fund, fees chargeable by the insurance commissioner, the salary of the insurance commissioner, insurance rebates, and government self-insurance pools; to provide for a legislative management study; to provide a statement of legislative intent; to provide for a report; to provide a continuing appropriation; to provide for a penalty; and to declare an emergency.

Minutes:

No Attachments

Legislative Council: Alex Cronquist
OMB: Larry Martin

The Senate Appropriations Committee met to discuss the agency bills and others that have been presented thus far and wanted to get input from the whole committee on what should be the focus of each sub-committee.

Chairman Holmberg said that we're not going thru salaries at this time.

SB 2001 – Governor (sub-committee: Hogue, Lee, Mathern)

- The 10% movement of moving money between line items. Have a standard response for them.
- Discuss the governor's salary - this reduces salary just short of \$200,000 & what happens to the rest of it. They took their 5% cut. (Language needs to be revisited)
- Council said by putting it in a line item, then it couldn't get spent in other areas.
- Transfer language - limited it to 10% before going to emergency commission

SB 2002 – Secretary of State (sub-committee: Hogue, Oehlke, Grabinger)

- Voting equipment – replacing voting machines (matching requirement by state)
- Emergency clause should be there.
- 10% line item transfers

SB 2003 – Attorney General (sub-committee: Sorvaag, Bekkedahl, Mathern)

- Litigation authority
- Amount of money for Litigation
- Joining in with other states suing the federal government
- New line in OMB to tap into litigation pool
- Human trafficking grants added to AG bill

SB 2004 – State Auditor (sub-committee: Oehlke, Dever, Mathern)

- Looking at number of FTE requests
- FTEs between University system and Auditor's office
- ITD FTEs.

SB 2005 – State Treasurer (sub-committee: Bekkedahl, Dever, Robinson)

- Investments of the Veterans Post War Trust Fund (low interest)
- Treasurer's salary

SB 2006 – Tax Commissioner (sub-committee: Wanzek, Bekkedahl, Mathern)

- Discovery of compliance of businesses with no physical sales tax.
- Concern about staffing – many retirees and loss of senior staff.
- Authority for line item transfers between the Homestead Tax Credit and Disabled Veteran's Credit programs.
- Litigation funds – or funds in litigation pool.

SB 2007 – Labor & Human Rights (sub-committee: Poolman, Sorvaag, Robinson)

- Salary of Commissioner as she will be in charge of Dept of Labor and Human Rights as well as the Dept. of Commerce.

SB 2008 – Public Service Commissioner (sub-committee: Lee, Wanzek, Grabinger)

- Wanting additional staff for indemnity issues
- Additional staff
- \$100,000 increase in budget

JOB # 31232 -

SB 2009 – Agriculture Commissioner (sub-committee: Wanzek, Erbele, Grabinger)

- Want to move APUC and Trade Office to his office.
- 2 less FTEs
- Ag bio-science program – an appropriation bill. Should it be added to the budget or let it a stand-alone bill.

SB 2010 – Insurance Commissioner (sub-committee: Oehlke, Erbele, Grabinger)

- Moving the Fire & Tornado fund over to the ND Insurance Reserve Fund
- Boiler inspection program
- Fire Departments & Sheriff's tax on insurance

SB 2011 – Securities Commission (sub-committee: Krebsbach)

- Money for a FINTECH position
- Section 3 appropriation of any income from federal funds (14:17)

Larry Martin: Like the transfer language, we added a lot of the language to spend additional federal or other funds to the cabinet agencies. Again, some of them receive money from outside sources, so we wanted them to have the ability to pay out. Job Service has similar language currently because they do get additional federal money so they have to be able to spend it out. We added that language to all the cabinet bills.

SB 2012 – Human Services (sub-committee: Dever, Erbele, Mathern)

- Provider rates. Governor 1-1. They want 3-3-3.
- Medicaid – reauthorization of the expansion. Do we reimburse?
- Behavioral Health
- State Hospital – support the move from New England for the women? Justification for the state hospital – a study?
- Policy and how its structured – for whole department. \$182M
- Nursing Homes
- Study the 36 Critical Access Hospitals - Commercial rates vs. traditional rates
- Study resolution of medical care in the future for the state
- 1915(i) needs support.
- Commercial vs. traditional rates

SB 2013 – Public Instruction; Library, Blind & Deaf (sub-committee: Holmberg, Poolman, Robinson)

- Will have some meetings but need to wait for Education Committee to complete policy. Governor's school information is confusing.
- 1 FTE reinstated.
- Adult education.
- FTEs at school at Devils' Lake
- Governor moved pre-school money from Commerce to DPI (where is the money?)
- Transportation grants

SB 2014 – Protection & Advocacy (sub-committee: Sorvaag, Krebsbach, Grabinger)

- Adding of one employee
- Additional operating expenses

- Transferring guardianship programs to P & A.

SB 2015 – Office of Management & Budget (sub-committee: Holmberg, Bekkedahl, Robinson)

- Transferring money – \$1B of oil revenue to general funds.
If we put \$1B in and oil prices go down and we have less money in the general fund, we might have a risk with allotments.
Do we want to expose ourselves more in the general fund by putting \$1B in the general fund from direct oil revenue?
- Fees or dues for several organizations. Last session we reduced dues by 10%.
- WICHE (Western Interstate Commission for Higher Ed) dues were in OMB and Commission was placed under Higher Ed. Did the \$15,000 get transferred?

SB 2016 – Office of Adjutant General (sub-committee: Hogue, Holmberg, Grabinger)

- Land Acquisition - Proposed 6,000 acres of land in south Camp Grafton. Want to ask the adjutant, you have \$15M set aside to acquire 6000 continuous acres and will not exercise the power of eminent domain. How much will they pay an acre?
How did they come up with \$15M?
- \$15M set aside to gain land - long term leases. Be wary of setting precedent for cost/acre.
- Locals are not on board?

SB 2017 – Game & Fish (sub-committee: Oehlke, Wanzek, Grabinger)

- Section 5 on green sheet – additional amounts appropriated to Game & Fish Dept. There is appropriated additional income from the feds from other funds to that agency. Would the federal funds go to their agency first?
- If they're receiving monies from federal, they can spend them out.
- Section 6 - Require them to hang onto \$15M unless we have a budget section meeting and have an exception for some emergency. They have to invest it and its not making money where its being invested. They'd like it to be invested by the state investment board.
- Sportsman's clubs – raise the fishing licenses; boat tax/gas tax.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
1/23/2019
Job # 31315

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature Rose Laning / Florence Mayer
--

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

--

Legislative Council: Alex Cronquist
OMB: Larry Martin

Chairman Oehlke: Called the committee to order on SB 2010. Committee members Senator Erbele and Senator Grabinger were also present.

Senator Oehlke: How are things going with Environmental Quality?

Jon Godfread, Commissioner, North Dakota Insurance Department:

Meeting with them this afternoon. We're meeting with Dave Glatt. The Petro Tank is even in the budget on the house side. The boiler inspectors are what we'll talk about today. Hopeful to bring that to you next time we meet.

Senator Oehlke: The state fire and tornado fund effort is moving along?

Jon Godfread: Yes, the last real hurdle is the approval. Unless there's something we've missed, I've only received positive feedback. The cities, the parks, the schools, counties all presented at the budget meeting. As long as you all feel it's an appropriate move.

Senator Oehlke: One of the other things with your department, are you happy with the world wide web program?

Jon Godfread: We still have IT in house. Some of our programs are very specific to insurance licensure and registration. In the past, we've had an IT person to help manage those state based systems. The other IT function we run wouldn't be able to be turned over to the state – on the licensure side. I don't believe we're impacted like that.

Senator Oehlke: The money from Microsoft, that's relative to that program? The governor's office added \$24,000 for money for...?

Jon Godfread: That's part of the movement to the new Office365, we're fine with that.

Senator Oehlke: Those two systems are totally separate? That was confirmed. We want to discuss fire districts and dollars for them. The amendment included dividing that up, 94.5% to fire department and districts. 5.5% to the firefighter's association. How did that shake out last time?

Jon Godfread: The agreement between fire fighters and fire association has been that exact number. Whatever was appropriated in past was split. The firefighter's associations support all the training and rest going to fire districts.

Senator Oehlke: The numbers I see in the budget, would but \$15M towards the fire departments and \$951,000 to firefighters Association? That was confirmed. Is that the entire budget of the firefighter's association?

Robert Knuth, Training Director, North Dakota Firefighter's Association: The fire fighter's association budget is primarily what we receive through the state. We do apply for federal and local grants, for specific types of training or equipment. Outside of those grants, this is the entire budget.

Senator Oehlke: Do the departments get a fee charged to them for being a member?

Robert Knuth: \$100 per department, that gets all the training. Also includes certifications for firefighter 1 or 2, whatever level they're looking for. We do charge a nominal registration fee. This past December we had a rescue school in Minot. It's primarily automobile extraction, heavy rescue, trench rescue. We charged \$50 a student for that, which didn't come close to the full cost.

Senator Oehlke: That was per student in addition to what the department was charged? That was confirmed.

So the 951,000 you'd get from the state goes for salaries, operations, etc.? Other than the trainings.

That was confirmed.

(7:49) Senator Grabinger: When we first heard about the state fire check, we talked about making sure all volunteer firefighters are covered by Work Force Safety. They told us they were already covered. Do you have number of how many are covered by them? Self-employed farmers are not paying in, but would be covered with health. Do you have those numbers?

Robert Knuth: I do not, we don't keep those records.

Senator Grabinger: As a former fire fighter myself, not having that coverage for 16 years, I think we need to look at a way to see that all firefighters are covered. It's hard enough to have volunteer firefighters. The requirements to pass are more and more taxing. In that sense, we should do that.

He agreed.

Senator Oehlke: It's a large workload for your department. It's not easy for workforce safety either.

Robert Knuth: Seems to be a complicated solution to an outwardly simple problem. The business we have with WSI is hard. Who is going to pay for it? And how do you determine rates for all volunteer firefighters.

Senator Oehlke: Right, they might be employed in hazardous situations. Others are self-employed. I don't know that we'd be able to convince the legislature that the Agriculture industry and independent contractors to do that. We could recommend it. But they don't understand the risk. You could do a nice program on that and explain the problem and how to solve it. Until those entities want to buy the coverage, it's going to be a problem.

(12:25) Joel Bloespflug, North Dakota Fire Chief's Association: We had 5 years of an effort to try to get benefits for the volunteer fire fighters. Headed out of Devils Lake. They did a good job. Circled back to ensuring fire departments know what WSI does cover. If I understand Chief Moe, that coverage would be similar to MDU person. They have used money, sometimes premium tax money, to help fund that gap insurance.

Senator Grabinger: That's exactly what they do in Jamestown. Using some of the premium tax money to pay their insurance.

Joel Bloespflug: We have a fire chief's conference in February with 150 fire chiefs. That is a great platform for this issue.

Senator Oehlke: I was curious about the bonding fund. Is there a dollar amount that is in the bonding fund? You can employ assistance or contract for the services using money for the reserve fund of the state bonding fund. What would be the reserve of the state bonding fund?

Jon Godfreed: State bonding fund reserve is \$358,240. The minimum requirement is \$2M.

Senator Oehlke: What might you be using that money for?

Jon Godfreed: Offset the operations of the Special funds division, which houses the operations of the fire and tornado fund and the state bonding fund. We can't use those dollars for the salary side, so it's been used to help offset that division.

(16:00) Senator Oehlke: Can it be used for the working agreement with you and the insurance reserve fund?

Jon Godfreed: No, we would need that affirmative language to be able to contract for service.

Senator Oehlke: Is that some of the money used for Tank Fund?

Jon Godfreed: That's separate fund. The Petroleum Tank Fund is at about \$5.5M, it's a \$6M minimum. They're sitting on a \$400,000 deficit. When that happens the fees go up until the reserve is met.

Senator Oehlke: We haven't brought up wages and salaries. We haven't agreed or even voted on that yet.

Jon Godfreed: There's a lot of moving parts, we understand that. We've been working on this idea since mid-May.

Senator Grabinger: The cutting back of the FTEs, where do you want to go with that? What would you like best?

Jon Godfreed: The amendment we submitted cuts 5 from the division. There's 8 total. We're down 5. Three would be eliminated through the DEQ move. Down 8 if you add the boilers in as a transferred to the EQ. We're asking 3 back of the original 8.

Senator Oehlke: Have you heard any more discussion on the shares for the fire departments and the association?

Jon Godfreed: We've had discussions in the House. They are aware of what we're asking for. If our consumers are being double hit if not triple, they're paying for it on their premiums, then property taxes and then donating during a benefit. There's a portion of those dollars getting swept into the general fund. There's no solid reason to why the money was swept over into the general fund. Our consumers are paying for it, then through the appropriations committee a portion is getting carved out. Without knowing to the consumers. But we're working with fire chiefs and ISO rating. Sitting down and how do we address the Class IX fire station in our state. If you move some that's a significant savings in home owners premium. We can use these dollars. If I can reduce my homeowners by 30%, everyone should be happy. I think we've got a much better idea of the fight.

Senator Oehlke: Occasionally someone will say "do I pay tax on this premium?", well yeah you do. "What's that for?", you tell them the firemen and they are fine with it. When they know it's going to the people that fight fires.

Jon Godfreed: I'm also a consumer and it's frustrating for me to see that. Only a portion of what I pay is actually going to the firemen. We're afraid of what they'll do with it. That's a tough argument. There is not a lack of a need. We're trying to recruit our firemen, if you don't have functioning equipment, it's hard to get people.

Senator Oehlke: We'll be interested to see what you find out from DEQ and have another meeting after that.

Closed the subcommittee on SB 2010.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
2/7/2019
Job #32369 (18:17)

☒ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning/ Meghan Pegel
--

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

1 Attachment

Legislative Council: **Alex Cronquist**
OMB: **Larry Martin**

Senator Oehlke called the sub-committee to order on SB 2010. **Senator Erbele** and **Senator Grabinger** are also present.

Alex Cronquist handed out the Base Level Funding Changes (see attachment #1)

Senator Oehlke: Last time we met, you were still working on an agreement with the quality control on boiler inspectors. Please update us.

Jeff Ubben, Deputy Commissioner, North Dakota State Insurance Dept.

Ubben: We've talked with the DEQ and they've agreed to take on the boiler inspectors. The amendments for the FTE and expenses have been offered to the House Appropriations subcommittee that is hearing the DEQ budget bill. The governor's office also supports the transfer of the boiler inspectors to the DEQ. That issue has been resolved by the executive agencies that are affected.

Senator Oehlke: Please speak about the insurance reserve fund.

Ubben: We've been working with the NDRIF on a potential move of the state bonding fund and state fire and tornado fund since last spring; it's been about a 9-month process and we've been in close contact to try to iron out any bumps along the road that could come from this transfer. We both feel we're in a good place to have this transfer to NDRIF effective with the new biennium and have all of the changes and resources necessary to proceed so long as the original amendments we offered are adopted. The amendments would allow us to work with NDRIF to manage those two funds and it would also address the boiler inspectors moving to DEQ and the Petro tank program moving to DEQ as well. It's my understanding

that the long sheet doesn't have any of the amendments that we've proposed present in it to this time **(see attachment #1)**

Senator Oehlke: The first one under section 2, the amendment that you proposed shows 5.5% going to the Firefighters Association. If I add up the two numbers that are in section 2 there and take it times 5.5%, it doesn't come out to \$951,000. It comes out to \$828,000. I want to make sure we're talking about 5.5% of the tax.

Cronquist: The sections under the executive budget recommendation are the governor's recommendations.

Martin: I believe if you add those two numbers together and then take 5% of that total, that's where you'd come up with the amount for the association; it still works out to the same percentages as it has in the past.

Senator Oehlke: Total comes to \$15,064,086 times 5.5 is \$828,524.

Martin: That number came in the insurance department's request initially. We funded it back to the base level to where it is currently, so I'm assuming those are the current numbers. Those are the numbers in the current bill, so we funded it as it is currently. We kept those same numbers in the language.

Senator Oehlke: Is it 5.5% in current code?

Kadrmass: Correct.

Rob Knuth, ND Firefighters Association:

Knuth: I believe the issue is the 961 if it were 100% funded.

Senator Grabinger: We're taking the 5% out of the 100% funding, but the numbers here are not 100%.

Senator Oehlke: When we do the amendment, please make sure it's the 5.5%.

Cronquist: If your intent is to accept the insurance department's proposed amendment, the numbers will come out other than the percentages and it will be a continuing appropriation. You won't specifically see any total amounts on the bill anymore.

Senator Grabinger: Do you have the 100% number of that fund?

(9:15) Cronquist: It appears it's about \$18.8M.

Senator Oehlke: It's going to be off the other way then, but that's okay. As long as we have the correct percentages in the amendment, we'll be in good shape. We have the unsatisfied judgement fund covered under section 4. Do we need to make any change to that?

Ubben: No, we think that one's fine. I do have one question regarding the back of the long sheet. It talks about how section 3 would fund from the fire and tornado fund to admin expenses to pay boiler inspection program expenses. I think that would be removed if the insurance department's proposed amendments are accepted. Now that we have agreement from the DEQ to take the boiler inspection program, hopefully that can move forward.

Senator Oehlke: The main question we had was concern relative to those agreements with other parties to provide those services. It appears that if we do that amendment, the only other things that would need to be addressed are what are already addressed in the long sheet relative to salaries, the 2 and the 3% and the line item retirement contribution increase would not carry over. It may be there eventually, but at this point appropriations have not agreed to that item. We have agreed to the 2 and 3 and the health insurance. Your amendment should cover everything else.

Senator Grabinger: If we move the boiler inspection program over, do we need to somewhere put in these expenses to cover that? Will we do that in a different bill or here?

Ubben: I proposed that amendment to the House Appropriations committee as part of the amendment to the DEQ budget. They have that amendment sitting before them, but have not acted on it. However, I have not received any negative feedback from the House about taking that money from our budget and putting that into the DEQ budget.

Senator Grabinger: I'll leave it to the chair if we should include something or not.

Senator Oehlke: If that doesn't work out for some reason, we can deal with it in conference committee. can work it out in conference committee.

Cronquist: Your desire is to go with their amendment except for the health and the salary adjustments?

Senator Oehlke: Correct.

Senator Grabinger: and we're removing section three on the back.

Cronquist: In the base budget bill, there's a section for the bonding fund and a section for the fire and tornado fund. We will remove both of those as part of the amendments as they won't have any specific appropriation coming from those anymore.

Ubben: That should take care of it.

Senator Grabinger: moved the amendments as proposed and discussed
Senator Erbele: seconded

Senator Oehlke: The bill moves forward with the amendment proposed by the insurance department and also including the changes on the base payroll, salary and health insurance; not to include anything for the retirement contribution increase.

Cronquist: House Appropriation has requested an amendment for HB 1024, the DEQ budget, to put in boiler inspection language. Do you want it in this bill as well so it's in both or leave it over there?

Ubben: That language is contained in the amendment that the committee has before it in the SB 2010 amendments that I proposed in January. We've also presented it to the House Appropriations for HB 1024. They have the same language before it for the boilers. It would be in both bills to my understanding.

Senator Oehlke: Would you recommend it be in both?

Cronquist: Ultimately it only needs to be in once; however, it depends on your faith in what the House Appropriations is going to do with it.

Senator Oehlke: Let's include it.

A Roll Call Vote was Taken: 3 yeas, 0 nays, 0 absent. Amendments are adopted.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
2/12/2019
SB 32575

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Amendment 19.0223.01001

Legislative Council: Brady Larson
OMB: Stephanie Gullickson

Senator Oehlke: moved amendment 19.0223.01001.

Senator Krebsbach: Seconded the motion.

Voice vote carried.

Senator Oehlke: explained the amendment.

Senator Oehlke: Moved Do Pass as Amended on SB 2010.

Senator Grabinger: Seconded the motion.

A Roll Call Vote was taken: Yes: 14 No: 0 Absent: 0.

Motion carried.

Senator Oehlke will carry the bill.

SLC
18/12

PROPOSED AMENDMENTS TO SENATE BILL NO. 2010

Page 1, line 2, remove "and to provide an appropriation for the distribution of funds from the insurance"

Page 1, line 3, replace "tax distribution fund" with "to create and enact chapter 23.1-16 and section 26.1-22-03.1 of the North Dakota Century Code, relating to boiler inspections and North Dakota reserve fund use of producers; to amend and reenact sections 18-04-04, 18-04-04.1, and 18-04-05, subsection 2 of section 26.1-01-07, section 26.1-01-09, subsection 1 of section 26.1-03-17, and sections 26.1-21-03, 26.1-21-17, 26.1-22-03, and 26.1-23.1-01 of the North Dakota Century Code, relating to the state fire and tornado fund, the state bonding fund, fees chargeable by the insurance commissioner, the salary of the insurance commissioner, and government self-insurance pools; to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating to boiler inspections; to provide a penalty; to provide a continuing appropriation; and to provide a contingent effective date"

Page 1, replace lines 10 through 15 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	<u>2,179,777</u>	<u>(613,102)</u>	<u>1,566,675</u>
Total special funds	\$10,729,344	(\$1,028,194)	\$9,701,150
Full-time equivalent positions	46.00	(5.00)	41.00"

Page 1, remove lines 16 through 22

Page 2, remove lines 1 through 6

Page 2, replace lines 10 through 13 with:

"SECTION 3. AMENDMENT. Section 18-04-04 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance premium collections - Form furnished by insurance commissioner.

The insurance commissioner, ~~when at the time~~ the commissioner forwards to an insurance company ~~which that~~ is issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the form to be used in submitting ~~its the company's~~ annual statement, shall forward a form containing the names of all cities and all rural fire protection districts or rural fire departments entitled to benefits under the provisions of this chapter. Every insurance company issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance within this state shall complete ~~such the~~ form by showing ~~thereon~~ the amount of all premiums received by ~~it the company~~ upon such policies issued on property within the corporate limits of each city shown on ~~such the~~ form and on property within the boundaries of each rural fire protection district shown on ~~such the~~ form or property within the boundaries of each rural fire department as certified by the

2812
state fire marshal during the year ending on the preceding thirty-first day of December and shall file the ~~same form~~ as a part of ~~its~~the company's annual statement.

SECTION 4. AMENDMENT. Section 18-04-04.1 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04.1. Insurance tax distribution fund.

The insurance tax distribution fund is a special fund in the state treasury. The portion of revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as provided in this chapter and chapter 23-46, ~~subject to legislative appropriation.~~

SECTION 5. AMENDMENT. Section 18-04-05 of the North Dakota Century Code is amended and reenacted as follows:

18-04-05. Amount due cities, rural fire protection districts, or rural fire departments - Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's association - Payments by insurance commissioner - Continuing appropriation.

1. The insurance commissioner shall disburse funds in the insurance tax distribution fund as provided under this section.
2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars per biennium, as may be necessary, to the firefighters death benefit fund for distribution under chapter 18-05.1.
3. The insurance commissioner shall compute and disburse funds to the North Dakota firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative appropriations.~~
4. The insurance commissioner shall compute and disburse the amounts due to the certified city fire departments, certified rural fire departments, or certified fire protection districts entitled to benefits under this chapter on or before December first of each year. ~~The insurance commissioner shall allocate one half of the biennial legislative appropriation for distribution under this subsection, to each eligible city not within a certified fire protection district, each certified rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in December of each year. The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance~~the lines of insurance identified under section 18-04-04 on property within the city of a certified city fire department, a certified rural fire protection district, or area served by ~~the~~a certified rural fire department to the total of those premiums for those policies in the state.
5. Annually, the insurance commissioner shall determine the amount of insurance premium taxes collected from the insurance lines identified in section 18-04-04. Of this amount, annually the commissioner shall disburse five and one-half percent to the North Dakota firefighter's association and ninety-four and one-half percent to certified city fire

departments, certified rural fire departments, and certified fire protection districts. Moneys authorized for disbursement under this section are appropriated from the insurance tax distribution fund to the insurance commissioner on a continuing basis for the purpose of this section.

SECTION 6. Chapter 23.1-16 of the North Dakota Century Code is created and enacted as follows:

23.1-16-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Boiler" means a closed vessel in which water is heated, steam is generated, steam is superheated, or any combination thereof, under pressure or vacuum for use externally to the boiler by the direct application of heat from the combustion of fuels, or from electricity or nuclear energy. The term includes fired units for vaporizing liquids other than water when these units are separate from processing systems and are complete within themselves.
2. "Department" means the department of environmental quality.

23.1-16-02. Chief boiler inspector, deputy inspectors - Appointment - Jurisdiction.

The department shall employ a chief boiler inspector and deputy inspectors. The chief boiler inspector has jurisdiction over all boilers in this state except as otherwise provided.

23.1-16-03. Qualifications of chief boiler inspector - Deputy inspectors.

1. An individual is not eligible to the office of chief boiler inspector unless that individual:
 - a. Has had at the time of the appointment at least five years' experience in the construction, inspection, operation, maintenance, or repair of high-pressure boilers and pressure vessels as a mechanical engineer, boilermaker, steam operating engineer, or boiler inspector. An applicant possessing a mechanical engineering degree from an accredited school may substitute that degree for two years of the five years' experience, at the discretion of the department.
 - b. Holds a commission issued by the national board of boiler and pressure vessel inspectors or obtains the commission within one year after the date of appointment by the department.
 - c. Is not directly or indirectly interested in the manufacture or sale of boilers or steam machinery or articles used in the construction or maintenance of engines or boilers.
2. The department shall establish qualifications for a deputy inspector which are not inconsistent with the requirements of the position.

23.1-16-04. Powers and duties of chief boiler inspector.

1. The chief boiler inspector shall:

- a. Keep a complete record of the type, dimensions, maximum allowable working pressure, age, condition, location, and date of the last-recorded internal and external inspection of boilers to which this chapter applies.
 - b. Cooperate and assist in loss prevention programs sponsored by the department.
2. The chief boiler inspector may delegate powers and duties to any deputy inspector or special inspector.

23.1-16-05. General requirement.

Every boiler in this state must be constructed, installed, and maintained according to rules adopted to implement this chapter.

23.1-16-06. Exempt boilers - Inspection of exempt boilers.

This chapter does not apply to:

- 1. Any boiler subject to federal inspection or under federal control.
- 2. Any boiler located on a farm and used solely for agricultural purposes.
- 3. Any heating boiler located in a private residence or in an apartment house of less than six family units.
- 4. Any hot water supply boiler not exceeding the following limitations:
 - a. Input of two hundred thousand British thermal units per hour.
 - b. Pressure of one hundred sixty pounds per square inch [1103.16 kilopascals] gauge.
 - c. Temperature of two hundred fifty degrees Fahrenheit [121.11 degrees Celsius].
- 5. Any portable steam cleaner commonly used in a garage.
- 6. Any boiler of a miniature model locomotive, boat, tractor, or stationary engine design constructed as a hobby, not for commercial use, having an inside diameter not exceeding ten inches [25.4 centimeters] and a grate area not exceeding one and one-half square feet [1393.54 square centimeters] and which is properly equipped with a safety valve, water level indicator, and pressure gauge.
- 7. Any electric boiler used as an integral part of an espresso coffee machine, provided that the boiler does not exceed one and one-half cubic feet [.0566 cubic meter] in water capacity, does not exceed fifty pounds per square inch [344.74 kilopascals] pressure, and is constructed, approved, or certified to the American society of mechanical engineers code or to other national or international standards.

23.1-16-07. Inspection of boilers.

1. The chief boiler inspector shall inspect each boiler used or proposed to be used within this state. The inspection must be thorough as to the construction, installation, condition, and operation as provided by the rules adopted to implement this chapter. An exempt boiler may be inspected by the chief boiler inspector when the owner, the owner's agent, or the user of the boiler makes written request for inspection to the department.
2. Each boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity, used or proposed to be used within this state, which has internal continuous water treatment under the direct supervision of a graduate engineer or chemist, or one having equivalent experience in the treatment of boiler water when the water treatment is for the purpose of controlling and limiting serious corrosion and other deteriorating factors, and with respect to which boiler the chief boiler inspector has determined the owner or user has complied with the prescribed recordkeeping requirements, must be inspected at least once every thirty-six months internally while not under pressure, and at least once every twelve months externally while under pressure. If a hydrostatic test is necessary to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of the chief boiler inspector. The owner or user of a boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity desiring to qualify for thirty-six-month internal inspection intervals shall keep available for examination by the chief boiler inspector accurate records showing the date and actual time the boiler is out of service and the reason or reasons therefor, and the results of the chemical and physical analysis of the boiler water, whether from laboratory analysis of samples taken at regular intervals of not more than forty-eight hours or from continuous online analysers, which will adequately show the condition of the water and any other elements or characteristics of the water capable of producing corrosion or other deterioration of the boiler or its parts. If an inspection discloses deficiencies in equipment or in operating procedures, inspections may be required once every twelve months.

23.1-16-08. Special inspector.

1. Upon written request of an employer, the department may appoint as a special inspector an inspector in the employ of:
 - a. An insurance company authorized to insure boilers in this state against loss from explosion;
 - b. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited owner/user inspection organization; or
 - c. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited authorized inspection agency.
2. An individual may not be appointed as a special inspector unless that individual has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.

3. An inspection performed by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the department in the time, manner, and form as prescribed by the department.
4. If a complete report is not filed by the special inspector's employer with the department within ninety days from the certificate due date, the chief boiler inspector may make the required inspection, unless an extension of time is granted by the chief boiler inspector. The special inspector's employer must pay the inspection fees as required by section 23.1-16-09 for a special inspection.
5. The chief boiler inspector may inspect any boiler to which a special inspection applies.
6. The department may, for cause, suspend or revoke the appointment of any special inspector.

23.1-16-09. Inspection and certificate fees.

1. Upon completion of inspection, the owner or user of a boiler shall pay to the department fees or a combination of inspection and certificate fees. The department shall determine the inspection fees. Certificate fees are determined by section 23.1-16-10. The department shall determine and annually may adjust a fee scale for the internal inspections of power boilers, internal inspections of low-pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.
2. Not more than two hundred dollars may be charged or collected for any one inspection of a boiler, except for special inspections made upon request. All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed five hundred dollars per day or three hundred dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the department.
3. The annual fee for the issuance of a reciprocal commission card for a special inspector is forty dollars and the annual fee for the issuance of a welder-qualified card is twenty dollars.
4. The fee for taking an examination for a hobby boiler operating license is twenty-five dollars and the fee for a hobby boiler operating license is twenty-five dollars.
5. A hobby boiler operating license issued under this section is valid for six years.

23.1-16-10. Certificate of inspection - Certificate to be posted.

The department shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The department shall charge a fee of twenty dollars per year for each year

that a certificate is valid, or part of a year thereof, for each certificate of inspection issued as the result of inspections authorized under sections 23.1-16-07 and 23.1-16-08. The fees are the liability of the owner or user and must be paid in accordance with rules adopted by the department. A certificate may not be issued for any boiler not in a safe condition to be operated or for a boiler for which the inspection and certificate fees have not been paid in full. A certificate is not valid for a period of more than thirty-six months for power boilers described in subsection 2 of section 23.1-16-07, and no more than twelve months for other power boilers, twelve months for steam traction engines, and thirty-six months for low-pressure boilers except that a two-month grace period may be extended for any certificate. Upon written request from a special inspector, the chief boiler inspector may issue a short-term certificate. Each certificate of inspection must be posted conspicuously under glass in the boiler room or adjacent to the boiler inspected.

23.1-16-11. Certificate of inspection required - Penalty.

A person may not operate a boiler in this state without a valid certificate of inspection. A violation of this section is a class A misdemeanor on the part of the owner, user, or operator of the boiler.

23.1-16-12. Manufacturer's data report.

The boiler manufacturer shall provide the department with a manufacturer's data report. When signed by an authorized inspector, this data sheet together with the stamp on the boiler is the record denoting the boiler has been constructed in accordance with the rules adopted to implement this chapter.

23.1-16-13. Disposition of funds.

All funds collected and received under this chapter must be paid to the state treasurer and deposited in the state fire and tornado fund to be used to defray the costs of boiler inspections.

23.1-16-14. Rules - Penalty for violation - Hearing.

1. The department shall adopt rules for the safe and proper installation, use, operation, and inspection of boilers and pressure vessels subject to this chapter.
2. The department shall adopt rules for the licensing of operators of hobby boilers used during parades, exhibitions, and threshing shows where the public is invited.
3. A fee must be charged for an operating license, for a license renewal, and for an examination conducted to determine minimum competence. Individuals operating hobby boilers within this state as of July 1, 2007, are considered acceptable for a license without additional training or examination. An individual who is not a resident of this state and who holds a boiler operator license or credential in another state or Canadian province is exempt from licensure as a hobby boiler operator in this state.
4. The department may not issue a certificate of inspection to any owner or user of a boiler who fails or refuses to comply with the rules. The department shall revoke any certificate presently in force upon evidence

that the owner or user of the boiler is failing or refusing to comply with the rules.

5. Any owner or user of a boiler may request a hearing before the department within fifteen days from service of an order refusing or revoking a certificate of inspection. It is the burden of the owner or user to show cause why the certificate of inspection should not be refused or revoked. If no hearing is requested within the required period, the order of the department becomes final and is not subject to further proceedings.

SECTION 7. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and h of subsection 1.

SECTION 8. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is ~~one hundred two thousand six hundred eighty-nine dollars through June 30, 2016~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred five thousand seven hundred seventyone hundred eleven thousand one hundred twenty-two dollars thereafter.

SECTION 9. AMENDMENT. Subsection 1 of section 26.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

1. Before issuing the annual certificate required by law, the commissioner shall collect from every stock and mutual insurance company, nonprofit health service corporation, health maintenance organization, and prepaid legal service organization, except fraternal benefit and benevolent societies, doing business in this state, a tax on the gross amount of premiums, assessments, membership fees, subscriber fees, policy fees, service fees collected by any third-party administrator providing administrative services to a group that is self-insured for health care benefits, and finance and service charges received in this state during the preceding calendar year, at the rate of two percent with respect to life insurance, one and three-fourths percent with respect to accident and health insurance, and one and three-fourths percent with respect to all other lines of insurance. This tax does not apply to considerations for annuities. The total tax is payable on or before March first following the year for which the tax is assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on the next succeeding business day. Collections from this tax must be deposited in the insurance tax distribution fund under section 18-04-04.1 but not in an amount exceeding the amount computed under section 18-04-05 and one-half of the biennial amount appropriated for distribution under section 18-04-05 and chapter 23-46 in any fiscal year. Collections from this tax exceeding the sum of the amount

9562

deposited in the insurance tax distribution fund must be deposited in the general fund in the state treasury.

SECTION 10. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ or contract for assistants - Continuing appropriation.

The commissioner may employ assistants or contract for the services of assistants from the North Dakota insurance reserve fund as may be necessary to operate the state bonding fund. ~~The salaries of all employees together with all other expenditures for the operation of the fund must remain within the appropriations made by the legislative assembly for these purposes and must be paid by warrant check drawn on the state treasury prepared by the office of management and budget after the approval of expense vouchers by the office of the budget.~~ Moneys in the reserve fund of the state bonding fund are appropriated to the commissioner on a continuing basis for the purpose of employing or contracting for services as provided under this section.

SECTION 11. AMENDMENT. Section 26.1-21-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-17. Allowed liability claims payable from fund - Administrative expenses - Methods of payment.

A claim allowed against the fund must be paid upon warrants drawn upon the state treasurer against the fund. The warrant must be prepared by the office of management and budget pursuant to the directions of the commissioner. Payments for administrative expenses of the state bonding fund must be made from the reserve fund of the state bonding fund or must be made within the limitations of legislative appropriations upon warrant-checks prepared by the office of management and budget after the approval of vouchers by the commissioner.

SECTION 12. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund - Continuing appropriation.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for services of assistants from the North Dakota insurance reserve fund and may incur necessary expenses. All expenditures made for these purposes, other than services contracted and paid for by moneys from the fund and any necessary expenses paid from moneys from the reserve balance within the fund, must remain within the limits of legislative appropriations and must be paid out of the fund upon warrants prepared by the office of management and budget drawn upon the state treasurer after the approval of vouchers by the office of the budget. Moneys from the reserve balance within the fund are appropriated to the commissioner on a continuing basis for the purposes of this section.

SECTION 13. Section 26.1-22-03.1 of the North Dakota Century Code is created and enacted as follows:

26.1-22-03.1. North Dakota insurance reserve fund - Producers - Commission.

The North Dakota insurance reserve fund may use the services of producers licensed under this title to assist policyholders. Any commission paid to a producer under this section must be paid out of the premium income of the fund and must be assessed against the policyholders that benefit from the producer.

SECTION 14. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.

1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
 - a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters a contract with the commissioner to provide services for the state fire and tornado fund under section 26.1-22-03.
 - d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

SECTION 15. REPEAL. Chapter 26.1-22.1 of the North Dakota Century Code is repealed.

SECTION 16. CONTINGENT EFFECTIVE DATE. Sections 6 and 15 of this Act become effective on July 1, 2019, if the legislative council has received certification from the chief of the environmental health section of the state department of health that all authority, powers, and duties from the environmental health section of the state department of health have been transferred to the department of environmental quality.

If the certification is not received by July 1, 2019, sections 6 and 15 of this Act become effective on the date certification is received."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Insurance tax payments	15,064,086	(15,064,086)	
Total all funds	\$25,793,430	(\$16,092,280)	\$9,701,150
Less estimated income	25,793,430	(16,092,280)	9,701,150
General fund	\$0	\$0	\$0
FTE	46.00	(5.00)	41.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Fund Administration ⁴	Transfers the Boiler Inspection Program ⁵	Reduces Funding for Operating Expenses ⁶
Salaries and wages	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	
Operating expenses						(\$637,255)
Insurance tax payments						
Total all funds	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	(\$637,255)
Less estimated income	165,007	401,116	382,502	(610,352)	(753,365)	(637,255)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	(3.00)	(4.00)	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adjusts Funding for Fire District Payments ⁸	Total Senate Changes
Salaries and wages			(\$415,092)
Operating expenses	\$24,153		(613,102)
Insurance tax payments		(\$15,064,086)	(15,064,086)
Total all funds	\$24,153	(\$15,064,086)	(\$16,092,280)
Less estimated income	24,153	(15,064,086)	(16,092,280)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	(5.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

Other Funds	
Salary increase	\$218,170
Health insurance increase	182,946
Total	\$401,116

³ The following FTE positions and related funding are added:

12/8/12

	<u>FTE</u>	<u>Other Funds</u>
Consumer assistance outreach coordinator	1.00	\$179,711
High risk pool and health care reform coordinator	1.00	202,791
Total	2.00	\$382,502

⁴ Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

⁵ Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

⁶ Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

⁷ Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

⁸ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

Senate Bill No. 2010 - Other Changes - Senate Action

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
- Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
- Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.
- Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
- Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010**

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: **amendments proposed by the insurance department;
changes on salary and health insurance**

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Senator Grabinger Seconded By Senator Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Oehlke	X		Senator Grabinger	X	
Senator Erbele	X				

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

amendments proposed by the insurance department; changes on salary and health insurance

Date: 2-12-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.0223.01001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Oehlke Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote
Carried

Date: 2-12-19
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2010

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Oehlke Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Oehlke

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2010: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2010 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and to provide an appropriation for the distribution of funds from the insurance"

Page 1, line 3, replace "tax distribution fund" with "to create and enact chapter 23.1-16 and section 26.1-22-03.1 of the North Dakota Century Code, relating to boiler inspections and North Dakota reserve fund use of producers; to amend and reenact sections 18-04-04, 18-04-04.1, and 18-04-05, subsection 2 of section 26.1-01-07, section 26.1-01-09, subsection 1 of section 26.1-03-17, and sections 26.1-21-03, 26.1-21-17, 26.1-22-03, and 26.1-23.1-01 of the North Dakota Century Code, relating to the state fire and tornado fund, the state bonding fund, fees chargeable by the insurance commissioner, the salary of the insurance commissioner, and government self-insurance pools; to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating to boiler inspections; to provide a penalty; to provide a continuing appropriation; and to provide a contingent effective date"

Page 1, replace lines 10 through 15 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Total special funds	\$10,729,344	(\$1,028,194)	\$9,701,150
Full-time equivalent positions	46.00	(5.00)	41.00"

Page 1, remove lines 16 through 22

Page 2, remove lines 1 through 6

Page 2, replace lines 10 through 13 with:

"SECTION 3. AMENDMENT. Section 18-04-04 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance premium collections - Form furnished by insurance commissioner.

The insurance commissioner, ~~when~~ at the time the commissioner forwards to an insurance company ~~which that~~ is issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the form to be used in submitting ~~its~~ the company's annual statement, shall forward a form containing the names of all cities and all rural fire protection districts or rural fire departments entitled to benefits under the provisions of this chapter. Every insurance company issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance within this state shall complete ~~such~~ the form by showing ~~thereon~~ the amount of all premiums received by ~~it~~ the company upon such policies issued on property within the corporate limits of each city shown on ~~such~~ the form and on property within the boundaries of each rural fire protection district shown on ~~such~~ the form or property within the boundaries of each rural fire department as certified by the state fire marshal during the year ending on the preceding thirty-first day of December and shall file the ~~same~~ form as a part of ~~it~~ the company's annual statement.

SECTION 4. AMENDMENT. Section 18-04-04.1 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04.1. Insurance tax distribution fund.

The insurance tax distribution fund is a special fund in the state treasury. The portion of revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as provided in this chapter and chapter 23-46, ~~subject to legislative appropriation.~~

SECTION 5. AMENDMENT. Section 18-04-05 of the North Dakota Century Code is amended and reenacted as follows:

18-04-05. Amount due cities, rural fire protection districts, or rural fire departments - Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's association - Payments by insurance commissioner - Continuing appropriation.

1. The insurance commissioner shall disburse funds in the insurance tax distribution fund as provided under this section.
2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars per biennium, as may be necessary, to the firefighters death benefit fund for distribution under chapter 18-05.1.
3. The insurance commissioner shall compute and disburse funds to the North Dakota firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative appropriations.~~
4. The insurance commissioner shall compute and disburse the amounts due to the certified city fire departments, certified rural fire departments, or certified fire protection districts entitled to benefits under this chapter on or before December first of each year. ~~The insurance commissioner shall allocate one half of the biennial legislative appropriation for distribution under this subsection, to each eligible city not within a certified fire protection district, each certified rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in December of each year.~~ The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, ~~homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance~~ the lines of insurance identified under section 18-04-04 on property within the city of a certified city fire department, a certified rural fire protection district, or area served by ~~the~~ a certified rural fire department to the total of those premiums for those policies in the state.
5. Annually, the insurance commissioner shall determine the amount of insurance premium taxes collected from the insurance lines identified in section 18-04-04. Of this amount, annually the commissioner shall disburse five and one-half percent to the North Dakota firefighter's association and ninety-four and one-half percent to certified city fire departments, certified rural fire departments, and certified fire protection districts. Moneys authorized for disbursement under this section are appropriated from the insurance tax distribution fund to the insurance commissioner on a continuing basis for the purpose of this section.

SECTION 6. Chapter 23.1-16 of the North Dakota Century Code is created and enacted as follows:

23.1-16-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Boiler" means a closed vessel in which water is heated, steam is generated, steam is superheated, or any combination thereof, under pressure or vacuum for use externally to the boiler by the direct application of heat from the combustion of fuels, or from electricity or nuclear energy. The term includes fired units for vaporizing liquids other than water when these units are separate from processing systems and are complete within themselves.
2. "Department" means the department of environmental quality.

23.1-16-02. Chief boiler inspector, deputy inspectors - Appointment - Jurisdiction.

The department shall employ a chief boiler inspector and deputy inspectors. The chief boiler inspector has jurisdiction over all boilers in this state except as otherwise provided.

23.1-16-03. Qualifications of chief boiler inspector - Deputy inspectors.

1. An individual is not eligible to the office of chief boiler inspector unless that individual:
 - a. Has had at the time of the appointment at least five years' experience in the construction, inspection, operation, maintenance, or repair of high-pressure boilers and pressure vessels as a mechanical engineer, boilermaker, steam operating engineer, or boiler inspector. An applicant possessing a mechanical engineering degree from an accredited school may substitute that degree for two years of the five years' experience, at the discretion of the department.
 - b. Holds a commission issued by the national board of boiler and pressure vessel inspectors or obtains the commission within one year after the date of appointment by the department.
 - c. Is not directly or indirectly interested in the manufacture or sale of boilers or steam machinery or articles used in the construction or maintenance of engines or boilers.
2. The department shall establish qualifications for a deputy inspector which are not inconsistent with the requirements of the position.

23.1-16-04. Powers and duties of chief boiler inspector.

1. The chief boiler inspector shall:
 - a. Keep a complete record of the type, dimensions, maximum allowable working pressure, age, condition, location, and date of the last-recorded internal and external inspection of boilers to which this chapter applies.
 - b. Cooperate and assist in loss prevention programs sponsored by the department.
2. The chief boiler inspector may delegate powers and duties to any deputy inspector or special inspector.

23.1-16-05. General requirement.

Every boiler in this state must be constructed, installed, and maintained according to rules adopted to implement this chapter.

23.1-16-06. Exempt boilers - Inspection of exempt boilers.

This chapter does not apply to:

1. Any boiler subject to federal inspection or under federal control.
2. Any boiler located on a farm and used solely for agricultural purposes.
3. Any heating boiler located in a private residence or in an apartment house of less than six family units.
4. Any hot water supply boiler not exceeding the following limitations:
 - a. Input of two hundred thousand British thermal units per hour.
 - b. Pressure of one hundred sixty pounds per square inch [1103.16 kilopascals] gauge.
 - c. Temperature of two hundred fifty degrees Fahrenheit [121.11 degrees Celsius].
5. Any portable steam cleaner commonly used in a garage.
6. Any boiler of a miniature model locomotive, boat, tractor, or stationary engine design constructed as a hobby, not for commercial use, having an inside diameter not exceeding ten inches [25.4 centimeters] and a grate area not exceeding one and one-half square feet [1393.54 square centimeters] and which is properly equipped with a safety valve, water level indicator, and pressure gauge.
7. Any electric boiler used as an integral part of an espresso coffee machine, provided that the boiler does not exceed one and one-half cubic feet [.0566 cubic meter] in water capacity, does not exceed fifty pounds per square inch [344.74 kilopascals] pressure, and is constructed, approved, or certified to the American society of mechanical engineers code or to other national or international standards.

23.1-16-07. Inspection of boilers.

1. The chief boiler inspector shall inspect each boiler used or proposed to be used within this state. The inspection must be thorough as to the construction, installation, condition, and operation as provided by the rules adopted to implement this chapter. An exempt boiler may be inspected by the chief boiler inspector when the owner, the owner's agent, or the user of the boiler makes written request for inspection to the department.
2. Each boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity, used or proposed to be used within this state, which has internal continuous water treatment under the direct supervision of a graduate engineer or chemist, or one having equivalent experience in the treatment of boiler water when the water treatment is for the purpose of controlling and limiting serious corrosion and other deteriorating factors, and with respect to which boiler the chief boiler inspector has determined the owner or user has complied with the prescribed recordkeeping requirements, must be inspected at least once

every thirty-six months internally while not under pressure, and at least once every twelve months externally while under pressure. If a hydrostatic test is necessary to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of the chief boiler inspector. The owner or user of a boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity desiring to qualify for thirty-six-month internal inspection intervals shall keep available for examination by the chief boiler inspector accurate records showing the date and actual time the boiler is out of service and the reason or reasons therefor, and the results of the chemical and physical analysis of the boiler water, whether from laboratory analysis of samples taken at regular intervals of not more than forty-eight hours or from continuous online analysers, which will adequately show the condition of the water and any other elements or characteristics of the water capable of producing corrosion or other deterioration of the boiler or its parts. If an inspection discloses deficiencies in equipment or in operating procedures, inspections may be required once every twelve months.

23.1-16-08. Special inspector.

1. Upon written request of an employer, the department may appoint as a special inspector an inspector in the employ of:
 - a. An insurance company authorized to insure boilers in this state against loss from explosion;
 - b. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited owner/user inspection organization; or
 - c. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited authorized inspection agency.
2. An individual may not be appointed as a special inspector unless that individual has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.
3. An inspection performed by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the department in the time, manner, and form as prescribed by the department.
4. If a complete report is not filed by the special inspector's employer with the department within ninety days from the certificate due date, the chief boiler inspector may make the required inspection, unless an extension of time is granted by the chief boiler inspector. The special inspector's employer must pay the inspection fees as required by section 23.1-16-09 for a special inspection.
5. The chief boiler inspector may inspect any boiler to which a special inspection applies.
6. The department may, for cause, suspend or revoke the appointment of any special inspector.

23.1-16-09. Inspection and certificate fees.

1. Upon completion of inspection, the owner or user of a boiler shall pay to the department fees or a combination of inspection and certificate fees. The department shall determine the inspection fees. Certificate fees are

determined by section 23.1-16-10. The department shall determine and annually may adjust a fee scale for the internal inspections of power boilers, internal inspections of low-pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.

2. Not more than two hundred dollars may be charged or collected for any one inspection of a boiler, except for special inspections made upon request. All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed five hundred dollars per day or three hundred dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the department.
3. The annual fee for the issuance of a reciprocal commission card for a special inspector is forty dollars and the annual fee for the issuance of a welder-qualified card is twenty dollars.
4. The fee for taking an examination for a hobby boiler operating license is twenty-five dollars and the fee for a hobby boiler operating license is twenty-five dollars.
5. A hobby boiler operating license issued under this section is valid for six years.

23.1-16-10. Certificate of inspection - Certificate to be posted.

The department shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The department shall charge a fee of twenty dollars per year for each year that a certificate is valid, or part of a year thereof, for each certificate of inspection issued as the result of inspections authorized under sections 23.1-16-07 and 23.1-16-08. The fees are the liability of the owner or user and must be paid in accordance with rules adopted by the department. A certificate may not be issued for any boiler not in a safe condition to be operated or for a boiler for which the inspection and certificate fees have not been paid in full. A certificate is not valid for a period of more than thirty-six months for power boilers described in subsection 2 of section 23.1-16-07, and no more than twelve months for other power boilers, twelve months for steam traction engines, and thirty-six months for low-pressure boilers except that a two-month grace period may be extended for any certificate. Upon written request from a special inspector, the chief boiler inspector may issue a short-term certificate. Each certificate of inspection must be posted conspicuously under glass in the boiler room or adjacent to the boiler inspected.

23.1-16-11. Certificate of inspection required - Penalty.

A person may not operate a boiler in this state without a valid certificate of inspection. A violation of this section is a class A misdemeanor on the part of the owner, user, or operator of the boiler.

23.1-16-12. Manufacturer's data report.

The boiler manufacturer shall provide the department with a manufacturer's data report. When signed by an authorized inspector, this data sheet together with the stamp on the boiler is the record denoting the boiler has been constructed in accordance with the rules adopted to implement this chapter.

23.1-16-13. Disposition of funds.

All funds collected and received under this chapter must be paid to the state treasurer and deposited in the state fire and tornado fund to be used to defray the costs of boiler inspections.

23.1-16-14. Rules - Penalty for violation - Hearing.

1. The department shall adopt rules for the safe and proper installation, use, operation, and inspection of boilers and pressure vessels subject to this chapter.
2. The department shall adopt rules for the licensing of operators of hobby boilers used during parades, exhibitions, and threshing shows where the public is invited.
3. A fee must be charged for an operating license, for a license renewal, and for an examination conducted to determine minimum competence. Individuals operating hobby boilers within this state as of July 1, 2007, are considered acceptable for a license without additional training or examination. An individual who is not a resident of this state and who holds a boiler operator license or credential in another state or Canadian province is exempt from licensure as a hobby boiler operator in this state.
4. The department may not issue a certificate of inspection to any owner or user of a boiler who fails or refuses to comply with the rules. The department shall revoke any certificate presently in force upon evidence that the owner or user of the boiler is failing or refusing to comply with the rules.
5. Any owner or user of a boiler may request a hearing before the department within fifteen days from service of an order refusing or revoking a certificate of inspection. It is the burden of the owner or user to show cause why the certificate of inspection should not be refused or revoked. If no hearing is requested within the required period, the order of the department becomes final and is not subject to further proceedings.

SECTION 7. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and k of subsection 1.

SECTION 8. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is one hundred two thousand six hundred eighty-nine dollars through June 30, 2016, one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred five thousand seven hundred seventy-one hundred eleven thousand one hundred twenty-two dollars thereafter.

SECTION 9. AMENDMENT. Subsection 1 of section 26.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

1. Before issuing the annual certificate required by law, the commissioner shall collect from every stock and mutual insurance company, nonprofit health service corporation, health maintenance organization, and prepaid legal service organization, except fraternal benefit and benevolent societies, doing business in this state, a tax on the gross amount of premiums, assessments, membership fees, subscriber fees, policy fees, service fees collected by any third-party administrator providing administrative services to a group that is self-insured for health care benefits, and finance and service charges received in this state during the preceding calendar year, at the rate of two percent with respect to life insurance, one and three-fourths percent with respect to accident and health insurance, and one and three-fourths percent with respect to all other lines of insurance. This tax does not apply to considerations for annuities. The total tax is payable on or before March first following the year for which the tax is assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on the next succeeding business day. Collections from this tax must be deposited in the insurance tax distribution fund under section 18-04-04.1 but not in an amount exceeding the amount computed under section 18-04-05 and one-half of the biennial amount appropriated for distribution under ~~section 18-04-05 and chapter 23-46~~ in any fiscal year. Collections from this tax exceeding the sum of the amount deposited in the insurance tax distribution fund must be deposited in the general fund in the state treasury.

SECTION 10. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ or contract for assistants - Continuing appropriation.

The commissioner may employ assistants or contract for the services of assistants from the North Dakota insurance reserve fund as may be necessary to operate the state bonding fund. The salaries of all employees together with all other expenditures for the operation of the fund must remain within the appropriations made by the legislative assembly for these purposes and must be paid by warrant check drawn on the state treasury prepared by the office of management and budget after the approval of expense vouchers by the office of the budget. Moneys in the reserve fund of the state bonding fund are appropriated to the commissioner on a continuing basis for the purpose of employing or contracting for services as provided under this section.

SECTION 11. AMENDMENT. Section 26.1-21-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-17. Allowed liability claims payable from fund - Administrative expenses - Methods of payment.

A claim allowed against the fund must be paid upon warrants drawn upon the state treasurer against the fund. The warrant must be prepared by the office of management and budget pursuant to the directions of the commissioner. Payments for administrative expenses of the state bonding fund must be made from the reserve fund of the state bonding fund or must be made within the limitations of legislative appropriations upon warrant-checks prepared by the office of management and budget after the approval of vouchers by the commissioner.

SECTION 12. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-22-03. Employment of assistants - Expenditures from fund -
Continuing appropriation.**

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for services of assistants from the North Dakota insurance reserve fund and may incur necessary expenses. All expenditures made for these purposes, other than services contracted and paid for by moneys from the fund and any necessary expenses paid from moneys from the reserve balance within the fund, must remain within the limits of legislative appropriations and must be paid out of the fund upon warrants prepared by the office of management and budget drawn upon the state treasurer after the approval of vouchers by the office of the budget. Moneys from the reserve balance within the fund are appropriated to the commissioner on a continuing basis for the purposes of this section.

SECTION 13. Section 26.1-22-03.1 of the North Dakota Century Code is created and enacted as follows:

**26.1-22-03.1. North Dakota insurance reserve fund - Producers -
Commission.**

The North Dakota insurance reserve fund may use the services of producers licensed under this title to assist policyholders. Any commission paid to a producer under this section must be paid out of the premium income of the fund and must be assessed against the policyholders that benefit from the producer.

SECTION 14. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

**26.1-23.1-01. Government self-insurance pools - Regulation -
Reinsurance.**

1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
 - a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters a contract with the commissioner to provide services for the state fire and tornado fund under section 26.1-22-03.

- d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

SECTION 15. REPEAL. Chapter 26.1-22.1 of the North Dakota Century Code is repealed.

SECTION 16. CONTINGENT EFFECTIVE DATE. Sections 6 and 15 of this Act become effective on July 1, 2019, if the legislative council has received certification from the chief of the environmental health section of the state department of health that all authority, powers, and duties from the environmental health section of the state department of health have been transferred to the department of environmental quality. If the certification is not received by July 1, 2019, sections 6 and 15 of this Act become effective on the date certification is received."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Insurance tax payments	15,064,086	(15,064,086)	
Total all funds	\$25,793,430	(\$16,092,280)	\$9,701,150
Less estimated income	25,793,430	(16,092,280)	9,701,150
General fund	\$0	\$0	\$0
FTE	46.00	(5.00)	41.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Fund Administration ⁴	Transfers the Boiler Inspection Program ⁵	Reduces Funding for Operating Expenses ⁶
Salaries and wages	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	
Operating expenses						(\$637,255)
Insurance tax payments						
Total all funds	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	(\$637,255)
Less estimated income	165,007	401,116	382,502	(610,352)	(753,365)	(637,255)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	(3.00)	(4.00)	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adjusts Funding for Fire District Payments ⁸	Total Senate Changes
Salaries and wages			(\$415,092)
Operating expenses	\$24,153		(613,102)
Insurance tax payments		(\$15,064,086)	(15,064,086)
Total all funds	\$24,153	(\$15,064,086)	(\$16,092,280)
Less estimated income	24,153	(15,064,086)	(16,092,280)
General fund	\$0	\$0	\$0
FTE		0.00	(5.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>Other Funds</u>
Salary increase	\$218,170
Health insurance increase	182,946
Total	\$401,116

³ The following FTE positions and related funding are added:

	<u>FTE</u>	<u>Other Funds</u>
Consumer assistance outreach coordinator	1.00	\$179,711
High risk pool and health care reform coordinator	1.00	202,791
Total	2.00	\$382,502

⁴ Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

⁵ Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

⁶ Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

⁷ Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

⁸ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

Senate Bill No. 2010 - Other Changes - Senate Action

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
- Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
- Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.

- Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
- Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.

2019 HOUSE APPROPRIATIONS

SB 2010

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
2/28/2019
Recording Job# 33007

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Attachments A through H

Chairman Vigesaa: Opened the hearing on SB2010.

Jon Godfread, Commissioner, ND Insurance Department: See testimony attachment A.

Chairman Vigesaa: How prevalent is that in our state?

Jon Godfread: We see it ebb and flow.

Representative Kempenich: What is your unit cost?

Jon Godfread: I don't have that separated out for our fraud unit. I can get that to you.

Representative Kempenich: Are there different ways of doing this?

Jon Godfread: Right now we have two investigators that are law enforcement officers and they do the investigations. From there our attorneys step in and prosecute those crimes.

Jon Godfread continued with his testimony.

Chairman Vigesaa: Did that go through on our side the way you proposed it?

Jon Godfread: Yes.

Jon Godfread continued with his testimony.

Vice Chairman Brandenburg: Do you have how the dollars flow; what you're collecting and how it's spent. Do you have that figured out?

Jon Godfread: Those dollars were moved to DEQ \$879,000.00 and we're not seeking to change that at all.

Representative Kempenich: Is that the anhydrous part of that also?

Jon Godfread: The four employees in our department inspect about half the boilers for the state. We do all the public boilers and a portion of the private ones.

Jon Godfread continued with his testimony.

Brennan Quintus, CEO, ND Insurance Reserve Fund: See testimony attachment B.

Representative Kempenich: Do you have to follow the government accounting standards?

Brennan Quintus: I would have to look into the standards that we follow. There are standards that we do follow in line with insurance industry.

Terry Traynor, ND Association of Counties: Testified in support of SB2010.

Chairman Vigesaa: How would this improve things for the counties?

Terry Traynor: It would be all one agent that would be providing this and would all be one place to go for claims.

Blake Crosby, Executive Director, ND League of Cities: See testimony attachment C.

Representative Kempenich: There are about 338 cities, do you know what they pay in for premiums?

Blake Crosby: Premiums are based on what you're insuring. Premiums can range from \$200,000.00 to \$300,000.00 down to a much lesser sum. There really is no average as it all fits into a range and what type of coverage you want.

Steve Becker, Executive Director, PIA of North Dakota: Testified in support of SB2010.

Representative Kempenich: What do commissions average?

Steve Becker: Those commissions are negotiated with a carrier. The average commission across all lines of business for our agents at this time is about 12% or 13%.

Dana Schaar Jahner, Executive Director, ND Recreation and Park Association: See testimony attachment D.

Jon Godfread continued with his testimony.

Representative Kempenich: You aren't going to get rid of everyone that's watching this fund.

Jon Godfread: We have a team of company examiners that look at insurance companies to make sure they're operating appropriately.

Chairman Vigesaa: I don't see that this was involved in the Senate side in any way?

Jon Godfread: This is in engrossed SB2010.

Jon Godfread continued with his testimony.

Chairman Vigesaa: Is that an annual or biannual amount?

Jon Godfread: It's a biannual amount.

Jason Catrambone, Fire Chief, City of Williston: See testimony attachment E.

Chairman Vigesaa: How has your department grown over the years?

Jason Catrambone: I've been there 5 years. In 2014, we were 14 paid members and 30 volunteers. As of this year, we're 78 paid and our call to service has increased about 1,900 calls to 3,700 calls since 2014.

Representative Kempenich: I've been thinking of putting a study on how to look into this volunteer issue.

Shawn Weltikol, Fire Chief, Devils Lake Rural Fire Department: See testimony attachment F.

Robert Knuth, Training Director, ND Firefighter's Association: See testimony attachment G.

Representative Kempenich: Have you looked into how to retain or how to get new people coming into this service?

Robert Knuth: Yes. NDFA is currently in year 3 of a 4 year federal grant we received for recruitment and retention. Since 2017, we have recruited approximately 1,300 new firefighters. That number is based off of quarterly numbers. Retention is going to be our next big issue that we're going to have to face.

Robert Knuth continued with his testimony.

Chairman Vigesaa: The success you had with the federal grant, what did you use those funds for to be successful in getting those 1,300 additional volunteers?

Robert Knuth: The first thing we decided to do was get out of the way and hire professionals to manage the grant for us. As part of the grant package, we included additional dollars that we could assist the fire departments in their department level training.

Robert Knuth continued with his testimony.

Chairman Vigesaa: How much was the grant for?

Robert Knuth: It's approximately \$2.7 million over a 4 year period.

Chairman Vigesaa: Are there any more grants like that available?

Robert Knuth: There are competitive grants, every year we apply for them.

Darren Schimke, President, ND Firefighters: Testified in support of SB2010.

Representative Kempenich: How many paid districts are there?

Darren Schimke: There are thirteen districts.

Chairman Vigesaa: Last session we were coming off the allotments. What is the percentage of funding in this biennium?

Jon Godfread: It's around 70%.

Chairman Vigesaa: What's projected to be the 100% level in the next biennium?

Jon Godfread: We're projecting an additional \$3.5 million.

Chairman Vigesaa: What would be the actual number?

Jon Godfread: It would go from about \$17 million to about \$20 million.

Jon Godfread continued with his testimony.

Chairman Vigesaa: What would it take to go from a "9" to an "8"?

Jon Godfread: Sometimes that isn't that significant. It's a matter of ensuring that they're accurately reflecting everything that they already are doing.

Jon Godfread continued with his testimony.

Representative Kempenich: I'm looking at your vacant FTE's. You filled one just recently; the other 2 you have open. Are those combined? You have \$33,000.00 on that line.

Jon Godfread: The policy investigator is a retirement that just happened. One of the other open spots is an underwriter for the fire and tornado fund; that was retired in July and we've left that open.

Representative Kempenich: That's removed by the governor.

Jon Godfread: Now we're filling that investigator position. We also had one other departure two weeks ago.

Representative Kempenich: Have you been doing some reclassifying?

Jon Godfread: We have been doing some reclassifications. It has been difficult to hire some of the positions for the salary we've been offering.

Representative Kempenich: Can you provide a flow chart?

Jon Godfread: Yes.

Alex Cronquist, Fiscal Analyst, ND Legislative Council: That \$33,600.00 represents the health insurance amount.

Attachment H handed out but not discussed.

Chairman Vigesaa: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
3/6/2019
Recording Job# 33294

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Attachment A

Chairman Vigesaa: Opened the discussion on SB2010.

Jon Godfread, Commissioner, ND Insurance Department: See attachment A.

Vice Chairman Brandenburg: Are the boiler inspectors staying with the insurance commissioner or is it going to the health department?

Jon Godfread: They are going to DEQ. The language that was included in the Senate amendment, still has the cost coming out of the fire and tornado fund.

Vice Chairman Brandenburg: The fees would take care of some of the cost but there's some general fund expenses also.

Jon Godfread: I think you could change that by increasing the fees of that boiler inspection.

Chairman Vigesaa: Are those fees set in statute?

Jon Godfread: I think it's in admin code.

Jon Godfread continued with his testimony.

Chairman Vigesaa: When it's a continuing appropriation, it doesn't show up in your budget?

Jon Godfread: It does not.

Chairman Vigesaa: Previously, under the old way, it would have.

Jon Godfread: By making it a continuing appropriation, it would take our \$20 million budget down to \$9 million budget. These dollars were intended for fire protection.

Jon Godfread continued with his testimony.

Vice Chairman Brandenburg: A few sessions ago it used to be 50% and it was increased.

Jon Godfread: There's a significant spike when the oil money started coming in.

Jon Godfread continued with his testimony.

Vice Chairman Brandenburg: If we did go to 100%, how much are we taking out of the general fund?

Jon Godfread: It's about an additional \$3 million. It's a tough number to pinpoint because it's based on collections. Collections continue to go up and down and it's another good point to make it a continuing appropriation.

Chairman Vigesaa: We could adjust the percentage and leave it a continuing appropriation.

Jon Godfread: Yes.

Representative Kempenich: Are you going to report that in the future because there is not a continuing appropriation?

Jon Godfread: It would still be a discussion point within our budget of how the fund is doing.

Chairman Vigesaa: You mentioned that there might be a slight increase in premiums. Other than they're insured to the proper level, what other reason would there be for an increase?

Jon Godfread: Depending on how the NDIRF structure is there; because as an agent in the NDIRF you get a commission off of the certain accounts you service. There may be some increased costs due to the commissions and due to that increased service level.

Jon Godfread continued with his testimony.

Representative Kempenich: If you start to look at 50% to 100% increases to do this, we're going to have to have a conversation about that.

Jon Godfread: At our worst case scenario we're looking at about an 8% increase.

Jon Godfread continued with his testimony.

Representative Howe: Can I get some background history of why that continuing appropriation was stopped in 1985? When it was a continuing appropriation, was it always funded at 100% or did it fluctuate?

Jon Godfread: From the research we've done, up until 1985 it was at the 100% pass through level. In 1985 the state was in a different budgetary situation, I think it was one of those things that started and never stopped.

Chairman Vigesaa: We ran into the same thing last session when we had to look for savings.

Jon Godfread continued with his testimony.

Chairman Vigesaa: What would move someone from a 9 to an 8, with regard to those ISO ratings?

Jon Godfread: In some cases it would be some pretty simple fixes.

Jon Godfread continued with his testimony.

Chairman Vigesaa: They are required to list what they use the funds for? Is that a process that's ongoing?

Jon Godfread: That may be with the fire marshal, that's not with us.

Jon Godfread continued with the worksheet.

Larry Martin, Budget Analyst, ND Office of Management and Budget: Explained the worksheet.

Chairman Vigesaa: If you look at the Senate version that's the way it should have come out?

Larry Martin: Correct.

Jon Godfread continued with the worksheet.

Chairman Vigesaa: Would this fraud investigator be a new position or would this be an additional fraud investigator?

Jon Godfread: It would be an additional fraud investigator.

Representative Kempenich: Who pays the other 50%?

Jon Godfread: We would just allocate 50% to our direct fraud work.

Representative Kempenich: How many attorneys do you have?

Jon Godfread: We have four attorneys.

Jon Godfread continued with the worksheet.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
3/13/2019
Recording Job# 33648

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Attachments A through F

Blake Crosby, Executive Director, ND League of Cities: Made introductions.

Brendan Quintas, CEO, ND Reserve Fund: Testified in support of SB2010

Chairman Vigesaa: How does the funding for your department currently work?

Brendan Quintas: We are a nonprofit entity owned by its members. We're not affiliated with the state whatsoever; we're a separate entity.

Chairman Vigesaa: How would the continuing appropriation work?

Brendan Quintas: What we would be looking at is negotiating a contract with the insurance department for service. Through that contract we would be responsible for operating both funds; within that contract there would be a payment from the insurance department to the ND Reserve Fund for those services. My understanding is it would be coming from the fire and tornado fund and the state bonding fund; rather than through an appropriation for the operation of the insurance department.

Chairman Vigesaa: If they entered a contract with you, how would that show up in your budget?

Jon Godfread, Commissioner, ND Insurance Department: It wouldn't. It would be a continuing appropriation coming out of the fire and tornado and the bonding fund. We would then negotiate with NDIRF and the self-contained fund would be operating itself.

Chairman Vigesaa: Other than when you're before an appropriations committee, is there any other time when people ask about what's in those funds?

Jon Godfread: We have to do reporting to legislative management and OMB on a consistent basis. If there's a desire to put a reporting mechanism in there, we're open to that.

Chairman Vigesaa: There are times when you do report those or are at least requested to report those?

Jon Godfread: Absolutely.

Chairman Vigesaa: Part of that report would indicate the contract and the funds used, so that the overall health of the fund remains visible?

Jon Godfread: Absolutely.

Jon Godfread: See testimony attachments A through C.

Chairman Vigesaa: What was the estimated cost of the FTE that was approved?

Jon Godfread: About \$130,000.00.

Jon Godfread: See testimony attachments D, E and F.

Chairman Vigesaa: That just showed us the increase over what it was?

Jon Godfread: Yes, from the base budget to the new projected.

Chairman Vigesaa: Then what percentage of what's expected to come in would leave us at the same level that we're at today would be helpful.

Jon Godfread: I can get you that.

Brendan Quintas: Testified in support of attachment D.

Chairman Vigesaa: Have these amendments been addressed with any Senators that you are bringing these forward to us?

Jon Godfread: No. The general fund piece has been brought to the Senate appropriations through the DEQ budget; they're in discussions right now.

Patrick Ward, ND Domestic Insurance Companies: Testified in support of SB2010.

Chairman Vigesaa: If the committee was to take your suggestion and move the funding for the auditor position to salaries, would you have someone in your office that could handle those duties?

Jon Godfread: If you look at the organization chart, that square in yellow would be that person. We would hire someone to be another investigator.

Chairman Vigesaa: You would have funding in your budget already to pay for this individual. The extra funding that we allocate could be spread around.

Jon Godfread: Yes.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
3/19/2019
Recording Job# 33933

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

--

Chairman Vigesaa: Opened the discussion on SB2010.

Representative Beadle: Explained the changes that are being proposed to the budget.

Chairman Vigesaa: With regard to the fire districts, leadership would like that to not be a continuing appropriation so we can look at it.

Representative Bellew: How much are fire districts getting this biennium compared to last biennium?

Representative Beadle: Right now it looks like we're keeping the numbers pretty much the same as last time.

Representative Bellew: So \$7.5 million per year.

Chairman Vigesaa: If we went to 100%, they would get \$3 million over what they received last biennium.

Representative Beadle continued with his explanation.

Chairman Vigesaa: The way it works now, of the taxes collected and whatever is allocated, the districts get 94.5% and fire chiefs association gets the 5.5%.

Vice Chairman Brandenburg: The fire chiefs are the reason that money goes there so they can prove that this fire district did this training.

Chairman Vigesaa: That's part of the statute?

Levi Kinnischtzke, Fiscal Analyst, ND Legislative Council: I don't have specific information on it; but I can get a breakdown of the expenditures from the fire fighter's association.

Chairman Vigesaa: Are you able to pull up last year's bill?

Levi Kinnischtzke: In HB1010 for 2017-2019 the amount to the fire fighter's association was \$828,525.00.

Chairman Vigesaa: What did it show for the fire district?

Levi Kinnischtzke: The total amount was a little over \$15 million. The fire department's amount was \$14.2 million and then there was \$828,000.00 to the fire fighter's association.

Representative Kempenich: In the NDIRF, were we repealing sections there?

Representative Beadle: The only repealer that was in their bill as it came over from the Senate was repealing the boiler inspection language.

Representative Bellew: In section 5, what does that do?

Representative Beadle: That deals with the fire premium money.

Representative Bellew: What does it amount to?

Representative Beadle: Whatever the funds are that is generated from the fire and tornado premium that's on the insurance line; whatever the true and actual cost is as it flows into it.

Representative Bellew: It isn't a specific amount?

Representative Beadle: The way it's written it's as the money it flows in the money flows out.

Representative Bellew: On our home owner's policy?

Representative Beadle: This is inside your home owner's insurance premium. There is a fee on there that is generated for fire revenue.

Representative Beadle continued with his explanation.

Chairman Vigesaa: It's whatever is not allocated from what's collected, stays in the general fund. We have taken a percentage of that the last few sessions to help the general fund out. If we do it the way it's written in this section, it would all go to the fire districts.

Representative Bellew: They don't reduce our property taxes at all?

Chairman Vigesaa: It's always been identified as to the amount in the budget and then we appropriate. That's what the commissioner wants to change so that it's a continuing appropriation so it doesn't show up in his budget.

Representative Bellew: It also says that 5.5% goes to the fire fighter's association.

Chairman Vigesaa: That's the fire chiefs.

Representative Beadle: From the executive budget recommendation it would be \$4 million from last time; there's about \$1.7 million difference from 2017-2019 to 2019-2021.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
3/21/2019
Recording Job# 34096

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Attachments A through F

Chairman Vigesaa: Opened the discussion on SB2010.

Roll Call taken.

Representative Beadle: Discussed the green sheet.

Chairman Vigesaa: What was the percentage of tax on this?

Representative Beadle: The total taxes and fees premium tax rate is 2% for life and 1 ¾% for accident, health, property, casualty and surplus lines. This would be coming from the 1 ¾%; this is a portion of that percentage.

Chairman Vigesaa: Do we know what portion?

Representative Beadle: I've asked for that breakdown and haven't been able to get it yet.

Chairman Vigesaa: Is that done by policy or is it in code?

Representative Beadle: The breakdown is in code.

Chairman Vigesaa: What percent of the 1 ¾% goes to fire districts?

Representative Beadle: It looks like 100% of that tax collection is dedicated to it.

Chairman Vigesaa: If we kept the allocation the same as it was in the last biennium, what percentage of the total do they expect to collect?

Representative Beadle: Roughly 80%.

Representative Beadle continued with his explanation.

Chairman Vigesaa: They just removed that from the base because they are proposing a continuing appropriation.

Vice Chairman Brandenburg: They got \$18.5 million to \$19 million the last two bienniums.

Chairman Vigesaa: The firefighters received \$14.2 million in the last biennium.

Representative Beadle: The total distribution was \$18.9 million; they received 79% of that in 2017 and 80% in 2018. The total distribution was \$15,064,086.00; the fire district received 94.5% of that, which is \$14,235,000.00 and the firefighter's association received the other 5.5% which is the \$828,000.00.

Vice Chairman Brandenburg: The numbers will match up with that 80% going out again?

Representative Beadle: The numbers based on the projected lines would roughly match up with 80% funding if that is what we do; there's a request to put them up to 100% which would bump it up to just under \$19 million.

Chairman Vigesaa: If we took the recommendation of the Senate and gave them 100%, it would be close to another \$4 million distributed.

Representative Beadle: If the trend for construction and the amount of new dwellings that have insurance policies taken on them continues then they would have an uptick.

Chairman Vigesaa: Do you have the amount of the reduction in dollars that they took?

Representative Beadle: The reduction in dollars was non-existent. In 2015-2016 it went from \$18,700,000.00 up to \$18,900,000.00.

Representative Bellew: Discussed the distribution in past biennium.

Chairman Vigesaa: What was the amount for the firefighter's districts in 2015-2017?

Representative Bellew: \$15,689,207.00.

Representative Beadle: In 2013 we went up to 96% of the premiums were distributed.

Vice Chairman Brandenburg: There is a training facility in Boulder Colorado and they were looking to put a training center up in Grand Forks and that never happened.

Representative Beadle continued with his explanation.

Chairman Vigesaa: Why don't you have the commissioner check with the association to see where their funding level is at this point in the biennium?

Representative Bellew: Do the fire departments also have to submit a report?

Larry Martin, Budget Analyst, ND Office of Management and Budget: Yes.

Representative Beadle: See attachments A through F.

Chairman Vigesaa: The sections in regard to the boiler which is moving over to DEQ, is that in the Senate bill or is it something that came up after the Senate passed the bill out?

Alex Cronquist, Fiscal Analyst, ND Legislative Council: Right now the same language is in this bill and in the DEQ bill. The Senate was not sure if the House was going to move forward with these changes.

Chairman Vigesaa: If it's in the DEQ budget does all of this have to come out of the insurance budget?

Alex Cronquist: It doesn't come out.

Representative Bellew: Do the fees cover the expenses for this?

Alex Cronquist: Right now the fees do not cover the entirety of the expenses.

Representative Beadle continued with his explanation.

Chairman Vigesaa: That will be addressed in the DEQ either by policy or code?

Alex Cronquist: If the Senate goes along with this and makes that determination.

Representative Bellew: If the Senate doesn't do it can we do it in this budget?

Chairman Vigesaa: My understanding is that the program is moving over.

Alex Cronquist: There's a limit of \$200.00 for an inspection; so if they're only charging \$125.00 right now, they can update.

Representative Beadle: They're at about \$160.00 that they've been charging per item.

Vice Chairman Brandenburg: The money before was going to that insurance fund and now it's going to go in the general fund?

Representative Beadle: Currently it goes to the state fire and tornado fund; and all income and expenses are run through that fund. They suggest taking the income and expenses out of that fund and put them into the general fund.

Chairman Vigesaa: The fee isn't set in code necessarily?

Alex Cronquist: There's a limit set in code but it doesn't appear that they're at that limit at this point.

Representative Beadle: If they did charge \$200.00; based off of the number of items, they would still be about \$100,000.00 less than their anticipated costs.

Chairman Vigesaa: I wonder if we even have to worry about it because it's moving over to DEQ.

Representative Beadle: Made a motion to move attachment A.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Bellew: It's such a small amount that I don't know why they can't find it in their own budget.

Representative Beadle: This would increase their operating expenses by \$12,000.00 and increase their special fund by \$12,000.00. Wouldn't that be an increase of \$24,000.00 based on how this amendment is written?

Alex Cronquist: This is just a \$12,000.00 total.

Representative Beadle: Made to a motion to increase state audit to \$12,000.00.

Representative Monk: Seconded the motion.

Representative Beadle: Had they received the invoice from the auditor's office while the budget was being done, it probably would have been in here already. I think this is the fault of the auditor not getting things to the agencies in a timely manner.

Larry Martin: Even though they are special funded, any adjustments in this category reduces the amount that they turn back into the general fund. It does have a general fund impact.

Representative Beadle: Do know what that turn back amount is?

Larry Martin: In the 2013-2015 biennium their operating expense turn back was \$1,341,559.00; so approximately 47%. In the 2015-2017 the operating turn back was \$1,052,978.00; which was 42%.

Chairman Vigesaa: If we reduce their operating by \$12,000.00 it would be \$12,000.00 less going into the general fund. Correct? If we add the \$12,000.00 back in is it going to affect the general fund?

Larry Martin: In the end, they're going to spend it.

Representative Beadle: They would be collecting it out of their fees, it would just not go into the general fund.

Larry Martin: Correct. Either way it would have the same effect on the general fund amount.

Voice Vote made.

Motion Failed.

Representative Beadle: Made a motion to move attachment D.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Beadle: Discussed attachment B.

Chairman Vigesaa: One of the things that drew some attention from political subdivisions was the continuing appropriation. We would never see the activity in that arena going forward. Correct?

Alex Cronquist: Yes.

Chairman Vigesaa: Do they currently have to report in regard to the activity in this fund?

Alex Cronquist: Right now because they are administering the fund themselves, you do appropriate money to them from the fund to pay the salaries, etc. This continuing appropriation is a new thing.

Chairman Vigesaa: If this is transferring to NDIRF, do they report to anybody with regard to their activities?

Alex Cronquist: Not that I'm aware of.

Representative Beadle: The commissioner indicated it was because of the oversight that the board has and the people that are paying the fees into the fund are the political subdivisions that are on the board of the fund; that board is going to be very responsible.

Chairman Vigesaa: NDIRF is not considered to be a state entity. Are they just a private industry? What are they considered?

Alex Cronquist: I believe they're considered a non-profit. The continuing appropriation would just flow through the insurance department. You could have the insurance commissioner required to report to the appropriations committees at the next session or an interim committee during budget section.

Terry Traynor, Association of Counties: It is a non-profit corporation allowed for in law. There's a section of code that makes it permissible for local government to create that; but it is an insurance company and it is regulated by the insurance commissioner. They are audited by the insurance commissioner as well.

Chairman Vigesaa: Why does the money flow through the insurance department?

Alex Cronquist: That's coming from a state fund that's managed by that department.

Terry Traynor: The reserve fund is constitutionally authorized. The pool of money has to be sitting in the insurance department.

Representative Beadle: Made a motion to allow the insurance department to contract with NDIRF.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: With the amendment that addresses their compression issue, I don't feel comfortable with working on this with one particular agency. I think they're all dealing with this issue.

Representative Beadle: I would agree with that as well. I do think it's an issue that many agencies are having.

Representative Beadle continued with his explanation.

Representative Bellew: Looking at the base payroll changes, that's almost a \$300,000.00 change from the governor's recommendation to the Senate changes.

Alex Cronquist: In the governor's recommendation a couple of FTE positions had been unfunded in that base payroll change. That's why the governor's is negative; as to why the Senate is positive is that was a request of the agency. The agency has given out promotional increases in pay for certain employees.

Representative Bellew: If the agency can do that, why is there a compression problem?

Alex Cronquist: The actual increase was \$165,000.00 from the base level.

Representative Bellew: But it was \$300,000.00 from the governor's recommendation.

Alex Cronquist: Right. That's because the governor's recommendation had unfunded a couple vacant positions.

Representative Bellew: There is \$100,000.00 in underfunded salaries in the governor's recommendation but the Senate decided not to do that. We're talking about a \$400,000.00 increase from the governor's proposal.

Chairman Vigesaa: Currently, where are they at with vacant FTE's?

Representative Beadle: Currently they have four vacant FTE's.

Chairman Vigesaa: The removal of the \$660,000.00 by the Senate, is that because of the removal of the responsibility of oversight to the board?

Alex Cronquist: The governor's budget did not provide a continuing appropriation authority for the \$660,000.00; so that funding was appropriated in the bill. With the continuing appropriation authority, the money is still going to be spent; but we don't recognize it.

Chairman Vigesaa: It's in the bill right now?

Alex Cronquist: This is for them to contract with NDIRF; it's in the bill right now. They basically took what the three FTE's would have been paid with the governor's compensation increase.

Chairman Vigesaa: If we did not go with the continuing appropriation, we would still have the \$660,000.00?

Alex Cronquist: That's correct. Right now the insurance commissioner doesn't know what NDIRF is actually going to charge them; but they would have up to \$660,000.00 or more if they found it elsewhere in their budget to use.

Representative Bellew: The insurance department still has to contract with them isn't that correct?

Alex Cronquist: Yes. They still have to contract with them and they'll still pay them whatever the amount is from those two funds that they will be contracting for the administration of. They'll still spend the money, we just won't recognize it in the bill; because in law they'll have authority to spend as much as it costs and as much as they have money available.

Representative Bellew: That comes from the insurance reserve fund, is that correct?

Alex Cronquist: For this particular issue, because they're contracting for the administration of those two funds, the administration costs would be paid from the bonding and fire and tornado funds.

Chairman Vigesaa: With regard to the distribution to the firefighter districts and the association, my feeling is that we should not have that be a continuing appropriation.

Vice Chairman Brandenburg: Made a motion to remove the continuing appropriation to the fire districts and the fire association.

Representative Bellew: Seconded the motion.

Representative Howe: Just to be clear, we'll be dictating a percentage; not a dollar amount?

Chairman Vigesaa: I think it would be a dollar amount and you would just have to figure out the percentage. Is that correct.

Alex Cronquist: If we're going back to appropriating a specific amount, you would appropriate the dollar amount and you could calculate that based on a percentage.

Chairman Vigesaa: If we decided on 80%, the actual numbers will show up in the bill?

Alex Cronquist: That's correct.

Voice Vote made.

Motion Carried.

Representative Bellew: Why is the insurance tax distribution fund not in the list of special funds?

Alex Cronquist: Everything that goes into that fund goes out so the balance is always going to be zero. Only what's been appropriated actually gets deposited in that fund.

Vice Chairman Brandenburg: How often does the money go out?

Alex Cronquist: It's in December of each year.

Representative Beadle continued with the green sheet.

Chairman Vigesaa: That's in the Senate side also?

Representative Beadle: Yes.

Alex Cronquist: The continuing appropriation for NDIRF, it sounds like you want to have that go forward. Did you want to have a reporting requirement on that?

Chairman Vigesaa: I would like to have something in regard to a reporting requirement.

Alex Cronquist: Would you prefer them reporting to legislative management in the interim or would you prefer that they report to the appropriations committee at the next session?

Chairman Vigesaa: Let's have them go to legislative management.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
4/2/2019
Recording Job# 34431

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the discussion on SB2010.

Chairman Vigesaa: What is the projected revenue from the premium tax for 2019-2021?

Representative Beadle: See attachment A.

Chairman Vigesaa: See attachment B.

Representative Beadle: If we did take a percent off of the 5 ½% that would reduce the fire fighter's association portion from \$976,000.00 down to \$798,750.00.

Chairman Vigesaa: I'm trying to figure out what percentage we could go to short of the 100% so we can retain some for the general fund at a level that the Senate would agree to.

Representative Beadle: If we did the 90% and we adjusted the number down to 5% going to the association; that number would equate to \$758,000.00.

Chairman Vigesaa: How much would that be for the fire districts?

Representative Howe: I would like to see the 100%, I know that might not be possible. Our state is rebounding from last biennium. I would like to see a little higher.

Representative Beadle: To me it doesn't sit really well when we have a dedicated fee that we're then using for something other than what it's been dedicated for. I would like us to get as close to the 100% as possible.

Representative Mock: I would like to see it be 100% if possible for the purposes that it's intended. I'd like to find a way to get us at or as close to 100% if possible.

Chairman Vigesaa: What about the continuing appropriation?

Representative Beadle: I would have no issues with making sure that we continually have an eye on it. If we have that we can adjust what goes to the association versus the districts down the line.

Representative Howe: I would agree with that. If we are giving that 100%, withholding that continuing appropriation.

Representative Mock: If I would have to pick between the two I would fully fund them and not have a continuing appropriation.

Chairman Vigesaa: The increased costs come with the districts.

Representative Beadle: If the association is providing a substantial value added benefit to the districts, they can certainly contract with the districts and collect some fees from the districts as needed.

Chairman Vigesaa continued with attachment B.

Representative Beadle continued with his explanation.

Representative Howe: I think we could just go over the double hit that the property owners are getting on their taxes and further explain I think he would come around.

Chairman Vigesaa: If it's a continuing appropriation, would we still have that opportunity?

Alex Cronquist, Fiscal Analyst, ND Legislative Council: You would have to amend century code if you wanted to change it next session.

Chairman Vigesaa: We'd amend it to a certain percentage then?

Alex Cronquist: That would be an option.

Chairman Vigesaa: The way we do it now if it's not a continuing appropriation, we can just set the numbers for each of the entities?

Alex Cronquist: That's correct.

Chairman Vigesaa: In code right now, there's not a specific ongoing percentage; it's varied from session to session. Correct?

Alex Cronquist: Correct.

Chairman Vigesaa: The percentages are not listed anywhere in century code?

Alex Cronquist: Correct. That was an agreement last session they came to as far as the funding split.

Representative Beadle: Discussed what changes had been adopted so far.

Alex Cronquist: The department of environmental quality budget with the boiler inspectors is over in the Senate right now. They are not planning to accept the insurance commissioner's proposal to move the funding source and fees from the fire and tornado fund to general fund. They want the fire and tornado fund to continue paying the difference between the revenue and the expense of that program.

Chairman Vigesaa: So they're not going to go with the continuing appropriation. Is that the issue?

Alex Cronquist: This is a separate issue. This is for the boiler inspectors. Right now the fees for those boiler inspections are placed in the state fire and tornado fund. That was one of the amendments that Representative Beadle had mentioned that the insurance commissioner had proposed; having those fees deposited in the general fund and to have the expenses of that program paid out of the general fund. Right now the fees don't cover the cost of the program; it's about a \$350,000.00 difference.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
4/3/2019
Recording Job# 34476

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Chairman Vigesaa: Opened the discussion on SB2010

Chairman Vigesaa: I ran the numbers and we'll wait to hear Representative Kempenich's thoughts.

Representative Beadle: We've agreed with what the compensation package is and the intention seems to be to adjust the formula a little bit but we're not going to go to 100%. Since we've previously done a voice vote adoption of the adjustment from the fire and tornado trust to the general fund; we need to confirm that and fix how that needs to be.

Chairman Vigesaa: I would request that we have a little more explanation on the NDIRF change; because it's a big change in the way we've been doing things.

Representative Beadle: I am anticipating more questions from the full committee.

Chairman Vigesaa: Whether it would be the deputy or commissioner that comes down and goes through that with us.

Vice Chairman Brandenburg: As far as that disaster relief fund. Do you have the exact number that we have in there?

Alex Cronquist, Fiscal Analyst, ND Legislative Council: The unobligated balance we're looking at is about \$25.7 million.

Vice Chairman Brandenburg: Holly had mentioned that there might be some turn back in there because of some of the projects.

Chairman Vigesaa: Chairman Delzer was requesting that we make a change with regard to the monies that are in the fund that are available for carry over.

Vice Chairman Brandenburg: We're going to have to visit with leadership.

Alex Cronquist: There is a section in the bill to allow for carry over of previous appropriations from the disaster relief fund; because they weren't sure if it was going to be spent before June 30th. The carry over was estimated to be as high as \$3.9 million. Representative Delzer would prefer to have that as a new appropriation from the disaster relief fund rather than a carry over section.

Chairman Vigesaa: That would be for that \$3.9 million or whatever is specifically authorized to go out on projects that are approved?

Alex Cronquist: Correct. There would be that \$3.9 million and that would be in addition to the \$3 million that was already being appropriated for the next biennium; so that would be \$6.9 million plus the \$200,000.00 for Dickey county. That brings it to \$7.1 million.

Vice Chairman Brandenburg: We could have a disaster program and take care of these counties.

Alex Cronquist: The change from carry over to appropriation doesn't change the unobligated balance at all; it's just how we account for it.

Chairman Vigesaa: Section 14 would be changed or eliminated?

Alex Cronquist: Correct. It would be eliminated.

Chairman Vigesaa: Would it be a different section that would appropriate the specific amount?

Alex Cronquist: It would be in section 1.

Chairman Vigesaa: Have you prepared that amendment yet?

Alex Cronquist: I have been waiting for the committee.

Chairman Vigesaa: If there is discussion about adding some relief for the counties that are undergoing extreme costs because of flooding or snow removal, that may work its way into this bill.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2010
4/4/2019
Recording Job# 34504

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

--

Chairman Vigesaa: Opened the discussion on SB2010.

Roll Call taken.

Jon Godfread, Commissioner, ND Insurance Department: The way we see this working out is allowing us to contract out to NDIRF to administer those funds. This is housed in our special funds division.

Representative Kempenich: You're going to treat the fire and tornado fund as a reinsurance company? You're still going to be in that boat aren't you? What's going to be any type of due diligence outside of your office?

Jon Godfread: I think NDIRF has some built in checks and balances. We're sitting on \$12 million in reserve, so we do have some cushion if something were to happen. We'll be seeing a significant savings in the fund by letting us do this.

Representative Kempenich: Those cushions have a tendency to get used.

Jon Godfread: I don't anticipate the cushion being eaten by this.

Representative Kempenich: I support what you're trying to do. In theory and on the structure of it, it looks like it should work.

Jon Godfread: This is what we can propose. Over in the Senate there's a pre-discussion about perhaps doing a referendum on changing this fund.

Chairman Vigesaa: In your request this time there are some funds to administer the fund. Is that correct?

Jon Godfread: I believe our request was to turn this into a continuing appropriation.

Chairman Vigesaa: So that will not show in your budget?

Jon Godfread: That will allow us to then contract with NDIRF. The last time I was here we talked about a continuing appropriation to allow us the negotiation tools.

Chairman Vigesaa: Going forward, other than if we a report requested.

Jon Godfread: We report to budget section on the cost of administering the fund.

Chairman Vigesaa: If you could explain your amendment for DEQ?

Jon Godfread: Explained his proposed amendments.

Chairman Vigesaa: With the adoption of the pay package there's language in there urging agencies to use roll up dollars to try to address that issue.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

SB2010
4/9/2019
Recording Job# 34621

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

Minutes:

Chairman Vigesaa: Opened the discussion on SB2010.

Representative Kempenich: Explained his proposed amendment to add a study to the bill.

Alex Cronquist: Explained the changes to the bill.

Chairman Vigesaa: Discussed the green sheet.

Representative Bellew: I think we should go with \$745,000.00 because that's what they requested and this is 70% salaries.

Chairman Vigesaa: How about if we allocated in that section the \$16,773,750.00; which would have been their normal breakout of 100%. Then just put the fire districts at what they requested in that letter.

Representative Kempenich: They're getting their 100%?

Chairman Vigesaa: They would be made whole again.

Representative Beadle: Is that established in code that we need to adjust that percentage?

Alex Cronquist: No, it's not.

Representative Beadle: It's just by practice?

Alex Cronquist: Correct. I think it was first used during the 2017 session. The estimate that was used by the Senate was about \$18.8 million.

Chairman Vigesaa: I assumed that the estimate we received was from the insurance department.

Alex Cronquist: There must have been an update on their estimate. What you have would be a more recent estimate than what the Senate had.

Representative Beadle: Made a motion to move the recommendation.

Vice Chairman Brandenburg: Seconded the motion.

Representative Beadle: Made a motion to remove sections 3,4,5,6,9 and 16.

Vice Chairman Brandenburg: Seconded the motion.

Representative Beadle: All the language for the boiler inspectors will be in the DEQ budget.

Voice Vote made.

Motion Carried.

Representative Bellew: I'm personally against the distribution of 100%; and I probably won't support the bill.

Representative Kempenich: Are we going to put some language in to use some of this funding to lower their ISO rating?

Chairman Vigesaa: That's in there.

Representative Beadle: The remainder will flow in to the state fire and tornado fund.

Alex Cronquist: It flows to the general fund.

Representative Kempenich: Made a motion to adopt the amendments.

Representative Beadle: Seconded the motion.

Voice Vote taken.

Motion Carried.

Representative Beadle: Made a motion for a "Do Pass as Amended".

Representative Howe: Seconded the motion.

Roll Call Vote: 6 Yeas 1 Nay 0 Absent

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2010
4/10/2019
34648

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner

Minutes:

Chairman Delzer: Called the meeting to order for SB 2010.

2:00 Representative Beadle: Bottom of page 3 statement of purpose amendment, only change we have on the bottom of the page is the salary package to go the 2 and 2 ½. Page 4 is the insurance tax payments, 17 million 519 thousand 422, this is the insurance premium tax that is collected for fire protection services. The senate had a continuing appropriation for the funding and we took that off so we needed to into that number into this line item. First page you will see a reduction of 5 FTEs, that would be the reduction of 3 employees because of the contract with North Dakota Insurance Reserve Fund (NDRIF) and the reduction of 4 boiler inspectors. That's program is being shifted over to Department of Environmental Equality (DEQ) so we are taking that language and funding out of this budget. There was 2 additional FTEs added in, in the executive recommendation, 0 for consumer assistance outreach and 1 for high risk pool & health care reform coordinator. Even though we have a reduction of 7, you're only seeing a reduction 5. Section 2 is the appropriation amount for the transfer for fire insurance tax premium.

7:00 Section 6, 7, and 13 was the change to the bill, insurance companies would now be able to offer some of these promotions for to bring people in for a quote. 47 states already allow this 3 states say that you can't give them an incentive or a promotion for a quote. All state agree that you can't do an incentive for a contract, we will now allow companies to do these promotions. Page 3 in another removal of boiler inspector language. Sections 14-15 gives us some legislative intent. We are telling the fire districts that we are giving you this money but you need to focus on saving some of our tax payers money. Section 16 adds an emergency clause to section 8, 9, 10, 11, and 12 that transfers this to NDRIF. With that I would **Move the amendment 19.0223.02003**

Representative Brandenburg: Second

Chairman Delzer: What kind of discussion did you have about the pension, where would you fund that?

Representative Kempenich: Right now there is nothing for volunteers and in the past it wasn't an issue; volunteers are getting harder to find. The idea was that when you go into training these people it isn't something that you just do and then a year later you quit.

Chairman Delzer: How do you plan to fund it and how do you determine their worth?

Representative Kempenich: That's why we are doing a study.

Chairman Delzer: Are you talking about the funding this with premium tax money that goes out or are you talking about the state giving money to do something on top of that for retirement for volunteer firefighters.

Representative Kempenich: It would be something that the local politic subs would have to find in the end.

Chairman Delzer: Is there something stopping them from doing it now?

Representative Kempenich: Because there is state money involved it gets complicated.

Chairman Delzer: When you talked about the lines that create the insurance premium, one has to do with hail insurance in communities? Did you have much discussion about those lines?

Representative Beadle: The original lines were fire, allied lines, home owners, farm owners, commercial and crop/hail insurance within the city. We asked a couple of questions, 1 if they could provide a break out of how much is collected from each of these individual premiums, and 2 if they could give us some history of why the crop/hail insurance within the city limits was included in this language originally. They said they just get a lump sum amount from all the providers.

Chairman Delzer: Did you put it anywhere in the bill that in the future they should be able to do that?

Representative Beadle: We requested the insurance commissioner to look at it.

Representative Monson: It says improve their rating what can they do to improve that rating?

Representative Beadle: It comes down to the time that it takes for them to get to the property and the overall readiness.

Representative Monson: Would it have to do with the level of training that they get?

Representative Beadle: We didn't talk about the training but we do believe this revenue we are sending to them is intended to be better trained and better prepared. With the training comes better efficiencies and better response time.

Representative Schobinger: It's the distance to the closest fire department, if you're within 5 miles of a fire department it'll improve your rating and it's the equipment or sometimes it's going through the process.

Representative Vigesaa: On the senate side they had the fire fighter distribution as a continuing appropriation, we took out the continuing appropriation so we can see those numbers every time.

Chairman Delzer: Further questions on the amendment? Seeing none **Voice Vote, All in Favor, Motion Carries.**

Representative Holman: I also passed out an amendment 19.0223.02001, part of the reason for this is there has been discussion about eliminating ACA. This amendment deals with something that's been working quite well in the state for the last several year and that is the insurance carriers are required to cover preexisting conditions. This amendment would add to the statutory requirements. It will not change anything under present law it only changes if things would change, I would Move **the Amendment.**

Representative Boe: Second

Chairman Delzer: Brady would this have to go through PERS?

Brady Larson, Legislative Council: It would have to go on PERS for two years before it could be applied to everyone.

Representative Kempenich: Did we repeal the CHAND program?

Chairman Delzer: I think it's still in place, I don't know that anyone is still on it.

Representative Kempenich: If something did happen this would do the same thing.

Chairman Delzer: We should be really careful with this one, I think it needs to go through the PERS, I see this as purely policy and not so much money. Maybe we should have had a study on here.

Representative Monson: Can we see if CHAND is still in place?

Representative Beadle: Pulling up this chapter of code that it would be looking towards; hospital and medical insurance, limits on preexisting exclusions. A group policy may not impose a preexisting condition that 1 relates to pregnancy or 2 treats genetic information as a preexisting condition. That's what we currently have within statute.

Chairman Delzer: The talk is that even if something did change the preexisting would still be covered. Any further discussion of the motion to further amend? Seeing none we will call the roll.

A Roll Call vote was taken. Yea: 12 Nay: 9 Absent: 0

Chairman Delzer: Motion Carries

Chairman Delzer: Brady you better check and see what happens with this.

Representative Beadle: I will make sure we go to conference with this so we have more time to find that out.

Chairman Delzer: Any further amendments? Seeing none.

Representative Beadle: Remained of the bill, page 1 is the salaries and wages as well as the positions. If there are no more questions I would move a **Do pass as amended.**

Representative Howe: Second

Chairman Delzer: The repealer is just with the NDIRF?

Representative Beadle: The repealer is the boiler inspector language that's currently within their area. All that is being put into DEQ.

Chairman Delzer: Any further discussion on the motion for a Do Pass as Amended? Seeing none, we will call the roll.

A Roll Call vote was taken. Yea: 18 Nay: 3 Absent: 0

Motion Carries, Representative Beadle will carry the bill

Chairman Delzer: With that we will close this meeting.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 9, line 14, replace "state fire and tornado" with "general"

Renumber accordingly

Moving the Boiler Inspection program to DEQ, this would clarify that all funds collected by the Boiler Inspectors and the funds required to operate the program would go into and out of the general fund.

This corrects an issue that was brought to our attention by our agent community, as the law stands right now, our agents can make donations to a 501(c)3 entity for any dollar amount. A donation cannot be an inducement to get a quote or a contract of insurance. This amendment allows for our agents to market based on getting quotes, "Come in this month and for every quote we give we will donate \$10 to a X Charity" Our agents and companies agree to the amendment and The Department also agrees as it still protects the inducement on the contract, but allows for a marketing on quotes which in the end should benefit agents, consumers and non-profits.

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 9, after the semicolon, insert "to amend and reenact subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code, relating to insurance rebates; to amend and reenact subsection 2 of section 26.1-04-06 of the North Dakota Century Code, relating to insurance rebates; and to amend and reenact subsection 2 of section 26.1-25-16 of the North Dakota Century Code, relating to insurance rebates;"

Page 13, after line 21, insert:

SECTION 15. AMENDMENT. Subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code is amended and reenacted as follows:

8. Rebates.

- 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 16. 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.

SECTION 17. 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.

Page 13, line 22, replace “15” with “18”

Page 13, line 23, replace “16” with “19”

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

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

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

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, promotional 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. 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 15. 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 16. 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	15,064,086		17,519,422	17,519,422
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
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 Increases ¹	Adjusts Funding for Fire District Payments ²	Total House Changes
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		\$17,519,422	17,519,422
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	15,523	17,519,422	17,534,945
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 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.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 2, replace the second "and" with a comma

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

Page 1, line 3, replace "and" with a comma

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

Page 13, after line 21, insert:

"**SECTION 15.** 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."

Page 13, line 23, replace "15" with "16"

Page 13, line 28, replace "15" with "16"

Renumber accordingly

DP 9/10/19
10/5

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

DE 1/10/19
2 of 5

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, promotional 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

DO 4/10/11
305

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.

DO 4/19/19
1 of 5

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	15,064,086		17,519,422	17,519,422
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
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 Increases ¹	Adjusts Funding for Fire District Payments ²	Total House Changes
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		\$17,519,422	17,519,422
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	15,523	17,519,422	17,534,945
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

DP 4/10/19

SAS

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.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

A motion to replace page 9 line 14.

Motion Carried

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Monk

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
A motion to increase the state audit fee to \$12,000.00.
Motion Failed.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

A motion to move attachment D.

Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
A motion to allow the insurance department to contract with NDIRF.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

A motion to remove the continuing appropriation to the fire districts and fire association

Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Brandenburg Vice Chairman

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

A motion to provide \$17,750,000.00 to the fire fighter's association and \$745,672.00 to the fire districts. In addition to remove sections 3,4,5,6,9 and 16 of the bill.

Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Kempenich Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To adopt the changes to the bill.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2010**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa	X		Representative Mock	X	
Vice Chairman Brandenburg	X				
Representative Beadle	X				
Representative Bellew		X			
Representative Howe	X				
Representative Kempenich	X				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Representative Beadle

If the vote is on an amendment, briefly indicate intent:
Motion Carried.

Date: 4/10/2019
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2010**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.0223.02003

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 4/10/2019
Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2010**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.0223.02001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Holman Seconded By Representative Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa		X
Representative Bellew		X			
Representative Brandenburg	X				
Representative Howe		X	Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson		X	Representative Mock	X	
Representative Meier		X			
Representative Monson		X			
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz		X			
Representative Schmidt		X			

Total (Yes) 12 No 9

Absent 0

Floor Assignment _____

Motion Carries

Date: 4/10/2019
Roll Call Vote # **3**

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2010**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Beadle Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew		X			
Representative Brandenburg	X				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz		X			
Representative Schmidt	X				

Total (Yes) 18 No 3

Absent 0

Floor Assignment Representative Beadle

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2010, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2010 was placed on the Sixth order on the calendar.

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, promotional 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	15,064,086		17,519,422	17,519,422
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
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 Increases ¹	Adjusts Funding for Fire District Payments ²	Total House Changes
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		\$17,519,422	17,519,422
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	15,523	17,519,422	17,534,945
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.

2019 CONFERENCE COMMITTEE

SB 2010

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
4/18/2019
Job # 34857

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Testimony # 1 - 3

Legislative Council: Alex Cronquist
OMB: Larry Martin

Conferees:

Senator Oehlke, Senator Erbele, Senator Grabinger
Representative Beadle, Representative Brandenburg, Representative Bellew

Alex Cronquist handed out:

Base Level Funding Changes – attached - #1

Statement of Purpose of Amendment – attached # 2

Senator Oehlke called the conference committee to order on SB 2010. Asked the House members to walk through their changes.

Representative Beadle: What we did in the House was fairly simple. If you look at the initial changes all in the title language, we had adjustments for the insurance rebates, legislative management study, and removing the boiler inspector language. Bottom of page 1 on bill (speaking off of bill 19.0223.02005 – attached # 3) that is where we get into the adjustments for the overall compensation. What we did there was adjust the salary package as per agreement by both chambers and appropriation committees. We had the five FTE reduction, that would be the result of transferring the three to individuals for NDIRF, transferring four individuals for the boiler inspector program over to DEQ, and then we added two individuals. One, for the consumer assistance and also another one for dealing with the high risk pool healthcare reform coordinator position. There were seven positions adjusted but it is a net result of five FTE's from this department itself. Section 2 of the green line bill, middle of page 2, deals with the adjustment for the fire insurance premiums. This is also dealt with in a couple of other sections within the code. 3,4, and 5 in particular were removed and so what this language allows for is, based on the projections coming from the insurance department for what is going to be collected for the various lines of insurance. For clarification on that,

the lines that are dedicated towards fire insurance premiums are fire, allied lines, home owners multiple peril, farm owners multiple peril, commercial multiple peril, and crop hail insurance and property within the city. The revenue anticipated to be coming into the department from those lines are the \$17,519,422. Based on historical agreement from the last couple of sessions, we usually split this 94.5% to the fire districts, and 5.5% to the firefighter's association. That is where the \$16,773,750 came from. That would be 100% funding, the 94.5% split to the fire districts. Based on how we do that, they would at 100%. The fire fighter's association however, the House felt that should not be at 100% of 5.5% because when they submitted their budget request information to the insurance department as part of formulating the executive recommendation, their budget request amount was for \$745,672. The House felt that we would fully fund their request that they made to the department but, if we gave them the full 5.5% that would have put them closer to \$1,900,000. We felt that they didn't need the extra \$200,000 to go towards that.

Senator Oehlke: Did you ask how they came up with their \$730 budget?

Representative Beadle: We didn't request it from the fire fighter's association but, we do have the full letter that they provided to the tax commissioner's office as well as the work sheet of the budget information for both their estimated income and expenses for the fire fighters association. We utilized that just as we do when are looking at what OMB provides us for agency budget detail. This letter was dated July 13, 2018 for the appropriations request for the 2019-2020 biennium to the insurance commissioner John Godfreed. This is a letter that pursues a section in century code that requires the itemized amount of the money necessary to conduct fire schools held during the biennium under the direction association of OMB. Fire fighter's association is requesting to the North Dakota insurance department include \$745,672 in your base budget for the 2019 biennium to fund the fire fighter's association.

Senator Oehlke: I'm thinking about the third line of that, I heard you say something as directed by OMB. Is this OMB's budget that they indicated they should have or is this the fireman's association budget that was submitted?

Representative Beadle: OMB helps compile for the executive budget recommendation so I believe that was it but, I am going to pull up a reference in their letter that says in addition North Dakota Century Code 18-03.08 required NDFA to report annually to OMB a letter of full and complete report of the disposition of all money received. I think that would be what they were referencing for the OMB portion of this. I will provide a copy of this letter to all of the members of the committee as well as the previous itemized costs so we can see that as well. Page 2 and 3, we removed sections 3,4, and 5. That was the continuing appropriation.

Senator Oehlke: Are you sure that's what that was? Did you read sections 3,4,5? When I read those sections, it says that particularly under section 4, section 3 it says the insurance companies are to report fire, allied lines, home owners multiple peril, farm owners multiple peril, crop hail, and commercial multiple peril insurance premium collections. It goes on and on to explain how that was to be reported and how it is supposed to be segmented out so that the insurance department knows where to disperse the money to.

Representative Beadle: That would be the language that is within section 3 I believe. We can provide clarification from Legislative Council on that.

Senator Oehlke: I don't care who made the goof here but then on section 4 it says; the tax distribution fund is a special fund in the state treasury. In section 5 it talks about the amount due cities, rural fire protection districts, or rural fire departments. Without all those sections all the way over to section 6, you have no way to spend that money.

Representative Brandenburg: We discussed that this morning and that was never our intention to take away the ongoing money that goes to the fire fighters so, if that came out that way, our intention was to come back and look at it again next session.

Senator Oehlke: You're on a different section from what we talked about this morning, that is a whole different piece of the pie.

Representative Beadle: In section 4, the language that was included in the bill as it came over from the Senate, references existing century code language of 18-04-04.1, which is the insurance tax distribution fund. You overstruck language on line 10, page 3 that said, subject to legislative appropriation. That was the only adjustment. Our amendment did not eliminate or repeal that section of code. It repealed the amendment of subject to legislative appropriation so, without having that change within that section, the section itself could be removed from the bill because we don't need to just print existing code with no changes to it. Section 5 is the same, the language that you had added was continuing appropriation and then overstruck most of the language of subject to legislative appropriation and overstruck the insurance commissioner shall allocate, based on the appropriation of December of each year. That language was to make it a continuing appropriation because you had also added subsection 5 into that of annually they shall determine the amount and just pay it out without having a legislative appropriation in there. When we removed the language that the Senate had included of the continuing appropriation piece, the section of the bill was no longer necessary. We did not repeal those sections of existing code. It would maintain it as it currently was. The one area that might have been an oversight would be the changes that were made in section 3, it was not our intention to do anything that would be, in regards to the company's annual statement or crop hail, our intention was purely to eliminate the legislative appropriation overstriking to create it as a continuing appropriation in sections 4 and 5.

Alex Cronquist: Rep. Beadle was correct, by removing those sections in the bill the House just brought it back to what is currently in law would remain law. Section 3, when the changes were made by our office there, those were changes that I'm not sure necessarily had to be made, they were kind of clean up language.

Senator Oehlke: Are you telling me that the insurance department is supposed to have rules for the insurance companies to make this report and they don't need this in century code?

Alex Cronquist: It's in the century code. By removing these sections from the bill, the current century code just wouldn't be changed.

Representative Beadle: Not repealing, just their reference in the bill.

Jon Godfread, North Dakota Insurance Commissioner: I think section 3 was clean up language to modernize the words. The rest of the sections, 4,5 were, from our intention, to make it a continuing appropriation. Our projection for the collections in this fund are \$17.75 million. I think as it has come over from the house it is \$17.5 million. I think some of the reason why we were advocating for a continuing appropriation is for this reason alone is that, our projection is here and if it comes in at \$17.75 million and we are allocated out \$17.5 million, there is \$250,000 that is swept over to the general fund which is what we were trying to avoid. That is why we are advocating for the continuing appropriation. It is our understanding that section 3 was clean up language, sections 4 and 5 is what allowed that to become a continuing appropriation as it came over from the Senate.

Representative Beadle: That was us taking the \$17.75 million that was in the request for the budget in reducing the fire fighter's association portion from \$976,250 down to \$745,672, which that balance is why it comes down to \$17,519,000.

Senator Oehlke: And the balance goes where?

Representative Beadle: General fund.

Senator Oehlke: Why?

Representative Beadle: That is where it has been going.

Senator Oehlke: The boiler section has been removed.

Representative Beadle: Yes, page 5-9. All that overstruck language is removing the boiler inspection program. That was transferred over to DEQ. That language was fully added into the DEQ budget and so council requested us to remove the language just to make sure that we didn't have any code discrepancies in one section of another. It would be cleaner that way.

Senator Oehlke: That is over in DEQ so we are good on that. Section 9 that was removed, that has to do with the premium tax, section 9. Go back to where you adjust the commissioner's salary.

Representative Beadle: That would be again with regards to the continuing appropriation because the language that was originally there was the overstriking for the amount computed under section 18-04-05 for the transfer.

Senator Oehlke: Where is the premium tax showing in there?

Representative Beadle: It would be line 14, of page 11 for the overstruck language and then is where the underlined language of the amount computed under section 18-04-05 was as it came over from the Senate. The language towards the rest of that sentence of, one half of the biennial not appropriated under distribution of, the Senate had crossed out section 18-04-05 and that language. That was the language in there from the Senate and it was our understanding that was another reference to the continuing appropriation for fire districts and I see council is nodding.

Senator Oehlke: Where is the 1¾ and the 2% premium tax showing in this bill?

Alex Cronquist: Whatever current law is; it would remain current law under the house version with regard to the insurance premium tax. What was removed in section 9, in current

law the amount is one half of the appropriation because, the House actually appropriated funding for the fire departments and fire fighter's association, the insurance commissioner would have to calculate $\frac{1}{2}$ of that amount. What the Senate had changed was, instead of having it being $\frac{1}{2}$ of the appropriation, it would be just the amount that the insurance commissioner computed when determining how much to do under that continuing appropriation. That change wasn't necessary.

Senator Oehlke: Section 2 changes it from continuing appropriation, does it not?

Alex Cronquist: Correct, because the house chose to do an actual appropriation rather than a continuing appropriation, the language in current law where it states that the insurance commissioner would have calculate the $\frac{1}{2}$ of that appropriation amount, the current law would be necessary with section 2 added by the house.

Representative Beadle: Sections 6,7, and 8 that is all referenced to language in regards to, what companies are able to offer as inducements for getting clients in for a quote. It was referenced the companies, especially national companies such as State Farm, will offer promotions of; Receive a quote today and we will have a donation to veterans group etc. 47 states currently allow this, the changes in these sections would allow that to take place. That would 6,7, and 13 of the bill. Page 13, lines 22-28, the language there in regards to the boiler inspection, that was another repeal with the infective date. That would now be page 15 of the overstruck language. We have the change language for NDIRF, we did not make any adjustments to that on the house side so that all remains the same. Section 14, page 16 of the green line version was language that was not added during our section of appropriations but when we were in full committee, that was proposed by another member. Based off of conversations about what is happening with federal law, with changes in the Affordable Care Act there was a concern that some of the protections that are out there for pre-existing conditions might be removed. The committee voted in full committee and I believe it was a 12 to 9 vote approved adding this pre-existing conditions on there. We have had conversations with the department since, that this language is a little overly broad and would apply beyond where our committee's intention was for that but, the intention for that was to ensure that if something changed in federal law in regards to pre-existing conditions, as in the status-quo would remain regardless of the federal changes. Section 15 was legislative intent with regards to the insurance tax distribution fund. This was one of the arguments in terms of making sure that fire districts receive money, be able to bring down the insurance office rating, and improve access to fire protection services in various communities to lower the premium tax that is necessary as you are in a higher risk area. Section 15 is a legislative management study, this came at the request of one of our members about volunteer fire fighter pensions. We recognize that for many of our fire districts across the state, particularly in the rural area, it becomes very difficult to retain and recruit fire fighters so, this wanted to look at establishing if there was any desirability of offering some level of a pension program or benefits type program to help incentivize fire fighters to join and stay with the departments across the state to help with recruiting. Section 17, which I believe was in the House version but did not carry over due to the vote on the floor about not being sufficient for the emergency clause for sections 8,9,10,11, and 12. That came out of our committee but due to the House vote I don't believe that the emergency clause carried. The emergency clause was in regards to NDIRF, so that they would be able to contract and enter into a contractual arrangement so that they could prepare for the next biennium. They would just be looking at entering

earlier and then being able to have that relationship start but there really wouldn't be a substantial change at that point just so they could have that conversation.

Senator Oehlke: The insurance service office rating, it says it is the intent, I'm trying to wrap my brain around that. I'm guessing that, that what fireman do, that is their life, is to try and improve the communities fire ratings. Why do we need it in century code?

Representative Beadle: It was the belief amongst some on the committee that while absolutely that is the intention and the goal of fire departments across the state, they just wanted to say this is revenue generated by premium tax associated with fire departments. The tax is formulated in part based off of what the level of access is to fire protection services and what rating they're in all effects what their premiums would end up being. The intention was just to say as a reminder of we hope that these funds go to help improve the services across the state and however the departments feel needed. This language is written purposely with a lot of flexibility to it, just wanted to reiterate that we are very comfortable giving fire departments 100% of the premium tax collected, we just want to make sure that with that 100% that they ensure they are continuing to work for better services for the citizens.

Senator Oehlke: That is a great comment because I think the best thing we can do to increase ratings is to find ways to get them more services so that they can do their job better. Which would include maybe the associations share of the pie to provide more training.

Representative Beadle: We are giving the association what they requested.

Senator Grabinger: Reality is you're giving them what they asked, but they didn't know what the dollar amount was going to be is the bottom line. This money was paid for by people paying their premiums for firemen, for fire departments, and for fire training. The idea that we would keep any of it is appalling to me. It is theirs, it is for them, and we should just allocate it to the percentage that was set. Whatever comes in, that is what they get.

Representative Brandenburg: I can remember when this was thing was only 50%, then we went to 80% and now we are going to 100%. No one is saying they aren't doing their job. As far as going from 80%, we're picking up about \$2,000,000 here for the fire fighters. As far as the \$250,000 for the association, we can have a discussion and talk about it. We came \$2,000,000 so, let's talk.

Representative Beadle: For the record, just a little history on the grants of the fire districts and the state allocations from the insurance premium tax distribution fund. No money was allocated from the state to the fire fighters association until 2002. At that point in 2002 NDFA was received \$52,000 a year from 2002-2004, \$60,000 from 2005-2008, \$310,000 from 2009-2010, \$335,000 in 2011-2012, \$400,000 for two years, \$575,000 in 2015, \$445,000 2016, and then \$414,262 in 2017-2018. That was the history of it. Prior to 2002, this money wasn't directly going to the association, it was to the fire districts and at that year we were at 76% of the tax was distributed out to the fire districts. Just for the record, their collections have increased significantly from this fund.

Senator Oehlke adjourned the conference committee on SB 2010.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
4/22/2019
Job #34877

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Testimony #1 - 3

Legislative Council: Alex Cronquist
OMB: Larry Martin

Conferees:

Senator Oehlke, Senator Erbele, Senator Grabinger
Representative Beadle, Representative Brandenburg, Representative Bellew

Alex Cronquist: Handed out Base Level Funding Changes – **Attached #1.**

Senator Oehlke: Sent an email to the committee outlining four points they need to discuss. On Friday, did you have any time to take any of that into consideration?

Representative Beadle: I can remind people of those. You had some easy items and then one with a little more discussion. Your 4 points were one, section 14 in the current 2005 version as a pre-existing condition language for accident and health insurance. You wanted the committee to consider turning that into a study. Number two was another study option relating to HB 1106 to be considered as it brings clarity to the cost of health insurance. Number three was to look at the emergency clause with regard to NDIRF. That was something that came off when it went to the House. We were a few votes shy. Number four was making the insurance premium tax collections that are divided between the Fire Fighters Association and the departments continual appropriation with the caveat that there is mandatory reporting to the legislature. Those are the four items you sent to us on Friday for discussion.

Senator Oehlke: Do any of the members feel angst with #1,2, and 3 as far as making those changes as indicated in that? Making that into a study would be a wise thing to do. I do not know that we are in a condition to make that kind of decision at this point.

Representative Beadle: I agree with that. Presented proposed amendment 19.0223.02006 - Attached #2. I am passing this out in regards to your point number two about HB 1106. This is language that another Representative had drafted from council in conjunction with the commission of Godfread's office. He was the one that emailed this over to me in regards to HB 1106. This would be an insurance department analysis of health care and hospital recording requirements. I believe they adjusted to operating expenses to allow for them to fund a study on this. I need clarification on what they did there.

Alex Cronquist: This is the first time I've seen this amendment. Whoever did this, did not tell me.

Jon Godfread, Insurance Commissioner: This was drafted for another representative. I believe the intention was to take \$200,000 from the operating line and add that back in to the operating line for us to hire an actuarial consultant to come in and help us prepare an in depth study on the cost of health care. It was a \$200,000 addition in there for a study and it looks funny because it's reducing a reduction essentially.

Representative Beadle: On the .03000 version of the bill, currently line 21, page 1 of the .3000 has a reduction of the operating expenses of \$613,102. So, it looks like this change would make that reduction \$413,102. That would track with \$200,000 for that.

Senator Oehlke: Would you like to make a motion?

Representative Beadle: Moved amendment 19.0223.02006.

Representative Bellew: Seconded the motion.

Voice vote approved.

Senator Oehlke: We will hold off on voting on the bill until we get a couple more.

Representative Beadle: Did you have any language drafted in regards to the pre-existing study that had been discussed?

Senator Oehlke: Handed out a proposed amendment from the insurance department – Attached # 3.

Representative Beadle: Alex, would you need any adjustments to this in order to make sure it fits with all the other amendments we will end up having on this bill?

Alex Cronquist: We can work with this language.

Representative Bellew: With this language, does that mean Section 14 comes out of the bill?

Representative Beadle: That would be on the House amendments since we're already going to end up having to recede to further amend so maybe we wouldn't have to. Alex, could you clarify for us? So, when we end up making the ultimate motion on the bill, we'll end up having the House recede and further amend since it was the House's amendment that put

on section 14 to begin with. Would we have a motion to take that off? Or once we recede and further amend, would that just drop off?

Alex Cronquist: It would just drop off so there's no need to act on it.

Senator Oehlke: It appears the amendment matches up with the .02000 version of SB 2010 at this point.

Senator Oehlke: Asked for motion to add the amendment to provide for a legislative management study on health insurance.

Representative Beadle: Moved the proposed amendment from the insurance dept. relating to a legislative management study - health insurance and pre-existing conditions.

Representative Brandenburg: Seconded the motion.

Voice vote carried.

Senator Oehlke: I don't know if we need an amendment to make sure the emergency clause is in there, but when we are all done, I think we need to make sure the emergency clause applies to anything relative to the ND Insurance Reserve Fund sections which may be not numbered exactly how we would say them if we actually said them into the record.

Alex Cronquist: That may be the case. If you state that you would like an emergency clause, we can add it and then the committee will be able to vote on the drafted amendment once we get that put together.

Senator Oehlke: That emergency clause would be relative to those particular sections when it is finalized?

Alex Cronquist: Correct. We'll make sure that it lines up.

Senator Oehlke: With that understanding, can we vote on those two amendments that we've completed so far and then talk about the insurance premium tax as a separate issue?

Representative Beadle: Would it be more convenient for drafting if we had a vote on the emergency clause? Since that was not on the Senate version that came over, that would end up having to be an amendment added on.

Alex Cronquist: We'll add it.

Representative Beadle: Would it be cleaner if we have a motion to put the emergency clause on there since it would be an amendment on to the bill?

Alex Cronquist: At this point, it is not necessarily required separately. I assume there is still to be discussion on the insurance tax distribution payments to fire departments and the Fire Fighters Association. Once we get everything hammered out, we can go through one motion if you would like.

Senator Oehlke: So we do not have to vote on the others ones until we are done with our discussion. It appears we are down to visiting about the insurance premium tax and the division of such. In my email, we find that originally this was a continuing appropriation. The insurance premium tax was intended to go to help the fire departments and the association. It wasn't until the state got into some real fiscal trouble that it started to get picked away at, and it got disseminated. It wasn't until 2007, 2009,10,11,12,13 that we got it back to a reasonable level and to its original form. It is not there quite yet. I would love to see it get there but I would like to hear your input on message you sent over. I would be open to more discussion on our firemen and our firemen's association.

Representative Beadle: In discussion with the House leadership, we believe the firemen do a tremendous job. That is why we are committed to increase the funding for the premium tax going out to 100%. We have the revised numbers so we do need make sure to adjust that going forward in terms of what the premium tax collections are. However, the continuing appropriation discussion has been a nonstarter. I ran it up the flagpole on Friday as well as today and the House isn't ready for a continuing appropriation yet but we'll give 100% of tax collections to the fire fighters and the fire districts themselves.

Representative Brandenburg: We're perfectly willing to go to the \$18,818,000 and have that discussion. They're getting 100%. I don't think we'll get anything further. We should have some discussion. There might be quarter of a million laid out with the association. In discussion with the House leadership, we are willing to give that extra to the fire districts. I am assuming the number would be around \$300,000 and that would go to \$19.1M or whatever it would be and go to the fire districts so there is nothing left on the table. The association would stay at the 750. I believe that is what their budget request was. The fire districts would get that balance.

Senator Oehlke: Just so we're clear, the association came back with \$745,872 and that wasn't really what their budget appeared to be. I know one of the comments was that the fireman or the various departments can just chip in and can help pay for some of that.

Representative Brandenburg: I've had discussions with some fire departments. They feel the fire district should go to the fire districts. They feel the association is getting enough. That is the feedback I got back. If the association, its their budget, they can request more from the districts if they have to. We're willing to give the whole 100%. We will not leave any money on the table.

Senator Grabinger: I am glad to hear the House has agreed to the 100%. We have a set way to divide this up. We all know the reason the budget was put in the way it was by the association was because of the allotment procedure and the request for that reduction not knowing that we would be in the situation we are today. The association has seen the training. There's a whole lot of training that is done for fire fighters today then there was when I was on the department. This has changed. It takes money to provide those schools that training and leadership. There is no reason that we should change the division between the money. Let's just do it the way we have in the past. Give 100% and divide it up as it was.

Representative Beadle: We should remember that a lot of districts do provide their own training. The association does provide training and most districts take advantage of that.

Some districts will do individual training that is separate from the association. Every association member pays dues to the association itself. The districts can be levied if the cost for the association truly were higher and the members felt there was value for the association to increase those costs. Even with the 90% budget request, that would put associations request up to \$827,000 if you gave them 100% of what they were before they did the 90% budget so that would mean a maximum of what they requested. It would be the \$827,000 and not the \$1,034,000 that they would be getting if we gave this a straight pass through appropriation. I think our districts would be able to better utilize this money and if the association truly needed more, I'm sure their members would be willing to chip in.

Senator Oehlke: Is there any more discussion? I am thinking about the wisdom of not allowing additional training.

Representative Beadle: I would not say that we are advocating against additional training. In no way are we saying that we do not want them to provide training. We are saying there's more than a million dollars going out to districts. Districts can provide training themselves and just like any trade association or organization that any of us belong to, if we see value in the training, we pay for that in form of membership dues or costs for individual programs. There is nothing under statute that would preclude the fire districts from being able to do the same with their association.

Senator Grabinger: This money will not be wasted if given to the association for training. By suggesting that we are going to decide how much money and changing this, we are micro-managing what they are doing with that. If they get this money, they can do their job and do it even better. That is a good thing for the fire departments all across the state. This training is valuable and well spent in the sense that it could save lives.

Representative Beadle: At no point was House's position that the association is wasting money. The comment is just that with \$3M additional dollars going out to the districts, they can certainly pay for additional training through the association if they see fit. The 90% budget request by the association was \$745,000. Even if we gave them 100% of their request, that would be \$827,000 and not \$1.34M. I think the districts could utilize additional revenue.

Senator Oehlke: One of the pieces of language that the house added into this bill was relative to making sure the money goes to improving the fire district rating so the insurance premium will be lower. If I take you literally, you are saying you now you want to take it away from the fire districts and have them pay it to the association, so they can get training rather than provide equipment for vehicles and such that can help them improve their fire district rating.

Representative Beadle: That would be a misinterpretation of what that language means. The way you lower the rating is through a number of factors including improving access and timely response times for properties that are effected. Also, it needs to ensure that there is the adequate equipment and training necessary for that department to carry out all the needs of their department. There is a whole variety of ways that money could be utilized in order to help bring down that rating.

Senator Oehlke: Keep that equipment thing in mind. We will have one more meeting.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2010
4/23/2019
Job # 34925

☐ Subcommittee
☒ Conference Committee

Committee Clerk: Rose Laning/Liz Stenehjem
--

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner.

Minutes:

Attachments # 1 - 2

Legislative Council: Levi Kinnischtzke
OMB: Larry Martin

Conferees:

Senator Oehlke, Senator Erbele, Senator Grabinger
Representative Beadle, Representative Brandenburg, Representative Bellew

Levi Kinnischtzke: Handed out Base Level Funding Changes – **Attachment #1.**

Senator Oehlke: Who feels like they want to walk thru this part? Does it address any of the other three sections we talked about?

Representative Beadle: Handed out **Attachment #2.** The long sheet is based off the last committee's conversation on what to do with the budget. Now this is not based off of the emailed amendments that were sent out by the insurance commissioner's office but the numbers should all be the same but language adjusted.

Section 3 – firefighters' association and districts appropriation. So this language has the change on here to go up to the 18.8, which is what the true numbers associated with the tax collection are. This would have amount of \$828,525 going to the association. The \$745 letter was based off of the 90% budget. \$828 matches up with what they received last biennium and would've been their 100% budget request. Then it has the remaining balance go into the fire districts. With regards to the language that the insurance commissioner's office was working on I had a conversation with Alex Cronquist about the adjustments that the insurance department was looking at to see if they could make it work and his concern was that within the section of code, if we didn't handle it like section 3 as it had left the house and with the updated language to here, that that section of code would still would include the term appropriate money. So just by overstriking a continuing appropriation and the language of replacing annually with for this interim. Because the language in there says appropriate there was concern that would still effectively make it a continuing appropriation

whether it was in the title or not. But having the word appropriate within that section would still cause that issue. So I understand the concerns of the department to make sure that the true 100% of the tax collection, no overage and no underage, is what is being distributed. So that if the collections came in lower than what the premium tax forecast is that they don't have a separate issue or if they came in over, that they're not diverting the excess to the general fund. I understand that concern of making sure it does act as a pass through. But according to Alex Cronquist there were just issues with that and so the language that he thought within section 3 was necessary, because it's the amount or so much of the sums may be necessary so that would give them leeway if the collections weren't there. That would be the main change with regards to the fire money on there. The other changes, we didn't have anything we were talking about with the FTEs, that stayed the same. Fire, tornado, boiler inspectors that all stayed the same and really we just came down to that and then the \$200,000 was added in there for the study that we had adopted at our conference committee meeting yesterday. To insure as the commissioner testified to yesterday that they are able to hire the expert they need to properly go thru the data.

Senator Oehlke: So the study relative to section 14 is addressed in here? Sections 7, 8 and 14 provide statutory changes related to rebates, that was that pre-existing conditions stuff.

Representative Beadle: The one relating to rebates is with regards to the State Farm Insurance offering the promotion to come in for a quote and will receive...

Senator Oehlke: They've got section 14 in there and section 14 in the bill that was sent over to us...

Representative Beadle: The long sheet is made up of this amendment of 19.0223.02007 – attached # 2. So that would have section 14 being the last adjustment for crossing out a quote or with regards to the promotion activities. Section 15 with regards to the study that's in relation to 1106 and the cost associated for the various insurance stuff. That language for section 15 in the 02007 version, that is what is referenced in the one-time funding \$200,000 operating for the cost there. That's reflected in the long sheet.

Senator Oehlke: So we have effectively, you're looking at it now, we kind of just eliminated that section 14 that's in this version that came over from you guys.

Representative Beadle: The pre-existing condition study was moved to now section 17 in the .02007 version, which is the study of pre-existing. The one that we previously had for the volunteer pension, that dropped down to 18. This amendment does include the emergency clause with the renumbering. This emergency clause on the .02007 version applies to sections 9,10,11,12 and 13. The NDIRF language – now all matches up with various sections. Even though they are numbered different, they are still the NDIRF sections.

Senator Oehlke: Could I see a more definite nod from council?
I'm guessing you would like to move this amendment. (Side bar discussion)

Senator Oehlke: Would you like to make a motion?

Representative Beadle: I move the **House recede from the House amendments and adopt amendment 19.0223.02007.**

Representative Bellew: **Seconded the motion.**

A Roll Call Vote Was Taken: 5 yeas, 1 nays, 0 absent.
Motion carried.

Senator Oehlke - Y
Senator Erbele – Y
Senator Grabinger – Y

Representative Beadle - Y
Representative Brandenburg – Y
Representative Bellew – N

Senator Oehlke: I know we'll be back in two years to revisit a lot of this. I'm certainly happy with the numbers and I think everyone can live with those.

Representative Brandenburg: I've come as far as I can come. Every penny we gave to the fire districts and the fire associations and I think we're being real fair. I think we will be back next session to talk about it. I don't feel good about a continuing appropriation

Senator Oehlke: In total fairness to the House, I know you stepped up to the plate, I know that's going to be appreciated. I thank you for that effort.

Representative Brandenburg: Thank you.

Representative Beadle: I completely understand where the department was, the adjustments they were trying to make on this in consultation with Legislative Council. I think there were still concerns that they had with how this language was going to be drafted. So at least for this interim, I think going forward with how we have it in this 19.0223.02007 version I think will do the job. Then if we want to work to adjust the language so it's not a continuing appropriation, because the House position is that we want them to continue to come to check and that allows us to adjust what goes toward the association if we see them needing more. It allows us to check in the future but if we want to work on the language in the interim to clarify exactly how that money will flow we can work on that. For now, I don't think we'll get it resolved.

Representative Brandenburg: Another warm fuzzy feeling when we all come together.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1572-1575 of the Senate Journal and pages 1740-1742 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

Page 1, line 10, after the first semicolon insert "to provide for a report;"

Page 1, replace lines 21 and 22 with:

"Operating expenses	<u>2,179,777</u>	<u>(413,102)</u>	<u>1,766,675</u>
Total special funds	\$10,729,344	(\$828,194)	\$9,901,150"

Page 13, after line 22, insert:

"SECTION 16. REPORT TO LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY. During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium trends as provided for in House Bill No. 1106 of the sixty-sixth legislative assembly. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and shall submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 10, after the third semicolon, insert "to provide for a legislative management study;"

Page 13, after line 28, insert:

SECTION 17. LEGISLATIVE MANAGEMENT STUDY – HEALTH INSURANCE.

During the 2019-2020 interim, the legislative management shall consider studying the desirability and feasibility of state guaranteed issue provisions, to include protections for individuals with preexisting conditions and an analysis of restructuring the comprehensive health association of North Dakota.

Renumber accordingly

SK
1055
4/24

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1572-1576 of the Senate Journal and pages 1740-1744 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

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

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

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 a statement of legislative intent; to provide for a report;"

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

Page 1, line 11, replace "contingent effective date" with "to provide for a penalty; 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>(413,102)</u>	<u>1,766,675</u>
Total special funds	\$10,729,344	(\$812,671)	\$9,916,673
Full-time equivalent positions	46.00	(5.00)	41.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Health care analysis	<u>\$0</u>	<u>\$200,000</u>
Total special funds	<u>\$0</u>	<u>\$200,000</u>

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$18,818,030, 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 \$17,989,505 and payments to the North Dakota firefighter's association in the amount of \$828,525, 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 7. 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 8. 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 14. 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 15. REPORT TO THE LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY. During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium

trends as approved by the sixty-sixth legislative assembly in House Bill No. 1106. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation.

SECTION 16. 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 17. LEGISLATIVE MANAGEMENT STUDY - HEALTH INSURANCE - PRE-EXISTING CONDITIONS. During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of state guaranteed issue provisions for health insurance. The study must include consideration of protections for individuals with pre-existing conditions and consideration of whether to restructure the comprehensive health association of North Dakota. 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 18. 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 in 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 19. EMERGENCY. Sections 9, 10, 11, 12, and 13 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998	\$8,149,998	
Operating expenses	2,179,777	1,566,675	200,000	1,766,675	1,566,675	\$200,000
Insurance tax payments	15,064,086		18,818,030	18,818,030	17,519,422	1,298,608
Total all funds	\$25,793,430	\$9,701,150	\$19,033,553	\$28,734,703	\$27,236,095	\$1,498,608
Less estimated income	25,793,430	9,701,150	19,033,553	28,734,703	27,236,095	1,498,608
General fund	\$0	\$0	\$0	\$0	\$0	\$0

Department 401 - Insurance Department - Detail of Conference Committee Changes

	Adds Funding for Salary Increases ¹	Adjusts Funding for Fire District Payments ²	Add One-Time Funding for Health Care Analysis ³	Total Conference Committee Changes
Salaries and wages	\$15,523			\$15,523
Operating expenses			\$200,000	200,000
Insurance tax payments		\$18,818,030		18,818,030
Total all funds	\$15,523	\$18,818,030	\$200,000	\$19,033,553
Less estimated income	15,523	18,818,030	200,000	19,033,553
General fund	\$0	\$0	\$0	\$0
FTE	0.00	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 same as the House version. 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. The House also removed the continuing appropriation authority. This amendment provides \$17,989,505 to be distributed to fire departments, an increase of \$3,753,944 from the base level. The Senate provided an estimated \$17,783,038 and the House provided \$16,773,750 for fire department payments. The amendment also provides \$828,525 to be distributed to the North Dakota Firefighter's Association, the same as the base level. The Senate provided an estimated \$1,034,992 and the House provided \$745,672 for the North Dakota Firefighter's Association. This results in a general fund revenue reduction of \$3,753,944 compared to the base level, the same as the Senate version and \$1,298,608 more than the House version.

³ One-time funding of \$200,000 is appropriated for an analysis of health care in the state to assist the Legislative Management in its study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included funding for the health care analysis.

Senate Bill No. 2010 - Other Changes - Conference Committee Action

This amendment also:

- Removes sections added by the Senate to provide continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund. The House also removed these sections.
- Removes sections added by the Senate to provide 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, the same as the House version.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote, the same as the House version.
- Adds a section to provide for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included this section.
- Does not include a section added by the House to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant. The Conference Committee amendment provides for a Legislative Management study of health insurance coverage for pre-existing conditions.
- 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, the same as the House version.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters, the same as the House version.
- 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.

**2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2010 as (re) engrossed

Senate Appropriations Committee

Action Taken ☒ **Adopt amendment 19.0223.02006.**

Motion Made by: Representative Beadle Seconded by: Representative Bellew

Senators				Yes	No	Representatives				Yes	No
Senator Oehlke				x		Representative Beadle				x	
Senator Erbele				x		Representative Brandenburg				x	
Senator Grabinger				x		Representative Bellew				x	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Unanimous voice vote carried.

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2010 as (re) engrossed

Senate Appropriations Committee

Action Taken ☒ **Adopt proposed amendment from the insurance department relating to a legislative management study – health insurance.**

Motion Made by: Representative Beadle Seconded by: Representative Brandenburg

Senators				Yes	No	Representatives				Yes	No
Senator Oehlke				x		Representative Beadle				x	
Senator Erbele				x		Representative Brandenburg				x	
Senator Grabinger				x		Representative Bellew				x	
Total Senate Vote				3	0	Total Rep. Vote				3	0

Unanimous voice vote carried.

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2010 as (re) engrossed

Senate Appropriations Committee

- Action Taken** ☐ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☒ **HOUSE recede from House amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed.

Motion Made by: Representative Beadle Seconded by: Representative Bellew

Senators	4/18	4/22	4/23	Yes	No		Representatives	4/18	4/22	4/23	Yes	No
Senator Oehlke	x	x	x	X			Representative Beadle	x	x	x	X	
Senator Erbele	x	x	x	X			Representative Brandenburg	x	x	x	X	
Senator Grabinger	x	x	x	X			Representative Bellew	x	x	x		X
Total Senate Vote				3	0		Total Rep. Vote				2	1

Vote Count Yes: 5 No: 1 Absent: 0

Senate Carrier Senator Oehlke House Carrier Representative Beadle

LC Number 19.0223 02007 of amendment

LC Number 19.0223 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.0223.02007
Senate Carrier: Oehlke
House Carrier: Beadle

REPORT OF CONFERENCE COMMITTEE

SB 2010, as engrossed: Your conference committee (Sens. Oehlke, Erbele, Grabinger and Reps. Beadle, Brandenburg, Bellew) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1572-1576, adopt amendments as follows, and place SB 2010 on the Seventh order:

That the House recede from its amendments as printed on pages 1572-1576 of the Senate Journal and pages 1740-1744 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

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

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

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 a statement of legislative intent; to provide for a report;"

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

Page 1, line 11, replace "contingent effective date" with "to provide for a penalty; 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>(413,102)</u>	<u>1,766,675</u>
Total special funds	\$10,729,344	(\$812,671)	\$9,916,673
Full-time equivalent positions	46.00	(5.00)	41.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET -
REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Health care analysis	\$0	\$200,000
Total special funds	\$0	\$200,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

Insert LC: 19.0223.02007
Senate Carrier: Oehlke
House Carrier: Beadle

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$18,818,030, 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 \$17,989,505 and payments to the North Dakota firefighter's association in the amount of \$828,525, 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 7. 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.

Insert LC: 19.0223.02007
Senate Carrier: Oehlke
House Carrier: Beadle

SECTION 8. 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 14. 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 15. REPORT TO THE LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY. During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium trends as approved by the sixty-sixth legislative assembly in House Bill No. 1106. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department

Insert LC: 19.0223.02007
Senate Carrier: Oehlke
House Carrier: Beadle

requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation.

SECTION 16. 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 17. LEGISLATIVE MANAGEMENT STUDY - HEALTH INSURANCE - PRE-EXISTING CONDITIONS. During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of state guaranteed issue provisions for health insurance. The study must include consideration of protections for individuals with pre-existing conditions and consideration of whether to restructure the comprehensive health association of North Dakota. 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 18. 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 in 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 19. EMERGENCY. Sections 9, 10, 11, 12, and 13 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998	\$8,149,998	
Operating expenses	2,179,777	1,566,675	200,000	1,766,675	1,566,675	\$200,000
Insurance tax payments	15,064,086		18,818,030	18,818,030	17,519,422	1,298,608
Total all funds	\$25,793,430	\$9,701,150	\$19,033,553	\$28,734,703	\$27,236,095	\$1,498,608
Less estimated income	25,793,430	9,701,150	19,033,553	28,734,703	27,236,095	1,498,608
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00	41.00	0.00

Insert LC: 19.0223.02007

Senate Carrier: Oehlke

House Carrier: Beadle

Department 401 - Insurance Department - Detail of Conference Committee Changes

	Adds Funding for Salary Increases ¹	Adjusts Funding for Fire District Payments ²	Add One-Time Funding for Health Care Analysis ³	Total Conference Committee Changes
Salaries and wages	\$15,523			\$15,523
Operating expenses			\$200,000	200,000
Insurance tax payments		\$18,818,030		18,818,030
Total all funds	\$15,523	\$18,818,030	\$200,000	\$19,033,553
Less estimated income	15,523	18,818,030	200,000	19,033,553
General fund	\$0	\$0	\$0	\$0
FTE	0.00	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 same as the House version. 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. The House also removed the continuing appropriation authority. This amendment provides \$17,989,505 to be distributed to fire departments, an increase of \$3,753,944 from the base level. The Senate provided an estimated \$17,783,038 and the House provided \$16,773,750 for fire department payments. The amendment also provides \$828,525 to be distributed to the North Dakota Firefighter's Association, the same as the base level. The Senate provided an estimated \$1,034,992 and the House provided \$745,672 for the North Dakota Firefighter's Association. This results in a general fund revenue reduction of \$3,753,944 compared to the base level, the same as the Senate version and \$1,298,608 more than the House version.

³ One-time funding of \$200,000 is appropriated for an analysis of health care in the state to assist the Legislative Management in its study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included funding for the health care analysis.

Senate Bill No. 2010 - Other Changes - Conference Committee Action

This amendment also:

- Removes sections added by the Senate to provide continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund. The House also removed these sections.
- Removes sections added by the Senate to provide 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, the same as the House version.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote, the same as the House version.
- Adds a section to provide for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included this section.
- Does not include a section added by the House to provide accident and health insurance policies may not take into account any pre-existing condition of an

Insert LC: 19.0223.02007
Senate Carrier: Oehlke
House Carrier: Beadle

applicant. The Conference Committee amendment provides for a Legislative Management study of health insurance coverage for pre-existing conditions.

- 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, the same as the House version.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters, the same as the House version.
- 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.

Engrossed SB 2010 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

SB 2010

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

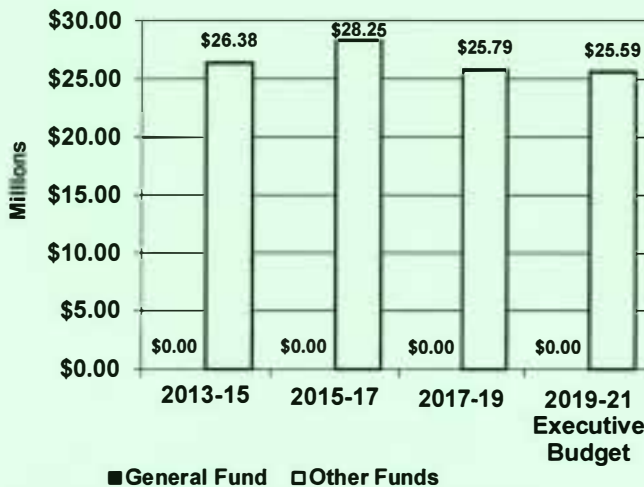
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	44.00	\$0	\$25,587,964	\$25,587,964
2017-19 Legislative Appropriations	46.00	0	25,793,430	25,793,430
Increase (Decrease)	(2.00)	\$0	(\$205,466)	(\$205,466)

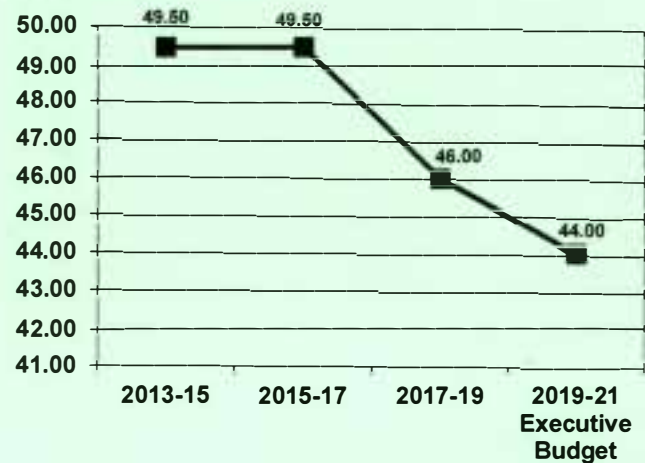
Ongoing and One-Time Other Funds Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$25,587,964	\$0	\$25,587,964
2017-19 Legislative Appropriations	25,793,430	0	25,793,430
Increase (Decrease)	(\$205,466)	\$0	(\$205,466)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$25,587,964	\$25,587,964
2019-21 Base Level	0	25,793,430	25,793,430
Increase (Decrease)	\$0	(\$205,466)	(\$205,466)

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$353,324 is for salary increases, \$166,279 is for health insurance increases, and \$42,801 is for retirement contribution increases	\$0	\$562,404	\$562,404
2. Removes 3 FTE positions and transfers administration of the fire and tornado fund and the bonding fund to the insurance reserve fund	\$0	(\$610,352)	(\$610,352)
3. Adds funding to contract with the insurance reserve fund for fund administration	\$0	\$660,804	\$660,804
4. Adds 1 FTE consumer assistance outreach position	\$0	\$29,824	\$29,824
5. Reduces funding for operating expenses, including travel, information technology, and professional services	\$0	(\$636,621)	(\$636,621)
6. Adds funding for Microsoft Office 365 licensing expenses	\$0	\$24,153	\$24,153

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Insurance tax distribution fund - Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.

State fire and tornado fund - Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.

Unsatisfied judgment fund - Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Insurance Commissioner's salary - Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary by 4 percent the 1st year and 2 percent the 2nd year as follows:

Annual salary authorized by the Legislative Assembly in 2017:

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

Proposed annual salary recommendation in the 2019-21 executive budget:

July 1, 2019	\$110,001
July 1, 2020	\$112,201

Fund administration - Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.

Fees - Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

There were no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1028 - Provides for a Public Employees Retirement System self-insurance plan for health benefits coverage under the Insurance Commissioner.

**Insurance Commissioner, including Insurance Tax Payments to Fire
Departments - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes**

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430
2019-21 Ongoing Funding Changes				
Base payroll changes			(\$127,688)	(\$127,688)
Salary increase			353,324	353,324
Health insurance increase			166,279	166,279
Retirement contribution increase			42,801	42,801
Underfund salaries and wages			(107,990)	(107,990)
Add 1 FTE consumer assistance outreach coordinator position	1.00		29,824	29,824
Remove 3 FTE positions related to the transfer of administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)
Add funding to contract with the insurance reserve fund for fund administration			660,804	660,804
Reduce funding for operating expenses, including travel, information technology, and professional services			(636,621)	(636,621)
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153
Total ongoing funding changes	(2.00)	\$0	(\$205,466)	(\$205,466)
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	\$0	(\$205,466)	(\$205,466)
2019-21 Total Funding	44.00	\$0	\$25,587,964	\$25,587,964

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

	Executive Budget Recommendation
Insurance tax distribution fund	Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.
State fire and tornado fund	Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.

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

	<u>Executive Budget Recommendation</u>
Unsatisfied judgment fund	Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary to \$110,001 beginning July 1, 2019, and \$112,201 beginning July 1, 2020.
Fund administration	Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.
Fees	Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.

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

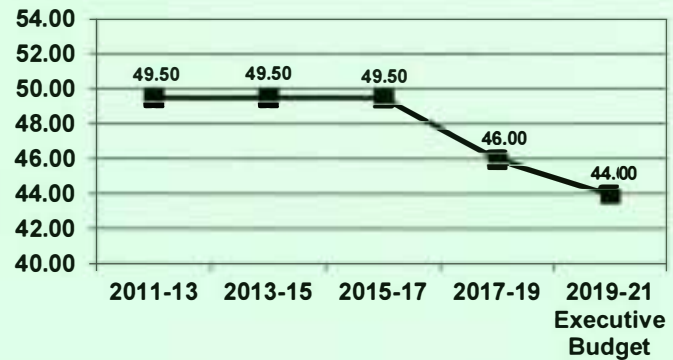
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2011-13

Ongoing Other Funds Appropriations (in Millions)



FTE Positions



Ongoing Other Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$17,974,080	\$26,377,090	\$28,026,346	\$25,793,430	\$25,587,964
Increase (decrease) from previous biennium	N/A	8,403,010	1,649,256	(\$2,232,916)	(\$205,466)
Percentage increase (decrease) from previous biennium	N/A	46.8%	6.3%	(8.0%)	(0.8%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	46.8%	55.9%	43.5%	42.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

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

1. Removed 3.5 FTE positions (\$724,488)
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 (\$1,445,646)

2019-21 Biennium (Executive Budget Recommendation)

1. Removes 3 FTE positions relating to the transfer of fund administration duties (\$610,352)
2. Adds funding to contract with the insurance reserve fund for fund administration \$660,804
3. Adds 1 FTE consumer outreach coordinator position \$29,824
4. Reduces funding for operating expenses, including travel, information technology, and professional services (\$636,621)

GOVERNOR'S RECOMMENDATION FOR THE INSURANCE COMMISSIONER AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the insurance commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$8,549,567	(\$253,802)	\$8,295,765
Operating expenses	2,179,777	48,336	2,228,113
Total special funds	\$10,729,344	(\$205,466)	\$10,523,878
Full-time equivalent positions	46.00	(2.00)	44.00

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 \$15,064,086 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 \$14,113,086 and payments to the North Dakota firefighter's association in the amount of \$951,000 for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. FIRE AND TORNADO FUND. Section 1 of this Act includes \$660,804 from the state fire and tornado fund to pay fire and tornado fund administrative expenses, and \$893,509 to pay boiler inspection program expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. UNSATISFIED JUDGMENT FUND. Section 1 of this Act includes \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is ~~one hundred five thousand seven hundred eighty dollars through June 30, 2019 and one hundred ten thousand and one dollar through June 30, 2020 and one hundred twelve thousand two hundred and one dollar thereafter.~~

SECTION 7. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ assistants.

The commissioner may employ assistants or contract for the services of assistants using money from the reserve fund of the state bonding fund as may be necessary to operate the fund.

SECTION 8. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for the services of assistants from the North Dakota insurance reserve fund using money from the reserves of the fund and incur necessary expenses that may be paid from the reserves of the fund.

SECTION 9. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-07. Fees chargeable by commissioner.

1. The commissioner shall charge and collect the following fees:
 - a. For filing articles of incorporation, or copies, or amendments thereof, twenty-five dollars.
 - b. For each original certificate of authority issued upon admittance and for each annual renewal thereof, one hundred dollars and for amendment to certificate of authority, or certified copy thereof, fifty dollars.
 - c. For issuing an annual reciprocal exchange license, the same fees as those applicable to the issuance of a certificate of authority in subsection 2.
 - d. For filing an annual report of a fraternal benefit society, and issuing a license or permit to the society, and for each renewal thereof, one hundred dollars.
 - e. For filing of articles of merger, or copies thereof, thirty dollars.
 - f. For filing an annual statement, twenty-five dollars.
 - g. For filing the abstract of the annual statement of an insurance company for publication, thirty dollars.
 - h. For an official examination, the expenses of the examination at the rate adopted by the department. The rates must be reasonably related to the direct and indirect costs of the examination, including actual travel expenses, including hotel and other living expenses, compensation of the examiner and other persons making the examination, and necessary attendant administrative costs of the department directly related to the examination and must be paid by the examined insurer together with compensation upon presentation by the department to the insurer of a detailed account of the charges and expenses after a detailed statement has been filed by the examiner and approved by the department.
 - i. For issuing a certificate to a domestic insurance company showing a compliance with the compulsory reserve provisions of this title and the maintenance of proper security deposits and for any renewal of the certificate, twenty-five dollars.
 - j. For a written licensee's examination not administered by the office of the commissioner under a contract with a testing service, the actual cost of the examination, subject to approval of the commissioner, which must be paid to the testing service.
 - k. For issuing a surplus lines insurance producer's or insurance consultant's license, one hundred dollars. For each annual renewal of a surplus lines insurance producer's or insurance consultant's license, twenty-five dollars.
 - l. For issuing an insurance producer's license, one hundred dollars.
 - m. For issuing a duplicate of any license or registration issued under this title, ten dollars.
 - n. For each insurance company appointment and renewal of an appointment of an insurance producer, ten dollars.
 - o. For each company application for admission, five hundred dollars, except applications for admission for county mutual, fraternal benefit, and surplus lines companies must be one hundred dollars.
 - p. For issuing a license and each annual renewal of a license to an insurance premium finance company, one hundred dollars.

- q. For examining or investigating an insurance premium finance company, the actual expense and per diem incurred; but the per diem charge may not exceed fifty dollars.
 - r. For issuing and each annual renewal of a license to an advisory organization, fifty dollars.
 - s. For filing an individual insurance producer licensing continuation, twenty-five dollars.
2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and ~~k~~ h of subsection 1.

SECTION 6. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.

1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
 - a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters into a contract with the commissioner to provide services for the state fire and tornado fund under the provisions of 26.1-22-03.
 - d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

Senate Bill No. 2010

#1
SB 2010
1-8-2019

Presented by: Jon Godfread
Commissioner
North Dakota Insurance Department

Before: Senate Appropriations Committee
Senator Ray Holmberg, Chairman

Date: January 8, 2019

Good morning Mr. Chairman and members of the Senate Appropriations Committee. For the record, my name is Jon Godfread, Insurance Commissioner. Before we get into the changes we are proposing to our budget, I wanted first to give you a very brief summary of our insurance industry here in North Dakota and our Insurance Department.

ND Insurance Industry and Regulation—At a Glance:

The North Dakota Insurance Department is a special funded agency that primarily serves as a consumer protection agency for North Dakota. We receive our funding from the Insurance regulatory trust fund, which is funded by all taxes, fees and fines paid for by insurance companies and agents operating in this state.

It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts, while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we treat all our constituencies with the highest ethical standards and respect they deserve.

The North Dakota Insurance Department takes pride in helping our citizens by providing effective, resourceful and caring services while inspiring the highest level of consumer trust.

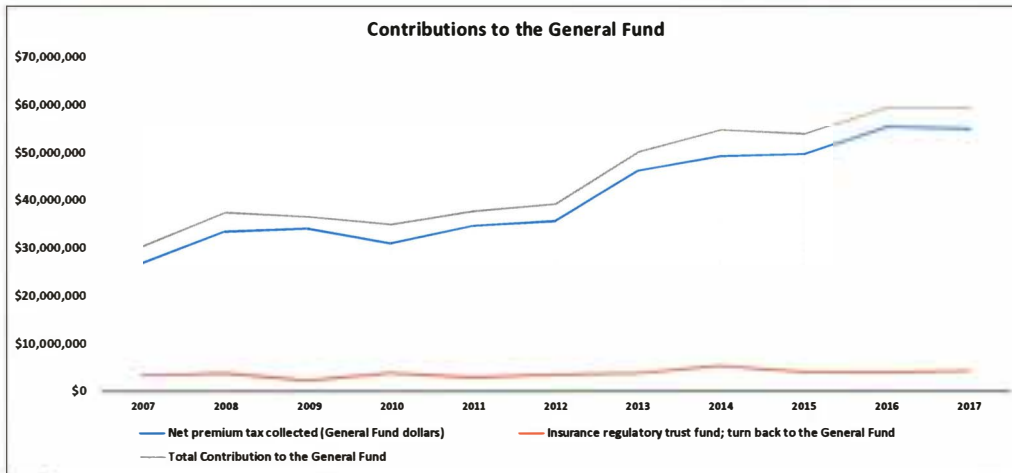
We remain committed to vigorous consumer protection while fostering a strong, competitive market place that provides consumers with choice and access to high-quality insurance products and services at competitive prices. The Department contributed \$55.1 million in premium tax revenue to the state's General Fund last fiscal year. Including turn-back, the Department contributed \$59.4M to the General Fund in 2017.

North Dakota Insurance Industry

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
The Insurance Industry											
Total premium written	\$3,700,000,000	\$4,325,613,863	\$4,044,836,633	\$4,191,934,714	\$4,941,246,953	\$5,046,323,923	\$5,452,137,183	\$5,721,428,925	\$5,746,825,005	\$5,949,890,632	\$6,026,076,962
Net premium tax collected (General Fund dollars)	\$27,000,000	\$33,590,545	\$34,218,272	\$31,101,211	\$34,813,193	\$35,736,397	\$46,283,404	\$49,264,493	\$49,734,231	\$55,571,924	\$55,147,062
Claims, losses and benefits paid to consumers	\$27,000,000	\$3,012,236,181	\$2,865,404,311	\$3,007,791,719	\$4,263,096,958	\$3,153,594,767	\$3,994,852,194	\$3,975,428,881	\$3,664,256,313	\$5,607,737,533	\$4,487,716,434
Regulation and consumer protection											
Consumer relief from complaints and hotline contacts	\$3,300,000	\$1,400,000	\$1,400,000	\$751,198	\$1,255,655,61	\$1,126,575.76	\$3,351,130	\$1,042,282	\$3,016,284	\$2,756,401	\$1,157,967.53
Enforcement fines from agents and companies	\$754,000	\$25,795	\$42,850	\$16,013	\$1,000	\$1,257,061	\$986,786	\$834,802	\$595,298	\$480,054	\$184,296
State Health Insurance Counseling (SHIC) program											
Number of North Dakotans assisted	9,484	13,502	18,259	9,570	12,270	11,372	9,758	9,694	8,716	9,066	9,534
Savings for North Dakota citizens	\$2,400,000	\$3,400,000	\$4,500,000	\$1,900,000	\$3,006,150	\$2,739,387	\$2,336,943	\$2,375,030	\$1,433,024	\$1,531,913	\$2,061,385.47
Centers for Medicare and Medicaid grants	\$229,015	\$359,619	\$282,317	\$243,752	\$267,703	\$264,733	\$248,149	\$253,865	\$253,865	\$268,186	\$234,944
Prescription Connection program											
Number of North Dakotans assisted	3,878	4,138	2,499	2,122	393	358	301	188	177	130	129
Savings for North Dakota citizens	\$2,500,000	\$2,700,000	\$1,600,000	\$1,800,000	\$605,062	\$450,774	\$596,126	\$531,989	\$712,006	\$707,736	\$845,125.00
Benefiting North Dakota taxpayers											
Insurance regulatory trust fund; turn back to the General Fund	\$3,455,194	\$3,894,821	\$2,384,455	\$3,915,348	\$2,979,660	\$3,546,995	\$3,846,205	\$5,445,434	\$4,160,581	\$4,025,635	\$4,300,173

Contributions to the General Fund

Net premium tax collected (General Fund dollars)	\$27,000,000	\$33,590,545	\$34,218,272	\$31,101,211	\$34,813,193	\$35,736,397	\$46,283,404	\$49,264,493	\$49,734,231	\$55,571,924	\$55,147,062
Insurance regulatory trust fund; turn back to the General Fund	\$3,455,194	\$3,894,821	\$2,384,455	\$3,915,348	\$2,979,660	\$3,546,995	\$3,846,205	\$5,445,434	\$4,160,581	\$4,025,635	\$4,300,173
Total Contribution to the General Fund	\$30,455,194	\$37,485,366	\$36,602,727	\$35,016,559	\$37,792,853	\$39,283,392	\$50,129,609	\$54,709,927	\$53,894,812	\$59,597,559	\$59,447,235



Year	Written premiums
2017	\$6,026,076,962
2016	\$5,949,890,632
2015	\$5,746,825,005
2014	\$5,721,428,925
2013	\$5,452,137,183
2012	\$5,046,323,923
2011	\$4,941,246,953
2010	\$4,191,934,714
2009	\$4,044,836,633
2008	\$4,325,613,863
2007	\$3,700,000,000

#1
58 2010
1-8-2019

pg 14

1
SB 2010
1-8-2019

	2015	2016	2017
The insurance industry			
Total premium written	\$5,746,825,005	\$8,372,344,928	\$8,546,807,811
Net premium tax collected (General Fund dollars)	\$ 49,734,231	\$ 55,571,924	\$55,147,062
Claims, losses and benefits paid to consumers	\$3,664,256,313	\$5,607,737,533	\$5,877,006,129
Regulation and consumer protection			
Consumer relief from complaints and hotline contacts	\$3,016,284	\$2,756,401	\$1,157,967.53
Enforcement fines from agents and companies	\$595,298	\$480,054	\$268,501
Benefiting North Dakota taxpayers			
Insurance regulatory trust fund; turn back to the General Fund	\$4,160,581	\$4,025,635	\$4,300,173

Department Overview:

The North Dakota Insurance Department currently has 46 FTEs working in 7 different divisions.

CONSUMER ASSISTANCE DIVISION

The Consumer Assistance Division assists North Dakota consumers having issues or concerns about their insurance by conducting detailed investigations.

STATE HEALTH INSURANCE COUNSELING (SHIC)

Provides free, unbiased and confidential health insurance counseling to Medicare beneficiaries, their families or other representatives. The program held eight Medicare Part D enrollment events and co-sponsored numerous events across the state in 2018. In 2017, the SHIC program accounted for over \$2M in savings for North Dakota citizens.

PRESCRIPTION CONNECTION PROGRAMS

Helps low income North Dakotans find low-cost and no-cost prescription drugs by connecting them with prescription assistance programs offered by various pharmaceutical companies. The program assists consumers with the application process and connects over 95 percent of all

applicants to a program. In 2017, this program assisted 129 North Dakotans and saved them roughly \$900,000.

A mix of state dollars and federal dollars currently funds our Consumer Assistance Division. Federal funds currently fund two FTEs for SHIC, partially funds the director of our Consumer Assistance Division, and 30% of another Consumer Assistance Division position.

This budget proposes bringing those positions in-house and using regulatory trust fund dollars to fund them while still applying for federal grant dollars, which would allow us to turn back state funds if we receive federal grants. As we have seen, these grants are shrinking and getting harder to receive. I am uncomfortable relying on the federal government to fund four of the six positions in this division. Consumer protection is our primary mission it is why we exist. If the federal funds dried up, we essentially would not be able to provide the services that constitute our core purpose.

PRODUCER LICENSING DIVISION

The producer licensing division is responsible for the licensing of more than 79,000 individual insurance producers doing business in North Dakota. Insurance producers must comply with pre-licensing exams, background checks and continuing education requirements.

PRODUCT FILING DIVISION

The Product Filing Division reviews policy forms and rate requests to ensure policy language complies with all the laws of this state, properly reflects the benefits provided by the policy and is not deceptive or misleading. For most types of insurance, this division evaluates the premium rates companies propose to charge to ensure that the premiums are not excessive, inadequate or unfairly discriminatory.

EXAMINATIONS AND COMPANY LICENSING

The primary function of the Examinations and Company Licensing Division is to monitor the financial strength of insurance companies licensed to do business in North Dakota.

In 2017, there were 2,293 insurance entities licensed to do business in North Dakota and among them, 30 domiciled companies.

LEGAL DIVISION

The functions of the Legal Division are to provide legal counsel to the Department; investigate and prosecute insurance fraud and related offenses; investigate and enforce all laws governing insurance producers and insurance companies; litigate administrative actions, and research and prepare proposed legislative bills and administrative rules.

ADMINISTRATION

The Administration Division of the Insurance Department is responsible for oversight of the budget, accounting, IT needs and general office support through the Department. In addition, the division oversees day-to-day business operations, public relations, human resource management and the internal policies and procedures for the Department

1
SB 2010
1-8-2019

Insurance Department 2009 -2019

	2009-11	2011-13	2013-15	2015-17	2017-19
Salaries and benefits					
Salaries	\$ 4,810,903	\$ 5,447,928	\$ 5,812,283	\$ 6,311,402	\$ 5,971,256
Benefits	1,657,633	1,937,252	2,207,231	2,631,695	2,578,311
Accrued leave payouts	-	-	163,182	-	-
Total salaries and benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567

Operating expenses					
Travel	345,510	385,160	397,024	437,915	317,443
IT - software/supplies	70,200	147,590	89,490	97,360	114,463
Professional supplies	18,400	36,350	16,980	19,365	11,993
Safety	3,600	2,200	1,100	2,700	2,500
Miscellaneous supplies	51,302	35,015	16,080	16,080	4,130
Office supplies	33,399	45,300	28,820	28,820	15,800
Postage	115,436	128,800	99,875	96,250	77,890
Printing	122,925	109,200	58,666	46,335	33,090
IT equipment under \$5,000	40,800	67,780	39,050	35,150	25,575
Office equip/furn under \$5,000	25,300	92,600	29,185	20,800	20,150
Insurance	41,550	28,980	15,175	5,070	3,810
Rental/leases-equip/other	25,550	30,660	21,840	19,440	14,190
Rental/leases-bldg and land	222,600	355,818	364,449	429,767	441,240
Repairs	1,700	2,100	2,630	6,556	5,290
IT - data processing	375,000	299,028	376,954	403,950	375,080
IT - communications	85,000	112,979	94,136	74,130	62,795
IT - contract service/repair	15,200	188,100	68,600	38,348	24,420
Professional development	76,529	77,685	82,608	72,477	63,720
Operating fees and services	225,640	238,435	138,310	130,344	89,583
Professional services	167,624	2,165,120	917,036	531,185	476,615
Total operating expenses	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777

Grants, Technology, Equipment					
Equipment > \$5,000	170,000	70,000	-	90,000	-
Technology carryover	25,000	-	-	-	-
Grants, benefits, claims	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

Insurance Department Appropriations					
	2009-11	2011-13	2013-15	2015-17	2017-19
Agency Salary and Benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567
Agency Operations	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777
Fire Districts	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total Appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

pg 3 A

1
SB 2010
1-8-2019

Funding source					
General funds	\$ -	\$ -	\$ -	\$ -	\$ -
Special funds	15,080,504	15,780,561	24,996,065	27,636,101	25,174,104
Federal funds	636,296	3,263,519	1,381,025	610,245	619,326
Total Funds	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

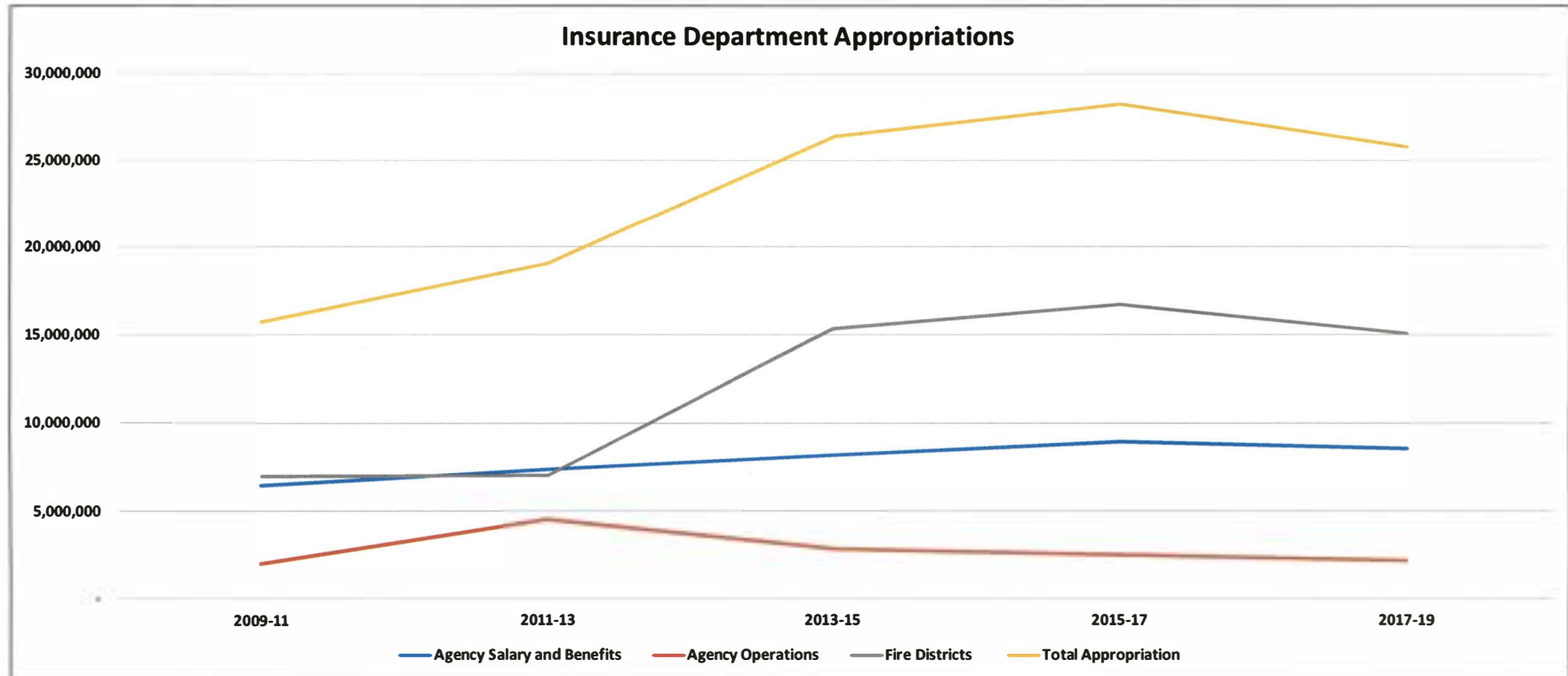
FTEs	45.5	45.5	49.5	49.5	46.0
------	------	------	------	------	------

Insurance Regulatory Trust Fund Revenues					
	2007-09	2009-11	2011-13	2013-15	2015-17
Insurance agent fees	\$ 7,143,047	\$ 7,173,314	\$ 7,954,756	\$ 9,444,535	\$ 10,032,255
Insurance fees	4,426,484	4,961,683	5,090,529	4,919,795	4,676,242
Continuing education/course filing	190,123	97,152	78,900	81,000	71,900
Fines	-	-	-	1,860,714	625,636
Examiner fees	14,493	48,817	378,405	170,380	275,400
Total	\$ 11,774,146	\$ 12,280,966	\$ 13,502,589	\$ 16,476,424	\$ 15,681,432
Transfers to general fund	\$ 7,850,015	\$ 6,299,803	\$ 6,526,655	\$ 9,291,639	\$ 8,186,216

pg 3B

Insurance Department Overview

	2009-11	2011-13	2013-15	2015-17	2017-19
Agency Salary and Benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567
Agency Operations	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777
Fire Districts	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total Appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430



Pg 3C

#1
SB 2010
1-8-2019

1
SB 2010
1-8-2019

SPECIAL FUNDS DIVISION

FIRE AND TORNADO FUND

Created in 1919, this fund provides low-cost insurance coverage to North Dakota government entities and political subdivisions for their buildings and contents. The fund currently serves 1,164 policyholders with a combined insured value of \$14 billion.

STATE BONDING FUND

Created in 1919, this fund provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money. This fund currently serves 3,002 bondholders with a combined insured value of approximately \$800 million.

PETROLEUM TANK RELEASE COMPENSATION FUND

Created in 1989, this fund provides contamination clean-up coverage and third party liability coverage to petroleum tank owners. Currently 1,713 registered sites pay an annual registration fee for approximately 6,000 tanks.

BOILER AND PRESSURE VESSEL INSPECTORS

Created in 1953, this safety program ensures that all boilers in North Dakota are inspected annually or biannually depending on the type and use of the boiler. We inspect all new boilers for proper installation. There are approximately 11,200 active boilers in North Dakota. The department inspects 5,124 and private insurance carriers inspect the remaining.

Changes Proposed to 2019-2021 Budget:

In analyzing our budget proposal for the 2019-21 biennium we took a hard look at what the Insurance Department is currently responsible for and what truly fits our mission of consumer protection, competitive markets, and access to high quality insurance products. The resulting budget amendment is the product of months of work, tough decisions, and hard conversations. We believe the result allows us to focus our attention on our mission, become more efficient in the use of our dollars, and provide better service to our consumers.

MOVING THE PETROLEUM TANK RELEASE COMPENSATION FUND TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY:

Created in 1989, this fund provides contamination clean-up coverage and third party liability coverage to petroleum tank owners. The reality is this fund is in need of a complete re-work. As it currently stands we administer this fund, but much of the expertise lies within the Department of Health (DEQ). We are asking to move this fund to the Department of Environmental Quality. This change was mutually proposed by both the Department and the North Dakota Petroleum Marketers. The DEQ has agreed to this change and has subsequently included it in its budget proposal as well.

Fire and Tornado Fund premiums and claims

Fiscal Year	Policyholders	Rate Change	Premiums Collected	# Claims	Claim Payments
2007	1,084	50% premium credit	\$2,640,000	202	\$10,100,000
2008	1,085	35% premium credit	\$3,850,000	~ 111	~ \$1,085,373
2009	1,088	No change	\$6,440,000	251	\$2,670,000
2010	1,087	50% premium credit	\$3,220,000	~ 381	\$4,200,000
2011	1,090	50% premium credit	\$3,470,000	272	\$4,350,000
2012	1,131	Permanent 50% premium reduction	\$3.77 million	220	\$2.87 million
2013	1,140	No reduction	\$4.11 million	199	\$1.30 million
2014	1,137	Premium waived	n/a	214	\$1.68 million
2015	1,145	No reduction	\$4.28 million	182	\$1.70 million
2016	1,155	No reduction	\$4.49 million	215	\$1.52 million
2017	1,164	No reduction	\$4.82 million	268	\$6.04 million
2018	1,164	No Reduction	\$5.42 million	251	\$3.94 million

Special Funds balance report

Note: Reserve balance = assets - liabilities

As of Sep. 30, 2018

Fund	Reserve Balance	Minimum Requirement	Variance Fav (Unfav)	Loss Claims Payable
State Bonding Fund	\$358,240	\$2,000,000	\$1,582,401	\$110,408
Fire and Tornado Fund	\$22,561,229	\$12,000,000	\$10,561,229	\$1,729,940
Petroleum Tank Release Comp Fund*	\$5,594,621	\$6,000,000	(\$405,379)	\$1,242,275
Unsatisfied Judgment	\$156,486	\$150,000	\$6,486	\$0

Pg 4A

1
SB 2010
1-8-2019

1
SB 2010
1-8-2019

This move makes sense as it removes us, basically the middle man, and allows the DEQ and Petroleum Marketers to rework this fund into something that works for the industry while protecting our primacy from the EPA.

**MOVING THE BOILER AND PRESSURE VESSEL INSPECTORS TO THE
DEPARTMENT OF ENVIRONMENTAL QUALITY:**

Created in 1953, this safety program ensures that all boilers in North Dakota are inspected annually or biannually, depending on the type and use of the boiler. We currently have four boiler inspectors that service boilers all across the state. These employees perform their administrative work from home as their primary function is to be out inspecting boilers. We are seeking to transfer the responsibility for boiler inspections and the four filled FTEs to the DEQ. The DEQ is responsible for safeguarding North Dakota's air, land, and water resources. In cooperation with the general public, industry, and government at all levels, the section implements protective programs and standards to help maintain and improve environmental quality. We believe the general safety program of inspecting boilers more closely aligns with the stated purpose of the DEQ, protecting the public safety is the mission of the DEQ.

The four FTEs that are currently performing these functions are self-sufficient and we recently made an investment to update their software program, which allows them to administer a vast majority of their job duties from home or in the field. We are seeking to move this program to an agency with a mission that aligns with the goals of this program, we believe that is the DEQ. When you think boiler inspections, I doubt the first agency that comes to mind is the Insurance Department.

This move was discussed with the Governor's Office, however ultimately it was left out of the executive budget recommendation. I also understand that the DEQ may be opposed to this move for reasons that are unknown to me. We believe the DEQ, as a new agency, makes the most sense to house these similar public health inspections under one roof. If this is not the right place, we are certainly open to that discussion, we just know that with the changes proposed in this budget, it would no longer be logical to house the boilers in the Insurance Department, as these four boiler inspectors would no longer have a division or a division director to report to within the Insurance Department.

Ultimately, both the Petroleum Tank Release Compensation Fund and Boiler Inspections do not fit in within our defined mission and purpose and would be better served under the Department of Environmental Quality.

**MOVING ADMINISTRATION OF THE FIRE AND TORNADO AND STATE BONDING FUND TO
THE NORTH DAKOTA INSURANCE RESERVE FUND:**

FIRE AND TORNADO FUND

Created in 1919, this fund provides low-cost insurance coverage to North Dakota government entities and political subdivisions for their buildings and contents. The fund currently serves 1,164 policyholders with a combined insured value of \$14 billion.

STATE BONDING FUND

Created in 1919 this fund provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money. This fund currently serves 3,002 bondholders with a combined insured value of approximately \$800 million.

Both of these funds serve other governmental divisions. One hundred years ago, I am sure it made sense to essentially provide self-insured governmental property and fidelity bond coverage for government entities. I am not sure that logic would stand today. We are proposing moving the administration of these funds to the North Dakota Insurance Reserve Fund (NDIRF). Currently, under the law we are able to take money from the Fire and Tornado Fund to cover costs associated with some operations of the Fund, but we are barred from taking salary dollars for the 3 FTEs who work on this fund. We are proposing a change that would allow us to contract with NDIRF for administration of both the Fire and Tornado Fund and the State Bonding Fund.

NDIRF is a not-for-profit organization owned by its members, all political subdivisions are eligible for membership to NDIRF. Brennan Quintus, CEO of NDIRF, and I have been working out details of this proposed change since early 2018. Currently, NDIRF provides similar coverage that the Fire and Tornado fund provides to other political subdivisions but due to a state law, is barred from writing that coverage for state entities. This coverage is not foreign to NDIRF and allows us to utilize NDIRF's network of agents to serve our state entities. As it stands, three people are unable to provide the level of service that our clients have come to expect. Without contracting with NDIRF, we would likely need to add 4-6 FTEs to provide a similar level of service NDIRF can provide with its 18 staff and network of agents.

This move also allows the Department to get out of the business of providing insurance and focus on regulating the insurance industry. It does not make logical sense that the regulator for the industry is also in the business of providing insurance. This move rectifies that unhealthy relationship and in doing so allows our clients to receive a higher level of service.

I would like to invite Brennan Quintus to provide some comments about this proposed move.

As mentioned, this move has been vetted over the last year; stakeholders have been consulted and agree that this move makes sense.

100% FUNDING FOR FIRE DISTRICTS:

Funding for Fire Departments and Fire Districts comes from a couple different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the Insurance premium tax. The Department administers the premium tax and from that, the Legislative Assembly appropriates an amount up to 100% of the fire insurance premium tax revenue collected.

This is essentially a pass through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund was a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available.

1
SB 2010
1-8-2019

We are asking that the continuing appropriation be restored; this ensures that the dollars that are intended to go to the fire districts are actually going to the fire districts. The average consumer likely knows that a portion of their homeowner's insurance premiums go to funding fire departments. What they do not know is that a portion of those dollars are being taken from the fire departments and put back into the State general fund. Our consumers are being double or triple hit, once on my homeowner's insurance, once on their property tax, and then again by participating in various fundraisers put on by Fire Departments to cover their costs.

We have also been working the past year with the Fire Chiefs from across the state and forging a stronger partnership. That partnership has opened up some discussions regarding the ISO ratings across our state. In North Dakota, we have a disproportionately high number of class 9 fire departments. With proper funding and some increased help from the Insurance Department, these departments could move to a class 8. The resulting move would decrease homeowner's premiums by up to 30%.

I do not expect our Fire Chiefs to be experts in insurance and I know they do not expect me to be an expert in fire service. What I can tell you is we are building a strong partnership that could lead to more transparent funding for our fire departments, lower premiums and better fire coverage for our consumers.

At this point, I would like to invite the Fire Chiefs up to share some comments.

Ultimately, we are one tragedy away from the citizens of North Dakota heavily scrutinizing this issue. It is my belief we can solve this problem with our proposed budget, and provide the funding that has been designated and paid by our consumers to the fire service as it has always intended to be.

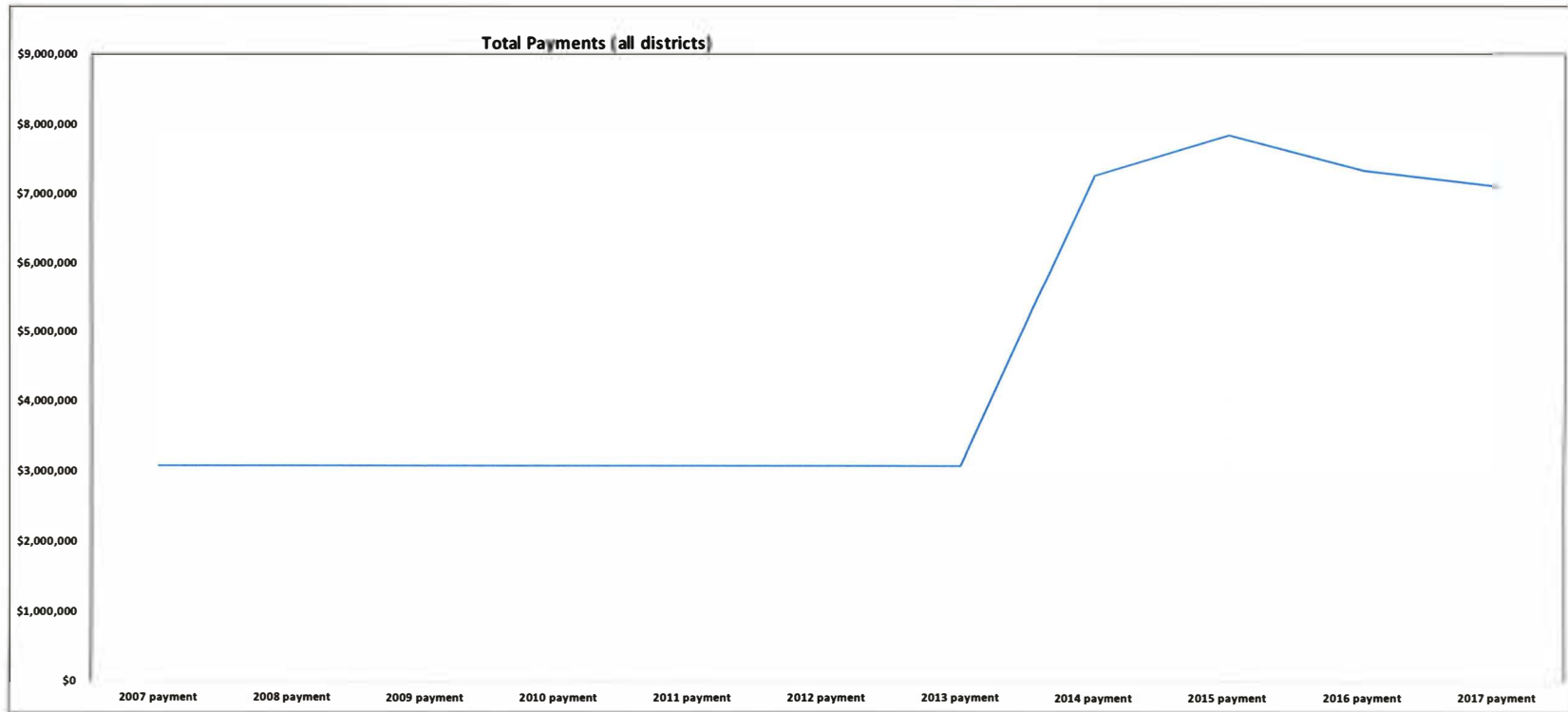
Conclusion:

This budget proposes a net reduction of five FTEs, a reduction of 7.5% from our appropriation, and allows us to repurpose some FTEs to serve our mission. We would be looking to engage with North Dakota consumers on insurance education and do a better job of reaching out to them so they understand why insurance is vitally important to a financially successful future. By engaging in that conversation with our consumers, we are also hopeful that we can close the insurance gap that exists in our state. In doing so, we cannot only help consumers find the products they need, but also continue to foster a competitive marketplace.

I would be happy to answer any questions you may have.

Fire District Grants

Fire Districts	2007 payment	2008 payment	2009 payment	2010 payment	2011 payment	2012 payment	2013 payment	2014 payment	2015 payment	2016 payment	2017 payment
Total Premiums (all districts)	\$306,862,744	\$328,770,097	\$328,770,097	\$351,089,411	\$371,993,873	\$396,747,255	\$456,634,313	\$466,161,049	\$523,403,441	\$545,776,424	\$544,267,885
Total Payments (all districts)	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$7,268,193	\$7,840,603	\$7,340,603	\$7,117,781



pg 7A

1
SB 2010
1-8-2019

2

SB 2010

1-8-2019

Prepared by the North Dakota
Insurance Department
January 8, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2010

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to create and enact a section 26.1-22-03.1, relating to the North Dakota insurance reserve fund utilizing producers and paying commissions; to amend and reenact sections 18-04-04.1 and 18-05-05 of the North Dakota Century Code, relating to distributions from the insurance tax distribution fund to fire districts, fire departments, and the North Dakota firefighter's association, and to provide for a continuing appropriation; to amend and reenact sections 23-37-02, 23-37-04, 23-37-05, 23-37-06, 23-37-10, 23-37-11, 23-37-14, 23-37-14, 23-37-15, 23-37-17, 23-37-18, 23-37-19, 23-37-20, 23-37-23, 23-37-24, 23-37-25, 23-37-26, 23-37-27, 23-37-28, 23-37-29, and 23-37-30 of the North Dakota Century Code, relating to petroleum release remediation; to amend and reenact subsection 2 of section 26.1-01-07 of the North Dakota Century Code, relating to fees chargeable by commissioner; to amend and reenact subsection 1 of section 26.1-03-17 of the North Dakota Century Code, relating to the commissioner's collection of premium tax; to amend and reenact section 26.1-21-03 of the North Dakota Century Code, relating to commissioner employing assistants for the state bonding fund and to provide for a continuing appropriation; to amend and reenact section 26.1-21-17 of the North Dakota Century Code, relating to methods of payment for administrative expenses for the state bonding fund; to amend and reenact section 26.1-22-03 of the North Dakota Century Code, relating to employment of assistants for the state fire and tornado fund and to provide for a continuing appropriation; to amend and reenact sections 26.1-22.1-02, 26.1-22.1-03, 26.1-22.1-04, subsection 1 of 26.1-22.1-07, 26.1-22.1-08, 26.1-22.1-09, 26.1-22.1-10, 26.1-22.1-12, and 26.1-22.1-14 of the North Dakota Century Code, relating to boiler inspections; to amend and reenact section 26.1-23.1-01 of the North Dakota Century Code, relating to government self-insurance pools; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the insurance commissioner for the purpose of defraying the expenses of the insurance commissioner, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Governor's		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$8,549,567	\$8,295,765	\$8,353,910
Operating expenses	<u>2,179,777</u>	<u>2,228,113</u>	<u>1,566,675</u>
Total special funds	\$10,729,344	\$10,523,878	\$9,920,585
Full-time equivalent positions	46.00	44.00	41.00

#2
SB 2010
1-8-2019

SECTION 2. UNSATISFIED JUDGMENT FUND. Section 1 of this Act includes \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. AMENDMENT. Section 18-04-04.1 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04.1. Insurance tax distribution fund.

The insurance tax distribution fund is a special fund in the state treasury. The portion of revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as provided in this chapter and chapter 23-46, subject to legislative appropriation.

SECTION 4. AMENDMENT. Section 18-04-05 of the North Dakota Century Code is amended and reenacted as follows:

**18-04-05. Amount due cities, rural fire protection districts, or rural fire departments -Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's association - Payments by insurance commissioner –
Continuing Appropriation.**

1. The insurance commissioner shall disburse funds in the insurance tax distribution fund as provided under this section.
2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars per biennium, as may be necessary, to the firefighters death benefit fund for distribution under chapter 18-05.1.
3. The insurance commissioner shall compute and disburse funds to the North Dakota firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative appropriations.~~
4. The insurance commissioner shall compute the amounts due to the certified city fire departments, certified rural fire departments, or certified fire protection districts entitled to benefits under this chapter on or before December first of each year. The insurance commissioner shall allocate one-half of the biennial legislative appropriation for distribution under this subsection, to each eligible city not within a certified fire protection district, each certified rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in December of each year. The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance on property within the city, certified rural fire protection district, or area served by the certified rural fire department to the total of those premiums for those policies in the state.

2
SB 2010
1-8-2019

5. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, 1.75% of the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance on property within the city, rural fire protection district, or area served by the rural fire department, that complete and return an annual certificate of existence to the state fire marshal, and are certified by the state fire marshal in compliance with the applicable requirements of title 18, to the total of those premiums for those policies in the state, 94.5% of which is appropriated to North Dakota fire departments and fire districts and 5.5% of which is appropriated to North Dakota firefighter's association. Funding for the North Dakota fire departments and fire districts and the North Dakota firefighter's association is appropriated on a continuing basis for the purposes of this chapter.

SECTION 5. AMENDMENT. Section 23-37-02 of the North Dakota Century Code is amended and reenacted as follows:

23-37-02. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Actually incurred" means, in the case of corrective action expenditures, that the owner, the operator, the landowner, an insurer, or a contractor hired by the owner, operator, or the landlord has expended time and materials and that only that person is receiving reimbursement from the fund.
2. ~~"Administrator" means the manager of the state fire and tornado fund.~~
32. "Board" means the petroleum release compensation board.
4. ~~"Commissioner" means the insurance commissioner.~~
53. "Corrective action" means an action required by the department to minimize, contain, eliminate, remediate, mitigate, or clean up a release, including any remedial emergency measures. The term does not include the repair or replacement of equipment or preconstructed property.
64. "Dealer" means any person licensed by the tax commissioner to sell motor vehicle fuel or special fuels within the state.
75. "Department" means the state department of health.
86. "Fund" means the petroleum release compensation fund.
97. "Location" means a physical address or site that has contiguous properties.
Noncontiguous properties within a municipality or other governmental jurisdiction are considered separate locations.
108. "Operator" means any person in control of, or having responsibility for, the daily operation of a tank under this chapter.
149. "Owner" means any person who holds title to, controls, or possesses an interest in the tank before the discontinuation of its use.

14210. "Person" means an individual, trust, firm, joint stock company, federal agency, corporation, state, municipality, commission, political subdivision of a state, or any interstate body. The term also includes a consortium, a joint venture, a commercial entity, and the United States government.
14311. "Petroleum" means any of the following:
- Gasoline and petroleum products as defined in chapter 19-10.
 - Constituents of gasoline and fuel oil under subdivision a.
 - Oil sludge and oil refuse.
14412. "Portable tank" means a storage tank along with its piping and wiring that is not stationary or affixed, including a tank that is on skids.
14513. "Release" means any unintentional spilling, leaking, emitting, discharging, escaping, leaching, or disposing of petroleum from a tank into the environment whether occurring before or after the effective date of this chapter, but does not include discharges or designed venting allowed under federal or state law or under adopted rules.
14614. "Tank" means any one or a combination of containers, vessels, and enclosures, whether aboveground or underground, including associated piping or appurtenances used to contain an accumulation of petroleum. The term does not include:
- Tanks owned by the federal government.
 - Tanks used for the transportation of petroleum.
 - A pipeline facility, including gathering lines, regulated under:
 - The Natural Gas Pipeline Safety Act of 1968.
 - The Hazardous Liquid Pipeline Safety Act of 1979.
 - An interstate pipeline facility regulated under state laws comparable to the provisions of law in paragraph 1 or 2.
 - An underground farm or residential tank with a capacity of one thousand one hundred gallons [4163.94 liters] or less or an aboveground farm or residential tank of any capacity used for storing motor fuel for noncommercial purposes.
However, the owner of an aboveground farm or residential tank may, upon application, register the tank and be eligible for reimbursement under this chapter.
 - A tank used for storing heating oil for consumptive use on the premises where stored.
 - A surface impoundment, pit, pond, or lagoon.
 - A flowthrough process tank.
 - A liquid trap or associated gathering lines directly related to oil or gas production or gathering operations.
 - A storage tank situated in an underground area such as a basement, cellar, mine working, drift, shaft, or tunnel if the storage tank is situated upon or above the surface of the floor.
 - A tank used for the storage of propane.
 - A tank used to fuel rail locomotives or surface coal mining equipment.

2
SB 2010
1-8-2019

- l. An aboveground tank used to feed diesel fuel generators. Upon application, the owner or operator of an aboveground tank used to feed diesel fuel generators may register the tank and is eligible for reimbursement under this chapter.
 - m. A portable tank.
 - n. A tank with a capacity under one thousand three hundred twenty gallons [4996.728 liters] used to store lubricating oil.
1715. "Tank integrity test" means a test to determine that a tank is sound and not leaking.
For an underground tank, the term means a certified third-party test that meets environmental protection agency leak detection requirements. For an aboveground tank, the term means a test conducted according to steel tank institute SP 001 or American petroleum institute 653.
1816. "Third party" means a person who is damaged by the act of a registered owner, operator, or dealer requiring corrective action or a person who suffers bodily injury or property damage caused by a petroleum release.

SECTION 6. AMENDMENT. Section 23-37-04 of the North Dakota Century Code is amended and reenacted as follows:

23-37-04. Administration of fund - Staff. (Contingent repeal - See note)

The administrator department of environmental quality shall administer the fund according to this chapter. The administrator department of environmental quality shall convene the board as may be necessary to keep the board apprised of the fund's general operations. However, the board shall meet at least once each half of each calendar year to review and to advise the administrator department of environmental quality regarding the administration of the fund, the fund's general operations, and to hear and decide denials of claims by the administrator department of environmental quality which may be appealed to the board, and to discuss all claims against the fund. The administrator department of environmental quality may employ any assistance and staff necessary to administer the fund within the limits of legislative appropriation. A claimant aggrieved by a decision of the administrator department of environmental quality regarding a claim upon the fund may appeal the decision to the board. The board may sustain, modify, or reverse the decision of the administrator department of environmental quality. The claimant or the administrator department of environmental quality may appeal the board's decision to the commissioner state health officer. The decision of the commissioner state health officer may be appealed under chapter 28-32.

SECTION 7. AMENDMENT. Section 23-37-05 of the North Dakota Century Code is amended and reenacted as follows:

23-37-05. Adoption of rules.

The administrator department of environmental quality shall adopt rules regarding the practices and procedures of the fund, the form and procedure for applications for compensation from the fund, procedures for investigation of claims, procedures for determining the amount and type of costs that are eligible for

2
SB 2010
1-8-2019

reimbursement from the fund, procedures for persons to perform services for the fund, procedures for appeals to the board by claimants aggrieved by an adverse decision of the administrator department of environmental quality, and any other rules as may be appropriate to administer this chapter.

SECTION 8. AMENDMENT. Section 23-37-06 of the North Dakota Century Code is amended and reenacted as follows:

23-37-06. Release discovery.

If the department has reason to believe a release has occurred, it shall notify the administrator department of environmental quality. The department shall direct the owner or operator to take reasonable and necessary corrective actions as provided under federal or state law or under adopted rules.

SECTION 9. AMENDMENT. Section 23-37-10 of the North Dakota Century Code is amended and reenacted as follows:

23-37-10. Providing of information.

Any person whom the administrator department of environmental quality or the department has reason to believe is an owner or operator, the owner of real property where corrective action is ordered to be taken, or any person who may have information concerning a release shall, if requested by the administrator department of environmental quality or the department, or any member, employee, or agent of the administrator department of environmental quality or the department, furnish to the administrator department of environmental quality or the department any information that person has or may reasonably obtain that is relevant to the release.

SECTION 10. AMENDMENT. Section 23-37-11 of the North Dakota Century Code is amended and reenacted as follows:

23-37-11. Examination of records.

Any employee of the administrator department of environmental quality or the department may, upon presentation of official credentials:

1. Examine and copy books, papers, records, memoranda, or data of any person who has a duty to provide information to the administrator department of environmental quality or the department under section 23-37-10; and
2. Enter upon public or private property for the purpose of taking action authorized by this section, including obtaining information from any person who has a duty to provide the information under section 23-37-10, conducting surveys and investigations, and taking corrective action.

SECTION 11. AMENDMENT. Section 23-37-14 of the North Dakota Century Code is amended and reenacted as follows:

23-37-14. Other remedies.

This chapter does not limit the powers of the administrator department of environmental quality or department, or preclude the pursuit of any other administrative, civil, injunctive, or criminal remedies by the administrator department of environmental quality or department or any other person. Administrative remedies need not be exhausted in order to proceed under this chapter. The remedies provided by this chapter are in addition to those provided under existing statutory or common law.

SECTION 12. AMENDMENT. Section 23-37-15 of the North Dakota Century Code is amended and reenacted as follows:

23-37-15. Revenue to the fund.

Revenue from the following sources must be deposited in the state treasury and credited to the fund:

1. Any registration fees collected under section 23-37-17;
2. Any money recovered by the fund under section 23-37-23, and any money paid under an agreement, stipulation, or settlement;
3. Any interest attributable to investment of money in the fund; and
4. Any money received by the administrator department of environmental quality in the form of gifts, grants, reimbursements, or appropriations from any source intended to be used for the purposes of the fund.

SECTION 13. AMENDMENT. Section 23-37-17 of the North Dakota Century Code is amended and reenacted as follows:

23-37-17. Registration fee.

1. An owner or operator of a tank shall pay an annual registration fee of fifty dollars for each aboveground or underground tank owned or operated by that person. If after the fiscal year has been closed and all expenses relating to the fiscal year have been accounted for, the fund balance is less than six million dollars, the annual registration fee of fifty dollars is increased to one hundred dollars. If after the fiscal year has been closed and all expenses relating to the fiscal year have been accounted for, the fund balance is five million five hundred thousand dollars or more and the annual registration fee has been increased to one hundred dollars, the fee must be reduced to fifty dollars. If after the fiscal year has been closed and all expenses relating to the fiscal year have been accounted for, the fund balance exceeds nine million dollars, the annual registration fee is reduced to five dollars. Annual registration fees must continue at five dollars until the fund balance does not exceed nine million dollars.
2. An owner or operator of an existing tank that is discovered at a location that currently and previously has had tanks registered with the fund shall pay an additional twenty-five dollar penalty fee in addition to the registration fee for each aboveground tank and each underground tank owned or operated by that person for each previous year that the tank was required to be registered for which a fee was not paid. The payment includes the fees and the penalty for the failure to register.

#2
SB 2010
1-8-2019

3. An owner or operator of an existing tank at a location that was not previously and continuously registered with the fund, whether the registration was required by law or not must provide the fund with a phase two environmental study conducted by a qualified firm according to American society for testing materials standards. A tank integrity test must also be performed. The environmental study and tank integrity test must be reviewed by the commissioner department of environmental quality along with the application for registration with the fund. If the commissioner department of environmental quality rejects the application, the applicant is denied eligibility to the fund. However, if the site is remediated and the leaking tank is replaced, the applicant may reapply for registration with the fund. A new installation that is using a used tank must provide tank integrity test results for the used tank. Use of a synthetic liner in an aboveground dike system negates the need for a tank integrity test. The owner or operator of a new tank at a new site or a new tank at an existing site that had a tank registered at the site previously need only pay the required fees for registration with the fund.
4. If accepted for registration with the fund, the owner or operator of the tank shall pay an additional twenty-five dollar penalty fee in addition to the registration fee for each aboveground tank and underground tank owned or operated by that person for each previous year that the tank was required to be registered for which a fee was not paid, regardless of ownership in each of those years. The payment includes the fees and the penalty for the failure to register.
5. The registration fees collected under this section must be paid to the fund administrator department of environmental quality for deposit in the state treasury for the dedicated credit to the petroleum release compensation fund.
6. If a registration payment is not received within sixty days of July first by the Commissioner department of environmental quality, a late fee of twenty-five dollars per tank per month must be imposed on the tank owner or operator.

SECTION 14. AMENDMENT. Section 23-37-18 of the North Dakota Century Code is amended and reenacted as follows:

23-37-18. Reimbursement for corrective action.

1. The administrator department of environmental quality shall reimburse an eligible owner or operator for ninety percent of the costs of corrective action, including the investigation, which are greater than five thousand dollars and less than one million dollars per occurrence and two million dollars in the aggregate. An eligible tank owner or operator may not be liable for more than twenty thousand dollars out-of-pocket expenses for any one release. A reimbursement may not be made unless the administrator department of environmental quality determines that:

2
SB 2010
1-8-2019

- a. At the time the release was discovered the owner or operator and the tank were in compliance with state and federal rules and rules applicable to the tank, including rules relating to financial responsibility, rules relating to infrastructure compatibility, and all rules relating to health and safety which were in effect at the time of the release;
 - b. The department was given notice of the release as required by federal and state law;
 - c. The owner or operator has paid the first five thousand dollars of the cost of corrective action; and
 - d. The owner or operator, to the extent possible, fully cooperated with the department and the administrator department of environmental quality in responding to the release.
2. The fund shall compensate third parties for corrective action taken for a petroleum release if the provisions of subdivisions a, b, c, and d of subsection 1 were met at the time the release was discovered. Compensation for third-party corrective action includes compensation for costs incurred in returning the real estate to that level deemed duly remediated by the department.
3. The fund shall reimburse the tank owner, operator, or dealer for bodily injuries to a third party caused by a petroleum release if the provisions of subdivisions a, b, c, and d of subsection 1 were met at the time the release was discovered in an amount determined by:
 - a. Findings reduced to judgment in federal or state district court within the state of North Dakota or such other court having jurisdiction over the matter in a proceeding in which the fund has been made a party;
 - b. Findings by an arbitration panel agreed upon in writing by the parties in a proceeding in which the fund has been made a party; or
 - c. A written settlement entered into by the parties in which the commissioner state health officer or the commissioner's state health officer's agent has participated. The settlement must be reviewed and approved by the commissioner state health officer.
4. In any civil action against the owner, operator, or dealer for damages resulting from a petroleum release, if the pre-leak condition of real estate is an issue and if there is no reasonable means of determining the pre-leak condition of real estate, the condition is that which exists at the time the department determines the real estate has been duly remediated.
5. The fund may not compensate for attorney's fees of owners, operators, or dealers, nor may the fund compensate for exemplary damages, criminal fines, or administrative penalties.
6. A third party accepting monetary compensation directly from the fund for damages due to a release caused by a tank owner, operator, or dealer covered by the fund is deemed to have waived any cause of action against the fund or against the tank owner, operator, or dealer.

#2
SB 2010
1-8-2019

7. The fund shall reimburse the department for all costs, attorney's fees, and other legal expenses relating to administrative and adjudicative proceedings under this chapter and any subsequent legal proceeding. Any monies reimbursed must be deposited in the department's operating fund in the state treasury and must be spent subject to appropriation by the legislative assembly.

SECTION 15. AMENDMENT. Section 23-37-19 of the North Dakota Century Code is amended and reenacted as follows:

23-37-19. Application for reimbursement.

Any owner or operator who is a first-party claimant who proposes to take corrective action or has undertaken corrective action in response to a release, the time of such release being unknown, may apply to the administrator department of environmental quality for partial or full reimbursement under section 23-37-18. An owner or operator who is a first-party claimant may be reimbursed only for costs incurred after July 1, 1989, even if the releases were discovered before July 1, 1989, up to the maximum of twenty-five thousand dollars per location.

SECTION 16. AMENDMENT. Section 23-37-20 of the North Dakota Century Code is amended and reenacted as follows:

23-37-20. Administrator Department of environmental quality to determine costs.

A reimbursement for corrective actions taken by an owner, operator, or dealer may not be made from the fund until the administrator department of environmental quality has determined that the costs for which reimbursement is requested were actually incurred and were reasonable. All necessary loss adjustment expenses must be included as a component of the loss and must be paid out of the fund.

SECTION 17. AMENDMENT. Section 23-37-23 of the North Dakota Century Code is amended and reenacted as follows:

23-37-23. Recovery of expenses.

Any reasonable and necessary expenses incurred by the fund, which exceed the coverage limits provided by section 23-37-18, in taking a corrective action, including costs of investigating a release, and in taking legal actions may be recovered in a civil action in district court brought by the administrator department of environmental quality against an owner or operator. The certification of expenses by an approved agent of the fund is prima facie evidence that the expenses are reasonable and necessary. Any expenses that are recovered under this section must be deposited in the fund.

SECTION 18. AMENDMENT. Section 23-37-24 of the North Dakota Century Code is amended and reenacted as follows:

23-37-24. Costs exceeding reimbursement.

If the cost of any extraordinary authorized action under this chapter exceeds amounts awarded to the administrator department of environmental quality or the department from the federal government, the administrator department of environmental quality may pay the department the cost of the corrective actions, including the cost of investigating a release, if the board finds that the cause was a petroleum substance, that an adequate amount exists in the fund to pay for the corrective action, that the occurrence was extraordinary in scope and size, and that a danger to the health and safety of citizens exists.

SECTION 19. AMENDMENT. Section 23-37-25 of the North Dakota Century Code is amended and reenacted as follows:

23-37-25. Coordination of benefits.

If an owner or operator has an insurance policy that provides the same coverage as the fund, the administrator department of environmental quality of the fund shall pay the share of the covered loss or damage for which the fund is responsible. The share that must be paid from the fund is equal to the proportion that the applicable limit of coverage under the fund bears to the limits of insurance of all insurance coverage on the same basis.

SECTION 20. AMENDMENT. Section 23-37-26 of the North Dakota Century Code is amended and reenacted as follows:

23-37-26. Third-party damages - Participation in actions and review of settlements.

1. An owner or operator who is sued for damages resulting from a release shall notify the administrator department of environmental quality within fourteen days of being served with a summons and complaint. The owner or operator shall also advise the administrator department of environmental quality if any insurer is defending the owner or operator and provide to the administrator department of environmental quality the name of that insurer.
2. An owner or operator who, before litigation, enters into negotiations with a third party who claims to have been damaged by a release, or who receives a demand for payment of damages to a third party who claims to have been damaged by a release, shall notify the administrator department of environmental quality within fourteen days of the demand or the negotiations.
3. The administrator department of environmental quality and the board shall review the conduct of any litigation or negotiation. The administrator department of environmental quality may not assume any legal costs incurred by the defendant or plaintiff, but may participate in discovery, trial proceedings, or settlement negotiations of either disputed liability or damages that bear on the determination of a plaintiff's damages.
4. The administrator department of environmental quality and the board shall review any settlement negotiations to determine the dollar amount of

bodily injury or property damage actually, necessarily, and reasonably incurred by third parties which, if paid by the defendant, would be considered eligible costs.

SECTION 21. AMENDMENT. Section 23-37-27 of the North Dakota Century Code is amended and reenacted as follows:

23-37-27. Third-party damages - Documentation.

1. An applicant's payments for third-party damages pursuant to a judgment entered in a court must include copies of the notice of entry of judgment and abstract of costs.
2. An applicant's payments for third-party damages made by agreement in settlement of litigation must include copies of the settlement agreement and such supporting documents as may be required by the administrator department of environmental quality.
3. An applicant's payments for third-party damages made by agreement without reference to litigation must include copies of the settlement and such supporting documents as may be required by the administrator department of environmental quality.
4. The administrator department of environmental quality and the board may require a third party who claims bodily injury to be examined by a physician and require that the physician's report be submitted to the administrator department of environmental quality. The administrator department of environmental quality may require a third party who claims property damage to permit a property appraiser or claims adjuster retained by the administrator department of environmental quality to inspect the property and report to the administrator department of environmental quality.
5. The fund shall pay a judgment against an owner, operator, or dealer awarded to a third party as a result of a third-party claim and property damage against an owner, operator, or dealer registered by the fund.
6. The fund shall pay for corrective action as awarded to a third party in any judgment against an owner, operator, or dealer.
7. Liability of the tank owner, operator, dealer, or fund to third parties for corrective action or personal injuries and property damage may not exceed, per person, one million dollars. Maximum liability of the fund, including all claims by third parties, may not exceed, for any release site, the maximum provided in section 23-37-18.
8. A third party may not bring an action against any owner, operator, or dealer more than three years after a corrective action plan has been approved by the department if the owner, operator, or dealer fully implements and complies with the corrective action plan.
9. In investigating a release site or reviewing the implementation of any corrective action plan approved by the department, the department shall determine whether the release currently threatens public health or the environment. The department shall require, based on science and

2
JB 2010
1-8-2019

technology appropriate for the site, any monitoring, remediation, or other appropriate corrective action that is reasonably necessary to protect public health or the environment. The department may require corrective action at a release site at any time after a release occurs.

SECTION 22. AMENDMENT. Section 23-37-28 of the North Dakota Century Code is amended and reenacted as follows:

23-37-28. Matching federal funds.

The administrator department of environmental quality and the board may annually allow the department a ten percent matching grant for federal leaking underground storage tank funds to be paid out of the fund if the moneys are available and the administrator department of environmental quality and the board determine the allowance appropriate.

SECTION 23. AMENDMENT. Section 23-37-29 of the North Dakota Century Code is amended and reenacted as follows:

23-37-29. Fund appropriations.

Money in the fund is continuously appropriated to the administrator department of environmental quality for the purpose of making reimbursements under this chapter.

SECTION 24. AMENDMENT. Section 23-37-30 of the North Dakota Century Code is amended and reenacted as follows:

23-37-30. Investment of fund.

Investment of the fund is under the supervision of the state investment board in accordance with chapter 21-10. The commissioner state health officer may purchase a contract for reinsurance of any risk to be paid by the fund. The administrator department of environmental quality may investigate the purchase of insurance that reimburses an owner or operator for property damage claims by third parties other than claims for costs of corrective action.

SECTION 25. AMENDMENT. Subsection 2 of Section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-07. Fees chargeable by commissioner.

2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and k h of subsection 1.

SECTION 26. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

#2
SB 2010
1-8-2019

The annual salary of the commissioner is ~~one hundred two thousand six hundred eighty-nine dollars through June 30, 2016, and one hundred five thousand seven hundred seventyone hundred ten thousand and one dollar through June 30, 2020 and one hundred twelve thousand two hundred and one dollars thereafter.~~

SECTION 27. AMENDMENT. Subsection 1 of Section 26.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-03-17. Commissioner to collect premium tax - Insurance companies generally - Computation - Credits - Penalty - Estimated tax.

1. Before issuing the annual certificate required by law, the commissioner shall collect from every stock and mutual insurance company, nonprofit health service corporation, health maintenance organization, and prepaid legal service organization, except fraternal benefit and benevolent societies, doing business in this state, a tax on the gross amount of premiums, assessments, membership fees, subscriber fees, policy fees, service fees collected by any third-party administrator providing administrative services to a group that is self-insured for health care benefits, and finance and service charges received in this state during the preceding calendar year, at the rate of two percent with respect to life insurance, one and three-fourths percent with respect to accident and health insurance, and one and three-fourths percent with respect to all other lines of insurance. This tax does not apply to considerations for annuities. The total tax is payable on or before March first following the year for which the tax is assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on the next succeeding business day. Collections from this tax must be deposited in the insurance tax distribution fund under section 18-04-04.1 but not in an amount exceeding one-half of the biennial amount appropriated for distribution under section ~~18-04-05 and chapter 23-46 and the amount computed under section 18-04-05~~ in any fiscal year. Collections from this tax exceeding the sum of the amount deposited in the insurance tax distribution fund must be deposited in the general fund in the state treasury.

SECTION 28. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ assistants – Continuing appropriation.

The commissioner may employ assistants or contract for the services of assistants from the North Dakota Insurance Reserve Fund using money from the reserve fund of the state bonding fund as may be necessary to operate the fund. ~~The salaries of all employees together with all other expenditures for the operation of the fund must remain within the appropriations made by the legislative assembly for these purposes and must be paid by warrant check drawn on the state treasury prepared by the office of management and budget after the approval of expense vouchers by the office of the budget.~~ Funding for the state bonding fund is appropriated on a continuing bases for the purposes of this section.

2
SB 2010
1-8-2019

SECTION 29. AMENDMENT. Section 26.1-21-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-17. Allowed liability claims payable from fund - Administrative expenses - Methods of payment.

A claim allowed against the fund must be paid upon warrants drawn upon the state treasurer against the fund. The warrant must be prepared by the office of management and budget pursuant to the directions of the commissioner. Payments for administrative expenses of the state bonding fund may be made from the reserve fund of the state bonding fund or must be made within the limitations of legislative appropriations upon warrant-checks prepared by the office of management and budget after the approval of vouchers by the commissioner.

SECTION 30. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund - Continuing appropriation.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for the services of assistants from the North Dakota Insurance Reserve Fund using money from the reserves of the fund and incur necessary expenses that may be paid from the reserves of the fund. All expenditures made for these purposes, other than services contracted and paid for by money from the fund and necessary expenses paid from the reserves of the fund, must remain within the limits of legislative appropriations and must be paid out of the fund upon warrants prepared by the office of management and budget drawn upon the state treasurer after the approval of vouchers by the office of the budget. Funding for the state fire and tornado fund is appropriated on a continuing bases for the purposes of this section.

SECTION 31. Section 26.1-22-03.1 of the North Dakota Century Code is created and enacted as follows:

26.1-22-03.1. North Dakota insurance reserve fund may utilize producers and pay commissions.

The North Dakota insurance reserve fund may utilize the service of producers licensed under the laws of this state to assist policyholders. Any commission paid to the producers must be paid out of the premium income of the fund and must be assessed against the policyholders that benefit from the producers.

SECTION 32. AMENDMENT. Section 26.1-22.1-02 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-02. Chief boiler inspector, deputy inspectors - Appointment - Jurisdiction.

#2
SB 2010
1-8-2019

The commissioner, ~~as manager of the state fire and tornado fund~~ department of environmental quality, shall employ a chief boiler inspector and deputy inspectors. The chief boiler inspector has jurisdiction over all boilers in this state except as otherwise provided.

SECTION 33. AMENDMENT. Section 26.1-22.1-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-03. Qualifications of chief boiler inspector - Deputy inspectors.

1. No person is eligible to the office of chief boiler inspector unless that person:
 - a. Has had at the time of the appointment at least five years' experience in the construction, inspection, operation, maintenance, or repair of high pressure boilers and pressure vessels as a mechanical engineer, boilermaker, steam operating engineer, or boiler inspector. An applicant possessing a mechanical engineering degree from an accredited school may substitute that degree for two years of the five years' experience, at the discretion of the commissioner department of environmental quality.
 - b. Holds a commission issued by the national board of boiler and pressure vessel inspectors or obtains the commission within one year after the date of appointment by the commissioner department of environmental quality.
 - c. Is not directly or indirectly interested in the manufacture or sale of boilers or steam machinery or articles used in the construction or maintenance of engines or boilers.
2. The commissioner department of environmental quality shall establish qualifications for a deputy inspector which are not inconsistent with the requirements of the position.

SECTION 34. AMENDMENT. Section 26.1-22.1-04 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-04. Powers and duties of chief boiler inspector.

1. The chief boiler inspector shall:
 - a. Keep a complete record of the type, dimensions, maximum allowable working pressure, age, condition, location, and date of the last-recorded internal and external inspection of boilers to which this chapter applies.
 - b. Cooperate and assist in loss prevention programs sponsored by the commissioner department of environmental quality.
2. The chief boiler inspector may delegate powers and duties to any deputy inspector or special inspector.

SECTION 35. AMENDMENT. Subsection 1 of section 26.1-22.1-07 of the North Dakota Century Code is amended and reenacted as follows:

2
SB 2010
1-8-2019

26.1-22.1-07. Inspection of boilers.

1. The chief boiler inspector shall inspect each boiler used or proposed to be used within this state. The inspection must be thorough as to the construction, installation, condition, and operation as provided by the rules adopted to implement this chapter.
An exempt boiler may be inspected by the chief boiler inspector when the owner, the owner's agent, or the user of the boiler makes written request for inspection to the commissioner department of environmental quality.

SECTION 36. AMENDMENT. Section 26.1-22.1-08 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-08. Special inspector.

1. Upon written request of an employer, the commissioner department of environmental quality may appoint as a special inspector an inspector in the employ of:
 - a. An insurance company authorized to insure boilers in this state against loss from explosion;
 - b. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited owner/user inspection organization; or
 - c. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited authorized inspection agency. A person may not be appointed as a special inspector unless that person has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.
2. An inspection performed by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the commissioner department of environmental quality in the time, manner, and form as prescribed by the commissioner department of environmental quality.
3. If a complete report is not filed by the special inspector's employer with the commissioner department of environmental quality within ninety days from the certificate due date, the chief boiler inspector may make the required inspection, unless an extension of time is granted by the chief boiler inspector. The special inspector's employer must pay the inspection fees as required by section 26.1-22.1-09 for a special inspection.
4. The chief boiler inspector may inspect any boiler to which a special inspection applies.
5. The commissioner department of environmental quality may, for cause, suspend or revoke the appointment of any special inspector.

SECTION 37. AMENDMENT. Section 26.1-22.1-09 of the North Dakota Century Code is amended and reenacted as follows:

#2
SB 2010
1-8-2019

26.1-22.1-09. Inspection and certificate fees.

Upon completion of inspection, the owner or user of a boiler shall pay to the commissioner department of environmental quality fees or a combination of inspection and certificate fees. Inspection fees must be determined by the commissioner department of environmental quality. Certificate fees are determined by section 26.1-22.1-10. The commissioner department of environmental quality must determine and may annually adjust a fee scale for the internal inspections of power boilers, internal inspections of low pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.

Not more than two hundred dollars may be charged or collected for any one inspection of a boiler except for special inspections made upon request. All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed five hundred dollars per day or three hundred dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the commissioner department of environmental quality. The annual fee for the issuance of a reciprocal commission card for a special inspector is forty dollars and the annual fee for the issuance of a welder-qualified card is twenty dollars. The fee for taking an examination for a hobby boiler operating license is twenty-five dollars and the fee for a hobby boiler operating license is twenty-five dollars. A hobby boiler operating license issued under this section is valid for six years.

SECTION 38. AMENDMENT. Section 26.1-22.1-10 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-10. Certificate of inspection - Certificate to be posted.

The commissioner department of environmental quality shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The commissioner department of environmental quality shall charge a fee of twenty dollars per year for each year that a certificate is valid, or part of a year thereof, for each certificate of inspection issued as the result of inspections authorized under sections 26.1-22.1-07 and 26.1-22.1-08. The fees are the liability of the owner or user and must be paid in accordance with rules adopted by the commissioner department of environmental quality.

No certificate may be issued for any boiler not in a safe condition to be operated or for a boiler for which the inspection and certificate fees have not been paid in full. No certificate is valid for a period of more than thirty-six months for power boilers described in subsection 2 of section 26.1-22.1-07, and no more than twelve months for other power boilers, twelve months for steam traction engines, and thirty-six months for low pressure boilers except that a two-month grace period may be extended for any certificate. Upon written request from a special inspector, the chief boiler inspector may issue a short-term certificate. Each certificate of inspection must be posted conspicuously under glass in the boiler room or adjacent to the boiler inspected.

2
SB 2010
1-8-2019

SECTION 39. AMENDMENT. Section 26.1-22.1-12 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-12. Manufacturer's data report.

The boiler manufacturer shall provide the commissioner department of environmental quality with a manufacturer's data report. When signed by an authorized inspector, this data sheet together with the stamp on the boiler is the record denoting that the boiler has been constructed in accordance with the rules adopted to implement this chapter.

SECTION 40. AMENDMENT. Section 26.1-22.1-14 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22.1-14. Rules - Penalty for violation - Hearing.

The commissioner department of environmental quality shall adopt rules for the safe and proper installation, use, operation, and inspection of boilers and pressure vessels subject to this chapter. The commissioner department of environmental quality shall adopt rules for the licensing of operators of hobby boilers used during parades, exhibitions, and threshing shows where the public is invited. A fee must be charged for an operating license, for a license renewal, and for an examination conducted to determine minimum competence. Individuals operating hobby boilers within this state as of July 1, 2007, are considered acceptable for a license without additional training or examination. An individual who is not a resident of this state and who holds a boiler operator license or credential in another state or Canadian province is exempt from licensure as a hobby boiler operator in this state. The commissioner department of environmental quality may not issue a certificate of inspection to any owner or user of a boiler who fails or refuses to comply with those rules. The commissioner department of environmental quality shall revoke any certificate presently in force upon evidence that the owner or user of the boiler is failing or refusing to comply with the rules. Any owner or user of a boiler may request a hearing before the commissioner department of environmental quality within fifteen days from service of an order refusing or revoking a certificate of inspection. It is the burden of the owner or user to show cause why the certificate of inspection should not be refused or revoked. If no hearing is requested within the required period, the order of the commissioner department of environmental quality becomes final and is not subject to further proceedings.

SECTION 41. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.

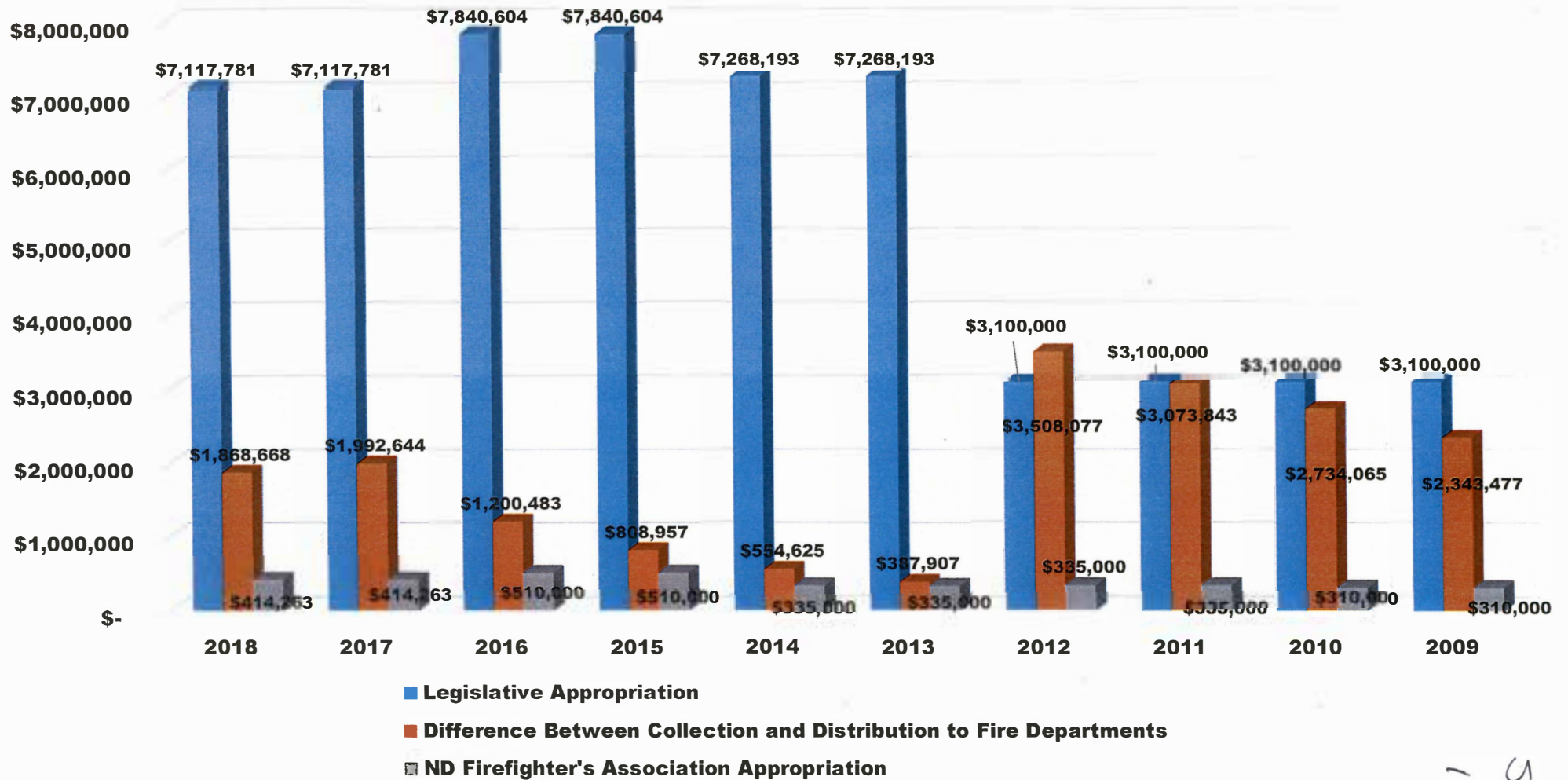
1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-

#2
SB 2010
1-8-2019

49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
- a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters into a contract with the commissioner to provide services for the state fire and tornado fund under the provisions of 26.1-22-03.
 - d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

Renumber accordingly

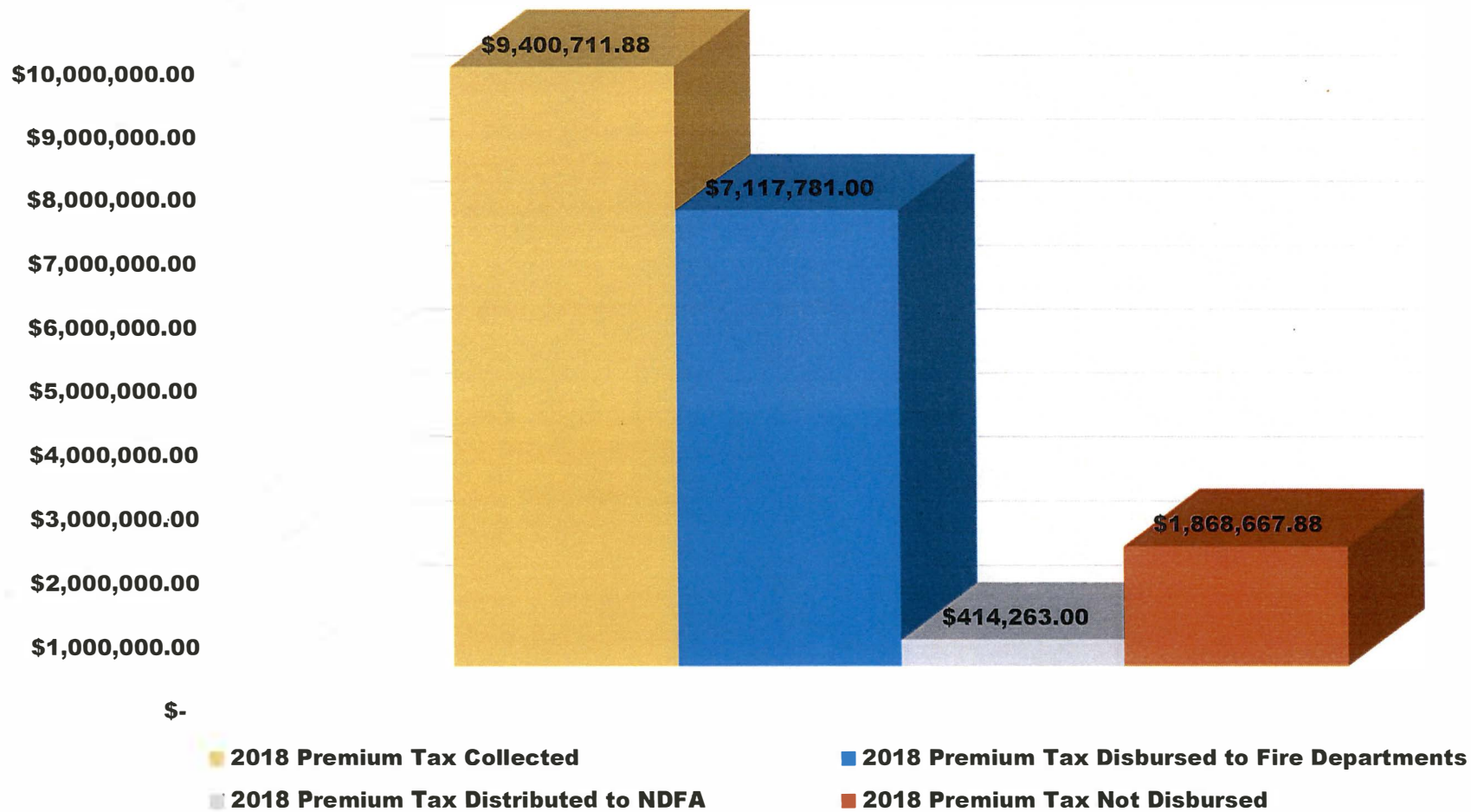
North Dakota Premium Tax Distribution to Fire Departments and the Difference from Actual Collection and NDFA Payment



pg 1

SB 2010
1-8-2019
#3

2018 Insurance Premium Tax Distribution Breakdown



AB
2

3
SB 2010
1-8-2019

3
SB 2010
1-8-2019

Year	Annual Gross Collection	Premium Tax Collected	Legislative Appropriation	Percentage Appropriated
2018	\$ 537,183,536.00	\$ 9,400,711.88	\$ 7,117,781.00	76%
2017	\$ 553,371,685.00	\$ 9,684,004.49	\$ 7,117,781.00	74%
2016	\$ 544,267,885.00	\$ 9,524,687.99	\$ 7,840,603.00	82%
2015	\$ 545,776,385.00	\$ 9,551,086.74	\$ 7,840,603.50	82%
2014	\$ 523,403,441.00	\$ 9,159,560.22	\$ 7,268,193.00	79%
2013	\$ 466,161,049.00	\$ 8,157,818.36	\$ 7,268,193.00	89%
2012	\$ 456,634,313.00	\$ 7,991,100.48	\$ 3,100,000.00	39%
2011	\$ 396,747,255.00	\$ 6,943,076.96	\$ 3,100,000.00	45%
2010	\$ 351,089,411.00	\$ 6,144,064.69	\$ 3,100,000.00	50%
2009	\$ 328,770,097.00	\$ 5,753,476.70	\$ 3,100,000.00	54%
2008	\$ 306,862,744.00	\$ 5,370,098.02	\$ 3,100,000.00	58%
2007	\$ 290,322,343.00	\$ 5,080,641.00	\$ 3,100,000.00	61%
2006	\$ 292,456,078.00	\$ 5,117,981.37	\$ 3,100,000.00	61%
2005	\$ 269,876,034.00	\$ 4,722,830.60	\$ 2,600,000.00	55%
2004	\$ 279,024,462.00	\$ 4,882,928.09	\$ 2,600,000.00	53%
2003	\$ 239,182,413.00	\$ 4,185,692.23	\$ 2,600,000.00	62%
2002	\$ 211,549,219.00	\$ 3,702,111.33	\$ 2,600,000.00	70%
2001	\$ 194,626,506.00	\$ 3,405,963.86	\$ 2,600,000.00	76%
2000	\$ 170,693,175.00	\$ 2,987,130.56	\$ 2,600,000.00	87%
1999	\$ 181,771,209.00	\$ 3,180,996.16	\$ 2,600,000.00	82%
1998	\$ 173,337,518.00	\$ 3,033,406.57	\$ 2,600,000.00	86%
1997	\$ 185,221,314.00	\$ 3,241,373.00	\$ 2,600,000.00	80%

In the early 1900s, major U.S. cities suffered disastrous fires that destroyed billions of dollars' worth of property. In the aftermath, insurance companies realized they needed advance information on the fire loss characteristics of individual communities.

The National Board of Fire Underwriters (NBFU) had been established in 1866 to promote fire prevention and public fire protection. After a number of conflagrations — including the great Baltimore fire of 1904, which claimed 140 acres, more than 70 blocks, and 1,526 buildings — the NBFU expanded its scope, developing the Municipal Inspection and Grading System. Under that program, engineers evaluated the fire potential of many cities. In response, those cities improved their public fire protection services.

Since 1909, the Municipal Inspection and Grading System and its successors have been an important part of the underwriting and rating process for insurers writing personal and commercial fire policies. ISO's Public Protection Classification (PPC®) Service now gives insurers credible data to help them develop premiums that fairly reflect the risk of loss in a particular location.

ISO's Public Protection Classification (PPC®) information plays an important part in the decisions insurers make affecting the underwriting and pricing of property insurance. In fact, most U.S. insurance companies — including the largest ones — use PPC information in one or more of the following ways:

- to identify opportunities for writing new business
- to manage the quality of community fire protection across their book of business
- to review loss experience in various rating territories
- to offer coverages and establish deductibles for individual homes and businesses

Insurance companies — not ISO — establish the premiums they charge to policyholders. The methodology a company uses to calculate premiums for property insurance may depend on the company's fire loss experience, underwriting guidelines, and marketing strategy.

Here are some general guidelines to help you understand the benefits of improved PPC ratings for residents and businesses:

- PPC may affect the underwriting and pricing for a variety of personal and commercial insurance coverages, including homeowners, mobile home, fine arts floaters, and commercial property (including business interruption).
- Assuming all other factors are equal, the price of property insurance in a community with a good PPC is lower than in a community with a poor PPC.

To determine a community's Public Protection Classification (PPC®), ISO conducts a field survey. Expert ISO staff visit the community to observe and evaluate features of the fire protection systems. Using our manual called the Fire Suppression Rating Schedule (FSRS), ISO objectively evaluates four major areas:

- **Emergency communications systems**
A review of the emergency communications systems accounts for 10 points of the total classification. The review focuses on the community's facilities and support for handling and dispatching alarms for structure fires.
- **Fire department**
A review of the fire department accounts for 50 points of the total classification. ISO focuses on a community's fire suppression capabilities. We measure suppression capabilities based on the fire department's first-alarm response and initial attack to minimize potential loss. Here, ISO reviews such items as engine companies, ladder or service companies, deployment of fire companies, equipment carried on apparatus, pumping capacity, reserve apparatus, company personnel, and training.
- **Water supply**
A review of the water supply system accounts for 40 points of the total classification. ISO evaluates the community's water supply system to determine the adequacy for fire suppression purposes. We also consider hydrant size, type, and installation, as well as the frequency and completeness of hydrant inspection and flow-testing programs.
- **Community risk reduction**
We review a community's risk reduction efforts and credit them in the Community Risk Reduction section, which allows for extra credit of up to 5.5 points for a potential total of 105.5. That takes into account fire prevention code adoption and enforcement, public fire safety education, and fire investigation.

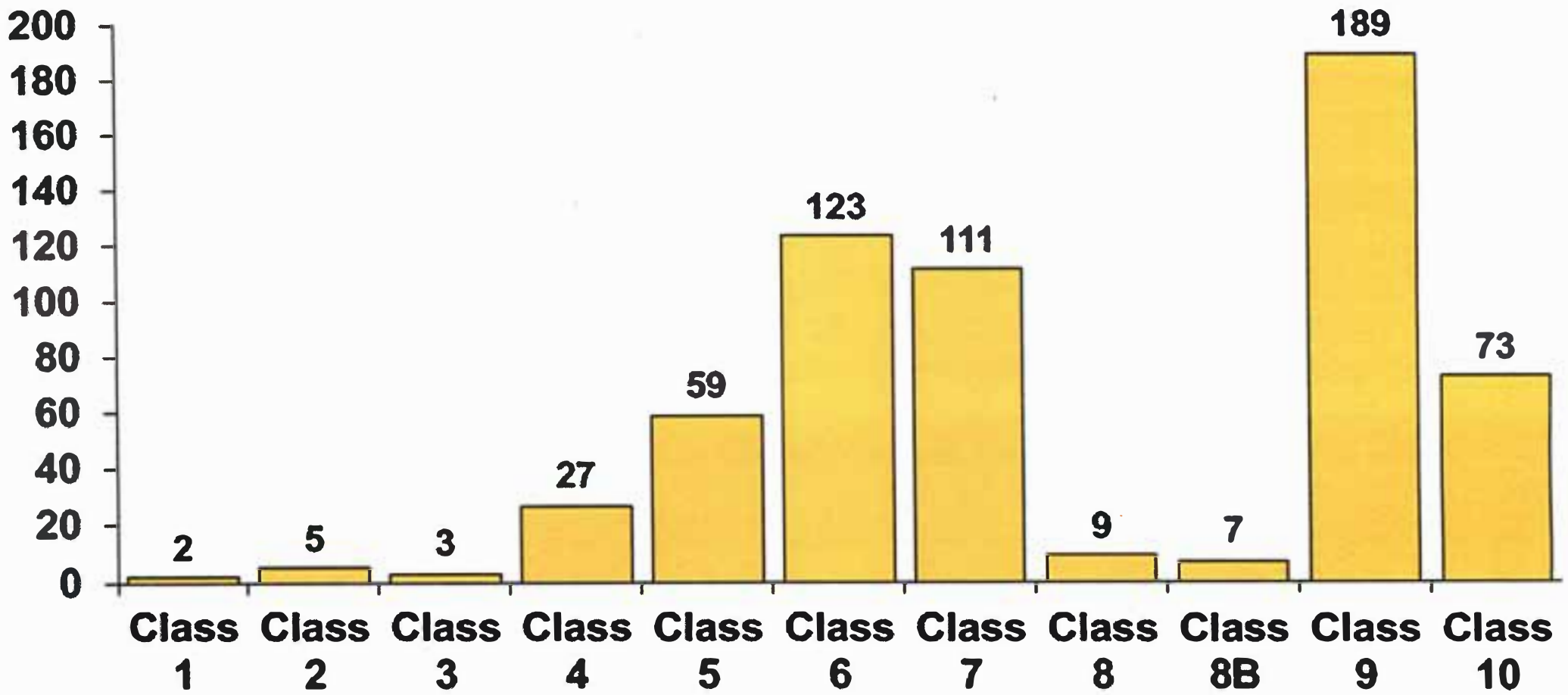
After completing the field survey, ISO analyzes the data and calculates a PPC. The grading then undergoes a quality review. The community will receive a notification letter identifying the new PPC. ISO also provides a hydrant-flow summary sheet, along with a Public Protection Classification Summary Report. The summary explains each subcategory and indicates the total points the community earned. The report also indicates the performance needed to receive full credit for each specific section in the schedule, as well as the quantity actually provided.

Fargo ISO Class to Insurance Premium Difference										
Value	Class 10	Class 9	Class 8	Class 7	Class 6	Class 5	Class 4	Class 3	Class 2	Class 1
	100%	93%	72%	68%	65%	63%	60%	58%	55%	53%
\$160,000.00	\$1,150.00	\$1,069.50	\$ 828.00	\$ 782.00	\$ 747.50	\$ 724.50	\$ 690.00	\$ 667.00	\$ 632.50	\$ 609.50
\$250,000.00	\$2,450.00	\$2,278.50	\$1,764.00	\$1,666.00	\$1,592.50	\$1,543.50	\$1,470.00	\$1,421.00	\$1,347.50	\$1,298.50
\$310,000.00	\$2,750.00	\$2,557.50	\$1,980.00	\$1,870.00	\$1,787.50	\$1,732.50	\$1,650.00	\$1,595.00	\$1,512.50	\$1,457.50
\$450,000.00	\$3,450.00	\$3,208.50	\$2,484.00	\$2,346.00	\$2,242.50	\$2,173.50	\$2,070.00	\$2,001.00	\$1,897.50	\$1,828.50

pg 6

3
58 2010
1-8-2019

North Dakota



897

3
SB 2010
1-8-2019

Testimony to the
North Dakota Senate Appropriations Committee
January 8, 2019
Prepared by Brennan Quintus, CEO
North Dakota Insurance Reserve Fund

4
SB 2010
1-8-2019

RE: Senate Bill No. 2010

Mr. Chairman and members of the Senate Appropriations Committee, my name is Brennan Quintus and I am the CEO of the North Dakota Insurance Reserve Fund (NDIRF). The NDIRF is a government self-insurance pool that offers liability, automobile, and equipment risk coverage to political subdivisions in North Dakota. Over 2,500 local government entities have joined the NDIRF as members since 1986.

The NDIRF supports giving the ND Insurance Department the opportunity to contract with the NDIRF to operate the Fire and Tornado and State Bonding Funds (of which, many political subdivisions are members of) as provided in SB 2010. While the current Fire and Tornado Fund and State Bonding Fund operation is certainly not broken, we hear from NDIRF members consistently that there is certainly room for improvement. By leveraging the current NDIRF operational model, we feel the NDIRF is in a position to maintain the financial health of both funds while improving coverage and service. The NDIRF has a proven track record of success over the last 32 years, including:

- Membership which includes all 53 ND counties and well over 90% of ND cities, school districts, park districts, and all other political subdivisions.
- Extraordinary financial health which has allowed the NDIRF to return over \$61.5 million back to our members
- Strong relationships with the NDACo, NDLC, NDSBA, NDRPA, NDTOA, NDFA, and other political subdivision associations and groups which allow for continued feedback regarding NDIRF products and service.
- Strong relationships with the ND local insurance agent community which again allows for continuous product improvement and pricing feedback.
- The NDIRF's focus is on providing the best product and service at the lowest possible rate for its members. That focus has turned out outstanding financial results for NDIRF members while we consistently receive very positive member feedback. As I told the Insurance Commissioner, what we do works and our goal is to put the NDIRF stamp on the ND Fire and Tornado and State Bonding Funds.

Thank you for the opportunity to provide this testimony. I would be pleased to respond to questions the Committee may have.

pg 1 / 1

NDRPA

North Dakota Recreation & Park Association •

advancing parks and recreation for quality of life in North Dakota



#5

SB 2010
1-8-2019

Testimony of Dana Schaar Jahner
Executive Director
North Dakota Recreation and Park Association
Senate Appropriations Committee
Support for SB 2010
Tuesday, January 8, 2019

Chairman Holmberg and Members of the Committee, my name is Dana Schaar Jahner, and I am executive director of the North Dakota Recreation and Park Association (NDRPA). NDRPA represents more than 700 members across the state, including park board members and park district staff, and works to advance parks, recreation and conservation for an enhanced quality of life in North Dakota.

I am here on behalf of NDRPA to support the concept outlined in Senate Bill 2010 as it relates to management of the State Fire and Tornado Fund.

Many park districts utilize services provided by the North Dakota Insurance Reserve Fund (NDIRF) and appreciate its commitment to high-quality customer service and understanding of parks and recreation activities in North Dakota. NDRPA supports the transfer of management of the State Fire and Tornado Fund from the Insurance Department to NDIRF because it would streamline services for park districts, allowing them to work with one entity to be more efficient in managing their insurance needs.

Thank you for your time.

PS 1/1

SB 2010

Senate Appropriations Committee

By Jason Catrambone

January 8, 2019

#6
SB 2010
1-8-2019

Mr. Chairman and members of the committee, my name is Jason Catrambone, Fire Chief for the City of Williston. I am currently serving as the President of the North Dakota Fire Chief's Association and am also representing that organization.

I support SB 2010 with the proposed amendment to again equate the fire service funding allocation to match the full amount collected as a continuing appropriation.

The distribution from the premium tax to fire departments has historically been a significant component of fire protection funding. The Insurance Premium Tax was established in 1887, before North Dakota was a state. The law taxes certain types of insurance premiums to provide funds to support local fire department operations and pensions. Originally 100% of the premium tax collected was distributed to the fire service. Over time the distribution percentage has varied and we are requesting that it be re-established to the full collection amount.

The need for these funds is a reasonable request and matches the original intent. The fire departments statewide have great responsibilities and your support of SB 2010 with the Insurance Commissioners amendment will be greatly appreciated.

pg 1/1

7

SB 2010

1-8-2019

January 8, 2019

My name is Bruce Schreiner. I am the Fire Chief from Garrison, where I have been Chief since 1993. Our Fire Department protects a City of 1,550 citizens, as well as an additional 2,300 that live in the rural areas, which includes several developments along Lake Sakakawea. In addition to our City and Rural District, we provide fire protection for the City of White Shield and surrounding rural areas. There are approximately another 700 people that live in those areas. Our service area as described above is over 588 square miles. Our department provides fire protection, hazardous materials incidents, extrication, water rescues and recoveries, as well as weather related services. Our department consists of 40 volunteer firefighters that are very dedicated to our fire protection duties.

I have included a current budget showing our income and expenses for a year, as well as what we try to set aside for equipment replacement. This budget shows our current anticipated replacement timetable, which is significantly longer than what it should be. With our current budget, we do not have the funds or resources to replace our equipment any sooner. I have included a second budget that shows a shorter replacement timeframe which would be more in line with industry standards. As you can see from our current budget, we barely break even with the longer replacement periods. You can also see that with a more standardized replacement period, we are very short of meeting our needs.

In our budget, there is \$43,519.00 in fund raising income. We are forced to do 7 to 8 major fund raising events throughout the year in order to survive. If you remove the fund raising income

pg 1

7
JB 2010
1-8-2019

out of our budget, you can see we have a huge deficit. The \$25,500.00 that we net off of these fund raisers equates to a mill levy of 6.1 mills. This is in addition to the 4.5 mills that the City provides us through their budget. In addition to the City mills, the Rural District also has a 10.8 mill levy. We feel that it would be difficult in today's times to increase the taxes to our patrons, so we continue to concentrate on our fund raising efforts to keep a positive budget. We cannot afford to lose any funding from the Insurance Premium Tax and negatively affect our budget any more than it already has. We are very fortunate to have a group of firefighters that work as hard as they do on fund raising so we can afford to train and replace equipment as we are allowed to. A lot of small towns do not have the numbers or ability to do the fund raising that we do. I know a lot of small departments struggle to survive.

I think we are very representative of small town fire departments. We have the same budget stress and difficulty as most small town departments have. We struggle with the need to replace and upgrade equipment without the funding to do so. As with most small town departments, we run our equipment and utilize our gear far longer than we should. We have two pumpers, one is a 1973 and one is a 1979. Both of these pumpers are in need of replacing, but we do not have the needed funds to replace them. When we are able to, we have decided to replace the two of them with one in order to save money and upkeep.

We need 100% of the Insurance Premium Tax that is due to us in order to have any chance of adequately protecting the patrons that we have agreed to protect. What I am asking is twofold. One is to not reduce our Insurance Premium Tax funding source and two is to give back what was taken the last Legislative Session. I would ask any Legislator what value they place on their

pg 2

7
SB 2010
1-8-2019

property and life when it comes to fire protection. I do not believe that any of you would not think that it is worth the small dollars that each fire department receives from this tax. To us those same small dollars make the difference between being able to keep gas in our apparatus, adequate personal protective gear on our firefighters, and to properly train our firefighters to do their jobs safely and efficiently. As a Fire Chief, it is my job and duty to protect my firefighters and not put them in harm's way; I need these funds to do my job. Thank you for your time and consideration.

7
SB 2010
1-8-2019

	2017	2017	2017
	<u>RURAL DISTRICT</u>	<u>CITY OF GARRISON</u>	<u>TOTAL INCOME</u>

INCOME:

Taxes	\$85,062.80		\$85,062.80
Insurance Premium Tax	\$34,966.30	\$8,294.84	\$43,261.14
City Budget		\$8,838.45	\$8,838.45
Fund Raising		\$43,519.00	\$43,519.00
Total Income	\$120,029.10	\$60,652.29	\$180,681.39

EXPENSES

Training	\$26,054.87		
General Operating	\$58,044.78		
Fund Raising	\$17,982.95		
Total Expenses	\$102,082.60		\$102,082.60

<u>REPLACEMENT FUND</u>	<u>COST</u>	<u>YEARS</u>	<u>PER YEAR</u>
Pumper	\$300,000.00	30	\$10,000.00
Tanker	\$350,000.00	20	\$17,500.00
Grass Unit	\$120,000.00	15	\$8,000.00
Rescue Unit	\$120,000.00	15	\$8,000.00
SCBA's	\$120,000.00	15	\$8,000.00
40 Sets of Turn Out Gear	\$120,000.00	10	\$12,000.00
Extrication Tools	\$60,000.00	10	\$6,000.00
Miscellaneous Tools			\$5,000.00
Total Replacement Funds			\$74,500.00

<u>NET INCOME</u>	\$4,098.79
--------------------------	-------------------

pg 4

7
SB 2010
1-8-2019

	<u>2017</u> <u>RURAL DISTRICT</u>	<u>2017</u> <u>CITY OF GARRISON</u>	<u>2017</u> <u>TOTAL INCOME</u>
<u>INCOME:</u>			
Taxes	\$85,062.80		\$85,062.80
Insurance Premium Tax	\$34,966.30	\$8,294.84	\$43,261.14
City Budget		\$8,838.45	\$8,838.45
Fund Raising		\$43,519.00	\$43,519.00
Total Income	\$120,029.10	\$60,652.29	\$180,681.39

<u>EXPENSES</u>			
Training	\$26,054.87		
General Operating	\$58,044.78		
Fund Raising	\$17,982.95		
Total Expenses	\$102,082.60		\$102,082.60

<u>REPLACEMENT FUND</u>	<u>COST</u>	<u>YEARS</u>	<u>PER YEAR</u>
Pumper	\$300,000.00	15	\$20,000.00
Tanker	\$350,000.00	15	\$23,333.33
Grass Unit	\$120,000.00	10	\$12,000.00
Rescue Unit	\$120,000.00	10	\$12,000.00
SCBA's	\$120,000.00	12	\$10,000.00
40 Sets of Turn Out Gear	\$120,000.00	8	\$15,000.00
Extrication Tools	\$60,000.00	8	\$7,500.00
Miscellaneous Tools			\$5,000.00
Total Replacement Funds			\$104,833.33

<u>NET INCOME</u>	(\$26,234.54)
--------------------------	----------------------

pg 5

8

SB 2010

1-8-2019

Testimony on SB 2010

Senate Appropriations Committee

By Joel Boespflug

January 8, 2019

Mr. Chairman and members of the committee, my name is Joel Boespflug, Fire Chief for the City of Bismarck. I am currently serving as a Director of the North Dakota Fire Chief's Association and am also speaking on their behalf.

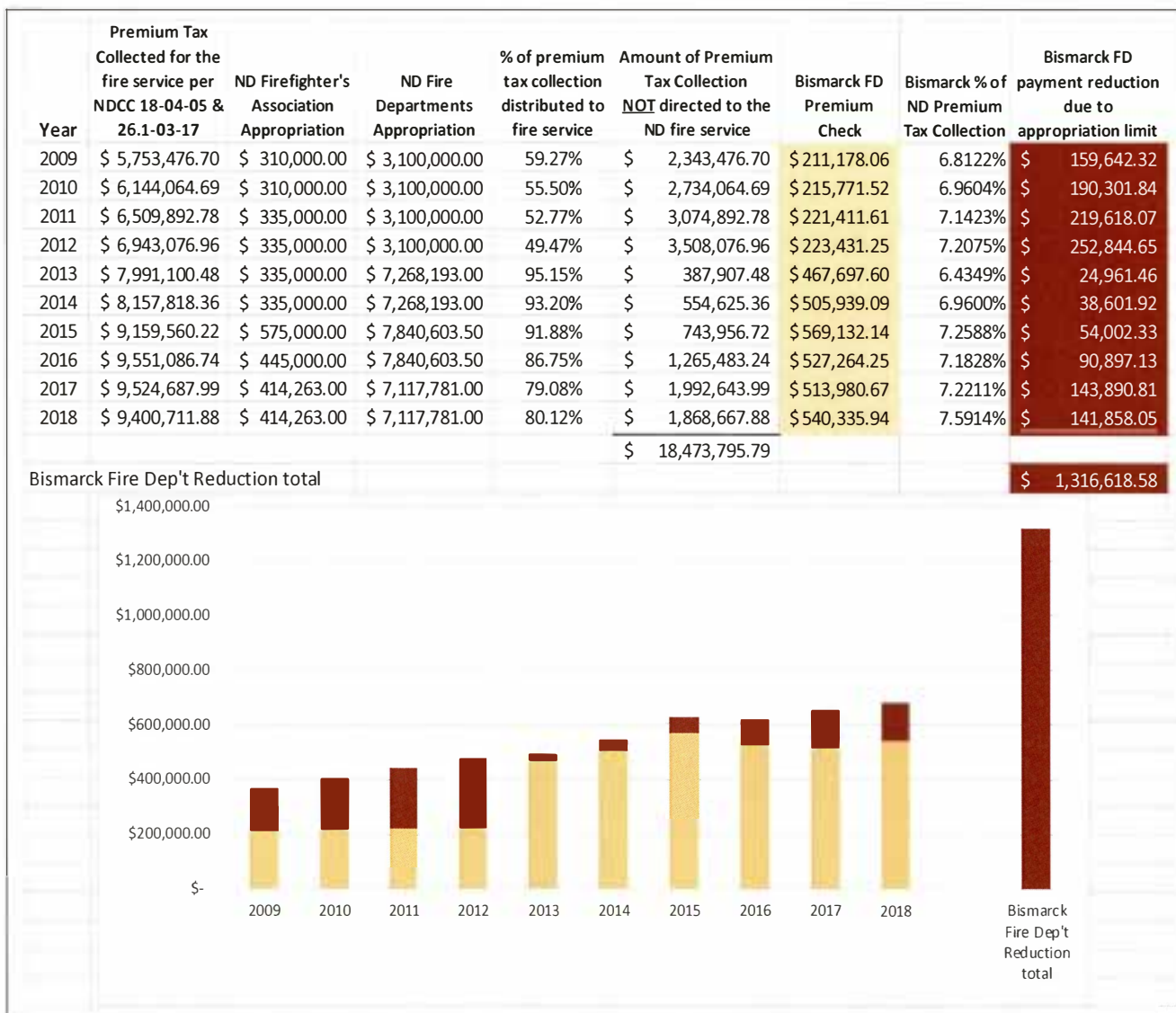
My testimony is in support of SB 2010 that contains the proposed amendment for a continuing appropriation. Based on the purpose of the insurance premium tax and based on the importance of these dollars for the local fire departments, we respectfully request that the appropriation for payments to the fire service equate to the full amount collected.

The Bismarck Fire Department along with many other fire departments across the state face challenges to obtain the appropriate level of firefighting equipment and training. We have a responsibility to protect persons from fire and hazards, including our firefighters. The Insurance Premium Tax supports our mission and has been a source of revenue for fire departments and fire districts for many years. The distribution from the premium tax to the departments has historically been a significant component of fire protection funding. The Insurance Premium Tax was established in 1887, before North Dakota was a state. The law taxed certain types of insurance premiums to provide funds to support local fire department operations and pensions. For almost 100 years, few significant changes were made. The full amount of tax collected was passed on to fire departments. Starting in the early 1980's, economic volatility and changes in the insurance industry caused large fluctuations in the revenues distributed to the fire service. Since 1985, several changes in the law were made to stabilize the revenue source. A minimum distribution amount was set. The distribution was made a

pg 1

continuing appropriation, then the continuing appropriation was removed. Eventually biannual increases were provided that were intended to restore funding to 100%. However, the result has been mixed at best. Though sometimes the changes provided stable funding, much of the time the changes lagged behind the revenue generated by the tax. In fact, the first three years after the changes made in 1985, the legislature distributed more funds to the department than were generated by the premium tax. However, since that time, the effect of the changes has been that less funding is provided than is collected.

As an example, below is a graph of the funds allocated to Bismarck Fire Department compared to the funds that would be allocated if the tax revenue was distributed as intended.



9

SB 2010

1-8-2019

Senate Appropriations Committee

Senate Bill 2010

By Shawn Weltikol

January 8, 2019

Mr. Chairman and members of the committee, my name is Shawn Weltikol, Fire Chief of the Devils Lake Rural Fire Department.

I am requesting your support of Senate Bill 2010 and the amendment to increase the fire service funding. Our department's annual operating budget is \$155,000 which includes \$120,000 from the mill levy and \$35,000 from the Insurance Premium Tax. During a normal year, after all operating expenses, the remaining balance is approximately \$16,000. The remaining balance does not adequately fund the replacement of items such as firefighting gear or fire trucks. Therefore, it becomes necessary for our department to raise additional funds through donations, charitable gaming and grants.

Thank you for your consideration to increase the allocation to fire departments in Senate Bill 2010 and making it a continuing appropriation. I am available for any questions that you may have.

EW 1/1

Testimony to the Senate Appropriations Committee, January 8, 2019, Bismarck, ND.

Given by: Robert Knuth, Training Director, North Dakota Firefighter's Association.

10
SB 2010
1-8-2019
pg 1

Good Morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is Robert Knuth and I am the Training Director of the North Dakota Firefighter's Association. I stand before you today in support of Senate Bill 2010 as well as the previous testimony heard from the ND Fire Chief's Association.

In North Dakota Century Code, Chapter 18-03, The North Dakota Firefighter's Association is tasked with Developing and adopting a statewide fire education and training plan; Coordinating fire service training at all levels; and Establishing procedures to govern the certification process for firefighter training. NDFA is nationally accredited through the Fire Service Professional Qualifications System, commonly referred to as Pro Board®.

NDFA is primarily funded by the Insurance Tax Distribution fund. Currently the NDFA receives 5.5% of the disbursement. As we are a non-profit, charitable, educational 501(c)(3) organization, NDFA relies heavily on these funds, as does every fire department. Our mission is to promote the safety and welfare of the Association members by providing a coordinated training service and standardized certification program based on national standards. All organized fire departments across the state belong to the North Dakota Firefighter's Association. The Association hosts an annual fire school and offers regional fire schools giving firefighters an opportunity to practice old skills and learn new skills that are required for the ever-changing demands placed on them. All our instructors are contract employees who volunteer their time to train and assist the departments requesting training.

pg 1

Along with the appropriated funds, NDFA collects dues of \$100.00 annually from each Fire Department, and we receive funding from the following competitive grants we apply for:

- Federal Emergency Management Agency (FEMA)
- Division of Emergency Management (DES)
- ND Insurance Reserve Fund (NIRF)
- National Fire Academy
- Workforce Safety and Insurance (WSI)
- ND Forest Service

Over the past several years we have seen a decline in available grant funding which has caused us to rely more on our appropriated funding. Our goal has always been to minimize the cost to departments for the vital training we provide. Without these funds NDFA could be forced to charge departments for these classes which, in turn, would place more of a financial burden on departments who are trying to update equipment, replace outdated apparatus, or just paying fuel and utility bills. Having NDFA provide this training at little to no cost provides these departments the opportunity to attend relevant, up to date, and essential training without affecting their other budgetary priorities.

In closing I wish to thank the committee for allowing me to present this testimony and again voice our support of Senate Bill 2010 as presented by the Insurance Commissioner and would welcome the chance to answer any questions you may have. Thank you.

**Insurance Commissioner, including Insurance Tax Payments to Fire
Departments - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes**

#1 SB 2010 sub
2-7-2019
pg 1

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$127,688)	(\$127,688)				\$0			\$127,688	\$127,688
Salary increase			353,324	353,324			229,119	229,119			(124,205)	(124,205)
Health insurance increase			166,279	166,279			196,332	196,332			30,053	30,053
Retirement contribution increase			42,801	42,801				0			(42,801)	(42,801)
Underfund salaries and wages			(107,990)	(107,990)				0			107,990	107,990
Add 1 FTE consumer assistance outreach coordinator position	1.00		29,824	29,824				0	(1.00)		(29,824)	(29,824)
Remove 3 FTE positions related to the transfer of administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)				0	3.00		610,352	610,352
Add funding to contract with the insurance reserve fund for fund administration			660,804	660,804				0			(660,804)	(660,804)
Reduce funding for operating expenses, including travel, information technology, and professional services			(636,621)	(636,621)				0			636,621	636,621
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153				0			(24,153)	(24,153)
Total ongoing funding changes	(2.00)	\$0	(\$205,466)	(\$205,466)	0.00	\$0	\$425,451	\$425,451	2.00	\$0	\$630,917	\$630,917
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	\$0	(\$205,466)	(\$205,466)	0.00	\$0	\$425,451	\$425,451	2.00	\$0	\$630,917	\$630,917
2019-21 Total Funding	44.00	\$0	\$25,587,964	\$25,587,964	46.00	\$0	\$26,218,881	\$26,218,881	2.00	\$0	\$630,917	\$630,917

#1 SB 2010 Sub
2-7-2019
192

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Executive Budget Recommendation	Senate Version
Insurance tax distribution fund	Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.	
State fire and tornado fund	Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.	
Unsatisfied judgment fund	Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary to \$110,001 beginning July 1, 2019, and \$112,201 beginning July 1, 2020.	
Fund administration	Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.	
Fees	Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	

February 11, 2019

/ SB 2010
2-12-2019
Pg 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2010

Page 1, line 2, remove "and to provide an appropriation for the distribution of funds from the insurance"

Page 1, line 3, replace "tax distribution fund" with "to create and enact chapter 23.1-16 and section 26.1-22-03.1 of the North Dakota Century Code, relating to boiler inspections and North Dakota reserve fund use of producers; to amend and reenact sections 18-04-04, 18-04-04.1, and 18-04-05, subsection 2 of section 26.1-01-07, section 26.1-01-09, subsection 1 of section 26.1-03-17, and sections 26.1-21-03, 26.1-21-17, 26.1-22-03, and 26.1-23.1-01 of the North Dakota Century Code, relating to the state fire and tornado fund, the state bonding fund, fees chargeable by the insurance commissioner, the salary of the insurance commissioner, and government self-insurance pools; to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating to boiler inspections; to provide for continuing appropriations; and to provide for a contingent effective date"

Page 1, replace lines 10 through 15 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Total special funds	\$10,729,344	(\$1,028,194)	\$9,701,150
Full-time equivalent positions	46.00	(5.00)	41.00"

Page 1, remove lines 16 through 22

Page 2, remove lines 1 through 6

Page 2, replace lines 10 through 13 with:

"SECTION 3. AMENDMENT. Section 18-04-04 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance premium collections - Form furnished by insurance commissioner.

The insurance commissioner, ~~when at the time~~ the commissioner forwards to an insurance company ~~which that~~ is issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the form to be used in submitting ~~its the company's~~ annual statement, shall forward a form containing the names of all cities and all rural fire protection districts or rural fire departments entitled to benefits under the provisions of this chapter. Every insurance company issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance within this state shall complete ~~such the~~ form by showing ~~thereon~~ the amount of all premiums received by ~~it the company~~ upon such policies issued on property within the corporate limits of each city shown on ~~such the~~ form and on property within the boundaries of each rural fire protection district shown on ~~such the~~ form or property within the boundaries of each rural fire department as certified by the

/ SB 2010
2-12-2019

state fire marshal during the year ending on the preceding thirty-first day of December and shall file the ~~same form~~ as a part of ~~its~~the company's annual statement. pg 2

SECTION 4. AMENDMENT. Section 18-04-04.1 of the North Dakota Century Code is amended and reenacted as follows:

18-04-04.1. Insurance tax distribution fund.

The insurance tax distribution fund is a special fund in the state treasury. The portion of revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as provided in this chapter and chapter 23-46, ~~subject to legislative appropriation.~~

SECTION 5. AMENDMENT. Section 18-04-05 of the North Dakota Century Code is amended and reenacted as follows:

18-04-05. Amount due cities, rural fire protection districts, or rural fire departments - Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's association - Payments by insurance commissioner - Continuing appropriation.

1. The insurance commissioner shall disburse funds in the insurance tax distribution fund as provided under this section.
2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars per biennium, as may be necessary, to the firefighters death benefit fund for distribution under chapter 18-05.1.
3. The insurance commissioner shall compute and disburse funds to the North Dakota firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative appropriations.~~
4. The insurance commissioner shall compute and disburse the amounts due to the certified city fire departments, certified rural fire departments, or certified fire protection districts entitled to benefits under this chapter on or before December first of each year. ~~The insurance commissioner shall allocate one half of the biennial legislative appropriation for distribution under this subsection, to each eligible city not within a certified fire protection district, each certified rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in December of each year. The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance.~~ the lines of insurance identified under section 18-04-04 on property within the city of a certified city fire department, a certified rural fire protection district, or area served by the a certified rural fire department to the total of those premiums for those policies in the state.
5. Annually, the insurance commissioner shall determine the amount of insurance premium taxes collected from the insurance lines identified in section 18-04-04. Of this amount, annually the commissioner shall disburse five and one-half percent to the North Dakota firefighter's association and ninety-four and one-half percent to certified city fire

/

SB 2010
2-12-2019

AJ 3

departments, certified rural fire departments, and certified fire protection districts. Moneys authorized for disbursement under this section are appropriated from the insurance tax distribution fund to the insurance commissioner on a continuing basis for the purpose of this section.

SECTION 6. Chapter 23.1-16 of the North Dakota Century Code is created and enacted as follows:

23.1-16-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Boiler" means a closed vessel in which water is heated, steam is generated, steam is superheated, or any combination thereof, under pressure or vacuum for use externally to the boiler by the direct application of heat from the combustion of fuels, or from electricity or nuclear energy. The term includes fired units for vaporizing liquids other than water when these units are separate from processing systems and are complete within themselves.
2. "Department" means the department of environmental quality.

23.1-16-02. Chief boiler inspector, deputy inspectors - Appointment - Jurisdiction.

The department shall employ a chief boiler inspector and deputy inspectors. The chief boiler inspector has jurisdiction over all boilers in this state except as otherwise provided.

23.1-16-03. Qualifications of chief boiler inspector - Deputy inspectors.

1. An individual is not eligible to the office of chief boiler inspector unless that individual:
 - a. Has had at the time of the appointment at least five years' experience in the construction, inspection, operation, maintenance, or repair of high-pressure boilers and pressure vessels as a mechanical engineer, boilermaker, steam operating engineer, or boiler inspector. An applicant possessing a mechanical engineering degree from an accredited school may substitute that degree for two years of the five years' experience, at the discretion of the department.
 - b. Holds a commission issued by the national board of boiler and pressure vessel inspectors or obtains the commission within one year after the date of appointment by the department.
 - c. Is not directly or indirectly interested in the manufacture or sale of boilers or steam machinery or articles used in the construction or maintenance of engines or boilers.
2. The department shall establish qualifications for a deputy inspector which are not inconsistent with the requirements of the position.

23.1-16-04. Powers and duties of chief boiler inspector.

1. The chief boiler inspector shall:

- a. Keep a complete record of the type, dimensions, maximum allowable working pressure, age, condition, location, and date of the last-recorded internal and external inspection of boilers to which this chapter applies.
 - b. Cooperate and assist in loss prevention programs sponsored by the department.
2. The chief boiler inspector may delegate powers and duties to any deputy inspector or special inspector.

23.1-16-05. General requirement.

Every boiler in this state must be constructed, installed, and maintained according to rules adopted to implement this chapter.

23.1-16-06. Exempt boilers - Inspection of exempt boilers.

This chapter does not apply to:

1. Any boiler subject to federal inspection or under federal control.
2. Any boiler located on a farm and used solely for agricultural purposes.
3. Any heating boiler located in a private residence or in an apartment house of less than six family units.
4. Any hot water supply boiler not exceeding the following limitations:
 - a. Input of two hundred thousand British thermal units per hour.
 - b. Pressure of one hundred sixty pounds per square inch [1103.16 kilopascals] gauge.
 - c. Temperature of two hundred fifty degrees Fahrenheit [121.11 degrees Celsius].
5. Any portable steam cleaner commonly used in a garage.
6. Any boiler of a miniature model locomotive, boat, tractor, or stationary engine design constructed as a hobby, not for commercial use, having an inside diameter not exceeding ten inches [25.4 centimeters] and a grate area not exceeding one and one-half square feet [1393.54 square centimeters] and which is properly equipped with a safety valve, water level indicator, and pressure gauge.
7. Any electric boiler used as an integral part of an espresso coffee machine, provided that the boiler does not exceed one and one-half cubic feet [.0566 cubic meter] in water capacity, does not exceed fifty pounds per square inch [344.74 kilopascals] pressure, and is constructed, approved, or certified to the American society of mechanical engineers code or to other national or international standards.

23.1-16-07. Inspection of boilers.

1. The chief boiler inspector shall inspect each boiler used or proposed to be used within this state. The inspection must be thorough as to the construction, installation, condition, and operation as provided by the rules adopted to implement this chapter. An exempt boiler may be inspected by the chief boiler inspector when the owner, the owner's agent, or the user of the boiler makes written request for inspection to the department.
2. Each boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity, used or proposed to be used within this state, which has internal continuous water treatment under the direct supervision of a graduate engineer or chemist, or one having equivalent experience in the treatment of boiler water when the water treatment is for the purpose of controlling and limiting serious corrosion and other deteriorating factors, and with respect to which boiler the chief boiler inspector has determined the owner or user has complied with the prescribed recordkeeping requirements, must be inspected at least once every thirty-six months internally while not under pressure, and at least once every twelve months externally while under pressure. If a hydrostatic test is necessary to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of the chief boiler inspector. The owner or user of a boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity desiring to qualify for thirty-six-month internal inspection intervals shall keep available for examination by the chief boiler inspector accurate records showing the date and actual time the boiler is out of service and the reason or reasons therefor, and the results of the chemical and physical analysis of the boiler water, whether from laboratory analysis of samples taken at regular intervals of not more than forty-eight hours or from continuous online analysers, which will adequately show the condition of the water and any other elements or characteristics of the water capable of producing corrosion or other deterioration of the boiler or its parts. If an inspection discloses deficiencies in equipment or in operating procedures, inspections may be required once every twelve months.

23.1-16-08. Special inspector.

1. Upon written request of an employer, the department may appoint as a special inspector an inspector in the employ of:
 - a. An insurance company authorized to insure boilers in this state against loss from explosion;
 - b. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited owner/user inspection organization; or
 - c. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited authorized inspection agency.
2. An individual may not be appointed as a special inspector unless that individual has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.

#1 SB 2010
2-12-2019
pg 6

3. An inspection performed by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the department in the time, manner, and form as prescribed by the department.
4. If a complete report is not filed by the special inspector's employer with the department within ninety days from the certificate due date, the chief boiler inspector may make the required inspection, unless an extension of time is granted by the chief boiler inspector. The special inspector's employer must pay the inspection fees as required by section 23.1-16-09 for a special inspection.
5. The chief boiler inspector may inspect any boiler to which a special inspection applies.
6. The department may, for cause, suspend or revoke the appointment of any special inspector.

23.1-16-09. Inspection and certificate fees.

1. Upon completion of inspection, the owner or user of a boiler shall pay to the department fees or a combination of inspection and certificate fees. The department shall determine the inspection fees. Certificate fees are determined by section 23.1-16-10. The department shall determine and annually may adjust a fee scale for the internal inspections of power boilers, internal inspections of low-pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.
2. Not more than two hundred dollars may be charged or collected for any one inspection of a boiler, except for special inspections made upon request. All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed five hundred dollars per day or three hundred dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the department.
3. The annual fee for the issuance of a reciprocal commission card for a special inspector is forty dollars and the annual fee for the issuance of a welder-qualified card is twenty dollars.
4. The fee for taking an examination for a hobby boiler operating license is twenty-five dollars and the fee for a hobby boiler operating license is twenty-five dollars.
5. A hobby boiler operating license issued under this section is valid for six years.

23.1-16-10. Certificate of inspection - Certificate to be posted.

The department shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The department shall charge a fee of twenty dollars per year for each year

/

SB 2010
2-12-2019

pg 7

that a certificate is valid, or part of a year thereof, for each certificate of inspection issued as the result of inspections authorized under sections 23.1-16-07 and 23.1-16-08. The fees are the liability of the owner or user and must be paid in accordance with rules adopted by the department. A certificate may not be issued for any boiler not in a safe condition to be operated or for a boiler for which the inspection and certificate fees have not been paid in full. A certificate is not valid for a period of more than thirty-six months for power boilers described in subsection 2 of section 23.1-16-07, and no more than twelve months for other power boilers, twelve months for steam traction engines, and thirty-six months for low-pressure boilers except that a two-month grace period may be extended for any certificate. Upon written request from a special inspector, the chief boiler inspector may issue a short-term certificate. Each certificate of inspection must be posted conspicuously under glass in the boiler room or adjacent to the boiler inspected.

23.1-16-11. Certificate of inspection required - Penalty.

A person may not operate a boiler in this state without a valid certificate of inspection. A violation of this section is a class A misdemeanor on the part of the owner, user, or operator of the boiler.

23.1-16-12. Manufacturer's data report.

The boiler manufacturer shall provide the department with a manufacturer's data report. When signed by an authorized inspector, this data sheet together with the stamp on the boiler is the record denoting the boiler has been constructed in accordance with the rules adopted to implement this chapter.

23.1-16-13. Disposition of funds.

All funds collected and received under this chapter must be paid to the state treasurer and deposited in the state fire and tornado fund to be used to defray the costs of boiler inspections.

23.1-16-14. Rules - Penalty for violation - Hearing.

1. The department shall adopt rules for the safe and proper installation, use, operation, and inspection of boilers and pressure vessels subject to this chapter.
2. The department shall adopt rules for the licensing of operators of hobby boilers used during parades, exhibitions, and threshing shows where the public is invited.
3. A fee must be charged for an operating license, for a license renewal, and for an examination conducted to determine minimum competence. Individuals operating hobby boilers within this state as of July 1, 2007, are considered acceptable for a license without additional training or examination. An individual who is not a resident of this state and who holds a boiler operator license or credential in another state or Canadian province is exempt from licensure as a hobby boiler operator in this state.
4. The department may not issue a certificate of inspection to any owner or user of a boiler who fails or refuses to comply with the rules. The department shall revoke any certificate presently in force upon evidence

that the owner or user of the boiler is failing or refusing to comply with the rules.

5. Any owner or user of a boiler may request a hearing before the department within fifteen days from service of an order refusing or revoking a certificate of inspection. It is the burden of the owner or user to show cause why the certificate of inspection should not be refused or revoked. If no hearing is requested within the required period, the order of the department becomes final and is not subject to further proceedings.

SECTION 7. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and kh of subsection 1.

SECTION 8. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is ~~one hundred two thousand six hundred eighty nine dollars through June 30, 2016~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and ~~one hundred five thousand seven hundred seventyone~~ one hundred eleven thousand one hundred twenty-two dollars thereafter.

SECTION 9. AMENDMENT. Subsection 1 of section 26.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

1. Before issuing the annual certificate required by law, the commissioner shall collect from every stock and mutual insurance company, nonprofit health service corporation, health maintenance organization, and prepaid legal service organization, except fraternal benefit and benevolent societies, doing business in this state, a tax on the gross amount of premiums, assessments, membership fees, subscriber fees, policy fees, service fees collected by any third-party administrator providing administrative services to a group that is self-insured for health care benefits, and finance and service charges received in this state during the preceding calendar year, at the rate of two percent with respect to life insurance, one and three-fourths percent with respect to accident and health insurance, and one and three-fourths percent with respect to all other lines of insurance. This tax does not apply to considerations for annuities. The total tax is payable on or before March first following the year for which the tax is assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on the next succeeding business day. Collections from this tax must be deposited in the insurance tax distribution fund under section 18-04-04.1 but not in an amount exceeding the amount computed under section 18-04-05 and ~~one-half of the biennial amount appropriated for distribution under section 18-04-05 and chapter 23-46~~ in any fiscal year. Collections from this tax exceeding the sum of the amount

deposited in the insurance tax distribution fund must be deposited in the general fund in the state treasury.

#1 SB 2010
2-12-2019
pg 9

SECTION 10. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ or contract for assistants - Continuing appropriation.

The commissioner may employ assistants or contract for the services of assistants from the North Dakota insurance reserve fund as may be necessary to operate the state bonding fund. The salaries of all employees together with all other expenditures for the operation of the fund must remain within the appropriations made by the legislative assembly for these purposes and must be paid by warrant check drawn on the state treasury prepared by the office of management and budget after the approval of expense vouchers by the office of the budget. Moneys in the reserve fund of the state bonding fund are appropriated to the commissioner on a continuing basis for the purpose of employing or contracting for services as provided under this section.

SECTION 11. AMENDMENT. Section 26.1-21-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-17. Allowed liability claims payable from fund - Administrative expenses - Methods of payment.

A claim allowed against the fund must be paid upon warrants drawn upon the state treasurer against the fund. The warrant must be prepared by the office of management and budget pursuant to the directions of the commissioner. Payments for administrative expenses of the state bonding fund must be made from the reserve fund of the state bonding fund or must be made within the limitations of legislative appropriations upon warrant-checks prepared by the office of management and budget after the approval of vouchers by the commissioner.

SECTION 12. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund - Continuing appropriation.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for services of assistants from the North Dakota insurance reserve fund and may incur necessary expenses. All expenditures made for these purposes, other than services contracted and paid for by moneys from the fund and any necessary expenses paid from moneys from the reserve balance within the fund, must remain within the limits of legislative appropriations and must be paid out of the fund upon warrants prepared by the office of management and budget drawn upon the state treasurer after the approval of vouchers by the office of the budget. Moneys from the reserve balance within the fund are appropriated to the commissioner on a continuing basis for the purposes of this section.

SECTION 13. Section 26.1-22-03.1 of the North Dakota Century Code is created and enacted as follows:

#1 SB 2010
2-12-2019
Pg 10

26.1-22-03.1. North Dakota insurance reserve fund - Producers - Commission.

The North Dakota insurance reserve fund may use the services of producers licensed under this title to assist policyholders. Any commission paid to a producer under this section must be paid out of the premium income of the fund and must be assessed against the policyholders that benefit from the producer.

SECTION 14. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.

1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
 - a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters a contract with the commissioner to provide services for the state fire and tornado fund under section 26.1-22-03.
 - d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

SECTION 15. REPEAL. Chapter 26.1-22.1 of the North Dakota Century Code is repealed.

SECTION 16. EFFECTIVE DATE. Sections 6 and 15 of this Act become effective on July 1, 2019, if the legislative council has received certification from the chief of the environmental health section of the state department of health that all authority, powers, and duties from the environmental health section of the state department of health have been transferred to the department of environmental quality.

If the certification is not received by July 1, 2019, sections 6 and 15 of this Act become effective on the date certification is received."

1 SB 2010
2-12-2019
pg 11

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Insurance tax payments	15,064,086	(15,064,086)	
Total all funds	\$25,793,430	(\$16,092,280)	\$9,701,150
Less estimated income	25,793,430	(16,092,280)	9,701,150
General fund	\$0	\$0	\$0
FTE	46.00	(5.00)	41.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Fund Administration ⁴	Transfers the Boiler Inspection Program ⁵	Reduces Funding for Operating Expenses ⁶
Salaries and wages	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	
Operating expenses						(\$637,255)
Insurance tax payments						
Total all funds	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	(\$637,255)
Less estimated income	165,007	401,116	382,502	(610,352)	(753,365)	(637,255)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	(3.00)	(4.00)	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adjusts Funding for Fire District Payments ⁸	Total Senate Changes
Salaries and wages			(\$415,092)
Operating expenses	\$24,153		(613,102)
Insurance tax payments		(\$15,064,086)	(15,064,086)
Total all funds	\$24,153	(\$15,064,086)	(\$16,092,280)
Less estimated income	24,153	(15,064,086)	(16,092,280)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	(5.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

<u>Other Funds</u>	
Salary increase	\$218,170
Health insurance increase	182,946
Total	\$401,116

³ The following FTE positions and related funding are added:

/ SB 2010
2-12-2019
pg 12

	<u>FTE</u>	<u>Other Funds</u>
Consumer assistance outreach coordinator	1.00	\$179,711
High risk pool and health care reform coordinator	1.00	202,791
Total	2.00	\$382,502

⁴ Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

⁵ Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

⁶ Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

⁷ Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

⁸ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

Senate Bill No. 2010 - Other Changes - Senate Action

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
- Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
- Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.
- Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
- Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.

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

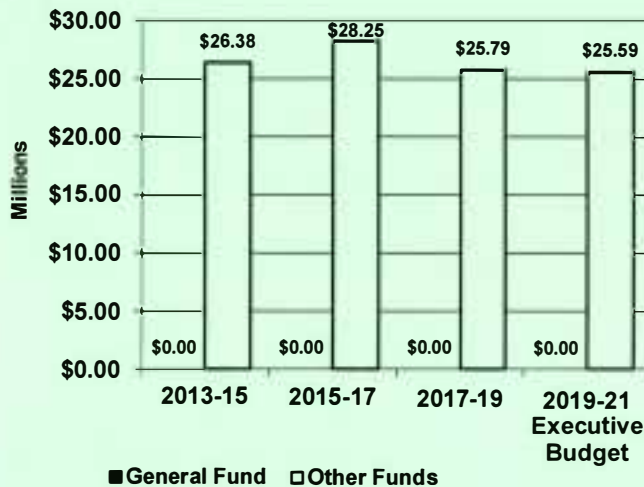
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	44.00	\$0	\$25,587,964	\$25,587,964
2017-19 Legislative Appropriations	46.00	0	25,793,430	25,793,430
Increase (Decrease)	(2.00)	\$0	(\$205,466)	(\$205,466)

Ongoing and One-Time Other Funds Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$25,587,964	\$0	\$25,587,964
2017-19 Legislative Appropriations	25,793,430	0	25,793,430
Increase (Decrease)	(\$205,466)	\$0	(\$205,466)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$25,587,964	\$25,587,964
2019-21 Base Level	0	25,793,430	25,793,430
Increase (Decrease)	\$0	(\$205,466)	(\$205,466)

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

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

- | | General Fund | Other Funds | Total |
|--|--------------|-------------|-------------|
| 1. Provides funding for state employee salary and benefit increases, of which \$353,324 is for salary increases, \$166,279 is for health insurance increases, and \$42,801 is for retirement contribution increases. The Senate added funding for salary adjustments of 2 percent July 1, 2019, and 3 percent July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increases. | \$0 | \$562,404 | \$562,404 |
| 2. Removes 3 FTE positions and transfers administration of the fire and tornado fund and the bonding fund to the insurance reserve fund | \$0 | (\$610,352) | (\$610,352) |

3. Adds funding to contract with the insurance reserve fund for fund administration. The Senate provided continuing appropriation authority to contract with the insurance reserve fund for fund administration.	\$0	\$660,804	\$660,804
4. Adds 1 FTE consumer assistance outreach position. The Senate added \$179,711 for the consumer assistance outreach position.	\$0	\$29,824	\$29,824
5. Reduces funding for operating expenses, including travel, information technology, and professional services	\$0	(\$636,621)	(\$636,621)
6. Adds funding for Microsoft Office 365 licensing expenses	\$0	\$24,153	\$24,153

Other Sections in Senate Bill No. 2010

Unsatisfied judgment fund - Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Insurance tax distribution fund - Section 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriation authority to distribute the amounts due.

Boiler inspection program - Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.

Fees - Section 7 amends North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.

Insurance Commissioner's salary - Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 2 percent the 1st year and 3 percent the 2nd year as follows:

Annual salary authorized by the Legislative Assembly in 2017:

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

Annual salary authorized by the Legislative Assembly in 2019:

July 1, 2019	\$107,885
July 1, 2020	\$111,122

Fund administration - Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the state fire and tornado fund and the state bonding fund to pay contractual fund administration expenses.

Continuing Appropriations

There are no continuing appropriations for this agency. Sections are included in the bill to provide continuing appropriations for insurance tax payments to fire departments, payments to the Firefighter's Association, and administration of the bonding fund and fire and tornado fund.

Significant Audit Findings

There were no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1028 - Provides for a Public Employees Retirement System self-insurance plan for health benefits coverage under the Insurance Commissioner.

House Bill No. 1106 - Provides for an invisible reinsurance pool for the individual health insurance market. This bill also provides for a Legislative Management study of health insurance premium rates.

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430
2019-21 Ongoing Funding Changes								
Base payroll changes			(\$127,688)	(\$127,688)			\$165,007	\$165,007
Salary increase			353,324	353,324			218,170	218,170
Health insurance increase			166,279	166,279			182,946	182,946
Retirement contribution increase			42,801	42,801				0
Underfund salaries and wages			(107,990)	(107,990)				0
Add 1 FTE consumer assistance outreach coordinator position	1.00		29,824	29,824	1.00		179,711	179,711
Add 1 FTE high risk pool and health care reform coordinator				0	1.00		202,791	202,791
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)
Contract with the insurance reserve fund for fund administration			660,804	660,804				0
Transfer the boiler inspection program to DEQ				0	(4.00)		(753,365)	(753,365)
Reduce funding for operating expenses, including travel, information technology, and professional services			(636,621)	(636,621)			(637,255)	(637,255)
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153
Provide a continuing appropriation for fire district and Firefighter's Association payments				0			(15,064,086)	(15,064,086)
Total ongoing funding changes	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)
One-time funding items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)
2019-21 Total Funding	44.00	\$0	\$25,587,964	\$25,587,964	41.00	\$0	\$9,701,150	\$9,701,150

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

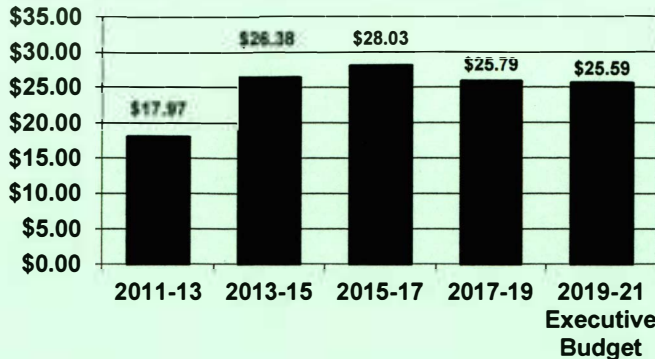
	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Unsatisfied judgment fund	Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Insurance tax distribution fund	Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.
Boiler inspection program		Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.
Fees	Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary to \$110,001 beginning July 1, 2019, and \$112,201 beginning July 1, 2020.	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.
State fire and tornado fund	Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.	Section removed.
Fund administration	Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.

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

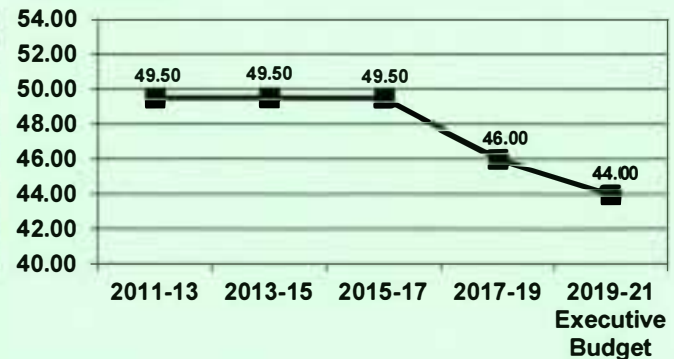
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2011-13

Ongoing Other Funds Appropriations (in Millions)



FTE Positions



Ongoing Other Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	\$17,974,080	\$26,377,090	\$28,026,346	\$25,793,430	\$25,587,964
Increase (decrease) from previous biennium	N/A	8,403,010	1,649,256	(\$2,232,916)	(\$205,466)
Percentage increase (decrease) from previous biennium	N/A	46.8%	6.3%	(8.0%)	(0.8%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	46.8%	55.9%	43.5%	42.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

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

1. Removed 3.5 FTE positions (\$724,488)
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 (\$1,445,646)

2019-21 Biennium (Executive Budget Recommendation)

1. Removes 3 FTE positions relating to the transfer of fund administration duties (\$610,352)
2. Adds funding to contract with the insurance reserve fund for fund administration. **The Senate provided continuing appropriation authority to contract with the insurance reserve fund for fund administration.** \$660,804
3. Adds 1 FTE consumer outreach coordinator position. **The Senate added \$179,711 for the consumer assistance outreach position.** \$29,824
4. Reduces funding for operating expenses, including travel, information technology, and professional services (\$636,621)

GOVERNOR'S RECOMMENDATION FOR THE INSURANCE COMMISSIONER AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the insurance commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,549,567	(\$253,802)	\$8,295,765
Operating expenses	<u>2,179,777</u>	<u>48,336</u>	<u>2,228,113</u>
Total special funds	\$10,729,344	(\$205,466)	\$10,523,878
 Full-time equivalent positions	 46.00	 (2.00)	 44.00

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 \$15,064,086 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 \$14,113,086 and payments to the North Dakota firefighter's association in the amount of \$951,000 for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. FIRE AND TORNADO FUND. Section 1 of this Act includes \$660,804 from the state fire and tornado fund to pay fire and tornado fund administrative expenses, and \$893,509 to pay boiler inspection program expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. UNSATISFIED JUDGMENT FUND. Section 1 of this Act includes \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is ~~one hundred five thousand seven hundred eighty dollars through June 30, 2019 and one hundred ten thousand and one dollar through June 30, 2020 and one hundred twelve thousand two hundred and one dollar thereafter.~~

SECTION 7. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ assistants.

The commissioner may employ assistants or contract for the services of assistants using money from the reserve fund of the state bonding fund as may be necessary to operate the fund.

SECTION 8. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for the services of assistants from the North Dakota insurance reserve fund using money from the reserves of the fund and incur necessary expenses that may be paid from the reserves of the fund.

SECTION 9. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-07. Fees chargeable by commissioner.

1. The commissioner shall charge and collect the following fees:
 - a. For filing articles of incorporation, or copies, or amendments thereof, twenty-five dollars.
 - b. For each original certificate of authority issued upon admittance and for each annual renewal thereof, one hundred dollars and for amendment to certificate of authority, or certified copy thereof, fifty dollars.
 - c. For issuing an annual reciprocal exchange license, the same fees as those applicable to the issuance of a certificate of authority in subsection 2.
 - d. For filing an annual report of a fraternal benefit society, and issuing a license or permit to the society, and for each renewal thereof, one hundred dollars.
 - e. For filing of articles of merger, or copies thereof, thirty dollars.
 - f. For filing an annual statement, twenty-five dollars.
 - g. For filing the abstract of the annual statement of an insurance company for publication, thirty dollars.
 - h. For an official examination, the expenses of the examination at the rate adopted by the department. The rates must be reasonably related to the direct and indirect costs of the examination, including actual travel expenses, including hotel and other living expenses, compensation of the examiner and other persons making the examination, and necessary attendant administrative costs of the department directly related to the examination and must be paid by the examined insurer together with compensation upon presentation by the department to the insurer of a detailed account of the charges and expenses after a detailed statement has been filed by the examiner and approved by the department.
 - i. For issuing a certificate to a domestic insurance company showing a compliance with the compulsory reserve provisions of this title and the maintenance of proper security deposits and for any renewal of the certificate, twenty-five dollars.
 - j. For a written licensee's examination not administered by the office of the commissioner under a contract with a testing service, the actual cost of the examination, subject to approval of the commissioner, which must be paid to the testing service.
 - k. For issuing a surplus lines insurance producer's or insurance consultant's license, one hundred dollars. For each annual renewal of a surplus lines insurance producer's or insurance consultant's license, twenty-five dollars.
 - l. For issuing an insurance producer's license, one hundred dollars.
 - m. For issuing a duplicate of any license or registration issued under this title, ten dollars.
 - n. For each insurance company appointment and renewal of an appointment of an insurance producer, ten dollars.
 - o. For each company application for admission, five hundred dollars, except applications for admission for county mutual, fraternal benefit, and surplus lines companies must be one hundred dollars.
 - p. For issuing a license and each annual renewal of a license to an insurance premium finance company, one hundred dollars.

- q. For examining or investigating an insurance premium finance company, the actual expense and per diem incurred; but the per diem charge may not exceed fifty dollars.
 - r. For issuing and each annual renewal of a license to an advisory organization, fifty dollars.
 - s. For filing an individual insurance producer licensing continuation, twenty-five dollars.
2. Nonprofit health service corporations and health maintenance organizations are subject to the same fees as any other insurance company. County mutual insurance companies and benevolent societies are liable only for the fees mentioned in subdivisions b, f, g, and k h of subsection 1.

SECTION 6. AMENDMENT. Section 26.1-23.1-01 of the North Dakota Century Code is amended and reenacted as follows:

26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.

1. Any two or more entities that have united to self-insure against their legal liability under chapter 32-12.1 or any state agency that unites with another state agency or political subdivision, or both, to self-insure against their legal liabilities are subject to the provisions of this chapter with the exception of a city and its park district established pursuant to chapter 40-49. Government self-insurance pools may only provide coverage of the following types for pool members, their officers, employees, and agents:
- a. Casualty insurance, including general, public officials, and professional liability coverages.
 - b. Automobile insurance, including motor vehicle liability insurance coverage, security for motor vehicles owned or operated as required by chapter 26.1-41, and protection against other liability and laws associated with the ownership of motor vehicles and automobile physical damage coverages.
 - c. Property insurance, including inland marine coverage, money and securities coverage, and extra expense coverage. However, this subdivision does not authorize government self-insurance pools to write those types of insurance coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters into a contract with the commissioner to provide services for the state fire and tornado fund under the provisions of 26.1-22-03.
 - d. Other coverages authorized by the commissioner and necessary to a pool's membership.
2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

February 28, 2019

SB2010

Attachment A

Engrossed Senate Bill No. 2010

Presented by: Jon Godfread
Commissioner
North Dakota Insurance Department

Before: House Government Operations Appropriations Subcommittee
Representative Don Vigesaa, Chairman

Date: February 28, 2019

Good morning Mr. Chairman and members of the House Government Operations Appropriations Subcommittee. For the record, my name is Jon Godfread, Insurance Commissioner. Before we get into the changes we are proposing, changes that were accepted by the Senate, I wanted first to give you a very brief summary of our insurance industry here in North Dakota and our Insurance Department.

ND Insurance Industry and Regulation—At a Glance:

The North Dakota Insurance Department is a special funded agency that primarily serves as a consumer protection agency for North Dakota. We receive our funding from the Insurance regulatory trust fund, which is funded by all fees and fines paid for by insurance companies and agents operating in this state.

It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts, while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we treat all our constituencies with the highest ethical standards and respect they deserve.

The North Dakota Insurance Department takes pride in helping our citizens by providing effective, resourceful and caring services while inspiring the highest level of consumer trust.

We remain committed to vigorous consumer protection while fostering a strong, competitive market place that provides consumers with choice and access to high-quality insurance products and services at competitive prices.

The Department contributed \$55.1 million in premium tax revenue to the state's General Fund last fiscal year. Including turn-back, the Department contributed \$59.6M to the General Fund in 2018.

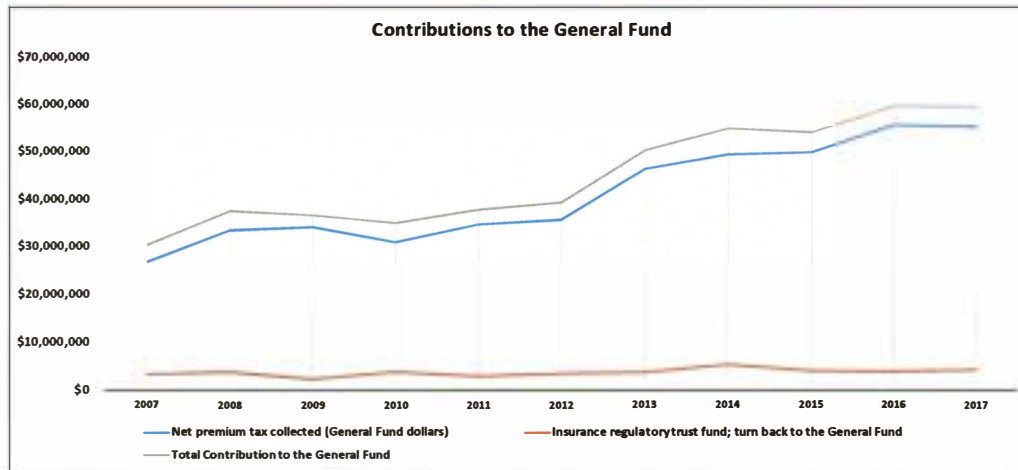
Att A
SB 2010
2-28-19
pg 2

North Dakota Insurance Industry

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
The Insurance Industry											
Total premium written	\$3,700,000,000	\$4,325,613,863	\$4,044,836,633	\$4,191,934,714	\$4,941,246,953	\$5,046,323,923	\$5,452,137,183	\$5,721,428,925	\$5,746,825,005	\$5,949,890,632	\$6,026,076,962
Net premium tax collected (General Fund dollars)	\$27,000,000	\$33,590,545	\$34,218,272	\$31,101,211	\$34,813,193	\$35,736,397	\$46,283,404	\$49,264,493	\$49,734,231	\$55,571,924	\$55,147,062
Claims, losses and benefits paid to consumers	\$27,000,000	\$3,012,236,181	\$2,865,404,311	\$3,007,791,719	\$4,263,096,958	\$3,153,594,767	\$3,994,852,194	\$3,975,428,881	\$3,664,256,313	\$5,607,737,533	\$4,487,716,434
Regulation and consumer protection											
Consumer relief from complaints and hotline contacts	\$3,300,000	\$1,400,000	\$1,400,000	\$751,198	\$1,255,655,61	\$1,126,575.76	\$3,351,130	\$1,042,282	\$3,016,284	\$2,756,401	\$1,157,967.53
Enforcement fines from agents and companies	\$754,000	\$25,795	\$42,850	\$16,013	\$1,000	\$1,257,061	\$986,786	\$834,802	\$595,298	\$480,054	\$184,296
State Health Insurance Counseling (SHIC) program											
Number of North Dakotans assisted	9,484	13,502	18,259	9,570	12,270	11,372	9,758	9,694	8,716	9,666	9,534
Savings for North Dakota citizens	\$2,400,000	\$3,400,000	\$4,500,000	\$1,900,000	\$3,006,150	\$2,739,387	\$2,336,943	\$2,375,030	\$1,433,024	\$1,531,913	\$2,061,385.47
Centers for Medicare and Medicaid grants	\$229,015	\$359,619	\$282,317	\$243,752	\$267,703	\$264,733	\$248,149	\$253,865	\$253,865	\$268,186	\$234,944
Prescription Connection program											
Number of North Dakotans assisted	3,878	4,138	2,499	2,122	393	358	301	188	177	130	129
Savings for North Dakota citizens	\$2,500,000	\$2,700,000	\$1,600,000	\$1,800,000	\$605,062	\$450,774	\$596,126	\$531,989	\$712,006	\$707,736	\$845,125.00
Benefiting North Dakota taxpayers											
Insurance regulatory trust fund; turn back to the General Fund	\$3,455,194	\$3,894,821	\$2,384,455	\$3,915,348	\$2,979,660	\$3,546,995	\$3,846,205	\$5,445,434	\$4,160,581	\$4,025,635	\$4,300,173

Contributions to the General Fund

Net premium tax collected (General Fund dollars)	\$27,000,000	\$33,590,545	\$34,218,272	\$31,101,211	\$34,813,193	\$35,736,397	\$46,283,404	\$49,264,493	\$49,734,231	\$55,571,924	\$55,147,062
Insurance regulatory trust fund; turn back to the General Fund	\$3,455,194	\$3,894,821	\$2,384,455	\$3,915,348	\$2,979,660	\$3,546,995	\$3,846,205	\$5,445,434	\$4,160,581	\$4,025,635	\$4,300,173
Total Contribution to the General Fund	\$30,455,194	\$37,485,366	\$36,602,727	\$35,016,559	\$37,792,853	\$39,283,392	\$50,129,609	\$54,709,927	\$53,894,812	\$59,597,559	\$59,447,235



Year	Written premiums
2017	\$6,026,076,962
2016	\$5,949,890,632
2015	\$5,746,825,005
2014	\$5,721,428,925
2013	\$5,452,137,183
2012	\$5,046,323,923
2011	\$4,941,246,953
2010	\$4,191,934,714
2009	\$4,044,836,633
2008	\$4,325,613,863
2007	\$3,700,000,000

	2015	2016	2017	2018
The insurance industry				
Total premium written	\$5,746,825,005	\$8,372,344,928	\$8,546,807,811	(Avail. In April)
Net premium tax collected (General Fund dollars)	\$ 49,734,231	\$ 55,571,924	\$55,147,062	\$55,116,891
Claims, losses and benefits paid to consumers	\$3,664,256,313	\$5,607,737,533	\$5,877,006,129	(Avail. In April)
Regulation and consumer protection				
Consumer relief from complaints and hotline contacts	\$3,016,284	\$2,756,401	\$1,157,967.53	\$3,349,440.33
Enforcement fines from agents and companies	\$595,298	\$480,054	\$268,501	\$23,800
Benefiting North Dakota taxpayers				
Insurance regulatory trust fund; turn back to the General Fund	\$4,160,581	\$4,025,635	\$4,300,173	\$4,824,460

Department Overview:

The North Dakota Insurance Department currently has 46 FTEs working in 7 different divisions.

CONSUMER ASSISTANCE DIVISION

The Consumer Assistance Division assists North Dakota consumers having issues or concerns about their insurance by conducting detailed investigations.

STATE HEALTH INSURANCE COUNSELING (SHIC)

Provides free, unbiased and confidential health insurance counseling to Medicare beneficiaries, their families or other representatives. The program held eight Medicare Part D enrollment events and co-sponsored numerous events across the state in 2018.

PRESCRIPTION CONNECTION PROGRAMS

Helps low income North Dakotans find low-cost and no-cost prescription drugs by connecting them with prescription assistance programs offered by various pharmaceutical companies. The

Att A
SB 2010
2-28-19
Pg 4

program assists consumers with the application process and connects over 95 percent of all applicants to a program.

A mix of state dollars and federal dollars currently funds our Consumer Assistance Division. Federal funds currently fund two FTEs for SHIC, partially funds the director of our Consumer Assistance Division, and 30% of another Consumer Assistance Division position.

This budget proposes bringing those positions in-house and using regulatory trust fund dollars to fund them while still applying for federal grant dollars, which would allow us to turn back state funds. As we have seen, these grants are shrinking and getting harder and hard to receive. I am uncomfortable relying on the federal government to fund four of the six positions in this division. Consumer protection is our primary mission it is why we exist. If the federal funds dried up, we essentially would not be able to provide our core purpose.

PRODUCER LICENSING DIVISION

The producer licensing division is responsible for the licensing of more than 71,000 individual insurance producers doing business in or with North Dakota. Insurance producers must comply with pre-licensing exams, background checks and continuing education requirements.

PRODUCT FILING DIVISION

The Product Filing Division reviews policy forms and rate requests to ensure policy language complies with all the laws of this state, properly reflects the benefits provided by the policy and is not deceptive or misleading. For most types of insurance, this division evaluates the premium rates companies propose to charge to ensure that the premiums are not excessive, inadequate or unfairly discriminatory.

EXAMINATIONS AND COMPANY LICENSING

The primary function of the Examinations and Company Licensing Division is to monitor the financial strength of insurance companies licensed to do business in North Dakota.

In 2017, there were 2,293 insurance entities licensed to do business in North Dakota and among them, 30 domiciled companies.

LEGAL DIVISION

The functions of the Legal Division are to provide legal counsel to the Department; investigate insurance fraud and related offenses; investigate and enforce all laws governing insurance producers and insurance companies; litigate administrative actions, and research and prepare proposed legislative bills and administrative rules.

ADMINISTRATION

The Administration Division of the Insurance Department is responsible for oversight of the budget, accounting, IT needs and general office support through the Department. In addition, the division oversees day-to-day business operations, public relations, human resource management and the internal policies and procedures for the Department

Att A
SB 2010
2-28-19
Pg 5

Insurance Department 2009 -2019

	2009-11	2011-13	2013-15	2015-17	2017-19
Salaries and benefits					
Salaries	\$ 4,810,903	\$ 5,447,928	\$ 5,812,283	\$ 6,311,402	\$ 5,971,256
Benefits	1,657,633	1,937,252	2,207,231	2,631,695	2,578,311
Accrued leave payouts	-	-	163,182	-	-
Total salaries and benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567

Operating expenses					
Travel	345,510	385,160	397,024	437,915	317,443
IT - software/supplies	70,200	147,590	89,490	97,360	114,463
Professional supplies	18,400	36,350	16,980	19,365	11,993
Safety	3,600	2,200	1,100	2,700	2,500
Miscellaneous supplies	51,302	35,015	16,080	16,080	4,130
Office supplies	33,399	45,300	28,820	28,820	15,800
Postage	115,436	128,800	99,875	96,250	77,890
Printing	122,925	109,200	58,666	46,335	33,090
IT equipment under \$5,000	40,800	67,780	39,050	35,150	25,575
Office equip/furn under \$5,000	25,300	92,600	29,185	20,800	20,150
Insurance	41,550	28,980	15,175	5,070	3,810
Rental/leases-equip/other	25,550	30,660	21,840	19,440	14,190
Rental/leases-bldg and land	222,600	355,818	364,449	429,767	441,240
Repairs	1,700	2,100	2,630	6,556	5,290
IT - data processing	375,000	299,028	376,954	403,950	375,080
IT - communications	85,000	112,979	94,136	74,130	62,795
IT - contract service/repair	15,200	188,100	68,600	38,348	24,420
Professional development	76,529	77,685	82,608	72,477	63,720
Operating fees and services	225,640	238,435	138,310	130,344	89,583
Professional services	167,624	2,165,120	917,036	531,185	476,615
Total operating expenses	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777

Grants, Technology, Equipment					
Equipment > \$5,000	170,000	70,000	-	90,000	-
Technology carryover	25,000	-	-	-	-
Grants, benefits, claims	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

Insurance Department Appropriations					
	2009-11	2011-13	2013-15	2015-17	2017-19
Agency Salary and Benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567
Agency Operations	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777
Fire Districts	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total Appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

Funding source					
General funds	\$ -	\$ -	\$ -	\$ -	\$ -
Special funds	15,080,504	15,780,561	24,996,065	27,636,101	25,174,104
Federal funds	636,296	3,263,519	1,381,025	610,245	619,326
Total Funds	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430

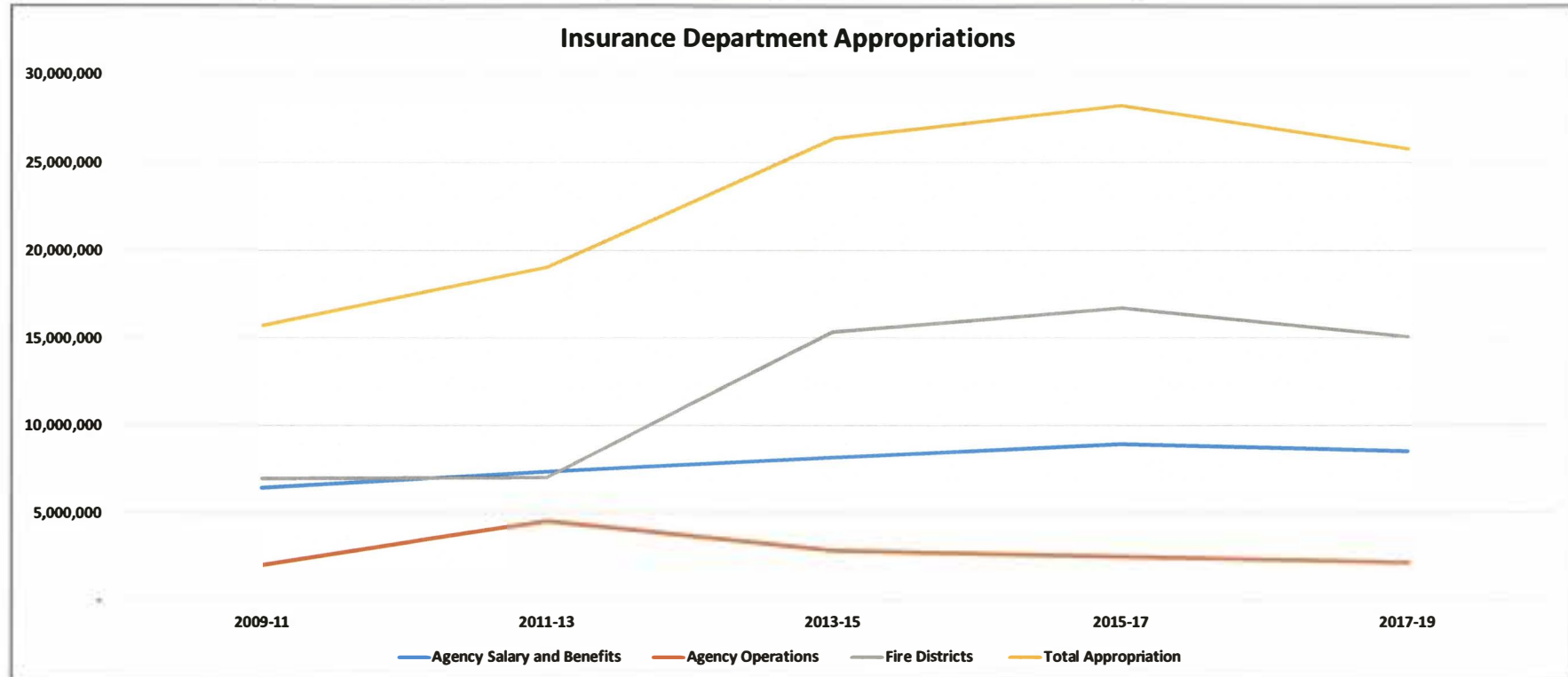
FTEs	45.5	45.5	49.5	49.5	46.0
------	------	------	------	------	------

Insurance Regulatory Trust Fund Revenues					
	2007-09	2009-11	2011-13	2013-15	2015-17
Insurance agent fees	\$ 7,143,047	\$ 7,173,314	\$ 7,954,756	\$ 9,444,535	\$ 10,032,255
Insurance fees	4,426,484	4,961,683	5,090,529	4,919,795	4,676,242
Continuing education/course filing	190,123	97,152	78,900	81,000	71,900
Fines	-	-	-	1,860,714	625,636
Examiner fees	14,493	48,817	378,405	170,380	275,400
Total	\$ 11,774,146	\$ 12,280,966	\$ 13,502,589	\$ 16,476,424	\$ 15,681,432
Transfers to general fund	\$ 7,850,015	\$ 6,299,803	\$ 6,526,655	\$ 9,291,639	\$ 8,186,216

Att A
SB 2010
2-28-19
pg 6

Insurance Department Overview

	2009-11	2011-13	2013-15	2015-17	2017-19
Agency Salary and Benefits	6,468,536	7,385,180	8,182,696	8,943,097	8,549,567
Agency Operations	2,063,264	4,548,900	2,858,008	2,512,042	2,179,777
Fire Districts	6,990,000	7,040,000	15,336,386	16,701,207	15,064,086
Total Appropriation	\$ 15,716,800	\$ 19,044,080	\$ 26,377,090	\$ 28,246,346	\$ 25,793,430



SPECIAL FUNDS DIVISION

FIRE AND TORNADO FUND

Created in 1919, this fund provides low-cost insurance coverage to North Dakota government entities and political subdivisions for their buildings and contents. The fund currently serves 1,164 policyholders with a combined insured value of \$14 billion.

STATE BONDING FUND

Created in 1919, this fund provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money. This fund currently serves 1,866 bondholders with a combined insured value of approximately \$640 million.

PETROLEUM TANK RELEASE COMPENSATION FUND

Created in 1989, this fund provides contamination clean-up coverage and third party liability coverage to petroleum tank owners. Currently 1,713 registered sites pay an annual registration fee for approximately 6,000 tanks.

BOILER AND PRESSURE VESSEL INSPECTORS

Created in 1953, this safety program ensures that all boilers in North Dakota are inspected annually or biannually depending on the type and use of the boiler. We inspect all new boilers for proper installation. There are approximately 11,200 active boilers in North Dakota. The department inspects 5,124 and private insurance carriers inspect the remaining.

Changes Proposed to 2019-2021 Budget:

In analyzing our budget proposal for the 2019-21 biennium we took a hard look at what the Insurance Department is currently responsible for and what truly fits our mission of consumer protection, competitive markets, and access to high quality insurance products. The resulting budget amendment is the product of months of work, tough decisions, and hard conversations. We believe the result allows us to focus our attention on our mission, become more efficient in the use of our dollars, and provide better service to our consumers.

MOVING THE PETROLEUM TANK RELEASE COMPENSATION FUND TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY:

Created in 1989, this fund provides contamination clean-up coverage and third party liability coverage to petroleum tank owners. The reality is this fund is in need of a re-work. As it currently stands we administer this fund, but much of the expertise lies in the Department of Health (DEQ). We are asking to move this fund to the Department of Environmental Quality. This change was mutually proposed by both the Department and the North Dakota Petroleum Marketers. The DEQ has agreed to this change and has subsequently included it in its budget proposal as well.

Att A
SB 2010
2-28-19
Pg 8

Fire and Tornado Fund premiums and claims

Fiscal Year	Policyholders	Rate Change	Premiums Collected	# Claims	Claim Payments
2007	1,084	50% premium credit	\$2,640,000	202	\$10,100,000
2008	1,085	35% premium credit	\$3,850,000	~ 111	~ \$1,085,373
2009	1,088	No change	\$6,440,000	251	\$2,670,000
2010	1,087	50% premium credit	\$3,220,000	~ 381	\$4,200,000
2011	1,090	50% premium credit	\$3,470,000	272	\$4,350,000
2012	1,131	Permanent 50% premium reduction	\$3.77 million	220	\$2.87 million
2013	1,140	No reduction	\$4.11 million	199	\$1.30 million
2014	1,137	Premium waived	n/a	214	\$1.68 million
2015	1,145	No reduction	\$4.28 million	182	\$1.70 million
2016	1,155	No reduction	\$4.49 million	215	\$1.52 million
2017	1164	No reduction	\$4.82 million	268	\$6.04 million

Special Funds balance report

Note: Reserve balance = assets - liabilities

As of Feb. 28, 2017

Fund	Reserve Balance	Minimum Requirement	Variance Fav (Unfav)	Loss Claims Payable
State Bonding Fund	\$3,561,255	\$2,000,000	\$1,561,255	\$105,674
Fire and Tornado Fund	\$22,684,728	\$12,000,000	\$10,684,728	\$930,922
Petroleum Tank Release Comp Fund*	\$5,249,023	\$6,000,000	(\$750,977)	\$1,442,745
Unsatisfied Judgment	\$219,716	\$150,000	\$69,716	\$0

This move makes sense as it removes us, basically the middle man, and allows the DEQ and Petroleum Marketers to rework this fund into something that works for the industry while protecting our primacy from the EPA.

This change was included in the DEQ's budget bill, House Bill 1024, and was unanimously approved by the House Appropriations committee.

**MOVING THE BOILER AND PRESSURE VESSEL INSPECTORS TO THE
DEPARTMENT OF ENVIRONMENTAL QUALITY:**

Created in 1953, this safety program ensures that all boilers in North Dakota are inspected annually or biannually, depending on the type and use of the boiler. We currently have four boiler inspectors that service boilers all across the state. These employees work from home as their primary function is to be inspecting boilers. We are seeking to transfer the responsibility for boiler inspections and the four filled FTEs to the DEQ. The DEQ is responsible for safeguarding North Dakota's air, land, and water resources. In cooperation with the general public, industry, and government at all levels, the section implements protective programs and standards to help maintain and improve environmental quality. We believe the general safety program of inspecting boilers more closely aligns with the stated purpose of the DEQ, protecting the public is the mission of the DEQ.

The four FTEs that are currently performing these functions are truly self-sufficient and we recently made an investment to update their software program, which allows them to administer a vast majority of their job duties from home. We are seeking to move this program to an agency with a mission that aligns with the goals of this program, we believe that is the DEQ. When you think boiler inspections, I doubt the first agency that comes to mind is the Insurance Department.

This move was discussed with the Governor's Office, Mr. Glatt from DEQ and was included in the House budget for the DEQ. Moving both functions (Petroleum Tank Release Fund and Boiler and Pressure Vessel Inspections) to DEQ seem to make the most sense and Both Governor and Mr. Glatt agree to this move.

Ultimately, both the Petroleum Tank Release Compensation Fund and Boiler Inspections do not fit in within our defined mission and purpose and would be better served under the Department of Environmental Quality.

This change was also included in the DEQ's budget bill and was unanimously approved by the House Appropriations committee.

**MOVING ADMINISTRATION OF THE FIRE AND TORNADO AND STATE BONDING FUND TO
THE NORTH DAKOTA INSURANCE RESERVE FUND:**

FIRE AND TORNADO FUND

Created in 1919, this fund provides low-cost insurance coverage to North Dakota government entities and political subdivisions for their buildings and contents. The fund currently serves 1,164 policyholders with a combined insured value of \$14 billion.

STATE BONDING FUND

Created in 1919 this fund provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money. This fund currently serves 3,002 bondholders with a combined insured value of approximately \$800 million.

Both of these funds serve other governmental divisions. One hundred years ago, I am sure it made sense to essentially provide self-insured governmental property and fidelity bond coverage for government entities. I am not sure that logic would stand today. We are proposing moving the administration of these funds to the North Dakota Insurance Reserve Fund (NDIRF).

Currently, we are able to take from the fund to cover costs associated with operations of the fund, but we are barred from taking salary dollars for the 3 FTEs who work on this fund. We are proposing a change that would allow us to contract with NDIRF for administration of this fund.

NDIRF is a not-for-profit organization owned by its members, all political subdivisions are eligible for membership to NDIRF. Brennan Quintus, CEO of NDIRF, and I have been working out details of this proposed change since early 2018. Currently, NDIRF provides similar coverage that the Fire and Tornado fund provides to other political subdivisions but due to a state law, is barred from writing that coverage for state entities. This coverage is not foreign to NDIRF and allows us to utilize NDIRF's network of agents to serve our state entities. As it stands, three people are unable to provide the level of service that our clients have come to expect. Without contracting with NDIRF, we would likely need to add 4-6 FTEs to provide a similar level of service NDIRF can provide with its 18 staff and network of agents.

This move also allows the Department to get out of the business of providing insurance and focus on regulating the insurance industry. It does not make logical sense that the regulator for the industry is also in the business of providing insurance. This move rectifies that unhealthy relationship and in doing so allows our clients to receive a higher level of service.

I would like to invite Brenna Quintus to provide some comments about this proposed move.

As mentioned, this move has been vetted over the last year; stakeholders have been consulted and agree that this move makes sense.

100% FUNDING FOR FIRE DISTRICTS:

Funding for Fire Departments and Fire Districts comes from a couple different sources (property taxes, benefits, etc.) but a significant portion of the funding has come from the Insurance premium tax. The Department administers the premium tax and from that, the Legislature appropriates an amount up to 100% of the fire insurance premium tax revenue collected.

This is essentially a pass through fund, whereby we collect the tax and pass that collection on to the fire districts. This fund was a continuing appropriation from 1887 – 1985. Since 1985, funding to the fire districts has fluctuated between 101% of the funds to as low as 48% of the funds available.

We are asking that the continuing appropriation be restored; this ensures that the dollars that are intended to go to the fire districts are actually going to the fire districts. The average consumer likely knows that a portion of their homeowner's insurance premiums go to funding fire departments. What they do not know is that a portion of those dollars are being put back into the general fund. Our consumers are being double or triple hit, once on my homeowner's, once on their property tax and then again by participating in various benefits put on by Fire Departments to cover their costs.

We have also been working the past year with the Fire Chiefs from across the state and forging a stronger partnership. That partnership has opened up some discussions regarding the ISO ratings across our state. In North Dakota, we have a disproportionately high number of class 9 fire departments. With proper funding and some increased help from the Insurance Department, these departments could move to a class 8. The resulting move would decrease homeowner's premiums by up to 30%.

I do not expect our Fire Chiefs to be experts in insurance and I know they do not expect me to be an expert in fire service. What I can tell you is we are building a strong partnership that could lead to more transparent funding for our fire departments, lower premiums and better fire coverage for our consumers.

At this point, I would like to invite the Fire Chiefs up to share some comments.

Ultimately, we are one tragedy away from the citizens of North Dakota looking at this issue. It is my belief we can solve this problem with our proposed budget and provide the funding that has been designated and paid by our consumers to the fire service as it has always been intended to be.

Conclusion:

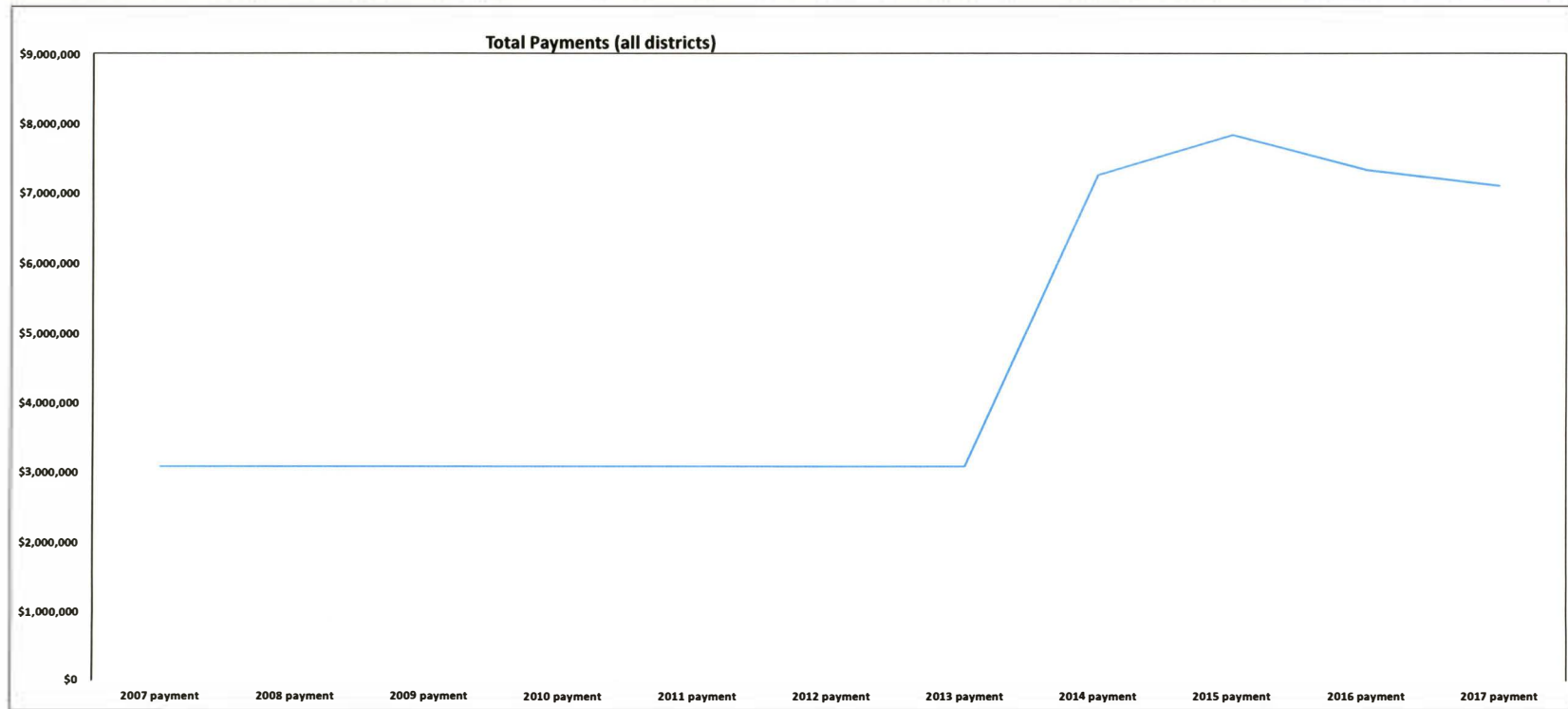
This budget proposes a net reduction of five FTEs, a reduction of 9.5% from our appropriation, and allows us to repurpose some FTEs to serve our mission. We would be looking to engage with North Dakota consumers on insurance education and do a better job of reaching out to them so they understand why insurance is vitally important to a financially successful future. By engaging in that conversation with our consumers, we are also hopeful that we can close the insurance knowledge gap that exists in our state. In doing so, we cannot only help consumers find the products they need, but also continue to foster a competitive marketplace.

I would be happy to answer any questions you may have.

Att A
SB 2010
2-28-19
Pg 12

Fire District Grants

Fire Districts	2007 payment	2008 payment	2009 payment	2010 payment	2011 payment	2012 payment	2013 payment	2014 payment	2015 payment	2016 payment	2017 payment
Total Premiums (all districts)	\$306,862,744	\$328,770,097	\$328,770,097	\$351,089,411	\$371,993,873	\$396,747,255	\$456,634,313	\$466,161,049	\$523,403,441	\$545,776,424	\$544,267,885
Total Payments (all districts)	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$7,268,193	\$7,840,603	\$7,340,603	\$7,117,781



February 28, 2019

SB 2010

Attachment 8

Testimony to the

Government Operations Division of the North Dakota House Appropriations Committee

February 28, 2019

Prepared by Brennan Quintus, CEO

North Dakota Insurance Reserve Fund

RE: Senate Bill No. 2010

Mr. Chairman and members of the Government Operations Division of the House Appropriations Committee, my name is Brennan Quintus and I am the CEO of the North Dakota Insurance Reserve Fund (NDIRF). The NDIRF is a government self-insurance pool that offers liability, automobile, and equipment risk coverage to political subdivisions in North Dakota. Over 2,550 local government entities have joined the NDIRF as members since 1986.

The NDIRF supports giving the ND Insurance Department the opportunity to contract with the NDIRF to operate the Fire and Tornado and State Bonding Funds (of which, many political subdivisions are members of) as provided in SB 2010. While the current Fire and Tornado Fund and State Bonding Fund operation is certainly not broken, we hear from NDIRF members consistently that there is certainly room for improvement. By leveraging the current NDIRF operational model, we feel the NDIRF is in a position to maintain the financial health of both funds while improving coverage and service. The NDIRF has a proven track record of success over the last 33 years, including:

- Membership which includes all 53 counties, 338 cities, 176 school districts, and roughly 90-95% of the park districts, fire districts, ambulance districts, and other remaining political subdivisions in North Dakota.
- Extraordinary financial health which has allowed the NDIRF to return over \$61.5 million back to our members
- Strong relationships with the NDACo, NDLC, NDSBA, NDRPA, NDTOA, NDFA, and other political subdivision associations and groups which allow for continued feedback regarding NDIRF products and service.
- Strong relationships with the ND local insurance agent community which again allows for continuous product improvement and pricing feedback.
- The NDIRF's focus is on providing the best product and service at the lowest possible rate for its members. That focus has turned out outstanding financial results for NDIRF members while we consistently receive very positive member feedback. As I told the Insurance Commissioner, what we do works and our goal is to put the NDIRF stamp on the ND Fire and Tornado and State Bonding Funds.

Thank you for the opportunity to provide this testimony. I would be pleased to respond to questions the Committee may have.

February 28, 2019

SB2010

Attachment C

February 28, 2019

House Appropriations—Government Operations Division

SB 2010

Rep. Vigessa, Chairman

Chairman Vigessa and members of the Committee. For the record, Blake Crosby, Executive Director of the North Dakota League of Cities and representing the 357 incorporated cities in North Dakota. Also, for sake of full disclosure, I am a member of the North Dakota Insurance Reserve Fund Board of Directors.

I am here in support of SB 2010 as presented by Commissioner Godfread. He is to be commended for his forward looking to the administration changes to the State Fire and Tornado Fund and the changes to the distributions in the Fire Insurance Premium Tax.

The changes to the State Fire and Tornado Fund were brought up at the NDLC Annual Conference in September of 2018 and was met with rousing applause. Customer service is a strength of NDIRF and my cities are looking forward to that same customer service with the State Fire and Tornado Fund.

The North Dakota Fire Chiefs Association is an affiliate member of the League and we are in full support of the changes as proposed to distributions to fire departments, fire districts and fire fighters.

Thank you for your time and consideration. I respectfully ask for a DO PASS on SB 2010.

I will try to answer any questions you may have.

February 28, 2019

SB2010

Attachment D

NDRPA



North Dakota Recreation & Park Association •

advancing parks and recreation for quality of life in North Dakota

Testimony of Dana Schaar Jahner
North Dakota Recreation and Park Association
House Appropriations Committee – Government Operations Division
Support for SB 2010
Thursday, February 28, 2019

Chairman Vigesaa and Members of the Committee, my name is Dana Schaar Jahner, and I am executive director of the North Dakota Recreation and Park Association (NDRPA). NDRPA represents more than 700 members across the state, including park board members and park district staff, and works to advance parks, recreation and conservation for an enhanced quality of life in North Dakota.

I am here on behalf of NDRPA to support the concept outlined in Senate Bill 2010 as it relates to management of the State Fire and Tornado Fund.

Many park districts utilize services provided by the North Dakota Insurance Reserve Fund (NDIRF) and appreciate its commitment to high-quality customer service and understanding of parks and recreation activities in North Dakota. NDRPA supports the transfer of management of the State Fire and Tornado Fund from the Insurance Department to NDIRF because it would streamline services for park districts, allowing them to work with one entity to be more efficient in managing their insurance needs.

Thank you for your time.

/

February 28, 2019

SB 2010

Attachment E

SB 2010

House Appropriations Committee

By Jason Catrambone

February 28, 2019

Mr. Chairman and members of the committee, my name is Jason Catrambone, Fire Chief for the City of Williston. I am currently serving as the President of the North Dakota Fire Chief's Association and am also representing that organization.

I support SB 2010 with the proposed amendment to again equate the fire service funding allocation to match the full amount collected as a continuing appropriation.

The distribution from the premium tax to fire departments has historically been a significant component of fire protection funding. The Insurance Premium Tax was established in 1887, before North Dakota was a state. The law taxes certain types of insurance premiums to provide funds to support local fire department operations and pensions. Originally 100% of the premium tax collected was distributed to the fire service. Over time the distribution percentage has varied and we are requesting that it be re-established to the full collection amount.

The need for these funds is a reasonable request and matches the original intent. The fire departments statewide have great responsibilities and your support of SB 2010 with the Insurance Commissioners amendment will be greatly appreciated.

February 28, 2019

SB2010

Attachment 7

House Appropriations-Government Appropriations Committee

Senate Bill 2010

By Shawn Weltikol

February 28, 2019

Mr. Chairman and members of the House Appropriations-Government Operations Division, my name is Shawn Weltikol, Fire Chief of the Devils Lake Rural Fire Department.

I am requesting your support of Senate Bill 2010 as it appears before you today. The Devils Lake Rural Fire Department's annual operating budget is \$155,000 which includes \$120,000 from the mill levy and \$35,000 from the Insurance Premium Tax. During a normal year, after all operating expenses, such as \$9,000 for gap insurance for members, \$5,000 for training, and \$10,000 for fuel and maintenance of apparatus. The remaining balance is approximately \$16,000. The remaining balance is what we apply to equipment replacement such as protective gear (10 year replacement at \$2,500 per set), hose (20 year replacement at \$150 to \$600 per roll), and truck replacement (25 year replacement at \$500,000). Therefore, it becomes necessary for our department to raise additional funds through donations, charitable gaming and grants. The additional funding that our department would receive through this legislation is approximately \$9,500.

As you are well aware, volunteerism is declining around the state. Fire departments, ambulance services, and countless other organizations struggle to find enough people willing to fill these needed roles in our communities. In a fire department case we ask people to join our department and volunteer a minimum of 6 hours per month to train, maintain equipment, and operate our department. Then we ask them to volunteer additional time to raise money through raffles and other fundraisers so they can have the necessary tools to safely do the volunteer work that they are doing.

The insurance premium tax was instituted over 100 years ago to help fund local fire departments. I ask that you return to our local communities **ALL** of the funds they are paying for fire protection through the insurance premium tax.

Thank you for your consideration to increase the allocation to fire departments in Senate Bill 2010 and making it a continuing appropriation. I am available for any questions that you may have.

February 28, 2019

SB 2010

Attachment G

Testimony to the House Appropriations - Government Operations Division, Feb. 28, 2019, Bismarck, ND.

Given by: Robert Knuth, Training Director, North Dakota Firefighter's Association.

Good Morning Chairman Vigesaa and members of the committee. My name is Robert Knuth and I am the Training Director of the North Dakota Firefighter's Association. I stand before you today in support of Senate Bill 2010 as well as the previous testimony heard from the Insurance Commissioner and the ND Fire Chief's Association.

In North Dakota Century Code, Chapter 18-03, The North Dakota Firefighter's Association is tasked with Developing and adopting a statewide fire education and training plan; Coordinating fire service training at all levels; and establishing procedures to govern the certification process for firefighter training. NDFA is nationally accredited through the Fire Service Professional Qualifications System, commonly referred to as the Pro Board®.

NDFA is primarily funded by the Insurance Tax Distribution fund. Currently the NDFA receives 5.5% of the disbursement. As we are a non-profit, charitable, educational 501(c)(3) organization, NDFA relies heavily on these funds, as does every fire department. Our mission is to promote the safety and welfare of the Association members by providing a coordinated training service and standardized certification program based on national standards. All organized fire departments across the state belong to the North Dakota Firefighter's Association. The Association hosts an annual fire school and offers regional fire schools giving firefighters an opportunity to practice old skills and learn new skills that are required for the ever-changing demands placed on them. All our instructors are contract employees who volunteer their time to train and assist the departments requesting training.

Along with the appropriated funds, NDFA collects dues of \$100.00 annually from each Fire Department.

Att G
SB 2010
2-28-19
pg 2

Over the past several years we have seen a decline in available grant funding which has caused us to rely heavily on our appropriated funding. Our goal is to minimize the cost to departments for the vital training we provide. Without these funds NDFA could be forced to charge departments for these classes which, in turn, would place more of a financial burden on departments who are trying to update equipment, replace outdated apparatus, or just paying fuel and utility bills. Having NDFA provide this training at little to no cost provides these departments the opportunity to attend relevant, up to date, and essential training without affecting their other budgetary priorities.

In closing I wish to thank the committee for allowing me to present this testimony and again voice our support of Senate Bill 2010 as presented by the Insurance Commissioner and would welcome the chance to answer any questions you may have. Thank you.

February 28, 2019

SB 2010

Attachment H

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

Senate Bill No. 2010

Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$127,688)	(\$127,688)			\$165,007	\$165,007			\$292,695	\$292,695
Salary increase			353,324	353,324			218,170	218,170			(135,154)	(135,154)
Health insurance increase			166,279	166,279			182,946	182,946			16,667	16,667
Retirement contribution increase			42,801	42,801				0			(42,801)	(42,801)
Underfund salaries and wages			(107,990)	(107,990)				0			107,990	107,990
Add 1 FTE consumer assistance outreach coordinator position	1.00		29,824	29,824	1.00		179,711	179,711			149,887	149,887
Add 1 FTE high risk pool and health care reform coordinator				0	1.00		202,791	202,791	1.00		202,791	202,791
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)				0
Contract with the insurance reserve fund for fund administration			660,804	660,804				0			(660,804)	(660,804)
Transfer the boiler inspection program to DEQ				0	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)
Reduce funding for operating expenses, including travel, information technology, and professional services			(636,621)	(636,621)			(637,255)	(637,255)			(634)	(634)
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153				0
Provide a continuing appropriation for fire district and Firefighter's Association payments				0			(15,064,086)	(15,064,086)			(15,064,086)	(15,064,086)
Total ongoing funding changes	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)
2019-21 Total Funding	44.00	\$0	\$25,587,964	\$25,587,964	41.00	\$0	\$9,701,150	\$9,701,150	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Executive Budget Recommendation	Senate Version	
Unsatisfied judgment fund	Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	
Insurance tax distribution fund	Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.	
Boiler inspection program		Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.	
Fees	Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary to \$110,001 beginning July 1, 2019, and \$112,201 beginning July 1, 2020.	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.	
State fire and tornado fund	Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.	Section removed.	
Fund administration	Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	

March 6, 2019

SB2010

Atchew A

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

Senate Bill No. 2010

Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$127,688)	(\$127,688)			\$165,007	\$165,007			\$292,695	\$292,695
Salary increase			353,324	353,324			218,170	218,170			(135,154)	(135,154)
Health insurance increase			166,279	166,279			182,946	182,946			16,667	16,667
Retirement contribution increase			42,801	42,801				0			(42,801)	(42,801)
Underfund salaries and wages			(107,990)	(107,990)				0			107,990	107,990
Add 1 FTE consumer assistance outreach coordinator position	1.00		29,824	29,824	1.00		179,711	179,711			149,887	149,887
Add 1 FTE high risk pool and health care reform coordinator				0	1.00		202,791	202,791	1.00		202,791	202,791
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)				0
Contract with the insurance reserve fund for fund administration			660,804	660,804				0			(660,804)	(660,804)
Transfer the boiler inspection program to DEQ				0	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)
Reduce funding for operating expenses, including travel, information technology, and professional services			(636,621)	(636,621)			(637,255)	(637,255)			(634)	(634)
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153				0
Provide a continuing appropriation for fire district and Firefighter's Association payments				0			(15,064,086)	(15,064,086)			(15,064,086)	(15,064,086)
Total ongoing funding changes	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	\$0	(\$205,466)	(\$205,466)	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)
2019-21 Total Funding	44.00	\$0	\$25,587,964	\$25,587,964	41.00	\$0	\$9,701,150	\$9,701,150	(3.00)	\$0	(\$15,886,814)	(\$15,886,814)

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Executive Budget Recommendation	Senate Version	
Unsatisfied judgment fund	Section 4 would designate \$28,390 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	
Insurance tax distribution fund	Section 2 would designate \$14,113,086 for payments to fire departments and \$951,000 for payments to the North Dakota Firefighter's Association.	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.	
Boiler inspection program		Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.	
Fees	Section 9 would amend North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary to \$110,001 beginning July 1, 2019, and \$112,201 beginning July 1, 2020.	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.	
State fire and tornado fund	Section 3 would designate \$660,804 from the state fire and tornado fund to pay state fire and tornado fund administrative expenses and \$893,509 from the state fire and tornado fund to pay boiler inspection program expenses.	Section removed.	
Fund administration	Sections 6, 7, and 8 would provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund.	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	

March 13, 2019

SB2010

Attachment A



Updated March 12, 2019

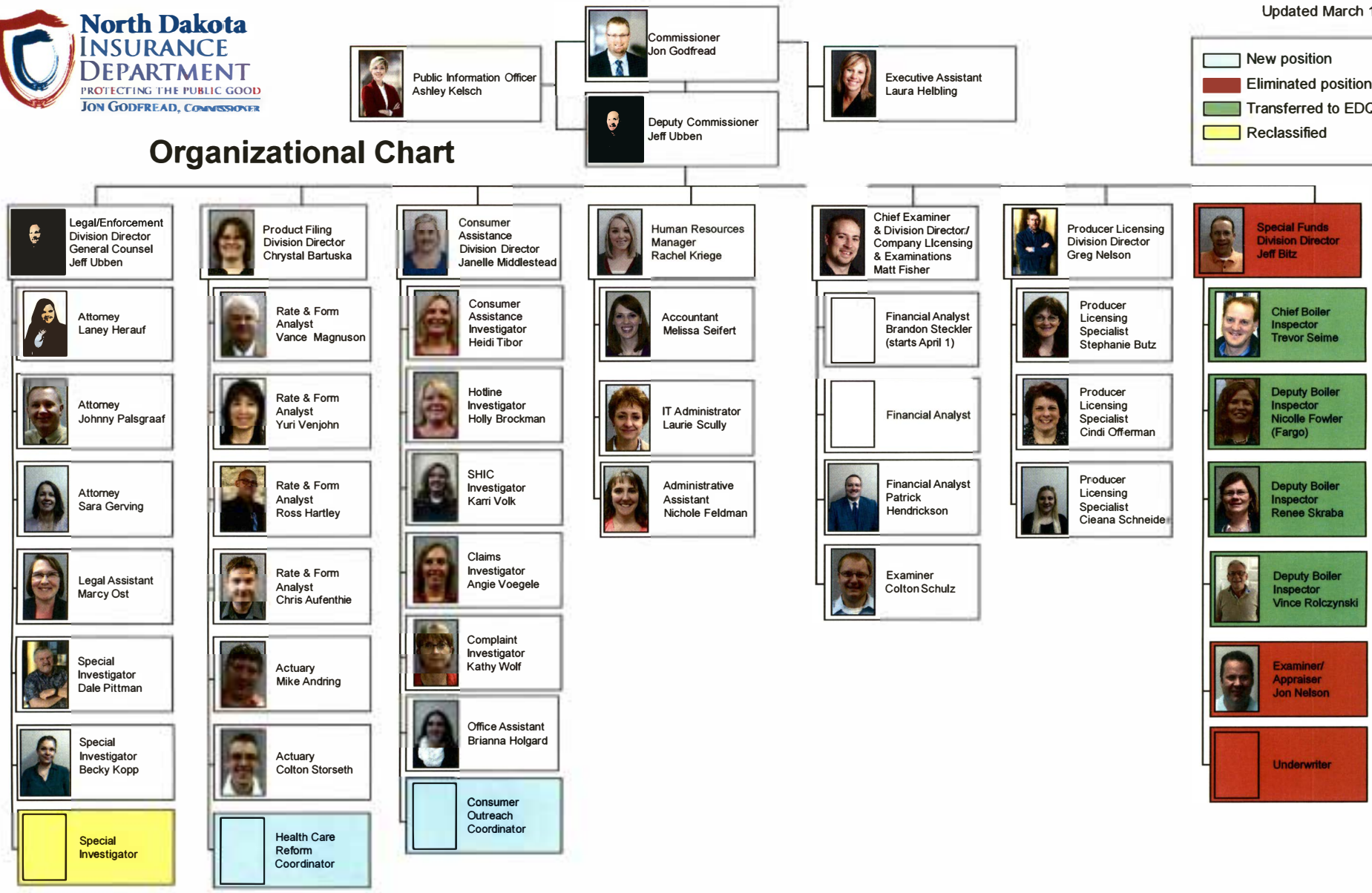
Organizational Chart

New position

Eliminated position

Transferred to EDQ

Reclassified



Nov 13, 2019

SB2010

Attachment B

Current Classified Employees								
Last Name	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium
on	\$ 6,474.08	\$ 5,741.00	\$ (733.08)	35	\$ 77,688.96	\$ 68,892.00	(\$8,796.96)	(\$17,593.92)
	\$ 6,137.30	\$ 4,824.00	\$ (1,313.30)	33	\$ 73,647.60	\$ 57,888.00	(\$15,759.60)	(\$31,519.20)
Venjohn	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$311.16	\$622.32
Butz	\$ 4,045.00	\$ 3,464.00	\$ (581.00)	21	\$ 48,540.00	\$ 41,568.00	(\$6,972.00)	(\$13,944.00)
Voegele	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$5,088.00	\$10,176.00
Fischer	\$ 6,497.40	\$ 5,741.00	\$ (756.40)	11	\$ 77,968.80	\$ 68,892.00	(\$9,076.80)	(\$18,153.60)
Pittman	\$ 5,838.55	\$ 5,741.00	\$ (97.55)	10	\$ 70,062.60	\$ 68,892.00	(\$1,170.60)	(\$2,341.20)
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$6,602.16	\$13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$2,858.52	\$5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$14,256.00	\$28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$11,093.04	\$22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$2,220.00	\$4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$8,287.92	\$16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$9,552.00	\$19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$5,184.00	\$10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$120.96	\$241.92
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$12,036.00	\$24,072.00
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$3,087.96	\$6,175.92
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$5,388.00	\$10,776.00
Schneider	\$ 2,600.00	\$ 2,961.00	\$ 361.00	1	\$ 31,200.00	\$ 35,532.00	\$4,332.00	\$8,664.00
Middlestead	\$ 6,400.00	\$ 6,832.00	\$ 432.00	1	\$ 76,800.00	\$ 81,984.00	\$5,184.00	\$10,368.00
Volk		\$ 4,824.00	\$ 4,824.00	1	\$ 51,000.00	\$ 57,888.00	\$6,888.00	\$13,776.00
Hendrickson	\$ 4,850.00	\$ 5,741.00	\$ 891.00	1	\$ 58,200.00	\$ 68,892.00	\$10,692.00	\$21,384.00
Kopp	\$ 5,100.00	\$ 5,741.00	\$ 641.00	1	\$ 61,200.00	\$ 68,892.00	\$7,692.00	\$15,384.00
Hartley	\$ 4,029.00	\$ 4,824.00	\$ 795.00	1	\$ 48,348.00	\$ 57,888.00	\$9,540.00	\$19,080.00
Holgard	\$ 2,860.00	\$ 2,961.00	\$ 101.00	1	\$ 32,170.32	\$ 35,532.00	\$3,361.68	\$6,723.36
								\$ 183,998.88

Attachment C

Name	All Years of Service								
	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium Impact	
	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32	
Voegele	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00	
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32	
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04	
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00	
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08	
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00	
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84	
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00	
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00	
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92	
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$ 12,036.00	\$ 24,072.00	
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$ 3,087.96	\$ 6,175.92	
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$ 5,388.00	\$ 10,776.00	
Schneider	\$ 2,600.00	\$ 2,961.00	\$ 361.00	1	\$ 31,200.00	\$ 35,532.00	\$ 4,332.00	\$ 8,664.00	
Middlestead	\$ 6,400.00	\$ 6,832.00	\$ 432.00	1	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00	
Volk		\$ 4,824.00	\$ 4,824.00	1	\$ 51,000.00	\$ 57,888.00	\$ 6,888.00	\$ 13,776.00	
Hendrickson	\$ 4,850.00	\$ 5,741.00	\$ 891.00	1	\$ 58,200.00	\$ 68,892.00	\$ 10,692.00	\$ 21,384.00	
Kopp	\$ 5,100.00	\$ 5,741.00	\$ 641.00	1	\$ 61,200.00	\$ 68,892.00	\$ 7,692.00	\$ 15,384.00	
Hartley	\$ 4,029.00	\$ 4,824.00	\$ 795.00	1	\$ 48,348.00	\$ 57,888.00	\$ 9,540.00	\$ 19,080.00	
Holgard	\$ 2,860.00	\$ 2,961.00	\$ 101.00	1	\$ 32,170.32	\$ 35,532.00	\$ 3,361.68	\$ 6,723.36	
								\$ 267,550.80	

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 9, after the semicolon, insert "to amend and reenact subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code, relating to insurance rebates; to amend and reenact subsection 2 of section 26.1-04-06 of the North Dakota Century Code, relating to insurance rebates; and to amend and reenact subsection 2 of section 26.1-25-16 of the North Dakota Century Code, relating to insurance rebates;"

Page 13, after line 21, insert:

SECTION 15. AMENDMENT. Subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code is amended and reenacted as follows:

8. Rebates.

- 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, promotional 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 16. 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.

SECTION 17. 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.

Page 13, line 22, replace "15" with "18"

Page 13, line 23, replace "16" with "19"

March 13, 2019

SB2010

att 8

Renumber accordingly

March 13, 2019

SB2010

Attachment E

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 10, remove "and"

Page 1, line 11, after "date", insert "; and to declare an emergency"

Page 13, after line 28, insert:

SECTION 17. EMERGENCY. Sections 10, 11, 12, 13, and 14 of this Act are declared to be an emergency measure.

Renumber accordingly

March 13, 2019

SB2010

Attachment F

Prepared by the North Dakota
Insurance Department
February 28, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 9, line 14, replace "state fire and tornado" with "general"

Renumber accordingly

March 21, 2019

SB2010

Att A

Prepared by the North Dakota
Insurance Department
February 28, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 9, line 14, replace "state fire and tornado" with "general"

Renumber accordingly

Moving the Boiler Inspection program to DEQ, this would clarify that all funds collected by the Boiler Inspectors and the funds required to operate the program would go into and out of the general fund.

March 21, 2019

SB2010

att B

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 10, remove "and"

Page 1, line 11, after "date", insert "; and to declare an emergency"

Page 13, after line 28, insert:

SECTION 17. EMERGENCY. Sections 10, 11, 12, 13, and 14 of this Act are declared to be an emergency measure.

Renumber accordingly

This would place an emergency clause on the sections that would allow the Insurance Department to contract with NDIRF, allowing NDIRF to be involved prior to the July 1 effective date (which is also the major renewal date for the policies of the F&T fund. Also protect the Insurance Department from a potential staff departure issue and leaving no one to operate the fund until this budget becomes effective.

March 21, 2019

SB 2010

at c

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 21, replace "(613,102)" with "(601,102)"

Page 1, line 21, replace "1,566,675" with "1,578,675"

Page 1, line 22, replace "(\$1,028,194)" with "(\$1,016,194)"

Page 1, line 22, replace "9,701,150" with "9,713,150"

Renumber accordingly

Increase of \$12,000 for state audit only.

The Auditor approached us in February and informed us that the cost of doing his biennial audits will be increasing. This increase was not accounted for in our original budget, this amendment would reflect that increase in cost.

/

This corrects and issue that was brought to our attention by our agent community, as the law stands right now, our agents can make donations to a 501(c)3 entity for any dollar amount. A donation cannot be an inducement to get a quote or a contract of insurance. This amendment allows for our agents to market based on getting quotes, "Come in this month and for every quote we give we will donate \$10 to a X Charity" Our agents and companies agree to the amendment and The Department also agrees as it still protects the inducement on the contract, but allows for a marketing on quotes which in the end should benefit agents, consumers and non-profits.

Prepared by the North Dakota
Insurance Department
March 13, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 9, after the semicolon, insert "to amend and reenact subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code, relating to insurance rebates; to amend and reenact subsection 2 of section 26.1-04-06 of the North Dakota Century Code, relating to insurance rebates; and to amend and reenact subsection 2 of section 26.1-25-16 of the North Dakota Century Code, relating to insurance rebates;"

Page 13, after line 21, insert:

SECTION 15. AMENDMENT. Subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code is amended and reenacted as follows:

8. Rebates.

- 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 16. 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.

SECTION 17. 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.

Page 13, line 22, replace "15" with "18"

Page 13, line 23, replace "16" with "19"

Renumber accordingly

March 21, 2019

SB2010

att E

Prepared by the North Dakota
Insurance Department
March 14, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 20, replace "\$415,092" with "\$283,944"
Page 1, line 20, replace "\$8,134,475" with "\$8,265,623"
Page 1, line 22, replace "\$1,028,194" with "\$897,046"
Page 1, line 22, replace "\$9,701,150" with "\$9,832,298"

Renumber accordingly

With the adjustment to midpoint for employees with over 5 years of service only

See attached sheet, this outlines some of the compression we have experienced in the Insurance Department over the last number of years. We have struggled to hire new people at salaries that would be equitable with those staff members who have worked in our department for a longer period. This amendment would bring our employees who have been with the state for more than 5yrs up to the midpoint and allow us some room in hiring new employees and still ensure equity with those employees who been with the Department for a longer period.

March 21, 2019

SB2010

ADE

More than 3yrs of Service								
Last Name	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium Impact
V	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
V	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$ 12,036.00	\$ 24,072.00
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$ 3,087.96	\$ 6,175.92
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$ 5,388.00	\$ 10,776.00
								\$ 172,171.44
More than 3yrs of Service								
Last Name	Current Monthly	Mid Point Monthly	Difference	Years of Service	Current Annual	Mid Point Annual	Difference	Biennium Impact
Venjohn	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
Voegle	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
								\$ 131,147.52
All Years of Service								
Last Name	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium Impact
V	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
V	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$ 12,036.00	\$ 24,072.00
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$ 3,087.96	\$ 6,175.92
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$ 5,388.00	\$ 10,776.00
Schneider	\$ 2,600.00	\$ 2,961.00	\$ 361.00	1	\$ 31,200.00	\$ 35,532.00	\$ 4,332.00	\$ 8,664.00
Middlestead	\$ 6,400.00	\$ 6,832.00	\$ 432.00	1	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Volk		\$ 4,824.00	\$ 4,824.00	1	\$ 51,000.00	\$ 57,888.00	\$ 6,888.00	\$ 13,776.00
Hendrickson	\$ 4,850.00	\$ 5,741.00	\$ 891.00	1	\$ 58,200.00	\$ 68,892.00	\$ 10,692.00	\$ 21,384.00
Kopp	\$ 5,100.00	\$ 5,741.00	\$ 641.00	1	\$ 61,200.00	\$ 68,892.00	\$ 7,692.00	\$ 15,384.00
Hartley	\$ 4,029.00	\$ 4,824.00	\$ 795.00	1	\$ 48,348.00	\$ 57,888.00	\$ 9,540.00	\$ 19,080.00
Holgard	\$ 2,860.00	\$ 2,961.00	\$ 101.00	1	\$ 32,170.32	\$ 35,532.00	\$ 3,361.68	\$ 6,723.36
								\$ 267,550.80

Prepared by the North Dakota
Insurance Department
March 14, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 20, replace "\$415,092" with "\$242,920"
Page 1, line 20, replace "\$8,134,475" with "\$8,306,647"
Page 1, line 22, replace "\$1,028,194" with "\$856,022"
Page 1, line 22, replace "\$9,701,150" with "\$9,873,322"

Renumber accordingly

With the adjustment to midpoint for employees with over 3 years of service only

See attached sheet, this outlines some of the compression we have experienced in the Insurance Department over the last number of years. We have struggled to hire new people at salaries that would be equitable with those staff members who have worked in our department for a longer period. This amendment would bring our employees who have been with the state for more than 3yrs up to the midpoint and allow us some room in hiring new employees and still ensure equity with those employees who been with the Department for a longer period.

March 21, 2019

582010

Art # 7

More than 3yrs of Service								
Last Name	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium Impact
V	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$ 12,036.00	\$ 24,072.00
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$ 3,087.96	\$ 6,175.92
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$ 5,388.00	\$ 10,776.00
								\$ 172,171.44
More than 3yrs of Service								
Last Name	Current Monthly	Mid Point Monthly	Difference	Years of Service	Current Annual	Mid Point Annual	Difference	Biennium Impact
Venjohn	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
Voegle	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
								\$ 131,147.52
All Years of Service								
Last Name	Monthly	Mid Point Monthly	Difference	Years of Service	Annual	Mid Point Annual	Difference	Biennium Impact
V	\$ 5,715.07	\$ 5,741.00	\$ 25.93	31	\$ 68,580.84	\$ 68,892.00	\$ 311.16	\$ 622.32
	\$ 4,400.00	\$ 4,824.00	\$ 424.00	11	\$ 52,800.00	\$ 57,888.00	\$ 5,088.00	\$ 10,176.00
Aufenthie	\$ 5,190.82	\$ 5,741.00	\$ 550.18	9	\$ 62,289.84	\$ 68,892.00	\$ 6,602.16	\$ 13,204.32
Bartuska	\$ 6,593.79	\$ 6,832.00	\$ 238.21	8	\$ 79,125.48	\$ 81,984.00	\$ 2,858.52	\$ 5,717.04
Tibor	\$ 3,636.00	\$ 4,824.00	\$ 1,188.00	8	\$ 43,632.00	\$ 57,888.00	\$ 14,256.00	\$ 28,512.00
Brockman	\$ 3,899.58	\$ 4,824.00	\$ 924.42	8	\$ 46,794.96	\$ 57,888.00	\$ 11,093.04	\$ 22,186.08
Ost	\$ 3,903.00	\$ 4,088.00	\$ 185.00	8	\$ 46,836.00	\$ 49,056.00	\$ 2,220.00	\$ 4,440.00
Feldman	\$ 2,773.34	\$ 3,464.00	\$ 690.66	8	\$ 33,280.08	\$ 41,568.00	\$ 8,287.92	\$ 16,575.84
Schulz	\$ 6,036.00	\$ 6,832.00	\$ 796.00	7	\$ 72,432.00	\$ 81,984.00	\$ 9,552.00	\$ 19,104.00
Nelson	\$ 6,400.00	\$ 6,832.00	\$ 432.00	7	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Seifert	\$ 5,730.92	\$ 5,741.00	\$ 10.08	6	\$ 68,771.04	\$ 68,892.00	\$ 120.96	\$ 241.92
Kelsch	\$ 4,738.00	\$ 5,741.00	\$ 1,003.00	5	\$ 56,856.00	\$ 68,892.00	\$ 12,036.00	\$ 24,072.00
Offerman	\$ 3,206.67	\$ 3,464.00	\$ 257.33	5	\$ 38,480.04	\$ 41,568.00	\$ 3,087.96	\$ 6,175.92
Kriege	\$ 5,292.00	\$ 5,741.00	\$ 449.00	4	\$ 63,504.00	\$ 68,892.00	\$ 5,388.00	\$ 10,776.00
Schneider	\$ 2,600.00	\$ 2,961.00	\$ 361.00	1	\$ 31,200.00	\$ 35,532.00	\$ 4,332.00	\$ 8,664.00
Middlestead	\$ 6,400.00	\$ 6,832.00	\$ 432.00	1	\$ 76,800.00	\$ 81,984.00	\$ 5,184.00	\$ 10,368.00
Volk		\$ 4,824.00	\$ 4,824.00	1	\$ 51,000.00	\$ 57,888.00	\$ 6,888.00	\$ 13,776.00
Hendrickson	\$ 4,850.00	\$ 5,741.00	\$ 891.00	1	\$ 58,200.00	\$ 68,892.00	\$ 10,692.00	\$ 21,384.00
Kopp	\$ 5,100.00	\$ 5,741.00	\$ 641.00	1	\$ 61,200.00	\$ 68,892.00	\$ 7,692.00	\$ 15,384.00
Hartley	\$ 4,029.00	\$ 4,824.00	\$ 795.00	1	\$ 48,348.00	\$ 57,888.00	\$ 9,540.00	\$ 19,080.00
Holgard	\$ 2,860.00	\$ 2,961.00	\$ 101.00	1	\$ 32,170.32	\$ 35,532.00	\$ 3,361.68	\$ 6,723.36
								\$ 267,550.80

April 2, 2019

SB2010

atA

Vigesaa, Donald W.

From: Jason Catrambone <jasonc@ci.williston.nd.us>
Sent: Wednesday, March 27, 2019 2:39 PM
To: Vigesaa, Donald W.
Subject: North Dakota Fire Chiefs Association Support of Engrossed SB 2010

Representative Vigesaa,

This email is to ask for your support of SB2010 as it was passed by the Senate which provides 100% of the Fire Premium Tax and the continuing appropriation of this fund. These funds are vital to the fire departments and fire districts across North Dakota. Every day the citizens of the state call upon the services of these departments to save lives, protect property, and mitigate hazards. These services are provided with minimal budgets that are patched together with bake sales, raffles, property tax, grants, and donations. The fire service of North Dakota continues to provide everything it can with the uncertainty of how it can buy or replace essential protective gear, apparatus and equipment. 100% funding coming back to the fire departments as a continuing appropriation is essential to provide certainty to the operations and planning for fire departments across North Dakota.

The Insurance Premium Tax has been a source of revenue for fire departments and fire districts for many years. The contribution from the premium tax to the departments has historically been a significant component of fire protection funding. The Insurance Premium Tax was established in 1887, before North Dakota was a state. The law taxed certain types of insurance premiums to provide funds to support local fire department operations and pensions. For the almost 100 years, few significant changes were made. 100% of the tax collected was passed on to fire departments. Starting in the early 1980's, economic volatility and changes in the insurance industry cause large fluctuation in the revenues distributed to the fire service. Since 1985, several changes in the law were made to stabilize the revenue source. The distribution was made a continuing appropriation, then the continuing appropriation was removed. Eventually biannual increases were provided that were intended to restore funding to 100%. However, the result has been mixed at best. Though sometimes the changes provided stable funding, much of the time the changes lagged behind the revenue generated by the tax. The effect of the changes have been that less funding is provided than is collected. Below is a graph of the past ten years of what has and has and has not been distributed back to the fire service.

Year	Premium Tax Collected for the Fire Service per NDCC 18-04-05 &26.1-03-17	ND Firefighters Association Appropriation	ND Fire Departments Appropriation	% of Premium Tax Collection Distributed to the Fire Service	Amount of Premium Tax Collection NOT directed to the ND Fire Service
------	--	---	---	--	--

*April 2, 2019**SB2010**atH*

2009	\$5,753,476.70	\$310,000.00	\$3,100,000.00	59.27%	
2010	\$6,144,064.69	\$310,000.00	\$3,100,000.00	55.50%	\$2,734,064.69
2011	\$6,509,892.78	\$335,000.00	\$3,100,000.00	52.77%	\$3,074,892.78
2012	\$6,943,076.96	\$335,000.00	\$3,100,000.00	49.47%	\$3,508,076.96
2013	\$7,991,100.48	\$335,000.00	\$7,268,193.00	95.15%	\$387,907.48
2014	\$8,157,818.36	\$335,000.00	7,268,193.00	93.20%	\$554,625.36
2015	\$9,159,160.22	\$510,000.00	7,840,603.50	91.17%	\$808,956.00
2016	\$9,551,026.74	\$510,000.00	7,840,603.00	87.43%	\$1,200,483.24
2017	\$9,524,687.99	\$414,263.00	\$7,117,781.00	79.08%	\$1,992,643.99
2018	\$9,400,711.88	\$414,263.00	\$7,117,781.00	80.12%	\$1,868,667.88

As you can see over eighteen million dollars has not been allocated back to the fire service since 2009. The loss of these dollars has placed significant stress on the fire departments across the state. The effects of this not only affect purchase and replacement of gear and equipment but the recruitment and retention of personnel. Every dollar not returned to the local fire department adds hours that members have to work(volunteer) on finding alternative revenue sources to make ends meet. Where a majority of the fire departments across the state are volunteer this adds to the time away from family, work and other community involvement.

I support Engrossed Senate Bill 2010 to again equate the fire service funding allocation to match the full amount collected as a continuing appropriation and I ask that you support the Fire Service of North Dakota by supporting the Insurance Commissioners request to return it to 100% and make it a continuing appropriation.

Sincerely,

Jason L. Catrambone
President

April 2, 2019

SB2010

att A

North Dakota Fire Chiefs Association



Jason L. Catrambone ECO | Fire Chief
City of Williston | Fire Department
317 11th Street West, Williston, ND 58801
T. 701.572.3400 | C. 701-770-4234
www.wfdems.com



April 2, 2019

SB2010

attB



North Dakota Firefighter's Association
1502 Grumman Lane, Suite 2

Bismarck, ND 58504

Phone: (701) 222-2799

Fax: (701) 222-2899

www.ndfa.net

July 13, 2018

Commissioner Jon Godfread
North Dakota Insurance Department
State Capitol, Fifth Floor
600 E. Boulevard Ave.
Bismarck, ND 58505-0320

Re: Appropriation Request for the 2019-2020 Biennium

Dear Commissioner Godfread,

This letter is the North Dakota Firefighter's Association (NDFA) budget request for the 2019-2020 Biennium. This appropriation request follows North Dakota Century Code Chapter 18-04-05 that the Insurance Commissioner shall disburse funds to the North Dakota Firefighter's Association. We respectfully ask that the amounts outlined be included in the Insurance Departments budget request on NDFA's behalf.

This letter also fulfills the requirement of North Dakota Century Code Section 18-03-05 that an itemized statement of the amount of money necessary . . . to conduct fire schools to be held during the succeeding biennium under the direction of the association be submitted to the Office of Management and Budget. In addition, North Dakota Century Code Section 18-03-08 requires the NDFA to report annually to the Office of Management and Budget a full and complete report of the disposition of all money received. That report is attached to this letter.

The North Dakota Firefighter's Association is requesting that the North Dakota Insurance Department include **\$745,672.00** in your base budget for the 2019-2020 biennium to fund the North Dakota Firefighter's Association.

The attached document details actual revenues and expenditures for calendar year 2016 and 2017, estimated revenues and expenditures for calendar year 2018, and requested revenues and expenditures for 2019 and 2020.

/

April 2, 2019

SB2010

att B

As you can see from previous budgets, the North Dakota Firefighter's Association applies for several competitive grants throughout the year from both Federal and State sources to fund several training and certification programs we offer. If we do not receive these grants we would not be able to offer the services we currently do. These funds cannot be used to fund items other than what they were awarded for and are only available as reimbursements after funds are expended.

The North Dakota Firefighter's Association sincerely appreciates the past support of the Governor, the Office of Management and Budget, and the Insurance Commissioner. We look forward to your continued support in the future. The North Dakota firefighters work diligently and responsibly to protect our valued citizens and their property from fire and chemical related hazards.

Sincerely,



Robert Knuth, Training Director
North Dakota Firefighter's Association

CC: Jeffrey Ubben, Deputy Commissioner
Melissa Seifert, Insurance Department
Larry Martin, OMB

			Based off of 90% of 2017/2018 Budget				
			Jan - Dec 16 Actual	Jan - Dec 17 Actual	2018 Budget Estimate	Estimated 2019 Budget	Estimated 2020 Budget
Ordinary Income/Expense							
	Income						
		4000 • Sales	28,703.84	15,264.08	20,000.00	20,000.00	20,000.00
		4100 • Dues	16,130.00	14,740.00	16,000.00	37,300.00	37,300.00
		4110 • Insurance Claim	6,168.20		-		
		4200 • Grants	814,943.88	902,082.33	40,000.00	40,000.00	40,000.00
		4300 • Registration	3,075.00	10,495.00	15,000.00	42,100.00	42,100.00
		4600 • Appropriations/ND	445,011.00	414,262.00 ^X	414,262.00 ^X	372,836.00	372,836.00
		4700 • Testing Fees	2,000.00	-	1,000.00	1,000.00	1,000.00
		4800 • Reimbursed Expenses	3,007.18	2,402.14	3,000.00	3,000.00	3,000.00
		4820 • Donations	30,001.17	605.00	-	-	-
		4900 • Miscellaneous/Income	504.00	66,116.13	500.00	500.00	500.00
		4910 • Library	6,070.00	5,525.00	5,100.00	-	-
	Total Income		1,355,614.27	1,431,491.68	514,862.00	516,736.00	516,736.00
	Expense						
		6000 • NDFA Office	78,343.13	137,922.66	138,000.00	129,039.00	134,900.00
		6100 • Annual Convention	12,162.59	6,603.94	9,000.00	7,500.00	7,500.00
		6200 • State School	158,027.68	116,582.80	30,000.00	30,000.00	30,000.00
		6300 • Regional School	9,026.27	2,826.21	5,000.00	5,000.00	5,000.00
		6330 • SAFER GRANT	-	546,439.14	-	-	-
		6345 • AFG Grant	-	759.96	-	-	-
		6375 • Grant expenses	261,409.88	193,643.23	-	-	-
		6381 • WSI Grant	22,694.73	17,752.45	-	-	-
		6400 • Conference	21,329.15	7,570.95	8,000.00	8,000.00	8,000.00
		6500 • FF Certification	24,784.11	25,729.62	15,000.00	15,000.00	10,000.00
		6581 • Auto Extrication	49,407.10	15,056.05	15,000.00	7,500.00	

April 2, 2019

SB2010

att B

		6590 • Bank Service Charges	-	25.00	100.00	100.00	100.00
		6600 • Insurance	7,652.32	9,937.21	12,000.00	12,000.00	12,000.00
		6700 • Interest Expense	-	-	25.00	100.00	100.00
		6720 • Forms	202.46	355.76	400.00	400.00	400.00
		6775 • Membership/Dues/Subscriptions	1,080.00	290.47	1,000.00	1,500.00	1,500.00
		6800 • Payroll Expenses	239,196.25	190,128.84	192,000.00	228,000.00	235,980.00
		6830 • Executive Board Expenses	10,266.78	13,561.84	14,000.00	12,000.00	12,000.00
		6880 • Miscellaneous	500.00	650.00	500.00	500.00	-
		6881 • Equipment	466,124.57	696.02	1,000.00	1,000.00	1,000.00
		6900 • Professional Fees	81,423.53	42,309.50	15,000.00	3,000.00	3,000.00
		6925 • Repairs	84,443.59	34,974.93	27,000.00	27,000.00	27,000.00
		6950 • Taxes	15,990.79	13,563.07	14,400.00	16,800.00	17,388.00
		6960 • Training Library	2,150.87	683.52	1,000.00	1,000.00	1,000.00
		6970 • Material for resale	31,225.16	4,338.01	4,500.00	4,500.00	4,500.00
		6990 • Adminstrative expenses	114.00	-	-	-	-
		6995 • Automobile Expense	3,450.08	4,245.81	6,000.00	6,000.00	6,000.00
		6999 • Uncategorized Expenses	-	66,116.13	-	-	-
		8000 • Workshops	3,072.11	16,181.91	10,000.00	5,000.00	5,000.00
Total Expense			1,584,077.15	1,468,945.03	518,925.00	520,939.00	522,368.00
Net Ordinary Income			(228,462.88)	(37,453.35)	(4,063.00)	(4,203.00)	(5,632.00)
Other Income/Expense							
Other Income							
		7010 • Interest Income	556.48	893.59	900.00	900.00	900.00
		7030 • Other Income	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
		7500 • Transfer of Funds	150,000.00	275,000.00	-	-	-
Total Other Income			155,556.48	280,893.59	5,900.00	5,900.00	5,900.00
Net Income			(72,906.40)	243,440.24	1,837.00	1,697.00	268.00

April 2, 2019

SB2010

contract with ND Forest Service

at B

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes

#1 SB 2010
 4-18-19
 PJ

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			\$165,007	\$165,007			\$165,007	\$165,007				\$0
Salary increase			218,170	218,170			233,693	233,693			\$15,523	15,523
Health insurance increase			182,946	182,946			182,946	182,946				0
Add 1 FTE consumer assistance outreach coordinator position	1.00		179,711	179,711	1.00		179,711	179,711				0
Add 1 FTE high risk pool and health care reform coordinator	1.00		202,791	202,791	1.00		202,791	202,791				0
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)				0
Transfer the boiler inspection program to DEQ	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)				0
Reduce funding for operating expenses, including travel, information technology, and professional services			(637,255)	(637,255)			(637,255)	(637,255)				0
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153				0
Provide a continuing appropriation for fire district and Firefighter's Association payments			(15,064,086)	(15,064,086)			0	0			15,064,086	15,064,086
Reduce funding for the North Dakota Firefighter's Association				0			(82,853)	(82,853)			(82,853)	(82,853)
Increase funding for fire districts				0			2,538,189	2,538,189			2,538,189	2,538,189
Total ongoing funding changes	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	0.00	\$0	\$17,534,945	\$17,534,945
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	0.00	\$0	\$17,534,945	\$17,534,945
2019-21 Total Funding	41.00	\$0	\$9,701,150	\$9,701,150	41.00	\$0	\$27,236,095	\$27,236,095	0.00	\$0	\$17,534,945	\$17,534,945

P1

#1 SB 2010
4-18-19
pg 2

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Senate Version	House Version
Insurance tax distribution fund	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.	The House removed sections relating to the continuing appropriation authority for insurance tax distribution fund payments. Section 2 appropriates \$17,519,422 from the insurance tax distribution fund, including \$16,773,750 for payments to fire departments and \$745,672 for payments to the North Dakota Firefighter's Association.
Unsatisfied judgment fund	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 3 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Boiler inspection program	Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.	The House removed these sections.
Fees	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 4 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.
Insurance Commissioner's salary	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.	Section 5 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$110,582 beginning July 1, 2020.
Insurance rebates		Sections 6, 7, and 13 provide statutory changes relating to rebates associated with obtaining an insurance quote.
Fund administration - Continuing appropriation	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	Sections 8 through 12 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses. Section 16 declares these sections to be an emergency.
Legislative intent - Fire department payments		Section 14 provides legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.
Study - Volunteer firefighter pension		Section 15 provides for a legislative management study of the feasibility and desirability of establishing a pension for volunteer firefighters.

#2

SB 2010
4-18-19
pg 1**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2010 - Funding Summary**

	Base Budget	Senate Version	House Changes	House Version
Insurance Department				
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	15,064,086		17,519,422	17,519,422
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
General fund	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00
Bill total				
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
General fund	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Insurance tax payments	15,064,086	(15,064,086)	
Total all funds	\$25,793,430	(\$16,092,280)	\$9,701,150
Less estimated income	25,793,430	(16,092,280)	9,701,150
General fund	\$0	\$0	\$0
FTE	46.00	(5.00)	41.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds FTE Positions ³	Transfers Fund Administration ⁴	Transfers the Boiler Inspection Program ⁵	Reduces Funding for Operating Expenses ⁶
Salaries and wages	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	
Operating expenses						(\$637,255)
Insurance tax payments						
Total all funds	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	(\$637,255)
Less estimated income	165,007	401,116	382,502	(610,352)	(753,365)	(637,255)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	(3.00)	(4.00)	0.00

	Adds Funding for Microsoft Office 365 Licensing ⁷	Adjusts Funding for Fire District Payments ⁸	Total Senate Changes
Salaries and wages			(\$415,092)
Operating expenses	\$24,153		(613,102)
Insurance tax payments		(\$15,064,086)	(15,064,086)
Total all funds	\$24,153	(\$15,064,086)	(\$16,092,280)
Less estimated income	24,153	(15,064,086)	(16,092,280)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	(5.00)

#2 SB 2010
4-18-19
pg 2

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

<u>Other Funds</u>	
Salary increase	\$218,170
Health insurance increase	182,946
Total	\$401,116

³ The following FTE positions and related funding are added:

	<u>FTE</u>	<u>Other Funds</u>
Consumer assistance outreach coordinator	1.00	\$179,711
High risk pool and health care reform coordinator	1.00	202,791
Total	2.00	\$382,502

⁴ Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

⁵ Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

⁶ Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

⁷ Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

⁸ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

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	15,064,086		17,519,422	17,519,422
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	25,793,430	9,701,150	17,534,945	27,236,095
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 Increases ¹	Adjusts Funding for Fire District Payments ²	Total House Changes
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		\$17,519,422	17,519,422
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	15,523	17,519,422	17,534,945
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 - Senate Action

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
- Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
- Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.
- Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
- Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.

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. The emergency clause failed in the House.

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2010

SB 2010
4-18-19
pg 1

Introduced by

Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to create and enact ~~chapter 23.1-16~~ and section 26.1-22-03.1 and a new section to chapter 26.1-36 of the North Dakota Century Code, relating to ~~boiler inspections~~ and North Dakota reserve fund use of producers and health insurance; to amend and reenact ~~sections 18-04-04, 18-04-04.1, and 18-04-05~~, subsection 2 of section 26.1-01-07, section 26.1-01-09, subsection 1 of section 26.1-03-17, and subdivision c of subsection 8 of section 26.1-04-03, subsection 2 of section 26.1-04-06, sections 26.1-21-03, 26.1-21-17, 26.1-22-03, and 26.1-23.1-01, and subsection 2 of section 26.1-25-16 of the North Dakota Century Code, relating to the state fire and tornado fund, the state bonding fund, fees chargeable by the insurance commissioner, the salary of the insurance commissioner, insurance rebates, and government self-insurance pools; ~~to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating to boiler inspections; to provide a penalty; to provide for a legislative management study; to provide legislative intent; to provide a continuing appropriation; and to provide a contingent effective date and to declare an emergency.~~

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the insurance commissioner for the purpose of defraying the expenses of the insurance commissioner, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675

1	Total special funds	\$10,729,344	(\$1,028,194)	\$9,701,150
2	Full-time equivalent positions	46.00	(5.00)	41.00
3	Salaries and wages	\$8,549,567	(\$399,569)	\$8,149,998
4	Operating expenses	2,179,777	(613,102)	1,566,675
5	Total special funds	\$10,729,344	(\$1,012,671)	\$9,716,673
6	Full-time equivalent positions	46.00	(5.00)	41.00

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

14 **SECTION 3. UNSATISFIED JUDGMENT FUND.** Section 1 of this Act includes \$29,703
15 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative
16 expenses for the biennium beginning July 1, 2019, and ending June 30, 2021.

17 ~~**SECTION 3. AMENDMENT.** Section 18-04-04 of the North Dakota Century Code is~~
18 ~~amended and reenacted as follows:~~

19 ~~**18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril,**~~
20 ~~**farmowner's multiple peril, crop hail, and commercial multiple peril insurance premium**~~
21 ~~**collections - Form furnished by insurance commissioner.**~~

22 ~~The insurance commissioner, whenat the time the commissioner forwards to an insurance~~
23 ~~company whichthat is issuing policies for fire, allied lines, homeowner's multiple peril,~~
24 ~~farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the~~
25 ~~form to be used in submitting its the company's annual statement, shall forward a form~~
26 ~~containing the names of all cities and all rural fire protection districts or rural fire departments~~
27 ~~entitled to benefits under the provisions of this chapter. Every insurance company issuing~~
28 ~~policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail,~~
29 ~~and commercial multiple peril insurance within this state shall complete suchthe form by~~
30 ~~showing thereon the amount of all premiums received by itthe company upon such policies~~
31 ~~issued on property within the corporate limits of each city shown on suchthe form and on~~

1 ~~property within the boundaries of each rural fire protection district shown on such the form or~~
2 ~~property within the boundaries of each rural fire department as certified by the state fire marshal~~
3 ~~during the year ending on the preceding thirty first day of December and shall file the same form~~
4 ~~as a part of its the company's annual statement.~~

5 ~~— SECTION 4. AMENDMENT. Section 18-04-04.1 of the North Dakota Century Code is~~
6 ~~amended and reenacted as follows:~~

7 ~~— 18-04-04.1. Insurance tax distribution fund.~~

8 ~~— The insurance tax distribution fund is a special fund in the state treasury. The portion of~~
9 ~~revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as~~
10 ~~provided in this chapter and chapter 23-46, subject to legislative appropriation.~~

11 ~~— SECTION 5. AMENDMENT. Section 18-04-05 of the North Dakota Century Code is~~
12 ~~amended and reenacted as follows:~~

13 ~~— 18-04-05. Amount due cities, rural fire protection districts, or rural fire departments~~
14 ~~Transfer to firefighters death benefit fund Disbursement to North Dakota firefighter's~~
15 ~~association Payments by insurance commissioner Continuing appropriation.~~

16 ~~— 1. The insurance commissioner shall disburse funds in the insurance tax distribution fund~~
17 ~~as provided under this section.~~

18 ~~— 2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars~~
19 ~~per biennium, as may be necessary, to the firefighters death benefit fund for~~
20 ~~distribution under chapter 18-05.1.~~

21 ~~— 3. The insurance commissioner shall compute and disburse funds to the North Dakota~~
22 ~~firefighter's association for uses authorized under chapter 18-03, subject to legislative~~
23 ~~appropriations.~~

24 ~~— 4. The insurance commissioner shall compute and disburse the amounts due to the~~
25 ~~certified city fire departments, certified rural fire departments, or certified fire protection~~
26 ~~districts entitled to benefits under this chapter on or before December first of each~~
27 ~~year. The insurance commissioner shall allocate one half of the biennial legislative~~
28 ~~appropriation for distribution under this subsection, to each eligible city not within a~~
29 ~~certified fire protection district, each certified rural fire protection district organized~~
30 ~~under this title, and each rural fire department certified by the state fire marshal, and~~
31 ~~pay the amount allocated in December of each year. The allocation must be made in~~

proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance the lines of insurance identified under section 18-04-04 on property within the city of a certified city fire department, a certified rural fire protection district, or area served by the a certified rural fire department to the total of those premiums for those policies in the state.

5. Annually, the insurance commissioner shall determine the amount of insurance premium taxes collected from the insurance lines identified in section 18-04-04. Of this amount, annually the commissioner shall disburse five and one half percent to the North Dakota firefighter's association and ninety four and one half percent to certified city fire departments, certified rural fire departments, and certified fire protection districts. Moneys authorized for disbursement under this section are appropriated from the insurance tax distribution fund to the insurance commissioner on a continuing basis for the purpose of this section.

SECTION 6. Chapter 23.1-16 of the North Dakota Century Code is created and enacted as follows:

23.1-16-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Boiler" means a closed vessel in which water is heated, steam is generated, steam is superheated, or any combination thereof, under pressure or vacuum for use externally to the boiler by the direct application of heat from the combustion of fuels, or from electricity or nuclear energy. The term includes fired units for vaporizing liquids other than water when these units are separate from processing systems and are complete within themselves.

2. "Department" means the department of environmental quality.

23.1-16-02. Chief boiler inspector, deputy inspectors - Appointment - Jurisdiction.

The department shall employ a chief boiler inspector and deputy inspectors. The chief boiler inspector has jurisdiction over all boilers in this state except as otherwise provided.

23.1-16-03. Qualifications of chief boiler inspector - Deputy inspectors.

1. An individual is not eligible to the office of chief boiler inspector unless that individual:

~~a. Has had at the time of the appointment at least five years' experience in the construction, inspection, operation, maintenance, or repair of high pressure boilers and pressure vessels as a mechanical engineer, boilermaker, steam operating engineer, or boiler inspector. An applicant possessing a mechanical engineering degree from an accredited school may substitute that degree for two years of the five years' experience, at the discretion of the department.~~

~~b. Holds a commission issued by the national board of boiler and pressure vessel inspectors or obtains the commission within one year after the date of appointment by the department.~~

~~c. Is not directly or indirectly interested in the manufacture or sale of boilers or steam machinery or articles used in the construction or maintenance of engines or boilers.~~

~~2. The department shall establish qualifications for a deputy inspector which are not inconsistent with the requirements of the position.~~

~~**23.1-16-04. Powers and duties of chief boiler inspector.**~~

~~1. The chief boiler inspector shall:~~

~~a. Keep a complete record of the type, dimensions, maximum allowable working pressure, age, condition, location, and date of the last recorded internal and external inspection of boilers to which this chapter applies.~~

~~b. Cooperate and assist in loss prevention programs sponsored by the department.~~

~~2. The chief boiler inspector may delegate powers and duties to any deputy inspector or special inspector.~~

~~**23.1-16-05. General requirement.**~~

~~Every boiler in this state must be constructed, installed, and maintained according to rules adopted to implement this chapter.~~

~~**23.1-16-06. Exempt boilers — Inspection of exempt boilers.**~~

~~This chapter does not apply to:~~

~~1. Any boiler subject to federal inspection or under federal control.~~

~~2. Any boiler located on a farm and used solely for agricultural purposes.~~

~~3. Any heating boiler located in a private residence or in an apartment house of less than six family units.~~

- 1 ~~4. Any hot water supply boiler not exceeding the following limitations:~~
- 2 ~~a. Input of two hundred thousand British thermal units per hour.~~
- 3 ~~b. Pressure of one hundred sixty pounds per square inch [1103.16 kilopascals]~~
- 4 ~~gauge.~~
- 5 ~~c. Temperature of two hundred fifty degrees Fahrenheit [121.11 degrees Celsius].~~
- 6 ~~5. Any portable steam cleaner commonly used in a garage.~~
- 7 ~~6. Any boiler of a miniature model locomotive, boat, tractor, or stationary engine design~~
- 8 ~~constructed as a hobby, not for commercial use, having an inside diameter not~~
- 9 ~~exceeding ten inches [25.4 centimeters] and a grate area not exceeding one and~~
- 10 ~~one half square feet [1393.54 square centimeters] and which is properly equipped with~~
- 11 ~~a safety valve, water level indicator, and pressure gauge.~~
- 12 ~~7. Any electric boiler used as an integral part of an espresso coffee machine, provided~~
- 13 ~~that the boiler does not exceed one and one half cubic feet [.0566 cubic meter] in~~
- 14 ~~water capacity, does not exceed fifty pounds per square inch [344.74 kilopascals]~~
- 15 ~~pressure, and is constructed, approved, or certified to the American society of~~
- 16 ~~mechanical engineers code or to other national or international standards.~~
- 17 ~~**23.1 16-07. Inspection of boilers.**~~
- 18 ~~1. The chief boiler inspector shall inspect each boiler used or proposed to be used within~~
- 19 ~~this state. The inspection must be thorough as to the construction, installation,~~
- 20 ~~condition, and operation as provided by the rules adopted to implement this chapter.~~
- 21 ~~An exempt boiler may be inspected by the chief boiler inspector when the owner, the~~
- 22 ~~owner's agent, or the user of the boiler makes written request for inspection to the~~
- 23 ~~department.~~
- 24 ~~2. Each boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more~~
- 25 ~~capacity, used or proposed to be used within this state, which has internal continuous~~
- 26 ~~water treatment under the direct supervision of a graduate engineer or chemist, or one~~
- 27 ~~having equivalent experience in the treatment of boiler water when the water treatment~~
- 28 ~~is for the purpose of controlling and limiting serious corrosion and other deteriorating~~
- 29 ~~factors, and with respect to which boiler the chief boiler inspector has determined the~~
- 30 ~~owner or user has complied with the prescribed recordkeeping requirements, must be~~
- 31 ~~inspected at least once every thirty six months internally while not under pressure, and~~

at least once every twelve months externally while under pressure. If a hydrostatic test is necessary to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of the chief boiler inspector. The owner or user of a boiler of one hundred thousand pounds [45359.24 kilograms] per hour or more capacity desiring to qualify for thirty-six month internal inspection intervals shall keep available for examination by the chief boiler inspector accurate records showing the date and actual time the boiler is out of service and the reason or reasons therefor, and the results of the chemical and physical analysis of the boiler water, whether from laboratory analysis of samples taken at regular intervals of not more than forty-eight hours or from continuous online analysers, which will adequately show the condition of the water and any other elements or characteristics of the water capable of producing corrosion or other deterioration of the boiler or its parts. If an inspection discloses deficiencies in equipment or in operating procedures, inspections may be required once every twelve months.

23.1-16-08. Special inspector.

1. Upon written request of an employer, the department may appoint as a special inspector an inspector in the employ of:
 - a. An insurance company authorized to insure boilers in this state against loss from explosion;
 - b. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited owner/user inspection organization; or
 - c. A company qualified by the national board of boiler and pressure vessel inspectors as an accredited authorized inspection agency.
2. An individual may not be appointed as a special inspector unless that individual has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.
3. An inspection performed by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the department in the time, manner, and form as prescribed by the department.
4. If a complete report is not filed by the special inspector's employer with the department within ninety days from the certificate due date, the chief boiler inspector may make

the required inspection, unless an extension of time is granted by the chief boiler inspector. The special inspector's employer must pay the inspection fees as required by section 23.1-16-09 for a special inspection.

5. The chief boiler inspector may inspect any boiler to which a special inspection applies.

6. The department may, for cause, suspend or revoke the appointment of any special inspector.

23.1-16-09. Inspection and certificate fees.

1. Upon completion of inspection, the owner or user of a boiler shall pay to the department fees or a combination of inspection and certificate fees. The department shall determine the inspection fees. Certificate fees are determined by section 23.1-16-10. The department shall determine and annually may adjust a fee scale for the internal inspections of power boilers, internal inspections of low pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.

2. Not more than two hundred dollars may be charged or collected for any one inspection of a boiler, except for special inspections made upon request. All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed five hundred dollars per day or three hundred dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state owned vehicle will be the actual amount incurred by the department.

3. The annual fee for the issuance of a reciprocal commission card for a special inspector is forty dollars and the annual fee for the issuance of a welder qualified card is twenty dollars.

4. The fee for taking an examination for a hobby boiler operating license is twenty five dollars and the fee for a hobby boiler operating license is twenty five dollars.

5. A hobby boiler operating license issued under this section is valid for six years.

23.1-16-10. Certificate of inspection - Certificate to be posted.

The department shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The

1 ~~department shall charge a fee of twenty dollars per year for each year that a certificate is valid,~~
2 ~~or part of a year thereof, for each certificate of inspection issued as the result of inspections~~
3 ~~authorized under sections 23.1 16-07 and 23.1 16-08. The fees are the liability of the owner or~~
4 ~~user and must be paid in accordance with rules adopted by the department. A certificate may~~
5 ~~not be issued for any boiler not in a safe condition to be operated or for a boiler for which the~~
6 ~~inspection and certificate fees have not been paid in full. A certificate is not valid for a period of~~
7 ~~more than thirty six months for power boilers described in subsection 2 of section 23.1 16-07,~~
8 ~~and no more than twelve months for other power boilers, twelve months for steam traction~~
9 ~~engines, and thirty six months for low pressure boilers except that a two-month grace period~~
10 ~~may be extended for any certificate. Upon written request from a special inspector, the chief~~
11 ~~boiler inspector may issue a short term certificate. Each certificate of inspection must be posted~~
12 ~~conspicuously under glass in the boiler room or adjacent to the boiler inspected.~~

13 ~~— 23.1 16-11. Certificate of inspection required – Penalty.~~

14 ~~— A person may not operate a boiler in this state without a valid certificate of inspection. A~~
15 ~~violation of this section is a class A misdemeanor on the part of the owner, user, or operator of~~
16 ~~the boiler.~~

17 ~~— 23.1 16-12. Manufacturer's data report.~~

18 ~~— The boiler manufacturer shall provide the department with a manufacturer's data report.~~
19 ~~When signed by an authorized inspector, this data sheet together with the stamp on the boiler is~~
20 ~~the record denoting the boiler has been constructed in accordance with the rules adopted to~~
21 ~~implement this chapter.~~

22 ~~— 23.1 16-13. Disposition of funds.~~

23 ~~— All funds collected and received under this chapter must be paid to the state treasurer and~~
24 ~~deposited in the state fire and tornado fund to be used to defray the costs of boiler inspections.~~

25 ~~— 23.1 16-14. Rules – Penalty for violation – Hearing.~~

26 ~~— 1. The department shall adopt rules for the safe and proper installation, use, operation,~~
27 ~~and inspection of boilers and pressure vessels subject to this chapter.~~

28 ~~— 2. The department shall adopt rules for the licensing of operators of hobby boilers used~~
29 ~~during parades, exhibitions, and threshing shows where the public is invited.~~

30 ~~— 3. A fee must be charged for an operating license, for a license renewal, and for an~~
31 ~~examination conducted to determine minimum competence. Individuals operating~~

~~hobby boilers within this state as of July 1, 2007, are considered acceptable for a
license without additional training or examination. An individual who is not a resident of
this state and who holds a boiler operator license or credential in another state or
Canadian province is exempt from licensure as a hobby boiler operator in this state.~~

~~4. The department may not issue a certificate of inspection to any owner or user of a
boiler who fails or refuses to comply with the rules. The department shall revoke any
certificate presently in force upon evidence that the owner or user of the boiler is
failing or refusing to comply with the rules.~~

~~5. Any owner or user of a boiler may request a hearing before the department within
fifteen days from service of an order refusing or revoking a certificate of inspection. It
is the burden of the owner or user to show cause why the certificate of inspection
should not be refused or revoked. If no hearing is requested within the required period,
the order of the department becomes final and is not subject to further proceedings.~~

SECTION 4. AMENDMENT. Subsection 2 of section 26.1-01-07 of the North Dakota
Century Code is amended and reenacted as follows:

2. Nonprofit health service corporations and health maintenance organizations are
subject to the same fees as any other insurance company. County mutual insurance
companies and benevolent societies are liable only for the fees mentioned in
subdivisions b, f, g, and kh of subsection 1.

SECTION 5. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is
amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is ~~one hundred two thousand six hundred
eighty-nine dollars through June 30, 2016~~ one hundred seven thousand eight hundred
eighty-five dollars through June 30, 2020, and ~~one hundred five thousand seven hundred
seventy-one hundred eleven thousand one hundred twenty-two~~ one hundred ten thousand five
hundred eighty-two dollars thereafter.

~~**SECTION 9. AMENDMENT.** Subsection 1 of section 26.1-03-17 of the North Dakota
Century Code is amended and reenacted as follows:~~

- ~~1. Before issuing the annual certificate required by law, the commissioner shall
collect from every stock and mutual insurance company, nonprofit health service~~

corporation, health maintenance organization, and prepaid legal service organization, except fraternal benefit and benevolent societies, doing business in this state, a tax on the gross amount of premiums, assessments, membership fees, subscriber fees, policy fees, service fees collected by any third party administrator providing administrative services to a group that is self insured for health care benefits, and finance and service charges received in this state during the preceding calendar year, at the rate of two percent with respect to life insurance, one and three fourths percent with respect to accident and health insurance, and one and three fourths percent with respect to all other lines of insurance. This tax does not apply to considerations for annuities. The total tax is payable on or before March first following the year for which the tax is assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on the next succeeding business day. Collections from this tax must be deposited in the insurance tax distribution fund under section 18-04-04.1 but not in an amount exceeding the amount computed under section 18-04-05 and one half of the biennial amount appropriated for distribution under section 18-04-05 and chapter 23-46 in any fiscal year. Collections from this tax exceeding the sum of the amount deposited in the insurance tax distribution fund must be deposited in the general fund in the state treasury.

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.

SECTION 8. AMENDMENT. Section 26.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-03. Commissioner may employ or contract for assistants - Continuing appropriation.

The commissioner may employ assistants or contract for the services of assistants from the North Dakota insurance reserve fund as may be necessary to operate the state bonding fund. ~~The salaries of all employees together with all other expenditures for the operation of the fund must remain within the appropriations made by the legislative assembly for these purposes and must be paid by warrant check drawn on the state treasury prepared by the office of management and budget after the approval of expense vouchers by the office of the budget.~~ Moneys in the reserve fund of the state bonding fund are appropriated to the commissioner on a continuing basis for the purpose of employing or contracting for services as provided under this section.

SECTION 9. AMENDMENT. Section 26.1-21-17 of the North Dakota Century Code is amended and reenacted as follows:

26.1-21-17. Allowed liability claims payable from fund - Administrative expenses - Methods of payment.

A claim allowed against the fund must be paid upon warrants drawn upon the state treasurer against the fund. The warrant must be prepared by the office of management and budget pursuant to the directions of the commissioner. Payments for administrative expenses of the state bonding fund must be made from the reserve fund of the state bonding fund or must be made within the limitations of legislative appropriations upon warrant-checks prepared by the office of management and budget after the approval of vouchers by the commissioner.

SECTION 10. AMENDMENT. Section 26.1-22-03 of the North Dakota Century Code is amended and reenacted as follows:

26.1-22-03. Employment of assistants - Expenditures from fund - Continuing appropriation.

To carry out this chapter, the commissioner may utilize any information on file in the state fire marshal's department and any of the employees of the commissioner and the commissioner may employ necessary assistants or contract for services of assistants from the North Dakota insurance reserve fund and may incur necessary expenses. All expenditures made for these purposes, other than services contracted and paid for by moneys from the fund and any necessary expenses paid from moneys from the reserve balance within the fund, must remain

1 within the limits of legislative appropriations and must be paid out of the fund upon warrants
2 prepared by the office of management and budget drawn upon the state treasurer after the
3 approval of vouchers by the office of the budget. Moneys from the reserve balance within the
4 fund are appropriated to the commissioner on a continuing basis for the purposes of this
5 section.

6 **SECTION 11.** Section 26.1-22-03.1 of the North Dakota Century Code is created and
7 enacted as follows:

8 **26.1-22-03.1. North Dakota insurance reserve fund - Producers - Commission.**

9 The North Dakota insurance reserve fund may use the services of producers licensed under
10 this title to assist policyholders. Any commission paid to a producer under this section must be
11 paid out of the premium income of the fund and must be assessed against the policyholders
12 that benefit from the producer.

13 **SECTION 12. AMENDMENT.** Section 26.1-23.1-01 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **26.1-23.1-01. Government self-insurance pools - Regulation - Reinsurance.**

- 16 1. Any two or more entities that have united to self-insure against their legal liability
17 under chapter 32-12.1 or any state agency that unites with another state agency or
18 political subdivision, or both, to self-insure against their legal liabilities are subject to
19 the provisions of this chapter with the exception of a city and its park district
20 established pursuant to chapter 40-49. Government self-insurance pools may only
21 provide coverage of the following types for pool members, their officers, employees,
22 and agents:
- 23 a. Casualty insurance, including general, public officials, and professional liability
24 coverages.
 - 25 b. Automobile insurance, including motor vehicle liability insurance coverage,
26 security for motor vehicles owned or operated as required by chapter 26.1-41,
27 and protection against other liability and laws associated with the ownership of
28 motor vehicles and automobile physical damage coverages.
 - 29 c. Property insurance, including inland marine coverage, money and securities
30 coverage, and extra expense coverage. However, this subdivision does not
31 authorize government self-insurance pools to write those types of insurance

coverages offered by the state fire and tornado fund under the provisions of chapter 26.1-22 as they existed on December 31, 1988, unless a government self-insurance pool enters a contract with the commissioner to provide services for the state fire and tornado fund under section 26.1-22-03.

d. Other coverages authorized by the commissioner and necessary to a pool's membership.

2. A government self-insurance pool may not expose itself to loss on any single risk or hazard in an amount exceeding ten percent of the amount of its admitted assets unless the pool obtains excess insurance or reinsurance with insurance companies approved for such business by the insurance commissioner.

~~**SECTION 15. REPEAL.** Chapter 26.1-22.1 of the North Dakota Century Code is repealed.~~

~~**SECTION 16. CONTINGENT EFFECTIVE DATE.** Sections 6 and 15 of this Act become effective on July 1, 2019, if the legislative council has received certification from the chief of the environmental health section of the state department of health that all authority, powers, and duties from the environmental health section of the state department of health have been transferred to the department of environmental quality. If the certification is not received by July 1, 2019, sections 6 and 15 of this Act become effective on the date certification is received.~~

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.

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

Senate Bill No. 2010

Base Level Funding Changes

/ 5B 2010
4-22-19
A1

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			\$165,007	\$165,007			\$165,007	\$165,007				\$0
Salary increase			218,170	218,170			233,693	233,693			\$15,523	15,523
Health insurance increase			182,946	182,946			182,946	182,946				0
Add 1 FTE consumer assistance outreach coordinator position	1.00		179,711	179,711	1.00		179,711	179,711				0
Add 1 FTE high risk pool and health care reform coordinator	1.00		202,791	202,791	1.00		202,791	202,791				0
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)				0
Transfer the boiler inspection program to DEQ	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)				0
Reduce funding for operating expenses, including travel, information technology, and professional services			(637,255)	(637,255)			(637,255)	(637,255)				0
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153				0
Provide a continuing appropriation for fire district and Firefighter's Association payments			(15,064,086)	(15,064,086)			0	0			15,064,086	15,064,086
Reduce funding for the North Dakota Firefighter's Association				0			(82,853)	(82,853)			(82,853)	(82,853)
Increase funding for fire districts				0			2,538,189	2,538,189			2,538,189	2,538,189
Total ongoing funding changes	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	0.00	\$0	\$17,534,945	\$17,534,945
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	0.00	\$0	\$17,534,945	\$17,534,945
2019-21 Total Funding	41.00	\$0	\$9,701,150	\$9,701,150	41.00	\$0	\$27,236,095	\$27,236,095	0.00	\$0	\$17,534,945	\$17,534,945

P1

#/ SB 2010
4-22-19
pg 2

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Senate Version	House Version
Insurance tax distribution fund	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.	The House removed sections relating to the continuing appropriation authority for insurance tax distribution fund payments. Section 2 appropriates \$17,519,422 from the insurance tax distribution fund, including \$16,773,750 for payments to fire departments and \$745,672 for payments to the North Dakota Firefighter's Association.
Unsatisfied judgment fund	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 3 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Boiler inspection program	Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.	The House removed these sections.
Fees	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 4 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.
Insurance Commissioner's salary	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.	Section 5 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$110,582 beginning July 1, 2020.
Insurance rebates		Sections 6, 7, and 13 provide statutory changes relating to rebates associated with obtaining an insurance quote.
Fund administration - Continuing appropriation	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	Sections 8 through 12 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.
Pre-existing conditions		Section 14 provides accident and health insurance policies may not take into account any pre-existing condition of an applicant.
Legislative intent - Fire department payments		Section 15 provides legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.
Study - Volunteer firefighter pension		Section 16 provides for a legislative management study of the feasibility and desirability of establishing a pension for volunteer firefighters.

19.0223.02006
Title.

Prepared by the Legislative Council staff for
Representative J. Nelson
April 16, 2019

#2 SB 2010
4-22-19
P91

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1572-1575 of the Senate Journal and pages 1740-1742 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

Page 1, line 10, after the first semicolon insert "to provide for a report;"

Page 1, replace lines 21 and 22 with:

"Operating expenses	2,179,777	(413,102)	1,766,675
Total special funds	\$10,729,344	(\$828,194)	\$9,901,150"

Page 13, after line 22, insert:

"SECTION 16. REPORT TO LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY. During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium trends as provided for in House Bill No. 1106 of the sixty-sixth legislative assembly. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and shall submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

Page 1, line 10, after the third semicolon, insert "to provide for a legislative management study;"

Page 13, after line 28, insert:

SECTION 17. LEGISLATIVE MANAGEMENT STUDY – HEALTH INSURANCE.

During the 2019-2020 interim, the legislative management shall consider studying the desirability and feasibility of state guaranteed issue provisions, to include protections for individuals with preexisting conditions and an analysis of restructuring the comprehensive health association of North Dakota.

Renumber accordingly

Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401
Senate Bill No. 2010
Base Level Funding Changes

SB2010
4/23/19

#1
pg1

	Senate Version				House Version				Conference Committee Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430	46.00	\$0	\$25,793,430	\$25,793,430
2019-21 Ongoing Funding Changes												
Base payroll changes			\$165,007	\$165,007			\$165,007	\$165,007			\$165,007	\$165,007
Salary increase			218,170	218,170			233,693	233,693			233,693	233,693
Health insurance increase			182,946	182,946			182,946	182,946			182,946	182,946
Add 1 FTE consumer assistance outreach coordinator position	1.00		179,711	179,711	1.00		179,711	179,711	1.00		179,711	179,711
Add 1 FTE high risk pool and health care reform coordinator	1.00		202,791	202,791	1.00		202,791	202,791	1.00		202,791	202,791
Transfer administration of the fire and tornado fund and bonding fund to the insurance reserve fund	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)	(3.00)		(610,352)	(610,352)
Transfer the boiler inspection program to DEQ	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)	(4.00)		(753,365)	(753,365)
Reduce funding for operating expenses, including travel, information technology, and professional services			(637,255)	(637,255)			(637,255)	(637,255)			(637,255)	(637,255)
Add funding for Microsoft Office 365 licensing expenses			24,153	24,153			24,153	24,153			24,153	24,153
Provide a continuing appropriation for fire district and Firefighter's Association payments			(15,064,086)	(15,064,086)			0	0			0	0
Reduce funding for the North Dakota Firefighter's Association			0	0			(82,853)	(82,853)			0	0
Increase funding for fire districts			0	0			2,538,189	2,538,189			3,753,944	3,753,944
Total ongoing funding changes	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	(5.00)	\$0	\$2,741,273	\$2,741,273
One-time funding items												
Add funding for an analysis of health insurance premium trends			0	0			0	0			\$200,000	\$200,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$200,000	\$200,000
Total Changes to Base Level Funding	(5.00)	\$0	(\$16,092,280)	(\$16,092,280)	(5.00)	\$0	\$1,442,665	\$1,442,665	(5.00)	\$0	\$2,941,273	\$2,941,273
2019-21 Total Funding	41.00	\$0	\$9,701,150	\$9,701,150	41.00	\$0	\$27,236,095	\$27,236,095	41.00	\$0	\$28,734,703	\$28,734,703

pl

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Senate Version	House Version	Conference Committee Version
Insurance tax distribution fund	Sections 3, 4, 5, and 9 provide statutory changes necessary for the Insurance Commissioner to calculate the amounts due to fire districts and the North Dakota Firefighter's Association and provide continuing appropriations authority to distribute the amounts due.	The House removed sections relating to the continuing appropriation authority for insurance tax distribution fund payments. Section 2 appropriates \$17,519,422 from the insurance tax distribution fund, including \$16,773,750 for payments to fire departments and \$745,672 for payments to the North Dakota Firefighter's Association.	The Conference Committee removed sections relating to the continuing appropriation authority for insurance tax distribution fund payments. Section 3 appropriates \$18,818,030 from the insurance tax distribution fund, including \$17,989,505 for payments to fire departments and \$828,525 for payments to the North Dakota Firefighter's Association.
Unsatisfied judgment fund	Section 2 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 3 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.	Section 4 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.
Boiler inspection program	Sections 6 and 15 provide statutory changes necessary to transfer the boiler inspection program to the Department of Environmental Quality. Section 16 provides a contingent effective date for the transfer.	The House removed these sections.	The Conference Committee removed these sections.
Fees	Section 7 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 4 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.	Section 5 amends Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.
Insurance Commissioner's salary	Section 8 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$111,122 beginning July 1, 2020.	Section 5 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$110,582 beginning July 1, 2020.	Section 6 provides the statutory changes necessary to increase the Insurance Commissioner's salary to \$107,885 beginning July 1, 2019, and \$110,582 beginning July 1, 2020.
Insurance rebates		Sections 6, 7, and 13 provide statutory changes relating to rebates associated with obtaining an insurance quote.	Sections 7, 8, and 14 provide statutory changes relating to rebates associated with obtaining an insurance quote.
Fund administration - Continuing appropriation	Sections 10 through 14 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	Sections 8 through 12 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses.	Sections 9 through 13 provide statutory changes necessary to allow the Insurance Commissioner to contract with the insurance reserve fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the funds to pay contractual fund administration expenses. Section 19 declares these sections to be an emergency.
Health care analysis			Section 15 provides for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106.
Legislative intent - Fire department payments		Section 15 provides legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.	Section 16 provides legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.

Other Sections for Insurance Commissioner, including Insurance Tax Payments to Fire Departments - Budget No. 401

	Senate Version	House Version	Conference Committee Version
Pre-existing conditions		Section 14 provides accident and health insurance policies may not take into account any pre-existing condition of an applicant.	Section 17 provides for a Legislative Management study of health insurance coverage for pre-existing conditions.
Study - Volunteer firefighter pension		Section 16 provides for a legislative management study of the feasibility and desirability of establishing a pension for volunteer firefighters.	Section 18 provides for a legislative management study of the feasibility and desirability of establishing a pension for volunteer firefighters.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1572-1576 of the Senate Journal and pages 1740-1744 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

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

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

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 legislative management studies; to provide legislative intent; to provide for reports;"

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

Page 1, line 11, replace "contingent effective date" with "to provide for a penalty; 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>(413,102)</u>	<u>1,766,675</u>
Total special funds	\$10,729,344	(\$812,671)	\$9,916,673
Full-time equivalent positions	46.00	(5.00)	41.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Health care analysis	\$0	\$200,000
Total special funds	\$0	\$200,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the

sum of \$18,818,030, 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 \$17,989,505 and payments to the North Dakota firefighter's association in the amount of \$828,525, 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 7. 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, promotional 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 8. 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 14. 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 15. REPORT TO THE LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY. During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium

trends as approved by the sixty-sixth legislative assembly in House Bill No. 1106. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation.

SECTION 16. 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 17. LEGISLATIVE MANAGEMENT STUDY - HEALTH INSURANCE - PRE-EXISTING CONDITIONS. During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of state guaranteed issue provisions for health insurance. The study must include consideration of protections for individuals with pre-existing conditions and consideration of whether to restructure the comprehensive health association of North Dakota. 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 18. 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 19. EMERGENCY. Sections 9, 10, 11, 12, and 13 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998	\$8,149,998	
Operating expenses	2,179,777	1,566,675	200,000	1,766,675	1,566,675	\$200,000
Insurance tax payments	15,064,086		18,818,030	18,818,030	17,519,422	1,298,608
Total all funds	\$25,793,430	\$9,701,150	\$19,033,553	\$28,734,703	\$27,236,095	\$1,498,608
Less estimated income	25,793,430	9,701,150	19,033,553	28,734,703	27,236,095	1,498,608
General fund	\$0	\$0	\$0	\$0	\$0	\$0

FTE 46.00 41.00 0.00 41.00 41.00 0.00

Department 401 - Insurance Department - Detail of Conference Committee Changes

p 5

	Adds Funding for Salary Increases ¹	Adjusts Funding for Fire District Payments ²	Add One-Time Funding for Health Care Analysis ³	Total Conference Committee Changes
Salaries and wages	\$15,523			\$15,523
Operating expenses			\$200,000	200,000
Insurance tax payments		\$18,818,030		18,818,030
Total all funds	\$15,523	\$18,818,030	\$200,000	\$19,033,553
Less estimated income	15,523	18,818,030	200,000	19,033,553
General fund	\$0	\$0	\$0	\$0
FTE	0.00	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 same as the House version. 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. The House also removed the continuing appropriation authority. This amendment provides \$17,989,505 to be distributed to fire departments, an increase of \$3,753,944 from the base level. The Senate provided an estimated \$17,783,038 and the House provided \$16,773,750 for fire department payments. The amendment also provides \$828,525 to be distributed to the North Dakota Firefighter's Association, the same as the base level. The Senate provided an estimated \$1,034,992 and the House provided \$745,672 for the North Dakota Firefighter's Association. This results in a general fund revenue reduction of \$3,753,944 compared to the base level, the same as the Senate version and \$1,298,608 more than the House version.

³ One-time funding of \$200,000 is appropriated for an analysis of health care in the state to assist the Legislative Management in its study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included funding for the health care analysis.

Senate Bill No. 2010 - Other Changes - Conference Committee Action

This amendment also:

- Removes sections added by the Senate to provide continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund. The House also removed these sections.
- Removes sections added by the Senate to provide 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, the same as the House version.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote, the same as the House version.
- Adds a section to provide for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included this section.
- Does not include a section added by the House to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant. The Conference Committee amendment provides for a Legislative Management study of health insurance coverage for pre-existing conditions.
- 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, the same as the House version.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters, the same as the House version.
- 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.