

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments  
Senate Bill No. 2010, House Bill No. 1399**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2003-05 executive budget (bills as introduced)	45.50	\$0	\$11,642,337	\$11,642,337 <sup>1</sup>
<b>2003-05 legislative appropriations</b>	<b>45.50</b>	<b>100,000</b>	<b>11,790,779<sup>2</sup></b>	<b>11,890,779<sup>1,2</sup></b>
Legislative increase (decrease) to executive budget	0.00	\$100,000	\$148,442	\$248,442
Legislative increase (decrease) to 2001-03 appropriations	0.00	\$100,000	(\$107,994)	(\$7,994)

<sup>1</sup> This amount includes the appropriation of \$5,304,000 from the insurance tax distribution fund of which \$5.2 million is for insurance tax payments to fire departments and \$104,000 is for two equal payments to the North Dakota Firefighter's Association, the same level of funding provided for the 2001-03 biennium.

<sup>2</sup> Section 3 of House Bill No. 1505 requires the Office of Management and Budget to reduce the special funds appropriation authority for the Insurance Commissioner for the 2003-05 biennium by \$37,368 relating to an information technology reduction. The Office of Management and Budget is to transfer \$37,368 of special funds reduced from the Insurance Commissioner's information technology budget to the Information Technology Department for funding a portion of the Information Technology Department's operating budget.

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

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Insurance Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases			(\$51,708)	(\$51,708)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy			(4,850)	(4,850)
Increased funding for operating expenses for marketing efforts associated with the Insurance Commissioner's fraud unit established in House Bill No. 1231 (See <b>Related Legislation</b> section below)			150,000	150,000
Increased funding for operating expenses relating to the payment of cost-benefit analyses of 2005 Legislative Assembly measures mandating health insurance coverage (North Dakota Century Code (NDCC) Section 54-03-28 requires these analyses)			55,000	55,000

Provided funding for the purpose of implementing a pharmaceutical manufacturers drug access program as provided in House Bill No. 1399 (See <b>Related Legislation</b> section below)		\$100,000		100,000
Total	0.00	\$100,000	\$148,442	\$248,442

**FTE Changes**

The 2003-05 biennium appropriation includes funding for 45.5 FTE positions, the same as the 2001-03 biennium authorized level.

**Administrative Costs of Special Funds**

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund. The decreases from the 2001-03 biennium will result in an increase of \$75,000 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	2001-03 Biennium	2003-05 Biennium	Increase (Decrease)
Bonding fund	\$67,431	\$35,000	(\$32,431)
Fire and tornado fund	\$831,145	\$813,576	(\$17,569)
Unsatisfied judgment fund	\$60,000	\$35,000	(\$25,000)
Petroleum tank release compensation fund	\$80,000	\$80,000	\$0

**Other Sections in Bill**

**Anhydrous tank inspections** - Section 7 provides that \$175,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner. This represents an increase of funding available from the anhydrous ammonia storage facility inspection fund of \$100,000 from the amount made available during the 2001-03 biennium of \$75,000.

**Bonding fund** - Section 8 of Senate Bill No. 2015 authorizes the transfer of \$2,800,000 from the bonding fund to the state general fund for the 2003-05 biennium. In addition, Section 16 of Senate Bill No. 2015 amends NDCC Section 26.1-21-09 to change the fund balance threshold for charging premiums for bond coverage from \$2.5 million to \$2 million.

**Related Legislation**

**Insurance fraud unit** - House Bill No. 1231 authorizes the Insurance Commissioner to establish an insurance fraud unit.

**Pharmaceutical manufacturers drug access program** - House Bill No. 1399 provides the Insurance Commissioner a general fund appropriation of \$100,000 for the purpose of establishing a program to assist individuals of low income to gain access to prescription medications through prescription drug assistance programs offered by pharmaceutical manufacturers, including free discount and coverage programs.