

{Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: _____ Amendment to: SB 2234

Requested by Legislative Council Date of Request: 3-21-91

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

Please see attached fiscal analysis

State Fiscal Effect:

<u>1991-92</u>		<u>1992-93</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
-0-	\$74,250	-0-	\$74,250	-0-	\$148,500
REVENUE DECREASE		REVENUE DECREASE		REVENUE DECREASE	

County and City Fiscal Effect:

<u>1991-92</u>		<u>1992-93</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Bernadette Berger

Typed Name Bernadette Berger

Date Prepared: 3/22/91

Department Insurance Department

Phone Number 2440

SENATE BILL NO. 2234
INSURANCE COMMISSIONER'S OFFICE FISCAL ANALYSIS

<u>Type of Action</u>	<u>Actions Per Year</u>	<u>Hearing Officer Cost Per Action</u>	<u>Hearing Officer Cost Per Year</u>	<u>Hearing Officer Cost Per Biennium</u>
Agent Prosecutions	30	\$ 1,000	\$30,000	\$ 60,000
Assumptions/Mergers/ Consolidations	8	1,000	8,000	16,000
Cease and Desist Orders	5	1,000	5,000	10,000
Agent License Application Denials	3	250	750	1,500
Continuing Education	1	500	500	1,000
Company Licensure Revocations	1	30,000	30,000	60,000
TOTAL HEARING OFFICER COSTS	<u>48</u>	<u>\$33,750</u>	<u>\$74,250</u>	<u>\$148,500</u>

The above costs are estimated on historical statistics and projected hearing officer costs due to the procedural change in the law allowing for an assigned hearing officer in all cases.

The above cost data does not make an allowance for the contingency that "Form A" filing hearings will be necessary. These involve extremely complex takeover cases in which the evidentiary complexities could easily cause such a hearing to run into many thousands of dollars per case. Our last such case resulted in litigation which went to appeal before the Federal 8th Circuit Court of Appeals.

The above cost data does not make an allowance for the contingency that there will be rate hearings in the future. Each company making a "rate" filing with the Insurance Department for approval by the Commissioner has a right to a hearing upon the denial of that rate filing. A complete restructuring of the rating methodology under North Dakota law has taken place during the 1991 Legislative Session which may well cause the need for rate hearings in the future. The ramifications of the changes in the law as they relate to this contingency is unknown at this time.

The Insurance Department currently holds hearings on a very timely basis for the benefit of both the Department and the Respondent in any action. Many actions require expeditious resolution for the protection of the rights of all parties. The Commissioner's office is very flexible in allowing for such expeditious resolution and it is not anticipated that the Office of Administrative Hearings would have such flexibility, thereby negatively impacting the protections currently afforded all parties.

Elected officials are answerable for their actions to the electorate. The voting public scrutinizes all elected officials thereby forming the basis for their voting preference. An elected official relies on his or her own acts to develop the trust and support of the voters. If subject to the requirements of this bill, it would force the Insurance Commissioner to be reliant upon another elected official's decisions, thereby removing the independent authority granted the Insurance Commissioner by the North Dakota Constitution. The ability of the Insurance Commissioner to perform the prosecutorial and regulatory functions under his authority may be severely impeded if an antagonistic Governor is in office.