

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

**Executive Budget Comparison to Base Level**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 Executive Budget	\$0	\$31,898,433	\$31,898,433
2023-25 Base Level	0	30,312,180	30,312,180
Increase (Decrease)	\$0	\$1,586,253	\$1,586,253

**Selected Budget Changes Recommended in the Executive Budget**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
1. Adds funding for state employee salary and benefit increases, of which \$553,145 is for salary increases and \$174,890 is for health insurance increases	\$0	\$728,035	\$728,035
2. Transfers 1 FTE position to the Information Technology Department for IT unification, of which \$226,656 is for decreases in salaries and wages and \$148,164 is for increases in operating expenses	\$0	(\$78,492)	(\$78,492)
3. Transfers \$185,968 from operating expenses to salaries and wages	\$0	\$0	\$0
4. Adds funding for additional operating expenses to provide a total of \$2,170,770	\$0	\$748,763	\$748,763
5. Adds <b>one-time funding</b> for retirement leave payouts for 5 FTE positions	\$0	\$98,300	\$98,300
6. Adds <b>one-time funding</b> for an office remodeling project	\$0	\$75,000	\$75,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

**Selected Bill Sections Recommended in the Executive Budget**

**Insurance tax distribution fund** - Section 3 appropriates \$19,588,470 for insurance tax payments to fire departments and \$1,140,070 for payments to the North Dakota Firefighter's Association. These amounts are the same as the 2021-23 biennium.

**Excess federal funds** - Section 4 would appropriate all federal funds received by the Insurance Commissioner in excess of those funds appropriated.

**Insurance Commissioner's salary** - Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary by 6 percent in the 1<sup>st</sup> year and 4 percent the 2<sup>nd</sup> year of the biennium as follows:

Annual salary authorized by the Legislative Assembly in 2021:

July 1, 2021	\$112,241
July 1, 2022	\$114,486

Proposed annual salary recommendation in the 2023-25 executive budget:

July 1, 2023	\$121,355
July 1, 2024	\$126,209

**Continuing Appropriations**

**State bonding fund** - North Dakota Century Code Section 26.1-21-17 - This fund was created to provide fidelity bond coverage to the state and its political subdivisions to protect against the theft of money and property by public officials and employees. Administration of the fund is contracted with the North Dakota Insurance Reserve Fund.

**State fire and tornado fund** - Section 26.1-22-03 - This fund was created to provide affordable building and business personal property insurance coverage to state entities and political subdivisions. Administration of the fund is contracted with the North Dakota Insurance Reserve Fund.

**Reinsurance Association of North Dakota** - Section 26.1-36.7-12 - Provides a continuing appropriation to the Insurance Commissioner for federal funding received by the Reinsurance Association of North Dakota to administer the invisible reinsurance pool.

### **Deficiency Appropriations**

There are no deficiency appropriations for this agency.

### **Significant Audit Findings**

The State Auditor's office operational audit of the Insurance Commissioner for the period ending June 30, 2021, identified one deficiency relating to the incorrect distribution of payments to fire departments and districts.

### **Major Related Legislation**

**House Bill No. 1094** - Relates to the prosecution of insurance fraud.

**House Bill No. 1095** - Relates to the inclusion of comprehensive medication management services in health benefit plans.

**Senate Bill No. 2031** - Relates to a prescription drug reference rate pilot program.

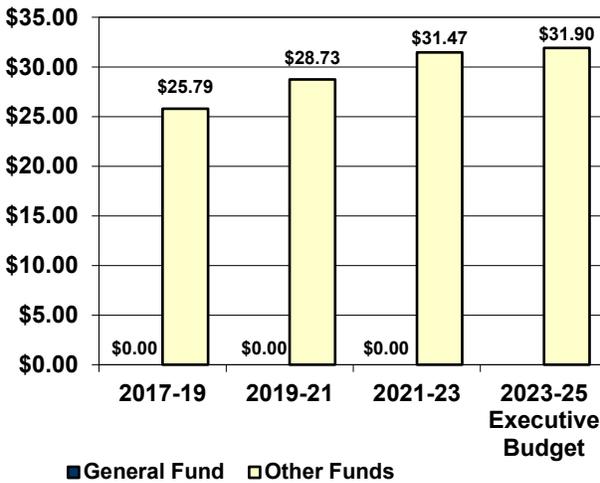
**Senate Bill No. 2055** - Relates to the withdrawal of producer licensing applications.

**Senate Bill No. 2056** - Relates to the Insurance Commissioner's red tape reduction.

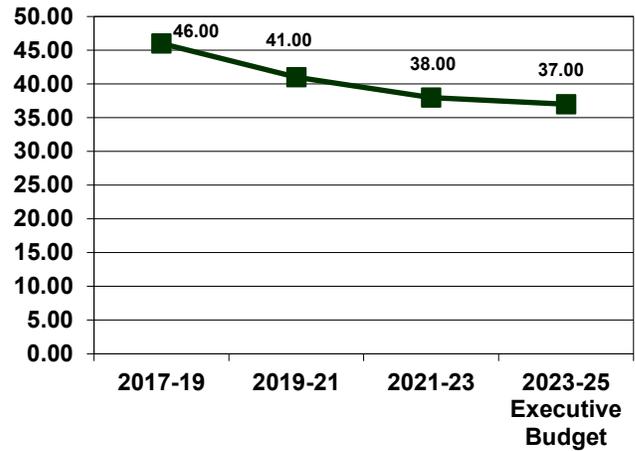
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$28,026,346	\$25,793,430	\$28,534,703	\$30,312,180	\$31,725,133
Increase (decrease) from previous biennium	N/A	(\$2,232,916)	\$2,741,273	\$1,777,477	\$1,412,953
Percentage increase (decrease) from previous biennium	N/A	(8.0%)	10.6%	6.2%	4.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.0%)	1.8%	8.2%	13.2%

### Major Increases (Decreases) in Ongoing Other Funds Appropriations

#### 2017-19 Biennium

1. Removed 3.5 FTE positions (\$724,448)
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 (\$1,445,656)

#### 2019-21 Biennium

1. Added 2 new FTE positions, including a consumer assistance outreach coordinator position and a high-risk pool and health care reform coordinator position \$382,502
2. Removed 2 FTE positions and authorized the Insurance Commissioner to contract for the administration of the state fire and tornado fund and the state bonding fund under continuing appropriation authority (\$610,352)
3. Transferred the boiler inspection program, including 4 FTE positions, to the Department of Environmental Quality (\$753,365)
4. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$17,989,505 for grants to fire departments and \$328,525 to the North Dakota Firefighter's Association \$3,753,944

#### 2021-23 Biennium

1. Added 1 new FTE position for an insurance adjuster \$115,276
2. Removed 4 FTE positions, including a producer licensing division director, senior insurance form rate analyst, insurance company financial analyst, and office assistant (\$786,636)

- 3. Increased funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$19,588,470 for grants to fire departments and \$1,140,070 to the North Dakota Firefighter's Association \$1,910,510

**2023-25 Biennium (Executive Budget Recommendation)**

- 1. Transfers 1 FTE to Information Technology Department for IT unification, of which (\$226,656) is for decreases in salaries and wages and \$148,164 is for increases in operating expenses (\$78,492)
- 2. Adds funding for additional operating expenses to provide a total of \$2,170,770 \$748,763

**One-Time Other Funds Appropriations**

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time other funds appropriations	\$220,000	\$0	\$200,000	\$1,162,000	\$173,300

**Major One-Time Other Funds Appropriations**

**2017-19 Biennium**

- 1. No one-time other funds appropriations \$0

**2019-21 Biennium**

- 1. Health care analysis \$200,000

**2021-23 Biennium**

- 1. State flexibility to stabilize the market grant \$662,000
- 2. Coal and fossil fuel industry insurance study \$200,000
- 3. Reinsurance pool study (House Bill No. 1087) \$200,000

**2023-25 Biennium (Executive Budget Recommendation)**

- 1. Retirement leave payouts for five positions \$98,300
- 2. Office remodel \$75,000

**Insurance Commissioner - Budget No. 401**  
**Senate Bill No. 2010**  
**Base Level Funding Changes**

	<b>Executive Budget Recommendation</b>			
	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2023-25 Biennium Base Level</b>	38.00	\$0	\$30,312,180	\$30,312,180
<b>2023-25 Ongoing Funding Changes</b>				
Cost to continue salaries			\$62,195	\$62,195
Salary increase			553,145	553,145
Health insurance increase			174,890	174,890
Removes 1 FTE for IT unification	(1.00)		(78,492)	(78,492)
Transfers \$185,968 from operating to salaries				0
Reduces funding for operating expenses to meet base budget			(47,548)	(47,548)
Adds funding for additional operating expenses			748,763	748,763
<b>Total ongoing funding changes</b>	(1.00)	\$0	\$1,412,953	\$1,412,953
<b>One-time funding items</b>				
Adds one-time funding for retirement leave payouts			\$98,300	\$98,300
Adds one-time funding for office remodel			75,000	75,000
<b>Total one-time funding changes</b>	0.00	\$0	\$173,300	\$173,300
<b>Total Changes to Base Level Funding</b>	(1.00)	\$0	\$1,586,253	\$1,586,253
<b>2023-25 Total Funding</b>	37.00	\$0	\$31,898,433	\$31,898,433
<i>Federal funds included in other funds</i>			\$607,916	
<i>Total ongoing changes as a percentage of base level</i>	(2.6%)		4.7%	4.7%
<i>Total changes as a percentage of base level</i>	(2.6%)		5.2%	5.2%

**Other Sections in Insurance Commissioner - Budget No. 401**

	<b>Executive Budget Recommendation</b>
Insurance tax distribution fund	Section 3 would appropriate \$19,588,470 for insurance tax payments to fire departments and \$1,140,070 for payments to the North Dakota Firefighter's Association.
Excess federal funds	Section 4 would appropriate all federal funds received by the Insurance Commissioner in excess of those funds appropriated.
Insurance Commissioner's salary	Section 5 would provide the statutory changes necessary to increase the Insurance Commissioner's salary by 6 percent the first year and 4 percent the second year of the biennium.

**SENATE BILL NO.2010  
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide an appropriation for the distribution of funds from the insurance tax distribution fund; to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

**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 that agency, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$8,076,281	\$847,842	\$ 8,924,123
Operating Expenses	1,507,359	663,411	2,170,770
Capital Assets	0	75,000	75,000
Total Special Funds	\$9,583,640	\$1,586,253	\$11,169,893
Full-time Equivalent Positions	38.00	(1.00)	37.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Office Remodel	\$100,000	\$ 75,000
State Flexibility to Stabilize the Market Grant	662,000	0
Coal and Fossil Fuel Industry Insurance Study	200,000	0
Retirement Payouts	0	98,300
	0	0
Total Special Funds	\$962,000	\$173,300

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

**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 \$20,728,540 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 \$19,588,470 and payments to the North Dakota firefighter's association in the amount of \$1,140,070 for the biennium beginning July 1, 2023 and ending June 30, 2025.

**SECTION 4. APPROPRIATION.** All federal funds received by the insurance commissioner in excess of those funds appropriated in section 1 of this Act are appropriated for the biennium beginning July 1, 2023 and ending June 30, 2025.

**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 twelve thousand two hundred forty one dollars through June 30, 2022~~ one hundred twenty-one thousand three hundred fifty-five dollars through June 30, 2024, and ~~one hundred fourteen thousand four hundred eighty six~~ one hundred twenty-six thousand two hundred nine dollars thereafter.