

Insurance Commissioner, including the Securities Division
Budget No. 401
House Bill Nos. 1010 and 1584; Senate Bill No. 2218

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriations¹	60.00	\$0	\$22,467,871	\$22,467,871
2025-27 base budget	47.00	0	15,783,893	15,783,893
Legislative increase (decrease) to base budget	13.00	\$0	\$6,683,978	\$6,683,978

¹ Senate Bill No. 2214 transfers duties of the Securities Commissioner to the Insurance Commissioner.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$36,700	\$36,700
Added funding to provide employee salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026			437,348	437,348
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,893 per month			282,249	282,249
Added funding to replace the 2023-25 biennium new and vacant FTE funding pool, including \$407,380 for new positions and \$237,366 for vacant positions			644,746	644,746
Transferred \$381,377 for estimated savings from vacant FTE positions from the salaries and wages line item to the new and vacant FTE pool line item and reduced the amount to \$266,964 resulting in the savings as shown			(114,413)	(114,413)
Added funding for information technology department rate increases			54,018	54,018
Combined the Securities Department with the Insurance Department, including \$2,686,987 for salaries and wages, \$643,171 for related operating expenses, and \$58,172 for the new and vacant FTE pool	10.00		3,388,330	3,388,330
Added funding for pharmacy benefit manager enforcement (House Bill No. 1584)	3.00		1,200,000	1,200,000
Added funding for attorneys' salary equity increases			90,000	90,000
Added funding for State Fire Marshal salary equity increases			25,000	25,000

Added one-time funding for a grant to the North Dakota Firefighter's Association (Senate Bill No. 2218)			500,000	500,000
Added one-time funding for equipment including radios and an x-ray machine			90,000	90,000
Added one-time funding for accrued leave payouts			30,000	30,000
Added one-time funding for State Fire Marshal compensatory time and overtime			20,000	20,000
Total	<u>13.00</u>	<u>\$0</u>	<u>\$6,683,978</u>	<u>\$6,683,978</u>

FTE Changes

The Legislative Assembly approved 60 FTE positions for the Insurance Commissioner for the 2025-27 biennium, an increase of 13 FTE positions from the 2023-25 biennium authorized level of 47 FTE positions. The Legislative Assembly added 3 FTE positions for pharmacy benefit manager enforcement and transferred in 10 FTE positions from the Securities Department.

One-Time Funding

The following is a summary of one-time funding items for the Insurance Commissioner for the 2025-27 biennium:

	Other Funds
State Fire Marshal equipment, including radios and an x-ray machine	\$90,000
Accrued leave payouts	30,000
North Dakota Firefighter's Association grant (strategic investment and improvements fund)	500,000
State Fire Marshal compensatory time and overtime	20,000
Total	\$640,000

Securities Department

The Legislative Assembly in Senate Bill No. 2214 transferred the duties of the Securities Department to the Insurance Commissioner. The transfer includes 10 FTE positions and an appropriation of \$3,388,330, of which \$2,686,987 is for salaries and wages, \$643,171 for operating expenses, and \$58,172 for the new and vacant FTE pool.

Insurance Tax Payments to Fire Departments

The Legislative Assembly, in Senate Bill No. 2211 (2023), provided a continuing appropriation for payments to fire departments and districts from the insurance tax distribution fund, in accordance with provisions of North Dakota Century Code Section 18-04-05. Previously, the funding was specifically appropriated to the Insurance Commissioner each biennium. The following is a summary of the amounts appropriated by the Legislative Assembly in prior bienniums and an estimate of the 2025-27 biennium payments to fire departments and districts:

Biennium	Total Payments
2015-17 biennium	\$15,681,207
2017-19 biennium	\$14,235,561
2019-21 biennium	\$17,989,505
2021-23 biennium	\$19,588,470
2023-25 biennium	\$28,051,308
2025-27 biennium (estimated)	\$29,317,488

Other Sections in House Bill No. 1010

New and vacant FTE pool line item - Section 3 provides guidelines regarding the use of funding in the new and vacant FTE pool line item.

Appropriation - Additional income - Section 4 appropriates any additional income from federal funds that may become available to the Insurance Commissioner for the 2025-27 biennium.

Securities Division - Fees - Section 5 updates the fee schedule for the Securities Division in subsection 8 of Section 10-04-10. The fee changes are estimated to generate an additional \$3,888,320 of general fund revenues for the 2025-27 biennium.

Insurance Commissioner's salary - Section 6 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 3 percent in the 1st year and 3 percent in the 2nd year of the biennium as follows:

Annual salary authorized by the Legislative Assembly in 2023:

July 1, 2023	\$130,000
July 1, 2024	\$135,200

Annual salary authorized by the Legislative Assembly in 2025:

July 1, 2025	\$139,256
July 1, 2026	\$143,434

Government self-insurance pool - Report - Section 7 provides for a report from a government self-insurance pool to the legislative management by September 30 of each even-numbered year including information on the activities of the pool, claims activity, claims payment history, balances, a history of complaints, and executive staff and board compensation.

Related Legislation

House Bill No 1026 - State bonding fund - This bill transfers the administration of the state bonding fund from the Insurance Commissioner to the Office of Management and Budget.

House Bill No. 1027 - State fire and tornado fund - This bill transfers the administration of the state fire and tornado fund from the Insurance Commissioner to the Office of Management and Budget.

House Bill No. 1086 - State Fire Marshal fees - This bill designates the State Fire Marshal to set cigarette certification fees and deposits the revenue in the insurance regulatory trust fund rather than the reduced cigarette ignition propensity fund.

House Bill No. 1123 - Insurance Commissioner licensing fees - This bill increases fees charged by the Insurance Commissioner, resulting in an additional \$1,459,020 of estimated revenues to the insurance regulatory trust fund for the 2025-27 biennium.

House Bill No. 1124 - Insurance holding companies - This bill sets the standards and management of an insurer with a holding company and the confidential treatment of investigation and examination records of insurance holding companies.

House Bill No. 1584 - Licensing and examination of pharmacy benefit managers - This bill appropriates \$1.2 million and 3 FTE positions for pharmacy benefit manager enforcement.

Senate Bill No. 2090 - State Fire Marshal language updates - This bill provides for the deposit of fireworks application fees in the insurance regulatory fund instead of the general fund.

Senate Bill No. 2214 - Securities Department - This bill transfers the duties of the Securities Commissioner to the Insurance Commissioner.

Senate Bill No. 2218 - North Dakota Firefighter's Association building - This bill appropriates \$500,000 from the strategic investment and improvements fund for a grant to the North Dakota Firefighter's Association for costs associated with a new building.