

**Insurance Department
Budget No. 401
House/Senate Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriation	60.00	\$0	\$22,467,871 ¹	\$22,467,871
2023-25 legislative appropriation	<u>47.00</u>	<u>0</u>	<u>16,029,733</u>	<u>16,029,733</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	13.00	\$0	\$6,438,138	\$6,438,138

¹This amount includes \$640,000 of one-time funding. Excluding this amount, the agency's ongoing other funds appropriation is \$21,827,871.

Item Description

Full-time equivalent 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, including an attorney, a pharmacist, and an investigator for the Pharmacy Benefit Manager Regulatory Program. The Legislative Assembly combined the Securities Department with the Insurance Department, adding an additional 10 FTE positions.

New and vacant FTE pool - The Legislative Assembly transferred \$464,480 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 \$325,136 for estimated savings from vacant FTE positions.

State Bonding Fund and State Fire and Tornado Fund - House bill Nos. 1026 (2025) and 1027 (2025) transferred the administration of the State Bonding Fund and the Fire and Tornado Fund from the Insurance Commissioner to the Office of Management and Budget.

Fee structure - House Bill No. 1123 (2025) revised the fee structure for various licenses issued by the department.

Pharmacy Benefit Manager Regulatory Program - House Bill No. 1584 (2025) established a Pharmacy Benefit Manager Regulatory Program, including licensing.

Securities Department - Senate Bill No. 2214 (2025) merged the Securities Department into the Insurance Department effective on July 1, 2025. The 10 FTE positions were transferred to the Insurance Department,

Status/Result

The department has filled 1.5 of the 3 new FTE positions for the Pharmacy Benefit Manager Regulatory Program. A full-time analyst and a part-time pharmacist have been hired. The Securities Department employees have been transferred, and 8 FTE positions are filled as of June 1, 2026.

Through March 31, 2026, the Insurance Commissioner has not transferred any funding from the new and vacant FTE pool line item for salaries and wages and does not anticipate requesting a transfer during the biennium. The agency estimates the vacant FTE position savings of \$1,052,015 through March 31, 2026. This is due to the combining of the Insurance and Securities departments resulting in significant organizational restructuring. The department has seen challenges in recruiting and retention of highly specialized positions.

The transition of the responsibilities was completed at the beginning of the biennium.

All changes have been implemented. For the period of July 1, 2025, through March 30, 2026, revenues to the Insurance Regulatory Trust Fund have increased by approximately 26 percent, reflecting the impact of the updated fees.

The licensing framework has been developed and implemented. The department began issuing licenses in January 2026. As of May 1, 2026, 12 licenses have been issued. Recruiting efforts continue for a full-time pharmacist and attorney.

The transfer was complete effective July 1, 2025. A chief director position was established to provide leadership for both the Insurance and the Securities Divisions. The department continues to evaluate and implement position

including \$2,686,987 in salaries and wages and \$643,171 in operating expenses.

Fire inspections - The department received an increase in special funds spending authority of \$1.5 million from the Insurance Regulatory Trust Fund in the operating expenses line item from the Emergency Commission and Budget Section to conduct fire inspections of state buildings and institutions due to local fire departments rescinding agreements to conduct inspections of state buildings.

One-time funding - In Section 2 of House Bill No. 1010, the Legislative Assembly identified \$140,000 of one-time funding, including \$90,000 for radios and an x-ray machine, \$30,000 for accrued leave payouts due to retirement, and \$20,000 in fire marshal compensatory time and overtime pay. Senate Bill No. 2218 (2025) appropriated \$500,000 of one-time funding from the Strategic Investment and Improvements Fund to provide a grant to the North Dakota Firefighter's Association to defray the costs associated with a new Firefighter's Association building.

Insurance tax payments to fire districts - In Senate Bill No. 2211 (2023), the Legislative Assembly provided a continuing appropriation for payments to North Dakota fire departments and districts from the Insurance Tax Distribution Fund. Previously, the funding was specifically appropriated to the Insurance Commissioner each biennium.

Insurance Regulatory Trust Fund - This fund is established by North Dakota Century Code Section 26.1-01-07.1 and is used for the deposit of fees collected by the department and to pay expenses of the department. After each fiscal year is closed, any fund balance that exceeds \$1 million is transferred to the General Fund. Section 26.1-01-07.02 allows the Insurance Department to invest money in the fund consistent with the cash requirements of the fund and to authorize investment of such moneys by the State Investment Board.

reclassifications as necessary to ensure alignment with operational needs and maximize effective use of authorized FTE positions.

Historically, inspection authority has been delegated to local fire departments, fire chiefs in Bismarck, Fargo, and Minot have withdrawn from these agreements. The new State Fire Marshal has initiated a review of inspection processes and is developing alternative approaches utilizing deputy fire marshals that may reduce reliance on contracted services. No further funding requests are anticipated during the current biennium.

The following is a summary of the status of the Insurance Department's one-time funding.

Radios and x-ray machine	Procurement of the radios is planned once the Statewide Interoperable Radio Network system is complete, no funds have been spent to date. After a utilization analysis by the State Fire Marshal, it was determined the existing equipment is sufficient to meet operational needs and no additional equipment will be purchased.
Accrued leave payout	Accrued leave payouts during the biennium to date have totaled \$52,220. An additional \$15,000 to \$22,000 is anticipated during the remainder of the biennium.
Fire Marshal compensatory time and overtime pay	The current compensatory time balances total 162.38 hours representing an estimated liability of \$6,207 as of April 14, 2026.
North Dakota Firefighter's Association grant	The grant was disbursed in November 2025.

The department made the 2025 payments totaling \$16,716,455 to North Dakota fire departments and anticipates approximately \$18,000,000 will be disbursed in the fall of 2026.

The fund included an investment balance of \$3,504,131 as of March 31, 2026, with the State Investment Board. In October 2025, after the 2025 fiscal year closed, \$2,300,000 was transferred to the General Fund.