

DEPARTMENT 401 - Insurance and Securities 2027-29 BASE-LEVEL BUDGET

Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$15,505,201
New and vacant FTE pool	325,136
Operating expenses	3,597,534
Grants	<u>2,400,000</u>
Total all funds	\$21,827,871
Less other funds	<u>21,827,871</u>
Total General Fund	\$0
FTE positions	60.00

Selected Base Budget Information

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
1. The Securities Department was combined with the Insurance Department, of which \$2,686,987 is for salaries and wages for 10 FTE positions, \$643,171 is for operating expenses, and \$58,172 is for the new and vacant FTE pool	\$0	\$3,388,330	\$3,388,330
2. Added funding for pharmacy benefit manager enforcement, of which \$853,825 is for 3 FTE positions and \$346,175 is for operating expenses related to pharmacy benefit manager enforcement	\$0	\$1,200,000	\$1,200,000
3. Includes funding for state employee salaries and wages for 47 FTE positions, including equity funding for attorneys and State Fire Marshal	\$0	\$11,964,389	\$11,964,389
4. Includes funding for payments to the North Dakota Firefighter's Association	\$0	\$2,400,000	\$2,400,000
5. Includes funding for operating expenses, primarily related to travel costs (\$645,058), professional services (\$539,400), and information technology (IT) costs (\$724,990)	\$0	\$2,608,188	\$2,608,188

Continuing Appropriations

State Bonding Fund - North Dakota Century Code Section 26.1-21-02 - 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. House Bill No. 1026 (2025) changed the administration of the fund to the Office of Management and Budget. For the 2023-25 biennium, the fund had \$382,300 of revenues, \$17,000 of expenditures, and a June 30, 2025, fund balance of \$4,172,843.

State Fire and Tornado Fund - Section 26.1-22-02 - 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. House Bill No. 1027 (2025) changed the administration of the fund to the Office of Management and Budget. For the 2023-25 biennium, the fund had \$44,700,447 of revenues, \$29,675,000 of expenditures, and a June 30, 2025, fund balance of \$15,025,447.

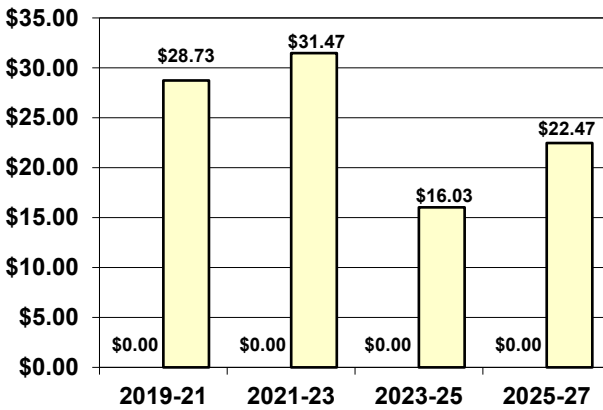
Reinsurance Association of North Dakota - Section 26.1-36.7-12 - Provides a continuing appropriation to the Insurance Commissioner for federal funding received by the Reinsurance Association of North Dakota to administer the invisible reinsurance pool. For the 2023-25 biennium, the Insurance Commissioner received and spent \$35,233,573 of federal funds with disbursements of \$12,375,057 on August 30, 2024, and \$22,858,516 on October 2, 2025.

Insurance Tax Distribution Fund - Section 18-04-05 - Provides a continuing appropriation to the Insurance Commissioner for insurance premium taxes collected from the insurance lines identified in Section 18-04-04 and distributed to certified city fire departments, certified rural fire departments, and certified fire protection districts. For the 2021-23 biennium, the fund had \$19,544,910 of revenues, \$18,347,102 of expenditures, and a June 30, 2023, fund balance of \$1,197,808.

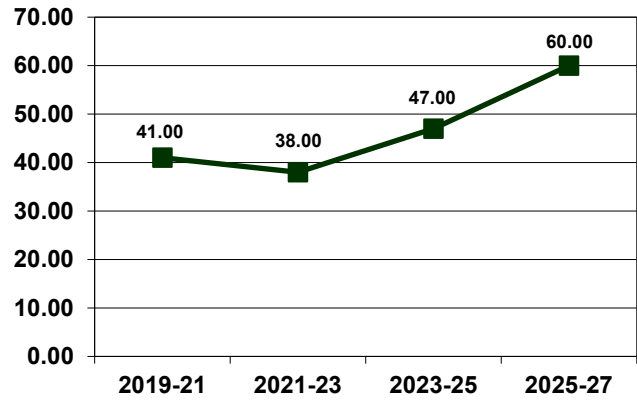
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



■ General Fund □ Other Funds

Other Funds

Major sources of special funds include:

- **Insurance Regulatory Trust Fund** - The department's operating fund in which revenue from penalties, fines, and fees are deposited to defray the expenses of the department in the discharge of its administrative and regulatory powers and duties. The balance of the fund that exceeds \$1 million at the end of each fiscal year is transferred to the General Fund.
- **Firefighters Death Benefit Fund** - A fund to provide payment to a deceased firefighter's survivor upon receipt of a request for payment and evidence of a line-of-duty death. Funding is from the Insurance Tax Distribution Fund to replenish the fund as need up to \$125,000 per biennium.
- **Securities Department Special Fund** - The department's operating fund in which revenue from fees, civil penalties, or other moneys collected are deposited to support department expenses in the discharge of administrative and regulatory powers and duties of the department. The balance of the fund that exceeds \$1 million at the end of each fiscal year is transferred to the General Fund.
- **Investor Education and Technology Fund** - A fund to provide education services to the public relating to the financial services industries, including the securities industry, and to provide for the technology needs of the department. Funded by tuition for educational services, public or private sources, and civil penalties under the Securities Act of 1951.

Major sources of federal funds include:

- **State Health Insurance Assistance Program** - Funding provided by the Administration for Community Living to provide assistance to Medicare beneficiaries by helping them navigate the often complex processes and products associated with Medicare.

Ongoing Other Funds Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
Other funds appropriations	\$25,793,430	\$28,534,703	\$30,312,180	\$15,783,893	\$21,827,871
Increase (decrease) from previous biennium	N/A	\$2,741,273	\$1,777,477	(\$14,528,287)	\$6,043,978
Percentage increase (decrease) from previous biennium	N/A	10.6%	6.2%	(47.9%)	38.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	10.6%	17.5%	(38.8%)	(15.4%)

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2019-21 Biennium

Ongoing

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

Ongoing

- 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

Ongoing

- 1. Transferred 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 (\$78,492)
- 2. Added funding for additional operating expenses to provide a total of \$2,088,512 \$666,505
- 3. Transferred funding for the State Fire Marshal from the Attorney General \$2,162,899
- 4. Added 2 new FTE positions for deputy state fire marshals, of which \$407,380 is for salaries and benefits and \$184,061 is for related operating expenses \$591,441
- 5. Removed funding for payments to fire departments now provided as a continuing appropriation (\$19,588,470)
- 6. Added funding for North Dakota Firefighter's Association to provide a total of \$2.4 million \$1,259,930

2025-27 Biennium

Ongoing

- 1. Combined the Securities Department with the Insurance Department, including 10 FTE positions \$3,388,330
- 2. Added funding for IT rate increases \$54,018
- 3. Added salary equity increases for attorneys and the State Fire Marshal \$115,000

One-Time Other Funds Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
One-time other funds appropriations	\$0	\$200,000	\$1,162,000	\$245,840	\$640,000

Major One-Time Other Funds Appropriations

2019-21 Biennium

- 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

- 1. Retirement leave payouts for five positions \$98,300
- 2. Office remodel \$75,000
- 3. State Fire Marshal equipment \$72,540

2025-27 Biennium

- 1. Radios and x-ray machines \$90,000
- 2. Accrued leave payout \$30,000
- 3. State Fire Marshal comp time/overtime \$20,000
- 4. North Dakota Firefighter's Association grant (Senate Bill No. 2218) \$500,000