

**FIRST ENGROSSMENT
with Senate Amendments**

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1010

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the insurance
2 commissioner; to provide for fund transfers; to provide for making payments of insurance
3 premiums tax collections to fire departments; and to amend and reenact sections 26.1-01-09
4 and 26.1-36-37.2 of the North Dakota Century Code, relating to the commissioner's salary and
5 loss ratios.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this
8 section represent the base level funding component appropriated to the insurance
9 commissioner in section 3 of this Act as follows:

10 Salaries and wages	\$4,698,378
11 Operating expenses	1,781,501
12 Capital assets	6,900
13 Pharmaceutical drug access program	100,000
14 Grants	<u>5,304,000</u>
15 Total all funds - Base level	\$11,890,779
16 Less estimated income - Base level	<u>11,790,779</u>
17 Total general fund - Base level	\$100,000

18 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The
19 amounts identified in this section represent the funding adjustments or enhancements to the
20 base funding level for the insurance commissioner which are included in the appropriation in
21 section 3 of this Act as follows:

22 Salaries and wages	\$355,279
23 Operating expenses	381,876
24 Capital assets	(6,900)

1	Pharmaceutical drug access program	(100,000)
2	Grants	<u>1,091,000</u>
3	Total all funds - Adjustments/enhancements	\$1,721,255
4	Less estimated income - Adjustments/enhancements	<u>1,821,255</u>
5	Total general fund - Adjustments/enhancements	(\$100,000)

6 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
7 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
8 treasury, not otherwise appropriated, and from special funds derived from federal funds and
9 other income, to the insurance commissioner for the purpose of defraying the expenses of that
10 agency, for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

11	Salaries and wages	\$5,053,657
12	Operating expenses	2,163,377
13	Grants	<u>6,395,000</u>
14	Total special funds appropriation	\$13,612,034

15 **SECTION 4. INSURANCE PREMIUMS TAX COLLECTIONS PAYMENTS.** Section 3
16 of this Act includes the sum of \$6,395,000, or so much of the sum as may be necessary to the
17 insurance commissioner, of which \$6,200,000 is for the purpose of making payments of
18 insurance premiums tax collections to fire departments, \$120,000 is for the purpose of making
19 two equal payments to the North Dakota firefighter's association, and \$75,000 is for the
20 purpose of providing a grant to the North Dakota association of oil and gas producing counties
21 for the biennium beginning July 1, 2005, and ending June 30, 2007.

22 **SECTION 5. BONDING FUND.** Section 3 this Act includes the sum of \$35,000, or so
23 much of the sum as may be necessary, from the state bonding fund to pay bonding fund
24 administrative expenses for the biennium beginning July 1, 2005, and ending June 30, 2007.

25 **SECTION 6. FIRE AND TORNADO FUND.** Section 3 of this Act includes the sum of
26 \$988,576, or so much of the sum as may be necessary, from the state fire and tornado fund to
27 pay fire and tornado fund administrative expenses for the biennium beginning July 1, 2005, and
28 ending June 30, 2007.

29 **SECTION 7. UNSATISFIED JUDGMENT FUND.** Section 3 of this Act includes the
30 sum of \$35,000, or so much of the sum as may be necessary, from the state unsatisfied

1 judgment fund to pay unsatisfied judgment fund administrative expenses for the biennium
2 beginning July 1, 2005, and ending June 30, 2007.

3 **SECTION 8. PETROLEUM TANK RELEASE COMPENSATION FUND.** Section 3 of
4 this Act includes the sum of \$120,000, or so much of the sum as may be necessary, from the
5 petroleum tank release compensation fund to pay petroleum tank release compensation fund
6 administrative expenses for the biennium beginning July 1, 2005, and ending June 30, 2007.

7 **SECTION 9. ANHYDROUS AMMONIA STORAGE FACILITY INSPECTION FUND.**
8 Section 3 of this Act includes the sum of \$150,000, or so much of the sum as may be
9 necessary, from the anhydrous ammonia storage facility inspection fund to pay for anhydrous
10 ammonia tank inspection costs for the biennium beginning July 1, 2005, and ending June 30,
11 2007.

12 **SECTION 10. ADDITIONAL CRITICAL METHAMPHETAMINE-USE ZONE.**
13 Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use
14 zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a
15 critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant
16 to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory
17 trust fund, or so much of the sum as is necessary, to implement security measures established
18 by the commissioner, including the purchase and distribution of locking devices, in the counties
19 of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30,
20 2007.

21 **SECTION 11. AMENDMENT.** Section 26.1-01-09 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **26.1-01-09. Salary of commissioner.** The annual salary of the commissioner is
24 ~~sixty four thousand seven hundred forty two dollars through December 31, 2001, sixty six~~
25 ~~seventy thousand six hundred eighty four~~ fifty-nine dollars through June 30, ~~2002~~ 2006, and
26 ~~sixty eight~~ seventy-two thousand ~~eighteen~~ eight hundred sixty-one dollars thereafter.

27 **SECTION 12. AMENDMENT.** Section 26.1-36-37.2 of the North Dakota Century Code
28 is amended and reenacted as follows:

29 **26.1-36-37.2. Loss ratios - Rules.** ~~For all policies providing hospital, surgical,~~
30 ~~medical, or major medical benefit, an~~ An insurance company, a nonprofit health service
31 corporation, a fraternal benefit society, and any other entity providing a plan of accident or

1 health insurance or other health benefit subject to state insurance regulation shall return
2 ~~benefits to group policyholders~~ in the aggregate of not less than ~~seventy five~~ a percent of
3 premium received ~~and to individual policyholders in the aggregate of not less than sixty five~~
4 ~~percent of premium received, as determined by the commissioner.~~ The commissioner shall
5 adopt rules to establish these minimum standards on the basis of incurred claims experienced
6 and earned premiums for the entire period for which rates are computed to provide coverage in
7 accordance with accepted actuarial principles and practices. ~~This section does not apply to~~
8 ~~any contract or plan of insurance that provides exclusively for accident, disability income~~
9 ~~insurance, specified disease, hospital confinement indemnity, or other limited benefit health~~
10 ~~insurance.~~