

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Budget No. 401
House Bill Nos. 1010 and 1087**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	38.00	\$0	\$31,474,180	\$31,474,180
2019-21 legislative appropriation	<u>41.00</u>	<u>\$0</u>	<u>28,734,703</u>	<u>28,734,703</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	(3.00)	\$0	\$2,739,477	\$2,739,477

Item Description

FTE changes - The 2021-23 biennium appropriation includes 38 FTE positions, a decrease of 3 FTE positions from the 2019-21 biennium authorized level of 41 FTE positions. The Legislative Assembly added 1 FTE insurance adjuster position and removed 1 FTE producer licensing division director position, 1 FTE senior insurance form rate analyst position, 1 FTE insurance company financial analyst position, and 1 FTE office assistant position.

Insurance tax payments to fire departments - In Section 3 of House Bill No. 1010, the Legislative Assembly appropriated \$20,728,540 from the insurance tax distribution fund for payments 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.

One-time funding - In Section 2 of House Bill No. 1010, the Legislative Assembly identified \$962,000 of one-time funding appropriated in Section 1, including \$100,000 from other funds for an office remodel, \$662,000 from federal funds for a state flexibility to stabilize the market grant, and \$200,000 from the strategic investment and improvements fund for a study of coal and fossil fuel insurance coverage.

In House Bill No. 1087, the Legislative Assembly appropriated \$200,000 from Reinsurance Association of North Dakota funds for a study of the establishment of an invisible reinsurance pool for the combination of the individual health insurance market with the small group health insurance market.

Coal and fossil fuel insurance study - In Section 2 of House Bill No. 1010, the Legislative Assembly identified \$200,000 from the strategic investment and improvements fund for a study of the availability, cost, and risks associated with insurance coverage in the lignite coal industry.

Status/Result

The Insurance Department has adjusted FTE positions in accordance with legislative changes.

The Insurance Department made the first payment of \$570,035 to the North Dakota Firefighter's Association in August 2021. In a change from prior years, the department began issuing payments to fire departments as soon as the State Fire Marshal approved the certificate of existence for each fire department. The department made the 2021 payments totaling \$9,794,235 to North Dakota fire departments beginning in September 2021, with all payments issued by the end of November 2021.

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

Office remodel	The department expended \$95,339 through February 2022 and anticipates spending the remaining \$4,661 by the end of the 2021-23 biennium.
State flexibility to stabilize the market grant	The department has contracted with a project manager and issued a notice of intent to award for actuarial services in April 2022.
Coal and fossil fuel insurance coverage study	See the Coal and fossil fuel insurance study section below.
Invisible reinsurance pool study	See the Invisible reinsurance pool study section below.

The Insurance Department, in cooperation with the North Dakota Insurance Reserve Fund and a contractor, has completed the study and reported its findings to the interim Energy Development and Transmission Committee on May 10, 2022. The cost of the study was \$200,000.

Invisible reinsurance pool study - In House Bill No. 1087, the Legislative Assembly appropriated \$200,000 from Reinsurance Association of North Dakota funds for a study of the establishment of an invisible reinsurance pool for the combination of the individual health insurance market with the small group health insurance market.

The Insurance Department has contracted with a project manager and an actuarial firm to conduct the study of the establishment of an invisible reinsurance pool for the combination of the individual health insurance market with the small group health insurance market. The department combined this study with studies of the Comprehensive Health Association of North Dakota and the current essential health benefits in North Dakota for a total cost of \$520,000.