

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of the Promulgation)	
of Proposed Rules Regarding:)	
Licensing of Administrators, Insurance)	REGULATORY ANALYSIS, SMALL
Continuing Education, Accounting)	ENTITY ECONOMIC IMPACT
Practices and Procedures, Custodial)	STATEMENT, AND SMALL ENTITY
Agreement Requirements, Surplus)	REGULATORY ANALYSIS
Lines Insurance, Life and Health)	
Insurance Guaranty Association,)	FILE NO. RU-11-320
Boilers)	

I. REGULATORY ANALYSIS

The North Dakota Insurance Department issues this regulatory analysis as required by N.D.C.C. § 28-32-08. An agency must issue a regulatory analysis if a written request for an analysis is filed by the Governor or a member of the Legislative Assembly or a proposed rule being adopted by the agency is expected to have an impact on the regulated community in excess of \$50,000. *Id.*

Some of the changes involved in this rulemaking are a result of law changes made by the 62nd Legislative Assembly during the 2011 legislative session so the impact on the regulated community or a small entity is a result of the law change and not this rulemaking. These rule changes, however, are collectively expected to have an impact on the regulated community in excess of \$50,000.

A. Classes of Persons Who Probably Will Be Affected by the Proposed Rules

N.D. Admin. Code Chapters 45-02-03 - Licensing of Administrators, and 45-02-04 – Insurance Continuing Education. The classes of persons who will probably be affected by the proposed rules are third-party administrators, insurance producers, consultants, insurance continuing education course providers, and insurance companies. Each of these classes potentially bears the burden and the benefit of the proposed rules.

N.D. Admin. Code Chapters 45-03-15 – Accounting Practices and Procedures, and 45-03-23 – Custodial Agreement Requirements. The classes of persons who will probably be affected by the proposed rules are insurance companies. This group will potentially bear the burden as well as the benefit of the proposed rules.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The classes of persons who will probably be affected are surplus lines insurance producers and surplus lines entities. Each of these classes potentially bears the burden and the benefit of the proposed rules.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The classes of persons who will probably be affected are insurance companies selling life or health insurance. This group will potentially bear the burden as well as the benefit of the proposed rules.

N.D. Admin. Code Article 45-12 – Boilers. The classes of persons who will probably be affected are individuals who operate boilers and the individuals who inspect boilers. Each of these classes potentially bears the burden as well as the benefit of the proposed rules.

B. Description of the Probable Impact Including the Economic Impact of the Proposed Rules

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The proposed rules' economic impact on the regulated community is expected to be minimal to none. Any other expected impact would be a benefit to the regulated community due to lessened requirements for submitting documentation or deferral of license renewal fees in certain circumstances.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The proposed rules' economic impact on the regulated community is expected to be minimal to none. Any other expected impact would be a benefit to the regulated community due to lessened reporting requirements.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The proposed rule merely updates the version of the National Association of Insurance Commissioners Accounting Practices and Procedures Manual that insurers providing property and casualty and life and health insurance must use from the 2009 version to the 2011 version. This rule is expected to have only a minimal impact on insurers.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The proposed rules' impact on the regulated community will be to lessen a potential burden for small insurers by providing an exemption from the requirements of the rule when they would cause financial hardship.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The proposed rules' impact on the regulated community is expected to be none. The proposed amendments are being made to align with changes due to the passage of 2011 House Bill No. 1123. The proposed amendments merely clarify and make language consistent with the corresponding North Dakota statutes.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The proposed rules' impact on the regulated community is expected to be none because the changes are being made to conform to the requirements of 2011 Senate Bill No. 2111.

N.D. Admin. Code Article 45-12 – Boilers. The proposed rules are expected to have an impact on the regulated community because they update the fees necessary to operate the Boiler Inspection Program and to update the applicable editions of the State Plumbing Code, the American Society of Mechanical Engineers Code, and the National Board Inspection Code. These changes are being made to implement the requirements of 2011 Senate Bill No. 2064.

C. Probable Costs to the Agency of Implementation and Enforcement of the Proposed Rule and Any Anticipated Effect on State Revenues

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The probable cost to the agency of implementation and enforcement is expected to be none to minimal impact on the Department's operations or expenditures. There is no foreseeable effect on state revenues from the proposed rules.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The probable cost to the agency of implementation and enforcement is expected to be none to minimal impact on the Department's operations or expenditures. There is no foreseeable effect on state revenues from the proposed rules.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The probable cost to the agency of implementation and enforcement is expected to be of minimal impact on the Department's operations or expenditures. There will be little, if any, effect on state revenues from the proposed rules.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The probable cost to the agency of implementation and enforcement is expected to be of minimal impact on the Department's operations or expenditures. There will be little, if any, effect on state revenues from the proposed rules.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The probable cost to the agency of implementation and enforcement is expected to be of minimal impact on the Department's operations or expenditures. Any effect on state revenues comes from the requirements of 2011 House Bill No. 1123 and not from the rules. There is, therefore, no foreseeable effect on state revenues from the proposed rules.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The probable cost to the agency of implementation and enforcement is expected to be of minimal impact on the Department's operations or expenditures. There is expected to be no effect on state revenues from the proposed rules.

N.D. Admin. Code Article 45-12 – Boilers. The probable cost to the agency of implementation and enforcement is expected to be of minimal impact on the Department's operations or expenditures. There will be an effect on state revenues from the proposed rules due to the increase in boiler inspection fees authorized by 2011 Senate Bill No. 2064.

D. Description of Any Alternative Methods for Achieving the Purpose of the Proposed Rules That Were Seriously Considered by the Agency and the Reasons Why the Methods Were Rejected in Favor of the Proposed Rules

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule implements current best practices or repeals obsolete content. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been equally effective.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule repeals obsolete content or codifies current practice. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been equally effective.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule updates obsolete content. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been equally effective.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule implements an exemption from the requirements of the rule for small insurers to ease the financial burden that may have occurred with enforcing the requirements of the rule. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been equally effective.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule implements statutory changes that were made during the 2011 legislative session. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been possible and equally effective.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rules implement statutory changes made during the 2011 legislative session. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been possible and equally effective.

N.D. Admin. Code Article 45-12 – Boilers. The Department considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. However, the proposed rule implements new statutory requirements passed during the 2011 legislative session. The Department did not identify any alternative methods of achieving the purpose of the proposed rules that would have been equally effective.

II. SMALL ENTITY ANALYSES

N.D.C.C. § 28-32-08.1 requires that an agency prepare a regulatory analysis and an economic impact statement of the impact of the rule changes on a small entity. "Small entity" is defined by state law to include small businesses, small organizations, and small political subdivisions. *Id.* "Small business" is defined to mean a business entity, including its affiliates, which is independently owned and operated and employs fewer than 25 full-time employees; or has gross annual sales of less than \$2,500,000. *Id.* "Small organization" means any not-for-profit enterprise that is independently owned and operated and is not dominant in its field. *Id.* "Small political subdivision" means a political subdivision with a population of less than 5,000. *Id.*

A. Small Entity Economic Impact Statement

1. Small entities subject to the proposed rule

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The small entities that may possibly be subject to these proposed rules are third-party administrators, insurance producers, and insurance companies that meet the statutory definition of "small entity".

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The small entities that may possibly be subject to these proposed rules are insurance producers, continuing education providers, and insurance companies that meet the statutory definition of "small entity".

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The small entities that may possibly be subject to these proposed rules are insurance companies that meet the statutory definition of "small entity".

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The small entities that may possibly be subject to these proposed rules are insurance companies that meet the statutory definition of “small entity”.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The small entities that may possibly be subject to these proposed rules are surplus lines insurance producers that meet the statutory definition of “small entity”.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The small entities that may possibly be subject to these proposed rules are insurance companies that sell life or health insurance and that meet the statutory definition of “small entity”.

N.D. Admin. Code Article 45-12 – Boilers. The small entities that may possibly be subject to these proposed rules are individuals who operate boilers and the individuals who inspect boilers that meet the statutory definition of “small entity”.

2. Administrative and other costs required for compliance with the proposed rule

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules codify current practices or remove obsolete references so there is no new administrative cost.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules codify current practices or remove obsolete references so there is no new administrative cost.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules update the version of the Accounting Practices and Procedures Manual—which is already used by the regulated industry—to be the most current version.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules provide an exemption that small insurers may request to allow them more flexibility in the custodial agreements they secure.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. In some areas, the rules remove obsolete references so there is no new administrative cost. In other areas, the rules implement statutory changes made by 2011 House Bill No. 1123.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules implement the changes required by the passage of 2011 Senate Bill No. 2111.

N.D. Admin. Code Article 45-12 – Boilers. The administrative and other costs required for compliance with the proposed rules are expected to be minimal. The rules implement the changes required by the passage of 2011 Senate Bill No. 2064.

3. Probable cost and benefit to private persons and consumers who are affected by the proposed rules

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. It is possible but unlikely that there would be some cost to private persons and consumers since the proposed rules are directed to third-party administrators, insurance producers, and insurance companies. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The probable benefits to private persons and consumers include furthering consumer protection by improved licensing procedures for insurance producers.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. It is possible but unlikely that there would be some cost to private persons and consumers since the proposed rules are directed to insurance producers, insurance continuing education course providers, and insurance companies. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The probable benefits to private persons and consumers include furthering consumer protection by improved licensing procedures for insurance producers.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. It is possible but unlikely that there would be some cost to private persons and consumers since the proposed rules are directed to insurance companies. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The probable benefits to private persons and consumers include furthering consumer protection by improved financial oversight of insurance companies.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. It is possible but unlikely that there would be some cost to private persons and consumers since the proposed rules are directed to insurance companies. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The probable benefits to private persons and consumers include furthering flexibility for small insurers while maintaining improved financial oversight of insurance companies generally.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. It is possible but unlikely that there would be some cost and some benefit to private persons and consumers since the proposed rules are directed to surplus lines insurance producers

and insurance companies. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The proposed rules implement statutory changes outside the discretion of the Department to consider cost and benefit.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association.

It is possible but unlikely that there would be some cost to private persons and consumers since the proposed rules are directed to insurance companies that sell life or health insurance. Any cost to private persons and consumers would be indirect and not susceptible of measurement. The proposed rules implement statutory changes outside the discretion of the Department to consider cost and benefit. The probable benefits to private persons and consumers include furthering consumer protection by improved guarantee amounts available for consumers when an insurer becomes unable to pay claims.

N.D. Admin. Code Article 45-12 – Boilers. It is possible that there would be some cost to private persons and consumers since the proposed rules implement boiler inspection fee increases. The likely cost to private persons and consumers would be indirect and difficult to measure in that the increased boiler inspection fees could be passed on by the boiler owner, in whole or in part, to those private persons or consumers. The probable benefits to private persons and consumers include furthering consumer protection by improved boiler inspections resources and updated codes.

4. Probable effect of the proposed rule on state revenues

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The probable effect on state revenues is expected to be nonexistent or minimal.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The probable effect on state revenues is expected to be nonexistent or minimal.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The probable effect on state revenues is expected to be nonexistent or minimal.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The probable effect on state revenues is expected to be nonexistent or minimal.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The anticipated effect of the rule on state revenues is estimated to be nonexistent or minimal. Any effect on state revenue will be due to the statutory change implemented by 2011 House Bill No. 1123.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The probable effect on state revenues is expected to be nonexistent or minimal. Any effect on state revenue will be due to the statutory change implemented by 2011 Senate Bill No. 2111.

N.D. Admin. Code Article 45-12 – Boilers. The rules are expected to increase state revenues pursuant to the requirements of 2011 Senate Bill No. 2064.

5. Any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The Insurance Commissioner considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. No less intrusive or less costly alternative methods were identified. Requirements in the proposed rules are a codification of current practice familiar to the regulated community. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The Insurance Commissioner considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. No less intrusive or less costly alternative methods were identified. Requirements in the proposed rules are a codification of current practice familiar to the regulated community. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The Commissioner considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. Requirements in the proposed rules are mandated by statute and are a codification of current practice familiar to the regulated community. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The proposed rules add an exemption that will allow small insurers the flexibility to choose from various options regarding custodial agreement arrangements. No less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The proposed rules repeal obsolete requirements and update language and requirements to be consistent with statutory requirements. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The Commissioner considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the proposed rules. Requirements in the proposed rules are mandated by statute and also codify a practice familiar to the regulated community. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

N.D. Admin. Code Article 45-12 – Boilers. The Commissioner considered whether there are any less intrusive or less costly alternative methods of achieving the purpose of the

proposed rules. Requirements in the proposed rules are, in part, mandated by statute and, in part, are an updating of various codes that are already used in the industry and which serve to modernize a current practice already familiar to the regulated community. In view of these circumstances, no less intrusive or less costly alternative methods were identified.

B. Small Entity Regulatory Analysis

1. Establishment of less stringent compliance or reporting requirements for small entities

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. Less stringent reporting requirements for small entities were considered and found not appropriate. Reporting requirements in the proposed rules are either mandated by statute, carried over from the current version of the rule, or a codification of current practice familiar to the regulated community. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. Less stringent reporting requirements for small entities were considered and found not appropriate. No reporting requirement exists in the proposed rule. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. Less stringent reporting requirements for small entities were considered and found not appropriate. Reporting requirements in the proposed rules are a codification of current practice familiar to the regulated community. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. Less stringent reporting requirements for small entities were considered and found not appropriate. No reporting requirements were proposed in the rules. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. Less stringent reporting requirements for small entities were considered and found not appropriate. Reporting requirements in the proposed rules are mandated by statute, carried over from the current version of the rule, and are a codification of current practice familiar to the regulated community. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. Less stringent reporting requirements for small entities were considered and found not appropriate. Reporting requirements in the proposed rules are either mandated by

statute, carried over from the current version of the rule, a codification of current practice familiar to the regulated community, or no reporting requirement exists. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

N.D. Admin. Code Article 45-12 – Boilers. Less stringent reporting requirements for small entities were considered and found not appropriate. Reporting requirements in the proposed rules are either mandated by statute, carried over from the current version of the rule, or are a codification of current practice familiar to the regulated community. Less stringent compliance requirements were also considered but they were not appropriate under these circumstances.

2. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small entities

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. The Commissioner considered less stringent schedules or deadlines where possible. Schedules or deadlines for compliance or reporting requirements that appear in the proposed rules are set by statute directly or indirectly, making an alternate schedule or deadline for small entities inappropriate.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. The Commissioner considered less stringent schedules or deadlines where possible. No schedule or deadline for compliance or reporting is present in the proposed rule for insurance continuing education.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. The Commissioner considered less stringent schedules or deadlines where possible. No schedules or deadlines for compliance or reporting requirements appear in the proposed rules.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The Commissioner considered less stringent schedules or deadlines where possible. No schedules or deadlines for compliance or reporting requirements appear in the proposed rules.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. The Commissioner considered less stringent schedules or deadlines where possible. Schedules or deadlines for compliance or reporting requirements that appear in the proposed rules are set by statute, making an alternate schedule or deadline inappropriate. Where no statutory schedule or deadline has been set, any schedule or deadline in the rule has been set to be minimally stringent for all licensees regardless of size.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. The Commissioner considered less stringent schedules or deadlines where possible. Schedules or deadlines for compliance or reporting requirements that appear in the

proposed rules are set by statute, making an alternate schedule or deadline inappropriate. Where no statutory schedule or deadline has been set, any schedule or deadline set in the rule has been set to be minimally stringent for all licensees regardless of size.

N.D. Admin. Code Article 45-12 – Boilers. The Commissioner considered less stringent schedules or deadlines where possible. Schedules or deadlines for compliance or reporting requirements that appear in the proposed rules are set by statute, making an alternate schedule or deadline inappropriate. Where no statutory schedule or deadline has been set, any schedule or deadline set in the rule has been set to be minimally stringent for all licensees regardless of size.

3. Consolidation or simplification of compliance or reporting requirements for small entities

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

N.D. Admin. Code Article 45-12 – Boilers. To the extent possible, compliance or reporting requirements for small entities were simplified or made less onerous or made as streamlined as possible.

4. Establishment of performance standards for small entities to replace design or operational standards required in the proposed rule

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

N.D. Admin. Code Article 45-12 – Boilers. Small entities were not given different operational standards to comply with than large entities. No design standards are presented in the proposed rules.

5. Exemption of small entities from all or any part of the requirements contained in the proposed rule

N.D. Admin. Code Chapter 45-02-03 – Licensing of Administrators. Small entities were not given different standards to comply with than large entities.

N.D. Admin. Code Chapter 45-02-04 – Insurance Continuing Education. Small entities were not given different standards to comply with than large entities.

N.D. Admin. Code Chapter 45-03-15 – Accounting Practices and Procedures. Small entities were not given different standards to comply with than large entities.

N.D. Admin. Code Chapter 45-03-23 – Custodial Agreement Requirements. The rules provide for an exemption from part of the custodial agreement requirements for insurers having direct written and assumed premiums of less than three million dollars in any calendar year, some of which may meet the definition of a “small entity”.

N.D. Admin. Code Chapter 45-09-01 – Surplus Lines Insurance. Small entities were not given different standards to comply with than large entities.

N.D. Admin. Code Chapter 45-11-01 – Life and Health Insurance Guaranty Association. Small entities were not given different standards to comply with than large entities.

N.D. Admin. Code Article 45-12 – Boilers. Small entities were not given different standards to comply with than large entities.

DATED this 3 day of November, 2011.

A handwritten signature in black ink, appearing to read "Melissa Hauer", written over a horizontal line.

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