
AGENCY OVERVIEW

401 OFFICE OF THE INSURANCE COMMISSIONER

Date: 12/14/2006

Time: 16:10:19

STATUTORY AUTHORITY

North Dakota Century Code Title 26.1.

AGENCY DESCRIPTION

The Office of the Insurance Commissioner is a state regulatory agency headed by the Insurance Commissioner. The office includes a Legal and Enforcement Division, Consumer Protection, Examinations and Company Licensing Division, Agent Licensing & Investigation Division, Administration and Special Funds Division. About 45 full-time staff members serve the public. Thirty-four employees are devoted to insurance regulation. The other 11 employees perform the separately funded functions assigned to the office by the Legislative Assembly. All fees and fines paid by companies or agents are deposited into the insurance regulatory trust fund, from which the money to operate the office is appropriated by the legislature.

AGENCY MISSION

It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.

AGENCY PERFORMANCE MEASURES

Goals for the Department, Divisions, and individuals are completed each year, and are reviewed for completion and accuracy on an on-going basis. Statistics are kept in each Division that is compared to the goals established and how they compare to previous years. Each Division is required to submit a progress/status report depicting success, problems and how to resolve them, status on special projects, and upcoming events requiring special attention.

MAJOR ACCOMPLISHMENTS

1. Completed a successful first enrollment period for the new Medicare Part D program and became the central point of contact for citizens needing assistance with the program.
2. Continued to implement the Prescription Connection program for citizens unable to afford prescriptions.
3. Closed out 677 consumer complaints resulting in \$1,436,376.60 financial relief to ND consumers.
4. Implemented an imaging system in Premium Tax collections and in Fire and Tornado Fund claims management; and ceased storing non-resident license applications on paper.
5. Established a simple, electronic process to allow all agents, consumers and industry to view agent licensing information via the Department web site.
6. Upgraded the Oracle database to reflect the new agent continuing education law changes.
7. Automated sending closed complaint data to the National Association of Insurance Commissioners (NAIC).
8. Relocated our south office and closed the Fargo location to maximize space and resources.
9. Completed and published the Tourism Liability report as requested by the legislature (SB2032).
10. Issued four Cease and Desist Orders on Health Discount Plans violating advertising requirements in the new law.
11. Ceased printing new license cards to non-resident producers after address changes saving postage, paper and time.

12. Re-designed many agency publications and have posted them to our Department web site.
13. Implemented electronic initiative to process non-resident license renewals and electronic appointment renewals.
14. Entered into three Consent Orders with title companies that used the services of an abstract company that did not hold a Certificate of Authority when issuing a title insurance policy.
15. Collected and deposited into the general fund, \$56.3 million of premium tax; transferred \$3.6 million from the Insurance Regulatory Trust Fund and \$2.8 million from the State bonding Fund to the General Fund.
16. Provided low-cost insurance through the Fire and Tornado Fund to approximately 1,079 state entities and political subdivisions.

FUTURE CRITICAL ISSUES

No Costs to Continue

REQUEST SUMMARY

Date: 12/14/2006

401 OFFICE OF THE INSURANCE COMMISSIONER

Bill#: SB2010

Time: 16:10:19

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
BY MAJOR PROGRAM					
GRANTS TO LOCAL FIRE DEPARTMENTS	5,304,000	6,420,000	-100,000	6,320,000	0
CONSUMER PROTECTION	5,935,468	7,274,655	352,292	7,626,947	0
TOTAL MAJOR PROGRAMS	11,239,468	13,694,655	252,292	13,946,947	0
BY LINE ITEM					
SALARIES AND WAGES	4,179,759	5,096,278	292,292	5,388,570	0
OPERATING EXPENSES	1,755,709	2,178,377	0	2,178,377	0
GRANTS TO FIRE DISTRICTS	5,304,000	6,420,000	-100,000	6,320,000	0
NAT.CONF.OF STATE INS. LEGISLATORS	0	0	60,000	60,000	0
TOTAL LINE ITEMS	11,239,468	13,694,655	252,292	13,946,947	0
BY FUNDING SOURCE					
GENERAL FUND	100,000	0	0	0	0
FEDERAL FUNDS	416,460	385,928	55,532	441,460	0
SPECIAL FUNDS	10,723,008	13,308,727	196,760	13,505,487	0
TOTAL FUNDING SOURCE	11,239,468	13,694,655	252,292	13,946,947	0
TOTAL FTE	45.50	46.50	.00	46.50	.00

REQUEST DETAIL

Date: 12/14/2006

401 OFFICE OF THE INSURANCE COMMISSIONER

Bill#: SB2010

Time: 16:10:19

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
SALARIES AND WAGES					
SALARIES - PERMANENT	3,177,446	3,821,771	76,504	3,898,275	0
SALARIES - OTHER	0	0	172,236	172,236	0
TEMPORARY SALARIES	7,024	9,960	0	9,960	0
FRINGE BENEFITS	995,289	1,264,547	43,552	1,308,099	0
TOTAL	4,179,759	5,096,278	292,292	5,388,570	0
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	117,339	165,000	25,966	190,966	0
SPECIAL FUNDS	4,062,420	4,931,278	266,326	5,197,604	0
TOTAL	4,179,759	5,096,278	292,292	5,388,570	0
OPERATING EXPENSES					
SALARIES - PERMANENT	125	0	0	0	0
TRAVEL	269,788	270,000	12,000	282,000	0
SUPPLIES - IT SOFTWARE	28,523	39,800	0	39,800	0
SUPPLY/MATERIAL-PROFESSIONAL	14,526	25,000	0	25,000	0
FOOD AND CLOTHING	489	2,000	0	2,000	0
MISCELLANEOUS SUPPLIES	19,483	49,000	0	49,000	0
OFFICE SUPPLIES	26,543	39,000	0	39,000	0
POSTAGE	111,261	115,000	0	115,000	0
PRINTING	70,315	85,000	0	85,000	0
IT EQUIP UNDER \$5,000	62,187	44,866	20,134	65,000	0
OTHER EQUIP UNDER \$5,000	851	0	0	0	0
OFFICE EQUIP & FURN SUPPLIES	11,329	30,000	0	30,000	0
INSURANCE	29,388	40,000	0	40,000	0
RENTALS/LEASES-EQUIP & OTHER	23,180	31,000	0	31,000	0
RENTALS/LEASES - BLDG/LAND	183,805	225,000	0	225,000	0
REPAIRS	1,165	4,000	0	4,000	0
IT - DATA PROCESSING	338,191	509,753	-59,753	450,000	0
IT-COMMUNICATIONS	66,446	70,000	15,000	85,000	0
IT CONTRACTUAL SERVICES AND RE	14,411	16,080	47,390	63,470	0
PROFESSIONAL DEVELOPMENT	58,360	80,000	0	80,000	0
OPERATING FEES AND SERVICES	331,256	362,878	-70,891	291,987	0
FEES - PROFESSIONAL SERVICES	93,812	140,000	36,120	176,120	0
MEDICAL, DENTAL AND OPTICAL	275	0	0	0	0
TOTAL	1,755,709	2,178,377	0	2,178,377	0

REQUEST DETAIL

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Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
OPERATING EXPENSES					
GENERAL FUND	100,000	0	0	0	0
FEDERAL FUNDS	299,121	220,928	29,566	250,494	0
SPECIAL FUNDS	1,356,588	1,957,449	-29,566	1,927,883	0
TOTAL	1,755,709	2,178,377	0	2,178,377	0
GRANTS TO FIRE DISTRICTS					
GRANTS, BENEFITS & CLAIMS	5,304,000	6,420,000	-100,000	6,320,000	0
TOTAL	5,304,000	6,420,000	-100,000	6,320,000	0
GRANTS TO FIRE DISTRICTS					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	5,304,000	6,420,000	-100,000	6,320,000	0
TOTAL	5,304,000	6,420,000	-100,000	6,320,000	0
SPECIAL LINES					
NAT.CONF.OF STATE INS. LEGISLATORS	0	0	60,000	60,000	0
TOTAL	0	0	60,000	60,000	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	60,000	60,000	0
TOTAL	0	0	60,000	60,000	0
FUNDING SOURCES					
GENERAL FUND	100,000	0	0	0	0
FEDERAL FUNDS	416,460	385,928	55,532	441,460	0
SPECIAL FUNDS	10,723,008	13,308,727	196,760	13,505,487	0
TOTAL FUNDING SOURCES	11,239,468	13,694,655	252,292	13,946,947	0

CHANGE PACKAGE SUMMARY**401 OFFICE OF THE INSURANCE COMMISSIONER**
Biennium: 2007-2009**Bill#: SB2010****Date: 12/14/2006****Time: 16:10:19**

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
AGENCY BUDGET CHANGES					
Cost To Continue	.00	0	25,966	266,326	292,292
2 Operating Expenses	.00	0	29,566	-29,566	0
4 GRANTS TO LOCAL FIRE DEPARTMENTS	.00	0	0	-100,000	-100,000
5 National Conference of State Legislators	.00	0	0	60,000	60,000
Agency Total	.00	0	55,532	196,760	252,292

BUDGET CHANGES NARRATIVE

401 OFFICE OF THE INSURANCE COMMISSIONER

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Change Group: A	Change Type: A	Change No: 2	Priority:
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Operating Expenses - 100% budget - Reallocated budget dollars from one account/fund to another. Decrease in Grants to local fire departments is a NH3 special appropriation for 05-07 biennium.

The Insurance Departments budget for operating expenses are the same as last year, despite inflationary increases in every category. Dollars were however, reallocated from one account to another.

Change Group: A	Change Type: A	Change No: 4	Priority:
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GRANTS TO LOCAL FIRE DEPARTMENTS - Decrease in budget request is due to a grant appropriation in 05-07 biennium, to the North Dakota association of oil & gas producing counties.

A \$100,000 appropriation in 2005-2007 was to provide a grant to the North Dakota association of oil and gas producing counties. This was deleted from the 2007-2009 budget.

Change Group: A	Change Type: A	Change No: 5	Priority:
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National Conference of State Legislators -

Create a special appropriation line to meet requirements of NDCC 54-35-20. National conference of insurance legislators - Appointment of representatives. The chairman of the legislative council, in consultation with the insurance commissioner, shall appoint two members of the house of representatives and two members of the senate to represent the state at functions of the national conference of insurance legislators. Each member shall serve a two-year term. If a member is unable to complete the member's term, the chairman of the legislative council shall appoint another member to complete the term. The insurance commissioner shall pay the necessary expenses of the legislative members for attending functions of the national conference of insurance legislators.