

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of the Promulgation	)	
of Proposed Rules Regarding:	)	
Licensing of Administrators, Insurance	)	FISCAL NOTE REGARDING
Continuing Education, Accounting	)	PROPOSED RULES
Practices and Procedures, Custodial	)	
Agreement Requirements, Surplus Lines	)	FILE NO. RU-11-320
Insurance, Life and Health Insurance	)	
Guaranty Association, Boilers	)	

The purpose of this fiscal note is to fulfill the requirements of N.D.C.C. § 28-32 -08.2 which provide that when an agency presents rules for Administrative Rules Committee consideration, the agency shall provide a fiscal note or a statement in its testimony that the rules have no fiscal effect. A fiscal note must reflect the effect of the rule changes on state revenues and expenditures, including any effect on funds controlled by the agency. This fiscal note pertains to proposed amendments to N.D. Admin. Code Title 45.

1. Statement of Estimated Effect on State Revenues and Expenditures

As indicated below, the following proposed rules are expected to affect state revenues and expenditures during the time period of the 2011-2013 biennium. The estimated effect on state revenues and expenditures is explained below:

- N.D. Admin. Code ch. 45-02-03, Licensing of Administrators – The rules are not expected to affect state revenues or expenditures.
- N.D. Admin. Code ch. 45-02-04, Insurance Continuing Education – The rules are not expected to affect state revenues or expenditures.
- N.D. Admin. Code ch. 45-03-15, Accounting Practices and Procedures – The rules are not expected to affect state revenues or expenditures.
- N.D. Admin. Code ch. 45-03-23, Custodial Agreement Requirements – The rules are not expected to affect state revenues or expenditures.
- N.D. Admin. Code ch. 45-09-01, Surplus Lines Insurance – The rules are not expected to affect state revenues or expenditures. The state law on which the rules are based, however, will likely have an effect on state revenues.
- N.D. Admin. Code ch. 45-11-01, Life and Health Insurance Guaranty Association – The rules are not expected to affect state revenues or expenditures.
- N.D. Admin. Code title 45-12, Boilers – The rules are expected to have a fiscal effect. As provided in 2011 Senate Bill No. 2064, the rules increase the fee caps for boiler inspections and special inspections and eliminate the fee caps for steam traction engines or hobby boiler as a separate type of inspection. There are also increases in the fees for annual inspector commission cards, welder qualification cards, hobby boiler exams and hobby boiler licenses. The law allowed increases in fee caps per boiler inspection from \$150 to \$200, and fees for special inspections requested by the owner/user and for shop reviews and surveys made by the Boiler Inspection Program from \$350 per day and \$200 per half-day to a maximum of \$500 per day and \$300 per

half-day. The increase in revenue for the higher inspection fee caps is estimated at \$21,000 per year. The increase in the Certificate of Inspection fee from \$20 per certificate to \$20 per year of certificate is expected to generate an additional \$80,540 per year. Revenue from the change in fees for annual inspector commission cards, welder qualification cards, hobby boiler exams and hobby boiler licenses is expected to be nominal. The change is expected to have a minimal impact on revenue. The state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law is estimated to be \$203,080. Revenues from the Boiler Inspection Program are deposited in the State Fire and Tornado Fund.

2. Whether It Is a One-Time or Ongoing Effect

The estimated duration of the effect of the proposed rules is:

- N.D. Admin. Code ch. 45-02-03, Licensing of Administrators – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-02-04, Insurance Continuing Education - N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-03-15, Accounting Practices and Procedures – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-03-23, Custodial Agreement Requirements – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-09-01, Surplus Lines Insurance – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-11-01, Life and Health Insurance Guaranty Association – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code title 45-12, Boilers – The rules are expected to have an ongoing fiscal effect because 2011 Senate Bill No. 2064 amended the fee schedule that the Insurance Commissioner must use to determine the fees imposed for the internal inspections of power boilers, internal inspections of low pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.

3. Identification of Impact to the Department's Budget

The likely impact of the proposed rules to the Department's budget is expected to be:

- N.D. Admin. Code ch. 45-02-03, Licensing of Administrators – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-02-04, Insurance Continuing Education – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-03-15, Accounting Practices and Procedures – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-03-23, Custodial Agreement Requirements – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-09-01, Surplus Lines Insurance – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code ch. 45-11-01, Life and Health Insurance Guaranty Association – N/A (the rules are not expected to have a fiscal effect).
- N.D. Admin. Code title 45-12, Boilers – The rules will not affect the Department's appropriation. As more fully explained above, the rules are expected to increase

revenue due to the collection of increased boiler inspection fees as provided by the provisions of 2011 Senate Bill No. 2064.

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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