

STATE OF NORTH DAKOTA  
BEFORE THE INSURANCE COMMISSIONER

In the Matter of the Promulgation	)	
of Proposed Rules Regarding:	)	
Producer Licensing, Insurance Holding	)	FISCAL NOTE REGARDING
Company Systems, Credit for	)	PROPOSED RULES
Reinsurance, Accounting Practices	)	
and Procedures, Life Insurance	)	FILE NO. RU-15-543
Advertising, Boilers, and Bail	)	
Bondsmen	)	

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**

The undersigned has determined that the proposed rules concerning N.D. Admin. Code ch. 45-02-02 – Producer Licensing are not expected to have a fiscal effect on state revenues and expenditures during the 2015-2017 biennium.

As indicated below, the following proposed rules may have a minimal effect on state revenues and expenditures during the time period of the 2015-2017 biennium. The estimated effect on state revenues and expenditures is explained below:

- N.D. Admin. Code ch. 45-03-05 – Insurance Holding Company Systems – The probable effect on state revenues and expenditures is expected to be nonexistent or minimal.
- N.D. Admin. Code ch. 45-03-07.1 – Credit for Reinsurance - The probable effect on state revenues and expenditures is expected to be nonexistent or minimal.
- N.D. Admin. Code ch. 45-03-15 - Accounting Practices and Procedures – The probable effect on state revenues and expenditures is expected to be nonexistent or minimal.

- N.D. Admin. Code ch. 45-04-10 – Life Insurance Advertising - The probable effect on state revenues and expenditures is expected to be nonexistent or minimal.
- N.D. Admin. Code ch. 45-06-15 - Bail Bondsman - The probable effect on state revenues and expenditures is expected to be nonexistent or minimal.

The undersigned has determined the following for the proposed rule concerning N.D. Admin. Code Article 45-12 – Boilers:

For the electronic filing portion of the rules, the cost to the Insurance Department for the boiler inspection software is \$79,125 for the first two years. If the Department secures a renewal after the first year, the total cost is \$94,218.75 for three years. In addition, first-year maintenance, which applies to the second year of the contract, is 25 percent of the purchase price. In subsequent years, maintenance will be no more than five percent of first-year maintenance costs. Transitioning to the software and electronic filing system will have little, if any, effect on state revenues. The remaining rules are expected to be of minimal financial impact on the Department's operations, expenditures, and revenue.

## **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. 45-02-02 – Producer Licensing – N/A (the rules are not expected to have a fiscal effect on state revenues and expenditures).
- N.D. Admin. Code ch. 45-03-05 – Insurance Holding Company Systems – N/A (the rules are expected to have a nonexistent or minimal fiscal effect).
- N.D. Admin. Code ch. 45-03-07.1 – Credit for Reinsurance – N/A (the rules are expected to have a nonexistent or minimal fiscal effect).
- N.D. Admin. Code ch. 45-03-15 - Accounting Practices and Procedures – N/A (the rules are expected to have a nonexistent or minimal fiscal effect).
- N.D. Admin. Code ch. 45-04-10 – Life Insurance Advertising - N/A (the rules are expected to have a nonexistent or minimal fiscal effect).
- N.D. Admin. Code Article 45-12 – Boilers – As noted above, first-year maintenance costs for the boiler inspection software, which apply to the second year of the contract, is 25 percent of the \$79,125 purchase price. In subsequent years, maintenance costs will be no more than five percent of first-year maintenance costs.

- N.D. Admin. Code ch. 45-06-15 - Bail Bondsman - N/A (the rules are expected to have a nonexistent or minimal fiscal effect).

### 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. 45-02-02 – Producer Licensing – The rules are not expected to have a fiscal impact of the Department's budget.
- N.D. Admin. Code ch. 45-03-05 – Insurance Holding Company Systems – The rules are not expected to have a fiscal impact of the Department's budget.
- N.D. Admin. Code ch. 45-03-07.1 – Credit for Reinsurance – The rules are not expected to have a fiscal impact of the Department's budget.
- N.D. Admin. Code ch. 45-03-15 - Accounting Practices and Procedures – The rules are not expected to have a fiscal impact of the Department's budget.
- N.D. Admin. Code ch. 45-04-10 – Life Insurance Advertising - The rules are not expected to have a fiscal impact of the Department's budget.
- N.D. Admin. Code Article 45-12 – Boilers – As noted above, first-year maintenance costs for the boiler inspection software, which apply to the second year of the contract, is 25 percent of the \$79,125 purchase price. In subsequent years, maintenance costs will be no more than five percent of first-year maintenance costs.
- N.D. Admin. Code ch. 45-06-15 - Bail Bondsman - The rules are not expected to have a fiscal impact of the Department's budget.

DATED this 12<sup>th</sup> day of June, 2015.

  
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