

Testimony to the  
**North Dakota Senate Appropriations Committee**  
March 4, 2021  
Prepared by Jeff Tescher, Director of Underwriting  
North Dakota Insurance Reserve Fund

**RE: House Bill No. 1010**

Mr. Chairman and members of the Senate Appropriations Committee, my name is Jeff Tescher, and I am the Director of Underwriting for the North Dakota Insurance Reserve Fund (NDIRF). The NDIRF is a government self-insurance pool that offers liability, automobile, and equipment risk coverage to political subdivisions in North Dakota. Over 2,550 local government entities have joined the NDIRF as members since 1986.

In addition, the NDIRF administers the North Dakota Fire and Tornado Fund (NDFT), which provides property risk coverage to North Dakota state agencies and political subdivisions, and the State Bonding Fund, which provides employee fidelity risk coverage to North Dakota state agencies and political subdivisions, through a contract for service with the North Dakota Insurance Department.

The NDIRF began administering the NDFT and the State Bonding Fund in 2019 after the North Dakota legislature authorized the ability of the Insurance Department to contract with the NDIRF for administration services of those two funds. Insurance Commissioner Jon Godfread has asked that I provide a brief overview of the transition process and an update regarding its success.

- The NDIRF is in the middle a three-year transition process that includes the following:
  - Year One (2019-2020): Understand the NDFT and State Bonding Fund operations and how those operations intertwine with current NDIRF operations
  - Year Two (2020-2021): Target immediate changes to operations and processes
  - Year Three (2021-2022): Provide updated coverage documents, rating, and other processes to mirror NDIRF operations. (We call it putting the NDIRF stamp on the NDFT and Bonding Fund)
- According to the financial information we have access to, here is a brief overview of the results of the transition:
  - Administrative and claims-related expenses were reduced by nearly \$320,000 from June 30, 2019 to June 30, 2020.
  - The NDFT policyholder count has increased from 1,164 to 1,187
  - NDFT Total Insured Value (TIV) has increased by nearly \$2,000,000,000 since June 2019.
  - NDFT policyholders now have access to NDIRF underwriting, loss control, and claims staff, dramatically enhancing NDFT policyholder service.

- NDFT reinsurance pricing rose from \$3,189,199 to \$4,144,048 from 2019 to 2020. The 2021 reinsurance renewal pricing increased less than 1% from 2020.
- The NDFT balance was \$20,916,806 as of June 30, 2020.

Thank you, Mr. Chairman, for the opportunity to provide you and the committee with an update regarding the NDFT and State Bonding Fund administration transition process. I would be happy to answer any questions the committee might have.