

Testimony to the  
**North Dakota House Agriculture Committee**

February 2, 2023

Prepared by Brennan Quintus, CEO  
North Dakota Insurance Reserve Fund

**RE: House Bill No. 1423**

Chairman Thomas and members of the House Agriculture Committee, my name is Brennan Quintus, and I am the CEO of the North Dakota Insurance Reserve Fund (NDIRF). The NDIRF is a nonprofit corporation organized in North Dakota as a government self-insurance pool, and it offers liability, automobile, and public assets coverage to N.D. political subdivisions. Over 2,550 N.D. political subdivisions purchase NDIRF coverage.

The NDIRF **opposes** H.B. 1423 only to the extent that it prohibits the NDIRF from fulfilling its contractual obligations to North Dakota counties and townships, and **we encourage an amendment to remove any mention of the NDIRF in the bill** for the following reasons:

1. H.B. 1423, if passed as written, would likely violate the Contract Clause of the U.S. Constitution. The NDIRF provides coverage to N.D. counties and townships in exchange for a contribution to the NDIRF, creating a contractual relationship between the NDIRF and those counties and townships that purchase NDIRF coverage. Under the Contract Clause, no state may pass a law that impairs the obligation of contracts. U.S. Const. art. I, § 10. H.B. 1423 would likely violate the Contract Clause, if passed as written, because it would impair the NDIRF's contractual obligations to N.D. counties and townships by preventing the NDIRF from covering those claims they are contractually obligated to cover that result from the issues mentioned in the bill.
2. H.B. 1423, if passed as written, would prohibit the NDIRF from providing liability coverage for the issues mentioned in H.B. 1423 in the future, putting the NDIRF at a competitive disadvantage in the insurance marketplace. N.D. counties and townships are not required to buy NDIRF coverage and may purchase coverage from a traditional insurance carrier. The NDIRF competes in the insurance marketplace just as any other traditional insurance carrier does to provide coverage to N.D. counties and townships. Prohibiting the NDIRF from offering coverage for an exposure that another insurance carrier may offer coverage for clearly puts the NDIRF at an unfair, and likely unintended, competitive disadvantage.

Thank you for your time and consideration, Chairman Thomas, and members of the House Agriculture Committee. The NDIRF **opposes** H.B. 1423 only to the extent that it prohibits the NDIRF from fulfilling its contractual obligations to North Dakota counties and townships. **We encourage an amendment to remove any mention of the NDIRF in the bill.**