



January 24, 2023

Chairman Louser and House Industry, Business and Labor Committee Members,

On behalf of the members of the Lignite Energy Council, I am submitting testimony today in support of House Bill 1283 due to the experiences that the lignite industry has had as it relates to the Environmental, Social and Corporate Governance (ESG) investment principles that are used by many large multinational financial institutions and insurance companies as guidance in their investment decision-making process.

Over the past five years, member companies of the Lignite Energy Council, which includes mining companies and electric generation facilities have experienced rate increases in the insurance products they use to protect their businesses in the range of 10 to 300%. These premium hikes have resulted in a significant increase in costs that did not exist a few years ago and do not appear to be tied solely to LEC member loss history.

With the rapid rise of insurance rates in the lignite industry, the added high costs are making lignite facilities less competitive in the marketplace. In part, these rates are increasing due to artificial pressures in the insurance and financial marketplace to exit fossil energy investments.

We applaud Representative Novak's efforts to engage in these important conversations and while we aren't experts in the details of banking legislation, we hope that stakeholders and the committee members can find common ground to help send a signal that the ESG discrimination will not continue against North Dakota's economic interests.

Thank you for your consideration,

Jonathan Fortner
Vice President of Government Relations