

TESTIMONY OF

Tag Anderson, Director Risk Management Division

Chairman Warrey and members of the committee, my name is Tag Anderson. I am the Director of the Risk Management Division of OMB. I appear today in a neutral position.

This legislation came out of interim study and prior testimony from OMB, the Insurance Department, and the North Dakota Insurance Reserve Fund is available for review. The primary focus during the interim study was the administration of the Fire and Tornado Fund, which is HB 1027. If administration of the Fire and Tornado Fund is transferred pursuant to HB 1027, it is recognized that transfer of the State Bonding Fund would also make sense as it is also administered pursuant to a contract with the North Dakota Insurance Reserve Fund.

However, if that working relationship were to end, OMB may not be able to properly administer the State Bonding Fund without additional staff and resources. Section 4 of the bill, amending NDCC 26.1-21-02, requires the contractual relationship with NDIRF or other entity to have a two-year term that cannot be terminated except upon sufficient notice given prior to the next legislative session in order to address the need for an appropriation or other legislative changes. But the bill as drafted does not take into account there is an existing contract that does not incorporate these statutory terms. Ensuring that NDIRF will continue to administer day to day activities of the State Bonding Fund is essential.

Chairman Warrey and committee members, this concludes my testimony. I would be happy to answer any questions.

Thank you.