



## **TESTIMONY IN SUPPORT OF HB 1026**

*John Arnold, Deputy Commissioner*

Senate Industry and Business Committee

March 31, 2025

Good morning, Chairman Barta and members of the Senate Industry and Business Committee,

On behalf of Commissioner Godfread, I encourage your favorable consideration of a Do Pass recommendation for House Bill 1026. I want to assure the committee that the Department does not view the transition of the State Bonding Fund to the Office of Management of Budget (OMB) as a negative. In fact, we view this as the natural progression of the efforts that Commissioner Godfread initiated with the 66<sup>th</sup> Legislative Assembly to allow for the authority to enter into a contract with the North Dakota Insurance Reserve Fund (NDRF) to administer both the State Bonding Fund and the Fire and Tornado Fund.

Completely removing the responsibility of these Funds from the Commissioner removes a regulatory conflict that was created by the contracting authority. Currently, the Department has both a regulatory relationship with NDRF and a contractual relationship with NDRF for services conducted within the insurance sector. This has led to conflicts when, for example, the contract for the administration of these funds was due to be renegotiated and renewed while the Department was also preparing to conduct a regulatory examination of NDRF. By completely removing these funds from the Department, HB 1026, as well as HB 1027, reestablishes a purely regulatory relationship with the NDRF by placing the contractual relationship with the OMB.

Thank you for your consideration.