



February 3, 2021

Chairman Klein and Senate IBL Committee Members,

On behalf of the members of the Lignite Energy Council, I am submitting testimony today in support of Senate Bill 2287. The bill provides the legislative authority for the insurance commissioner to study the availability, cost and risk associated with insurance coverage in the lignite coal industry and to implement any necessary recommendations by June 1, 2022.

Over the past three 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 three 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 generally referred to as Environmental, Social and Corporate Governance (ESG).

ESG criteria are investment principles that are used by many large financial institutions as guidance in their investment decisions. Banks and insurance companies are increasingly applying these arbitrary and non-financial factors as part of their analysis process to identify what are not actual, but perceived risks in financial and insurance markets.

In this study, we are seeking to work with the Insurance Commissioner to determine whether a program or mechanism could be implemented that could provide an alternative for North Dakota's lignite industry to seek market-based rates that are not skewed against the fossil fuel industry.

Thank you for your consideration,

Jason Bohrer

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