



Testimony of Keith Pic, CEO, NDIRF

**House Appropriations
Government Operations Division
Chairman David Monson**

NORTH DAKOTA
NDIRF
INSURANCE
RESERVE FUND

Introduction

- Established in 1986 to meet unique insurance needs of ND political subdivisions.
- Member-owned, nonprofit self-insurance pool governed by cities, counties, and schools.
- Not a state agency.
- Operates independently, regulated by ND Insurance Department.
- Saved members an estimated \$150 million since founding.



Market Conduct Examination Findings

- Claims Documentation:
 - Insufficient detail in some files.
- Equity in Claims Handling:
 - Variances between first-party and third-party claims.
- Communication on Claim Denials:
 - Letters lacked detailed explanations.

Exam did not assess the correctness of claim approvals or denials, but rather focused on supporting documentation.

Providing Context for Findings

- Many files closed without payment were "notice-only" files.
- Only 27% of third-party closures were liability denials.
- Farley Consulting audit found discrepancies in Insurance Department conclusions.



Steps Taken to Address Findings

- Complaint policy:
 - Better tracking and response to written grievances.
- Engagement of Legal Expertise:
 - Legal counsel for complex cases and internal expertise.
- Enhanced Claims Documentation:
 - Standardized workflows/checklists for consistency.
- Consistent Claims Handling:
 - Revised philosophy for equitable treatment.
- Improved Communication:
 - Clear denial letters referencing evidence.



Response to Broader Implications

- Legislative changes in governmental liability may impact subdivisions.
- Collaboration with lawmakers is crucial for balanced discussions.
- Focused on protecting financial stability and public resources.



Conclusion

- NDIRF serves ND's political subdivisions with integrity and excellence.
- Acknowledge areas for improvement while proud of accomplishments.
- Committed to strengthening contributions to ND communities.