



## TESTIMONY

*Jon Godfread, Insurance Commissioner*  
Budget Section, Government Operations Division  
September 18, 2024

Good afternoon, Mr. Chairman, and members of the interim Government Operations Budget Section Division. For the record, my name is Jon Godfread, Insurance Commissioner.

In the United States, insurance regulation is primarily a state responsibility, with each state having its own Insurance Commissioner. My role in North Dakota is to ensure that insurance companies operating within our borders are financially sound and capable of fulfilling their promises to policyholders. We achieve this through a few key activities: reviewing financial reports, examining companies doing business here, ensuring their products comply with the laws you enact, and assisting consumers when disputes arise.

But our work doesn't stop at the state level. North Dakota is also an active member of the National Association of Insurance Commissioners, or the NAIC. As the current President-Elect, I am proud to be leading this organization into 2025. The NAIC plays a crucial role in our work by developing model laws and regulations and by accrediting the states, which involves a thorough review of our financial solvency review procedures. Being selected by my peers to lead this organization is a tremendous honor and a great opportunity to bring our common-sense approach, our North Dakota mindset, to the rest of the country.

Now, I want to briefly walk through the structure of our department, which is organized into eight distinct divisions, each with a critical role to play. On your hand out you will notice we have broken down each division's appropriated salary and fringe, and operating budget along with the number of assigned FTEs:

1. **Legal Division:** Our legal team, consisting of a General Counsel and five attorneys, provides essential legal support, enforces insurance laws, litigates administrative actions, and drafts proposed legislation and regulations. All this on top of being an essential resource to each of our divisions and the legislative body.
2. **Life and Health Division:** This division has two branches
  - a. **Consumer Assistance:** Focuses on helping residents with life and health insurance and long-term care insurance. This division also provides Medicare counseling through the State Health Insurance Assistance Program or SHIP.
  - b. **Rate and Form Filing:** reviews the rates and benefits of insurance policies to ensure they comply with the law and delivers on their promises.
3. **Property and Casualty Division:** We recently restructured this division to better address the challenges of the current economic environment, this division now has its own director and, similar to the Life and Health Division, two teams; one focusing on consumer assistance and the other on rate and form filings for property and casualty insurance.

4. **Producer Licensing Division:** Responsible for licensing over 114,000 insurance producers operating in North Dakota, including nearly 6,000 resident producers. This division ensures that all producers meet our strict standards through precicensure examinations, background checks (including finger printing) and continuing education.
5. **Company Licensing and Examinations Division:** This division monitors the financial health of more than 2,500 insurance entities licensed to do business in North Dakota, ensuring they remain capable of fulfilling their promises to our citizens, and mitigating the risk of insolvency.
6. **Fraud Division:** Our dedicated fraud team, which includes 3 licensed peace officers and one civilian investigator, plays a vital role in protecting the public by investigating and prosecuting insurance fraud, a crime that drives up costs for everyone.
7. **Administration Division:** This division handles the day-to-day operations of the department, including budget management, accounting, and communications. It also oversees human resources and ensures that our internal policies and procedures run smoothly and are in compliance with state law and administrative code.
8. **State Fire Marshal's Office:** Since transitioning from the Attorney General's Office on July 1, 2023, this office has seen significant improvements. The Fire Marshal's team enforces fire safety laws, conducts inspections, and supports local fire departments with investigations.

While transferring the fire marshal to the Insurance Department, the 68<sup>th</sup> Legislative Assembly also allocated an additional two full-time positions for Deputy Fire Marshals to strengthen our ability to manage critical operations across our state. Despite making two separate offers to candidates for a position in Williston, we have yet to secure a hire for that area. However, our Fire Marshal division responded by strategically reorganizing, reclassifying the Chief Deputy Fire Marshal role to a Deputy Fire Marshal in the Jamestown area. This change not only addressed staffing needs but also provided for career growth within our team, resulting in the creation of Senior Deputy Fire Marshal positions.

I am pleased to report that we have successfully filled the reclassified position in Jamestown and one of the new positions in the Devils Lake region. Currently, Deputy Fire Marshals are stationed in West Fargo, Grand Forks, Devils Lake, Jamestown, and Bismarck, while Senior Deputy Fire Marshals are positioned in Minot and Dickinson. The only remaining open Deputy position is in the Williston area.

Alongside these staffing efforts, this year has been an important learning period as we addressed IT needs, securing contracts, firehouse placements, and procuring essential equipment. I am proud of the progress we have made over the past year and remain enthusiastic about continuing to advance the impact and visibility of the Fire Marshal program throughout North Dakota.

Another bright spot is the State Fire Marshal himself, and I just wanted to take a very brief moment to recognize Doug Nelson, who was recently awarded the National Association of State Fire Marshals Presidents Award for Excellence. Doug is committed to protecting our communities and continues to make an impact here at home while also being recognized by his peers at a national level. Congratulations Doug!

Whether it's our State Fire Marshal or the other divisions in our department, we remain focused on one goal: protecting the people of North Dakota. From ensuring your insurance policy is backed by a financially strong company, fighting fraud, or promoting fire safety, we are here to serve the people of North Dakota. We continue to make substantial progress, and I continue to be excited about the advancements we will make in the years ahead.

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### ***Fund Status and Reinsurance Updates***

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#### **Insurance Tax Distribution Fund:**

One significant change that you have asked us to give an update on is the Insurance Tax Distribution payments to the fire departments. As a quick reminder, these payments come from premium tax dollars, which are allocated at the beginning of the fiscal year and deposited into the Insurance Tax Distribution Fund. This fund is specifically earmarked for fire districts, rather than the General Fund, with the distributions made in the fall of the year.

I am pleased to report that in 2023, fire districts generally saw an increase in their distributions. Thanks to the continuing appropriation from SB 2211, the total tax distribution amount for 2023 was \$13,494,371, which was an increase of 37.854% from 2022. Looking ahead, we are projecting the total tax distribution amount for 2024 to be around \$14,303,020. However, it's challenging to predict the amounts for 2025 and 2026, as these funds are based on 1.75% of the gross premium from 6 lines of business, and those amounts fluctuate from year to year.

SB 2211 also altered the mechanism for distributing state funds to the North Dakota Firefighters Association (NDFA). NDFA now receives \$2.4 million per biennium from the Insurance Regulatory Trust Fund instead of drawing a percentage of the Insurance Tax Distribution Fund. On top of creating a more stable funding source for NDFA, this change also contributed to the overall increase in distributions that fire districts saw in 2023 by ensuring that all premium tax dollars collected on behalf of fire districts are distributed to fire districts.

The additional, and more stable, funding has allowed the NDFA to significantly enhance its services. For instance, they have hired a part-time Administrative Assistance who has boosted their social media presence, increasing member engagement, recruitment, and service requests. The NDFA has also introduced a full-time Training Coordinator to streamline the training process, improving service quality and efficiency. This has directly contributed to an increase in regional fire schools, growing from two annually to six within the past year. The NDFA has also expanded use of Subject Matter Experts, which has allowed them to update their course curriculum to align with National Fire Protection Association standards, ensuring accurate and relevant certification processes. Looking ahead, they are developing advanced training opportunities, such as Officer I and Driver/Operator certifications, and expanding outreach to include Emergency Medical Services. This growth, while beneficial, also highlights the need for increased maintenance of equipment and recruitment of instructors to meet rising demands. Overall, the

increased funding has proven invaluable in advancing their mission and supporting the fire service in North Dakota.

I am proud of these successes and am committed to continue to build on them but would be remiss not to bring to your attention the fact that the move of the Fire Marshal's Office, in combination with the timing of the NDFA funding, resulted in cash flow issues for the Department as a result of the Insurance Regulatory Trust Fund's \$1 million dollar reserve level. This shortfall was anticipated, and an increase of the reserve level was initially requested to be included in the Department's budget, however given the complexity of SB 2211 and the unknown extent of the impact, we chose not to doggedly pursue the request after being amended out early in the legislative process.

Fortunately, this shortfall typically resolves itself when company licensing renewals start to come in between January and March. We expect to have enough funds to maintain operations, but the timing issues and financial redundancies we have encountered need to be addressed. And to reiterate, this is a cashflow issue only, not an over expenditure by the Department.

#### **Insurance Regulatory Trust Fund:**

The Insurance Regulatory Trust Fund, the special fund from which the Department's budget is drawn, covers a wide range of expenses, which have continually been on the rise and, at times, appropriations utilizing this fund have nothing to do with the insurance department. We can understand this fund covering insurance department operations, salaries and other items related to the insurance industry, including support for our fire service. One item that we do not understand why it has been drawn from our special fund is forensic medical exam fees that are reimbursed to the Attorney General. The cost of these exams jumped significantly in the past biennium from \$660,000 to \$965,000. I understand the importance of reimbursing these fees, but I believe that the General Fund, rather than the Insurance Regulatory Trust Fund, is the appropriate funding source since these examinations do not have an impact on the insurance sector.

We also incur substantial costs for services provided by various state entities, such as fees for utilizing ND IT's services and the office of management and budget. These payments ultimately go to and benefit the general fund, creating a cycle where we contribute to the general fund both directly and indirectly. Additionally, any money exceeding \$1 million in the special fund at the end of the fiscal year is transferred to the general fund, further straining our financial resources. With our recurring expenses, the current \$1 million reserve limit on the Insurance Regulatory Trust Fund is simply too low, and it has and will continue to lead to disruptions and financial instability.

To address these issues, we will be proposing increasing the reserve limit on the Insurance Regulatory Trust fund to \$3 million. We also plan to update outdated fees and fines to better reflect the true administrative costs. These changes are designed to improve our resource allocation and ensure our financial stability while continuing to make contributions to the General Fund.

I would like to discuss the difference between the General Fund Agencies and Special Fund Agencies. Traditionally, special funded agencies and general funded agencies have operated under distinct financial frameworks. Special funded agencies, like ours, are primarily supported by dedicated revenue sources,

such as fees and specific taxes, and are intended to operate with a degree of financial independence from the state's General Fund. In contrast, general funded agencies rely directly on allocations from the General Fund, which is sourced from broad-based state revenues like income and sales taxes. However, over time, the distinction between these two types of agencies has significantly eroded. Today, we find ourselves increasingly treated like a general funded agency, facing similar financial constraints and expectations, yet still required to pay substantial fees to other state agencies as though we remain fully independent. This dual burden undermines the very purpose of being a special funded agency, forcing us into a financial cycle that limits our ability to effectively serve the people of North Dakota.

The current system requiring our agency to pay other state agencies for services while maintaining a cap on the Insurance Regulatory Trust Fund is not only duplicative but also financially inefficient. It effectively treats our agency as a reserve for the state, despite our significant contributions to the General Fund through Premium Taxes, which are a major revenue source for North Dakota.

As a special-funded agency, we pay substantial fees to various state entities that are already funded by the General Fund. For example:

- **Information Technology Department:**
  - Data Processing Technology Fee: \$2,800 per month (\$67,200 per biennium)
  - Application Support (0.5 FTE dedicated): \$6,000 per month (\$144,000 per biennium)
  - Desktop Support Service: \$4,600 per month (\$110,400 per biennium)
  - Records Management: \$104 per month (\$2,496 per biennium)
- **Office of Management and Budget (OMB):**
  - Rent for our 5th Floor Office and vaults: \$109,755.40 per year (\$219,510.80 per biennium)
    - Rent includes \$16.21 per square foot for 6,740 square feet of office space
    - Vaults rent at \$1.61 per square foot for 308 square feet
  - Central Duplicating (Printing services): Various charges for printed and bound materials.
  - Risk Management:
    - Workers Compensation Premiums: Various charges.
- **Auditor's Office:**
  - Agency Audit Fees: Last audit paid \$14,563.59 in June 2023.
- **Attorney General's Office:**
  - Legal Fees: Various charges for legal services provided.
  - Reimbursement of forensic examination fees.
- **Department of Transportation (DOT):**
  - Fleet Costs: Charges related to vehicle usage and maintenance.
- **Legislative Council**
  - Fees associated with the cost-benefit analysis conducted for bills that include a health insurance benefit mandate
  - NCOIL membership fees for legislators

These payments, totaling hundreds of thousands of dollars, are effectively redundant. The funds we pay into these state agencies ultimately cycle back to the General Fund, which these agencies rely on for their operations. This creates a scenario where our agency is contributing to the General Fund both directly through Premium Taxes and indirectly through these operational payments. Furthermore, any funds exceeding one million dollars in the Insurance Regulatory Trust Fund at the end of each fiscal year are also transferred to the General Fund, meaning we contribute yet again.

This system places a financial burden on our agency and creates inefficiencies that undermine our operations. The cap of one million dollars on the Insurance Regulatory Trust Fund is particularly problematic, as it exacerbates cash flow issues, especially given our significant and recurring expenses, such as salaries, operating costs, NDFA payments, and forensic medical exam fees. A cap that does not account for these critical expenditures risks operational disruptions and financial instability.

A clear example of this redundancy can be seen in North Dakota Century Code 54-44-11(5). This section mandates the establishment of a facility management operating fund by the Office of Management and Budget, financed through rental fees. However, any unobligated balance in this fund is transferred to the General Fund at the end of each fiscal year. Similarly, the Insurance Regulatory Trust Fund's unobligated balances are also transferred to the General Fund. This results in a situation where we pay a General Fund-supported state agency with a special fund, only to have both funds' unobligated balances returned to the same General Fund. This cycle is both redundant and inefficient.

Given these points, we propose a more rational and efficient approach: either provide us with a continuing appropriation or allow us to maintain our funds without arbitrary caps. At the very least, we should cease paying ancillary fees to other state agencies since these funds ultimately return to the state anyway. Our compromise would be to raise the reserve on the Insurance Regulatory Trust Fund to \$3 million.

This approach would streamline financial operations, reduce unnecessary duplications, and ensure that our agency can continue to function effectively without the constant threat of cash flow disruptions. It would allow us to focus on our core mission—protecting the people of North Dakota—without being hampered by financial inefficiencies.

#### **State Fire and Tornado Fund and State Bonding Fund:**

You'll recall that during the 66<sup>th</sup> Legislative Assembly I advocated code changes that allowed the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund (NDRIF) to administer the Fire and Tornado and Bonding funds. Five years have passed, and I still believe that this was absolutely the right policy decision because it both created a layer between the Insurance Commissioner selling insurance policies to political subdivisions while also regulating the industry and led to more accurate coverage of public property, which was made possible through the utilization of NDRIF's network of insurance professionals. These are good results for the state, and successes worth celebrating.

However, you may also be aware that during this interim, the Government Finance Committee has been tasked with studying the feasibility of changing the administration of these funds from the Insurance Commissioner to the Office of Management and Budget. I believe my track record clearly shows that I am

concerned with efficient and effective administration of state programs, not with “turf wars.” Please remember that while I highlighted the successes of moving the fire marshal last legislative session, in the past I also actively promoted moving the petroleum tank release compensation fund and the boiler and pressure valve inspectors out of the Insurance Department since they were better suited to be housed with the Department of Environmental Quality.

It is in this same spirit that we have actively participated in the Government Finance Committee’s study and have worked with the Office of Management and Budget to ensure that they fully comprehend the responsibilities of the funds, and the Departments role in the administration of these funds. I would support the transfer of administration because it would both fully remove the Commissioner from playing a role in the administration of a fund that directly competes with the private market but will also eliminate concerns that have been raised by NDIRF related to the Departments examination authority in relation to the contractual relationship that exists between them and us.

### **Reinsurance Association of North Dakota (RAND):**

The RAND program has been in place since 2020. It created an invisible reinsurance pool for health insurance policies sold on the individual market for claims exceeding \$100,000. RAND covers 75% of the cost of claims between \$100,000 and \$1,000,000, which has helped lower rate increases on premiums for these policies by roughly 20%. However, as healthcare costs have steadily risen, so have the payments for which RAND is responsible. The program is funded by federal dollars and assessments made on insurers writing group business in North Dakota. The federal pass-through funding is based on the cost of the second lowest cost silver plan in North Dakota. From 2020-2023, RAND saw a significant decrease in federal funds being passed through to the program for reasons that could not be determined. Earlier this year, both the Department and CMS learned that information critical to the disbursement formula was inaccurately provided by one of the carriers in our state to both the Department during the insurer rate filing period as well as to CMS, which caused the decrease in the federal pass-through dollars. Thanks to a number of hours and work from our team, we have been able to rectify those issues, and 2024 funding levels are back in line with what we expected and projected. The 2023 funding is currently being re-evaluated and we expect to receive additional funding for that year. Through this all, consumers in the individual market continue to see decreased rates that would not otherwise be experienced without RAND.

Regarding budgetary effects, insurers are allowed to take a premium tax credit in the amount of the assessments made to help fund RAND. With the rise in healthcare costs and the reduction in federal funding experienced in recent years, insurers used all, or nearly all, of the available premium tax credits for 2024, which in turn reduces the amount of funds that will be transferred to the General Fund. The correction in reduced federal payments from 2023 and some essential tweaks to the program that allow the RAND board to adjust the attachment point of this reinsurance program (to better reflect and remain in line with inflation) should fix any further problems with RAND and again bring the program back in line with our projections. Overall, this program has been very successful, and our market relies on this program to offer some level of affordability on an increasingly challenging health care market.

### **Status of Reinsurance Availability for County Mutual Insurance Companies:**

The reinsurance market, specifically as it pertains to the P&C sector of the insurance industry, has become increasingly challenging due to an increase in catastrophes across both the U.S. and globally. This hardening of the market has resulted in less capital available for reinsurance, which ultimately drives up the cost of coverage. Unfortunately, these higher costs are typically passed down to the insurance companies who, in turn, pass those costs on to the consumers, resulting in higher premiums. Generally, these costs must be covered by the market in order for a company to remain solvent.

The primary effect we are seeing in North Dakota is increasing premiums in the P&C market, and we are seeing some additional pressure placed on our County Mutuals. This pressure has resulted in some companies not being offered reinsurance, which will ultimately force them to either merge with a larger county mutual or dissolve. We have been working extremely closely with each of these small companies, laying out the options before them, and encouraging them to find the best outcome for their policy holders. I do not want to put any company into receivership or close the doors of any company, and so I have been encouraging the board of directors of each company in determining the best path forward for their respective companies. We have assured them we will be a resource all along the way, to ensure any transitions are smooth and orderly with minimal consumer impact.

I will be as transparent with you as I have been with these companies, the worst-case scenario for these companies is to delay a decision and ultimately be told their reinsurance is not going to be renewed. This would result in a very quick liquidation of the company's assets and force the consumers of that company to find new insurance in a short amount of time. Our focus is to avoid those worst-case scenarios through open and transparent discussions.

In terms of effects on our budget, if there are insolvencies or mergers of any domestic companies these transactions take time and resources of our staff away from their typical day-to-day duties. In either case, though, they are unlikely to have a material effect on our budget and is something we would be prepared to handle within the confines of our existing budget request.

While not a short-term solution, I do want to take a moment to remind you how the Department, with your support, has been proactive in attempting to make North Dakota a more attractive state in which insurance companies can invest capital. At the last meeting of the Budget Section on June 19, I requested \$1.5 million to fund four studies focused on strengthening the property and casualty market in North Dakota. I'm pleased to let you know that we have worked diligently in procuring a project manager, have signed a contract with a vendor for the autonomous vehicle study, have issued a notice of intent to award for a vendor to complete a comprehensive review of our property and casualty laws, and are reviewing proposals for the studies of captive insurance laws and regulations and the building codes study. We fully anticipated the aggressive timeline that we are under but believe that we will be prepared to present options for the 69<sup>th</sup> Legislative Assembly to consider.

Again, any changes that come out of these studies will have long term effects. I don't want to give the false impression that County Mutuals need not worry; they still have difficult decisions to make. But the

hope is that we are taking steps that will make North Dakota a state in which both insurance companies, and reinsurance companies, will view as a safe risk and a sound investment.

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### ***Target Market Equity & FTE Funding Pool***

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Last session, the Insurance Department requested appropriation authority of \$128,721 for targeted market equity increases for 11 positions. These positions include 5 attorneys, 4 consumer assistant specialists, Chief Examiner and Division Director of our Company Licensing & Examinations Division, and lastly Deputy John Arnold. To provide justification for these increases, we provided NAIC salary data and compared these positions with the midpoints of their counterparts across the other state insurance departments. Our goal was to either get our staff closer to the midpoint, compensate them for their experience, or provide compensation for their responsibilities compared to their peers both internally and nationally. I believe we achieved this goal with the funds that were provided, and we were able to stay comparable to their peers.

However, I must take this opportunity to discuss the FTE Funding Pool, a program that, while introduced with good intentions, has proven problematic for our agency. At the end of the 68th legislative session, \$644,746 was removed from the Department's salary and benefits line, leaving us to operate with \$10,668,172—before accounting for any additional salary items. We were told that we could request the full amount back through the FTE Funding Pool, but only under certain stipulations. Unfortunately, our experiences with this process has been different. We were able to request just \$532,798 for three positions—two in July 2023 and one in August 2023. The discrepancy between the guidance we received and the actual implementation, which was interpreted differently by legislative council and the Office of Management and Budget (OMB), left us significantly short of what was appropriated in the Department's budget.

Had we not managed to save funds through other vacancies, we would have likely faced a deficiency of \$300,000 by the end of the biennium. This situation has forced us into a position where we must keep positions vacant just to maintain the necessary flexibility and operational capability that our department requires. This is not just a budgeting issue, it's a strategic setback.

I have been transparent with the appropriations committees about the staffing decisions we have made, providing industry data to support our moves. The Legislature has already put in place mechanisms to monitor and report cumulative salary increases of 15% or more to legislative management, require disclosure of bonuses to the Employee Benefits Committee, and establish legislative increase averages that state agencies must follow. My experience has been that these safeguards are more than sufficient to prevent overspending or misuses of salary benefits.

The FTE Funding Pool, while good intentioned, has overlooked the specific needs of small agencies like ours and failed to consider the broader impacts it could have on larger agencies. This oversight has not

only created additional challenges but has also forced us to become overly strategic with our salary dollars, often to the detriment of operational efficiency.

In summary, the FTE Funding Pool has complicated our ability to manage staffing effectively, and I urge you to reconsider this approach in the coming legislative session. If there are concerns that one agency may be hoarding vacant positions or there are other misuses of these salary dollars, I ask that you address those issues with the agencies themselves and not strip away what limited flexibility we do have to effectively run a state agency. I too am an elected official, I have a duty to uphold and an office to run, I am accountable to this body as well as the people of North Dakota, and, at the very least, I would ask that you exempt out the elected agencies from the FTE Funding pool. From my understanding, most of the issues that the FTE Funding Pool sought to correct did not come from independently elected agencies, but rather from agencies without this level of direct oversight or accountability to the people of North Dakota.

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### ***Budget Overview:***

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As we present our budget request for the 2025-2027 biennium, it's important to note that the items previously mentioned represent just a segment of our agency's comprehensive activities and ongoing initiatives. Given the extensive scope and impact of our work across North Dakota, our total budget request for the next biennium is both reasonable and essential.

Our agency currently operates with 47 FTEs and only two vacancies. For the upcoming biennium, we are seeking an increase in our base budget for salaries and fringe benefits to reflect necessary adjustments and to respond to various operational needs. Part of this increase is the additional ask of 4 FTES to better serve 4 separate areas in our agency. Our total salary and wage request is \$12,468,358 which encompasses increased costs due to position reclassifications, potential retirements, overtime, and market equity considerations.

On the operations side, we are presenting a request with a slight reduction from the current biennium's budget due to effective cost-saving measures we've been able to implement over the past few years. However, I do want to highlight that there have been significant increases in operational costs due to increased fleet and ITD data processing charges, as well as the addition of essential resources for the Fire Marshal program to function.

Moreover, we are requesting capital asset funding to support crucial equipment upgrades for our Fraud Division and the Fire Marshal's office. Our total operational ask is \$2,635,603 bringing our total 25-27 budget to \$17,593,961 with all expenditure line items factored in.

To close, I want to emphasize the critical role that the North Dakota Insurance Department plays in protecting the interests of our state's residents. Whether it's ensuring the financial stability of insurance companies, combating fraud, or enhancing fire safety, our work has a profound impact on every corner of North Dakota. We are deeply committed to upholding the highest standards and continuously adapting to the evolving challenges we face in order to better serve our state.

As we begin this budgetary process, I want to thank you for your early engagement. We've covered a significant amount of ground today, and my team and I are fully prepared to answer any questions, provide further details, or discuss specific line items you may wish to explore in greater depth. Throughout my tenure, I have strived to earn your trust as a leader who brings forth a budget that is driven by necessity, not by desire. We make every effort to keep this process straightforward and to avoid the unnecessary complexities that can sometimes arise in these discussions.

In the past, I have made substantial cuts to our budget—not because it was asked of us, but because it was the right thing to do. I've always believed in being open and transparent about what it truly takes to run the Insurance Department effectively. The reductions I've proposed were made because we simply didn't need the excess. I trust that this commitment to fiscal responsibility will be remembered as we now seek to develop the Department in strategic areas, ensuring that we have the resources needed to fulfill the mission that this body and the Constitution of North Dakota have set before us.

Your thoughtful consideration of our needs and the challenges we've discussed today is invaluable. I look forward to continuing our work together to address these issues and to advance our shared goals in the upcoming legislative session. Thank you for your continued support and for the opportunity to present our vision and needs to you today.