

PARTICIPATOR

April 2006

\$3.4 Million Conferment of Benefits Paid to NDIRF Members in April 2006

NDIRF CELEBRATES 20 YEARS

2006 marks the 20th anniversary of the North Dakota Insurance Reserve Fund! Starting from scratch in 1986 and finishing that year with 400 members, the NDIRF has grown to 2500 members today - over 90% of the political subdivisions in North Dakota.

Along the way, coverage and service has grown steadily while costs have been held in check. In fact, many NDIRF members pay less today, for broader coverage, than they did 20 years ago – a circumstance few could have imagined.

Here's a little trip down memory lane to visit some important points in NDIRF history:

1986: NDIRF begins operations, new members are assessed a surcharge to establish an operating surplus (“Surplus Notes”). Maximum coverage limits of \$1 million are offered.

1988: Administration of NDIRF business is brought in-house, retaining professional staff to perform all aspects of company operations. Membership passes the 1,000 mark.

1989: NDIRF organizes as a non-profit corporation and legislation is enacted providing for regulatory review by the North Dakota State Insurance Commissioner.

1990: “Surplus Note” charges are discontinued. Membership passes 2,000.

1995: NDIRF completes repayment of the “Surplus Notes” and returns a further \$1 million to members, the beginning of the Conferment of Benefits program. A State Risk Management Fund is established for state agencies.

1996: Coverage limits of \$2 million are made available to Fund members.

1997: NDIRF experiences its most severe claim loss year, as winter storms and spring floods batter, most infamously, Grand Forks – and the entire state sees extreme weather.

1998: Separation from state agencies is concluded – NDIRF moves forward as a pool for political subdivisions only. Free Defensive Driving Classes are first offered to all member officials and employees.

2000: NDIRF builds and occupies its own office headquarters in Bismarck and avoids an infestation of the “Millenium Bug” – but is promptly hailed upon.

2003: Membership passes the 2,500 mark.

2006: A Conferment of Benefits totaling \$3.4 million is paid to Fund members, pushing the total benefits distributed since 1995 to just under \$40 million. ■

INSIDE ...
Financial Insight
From the CEO
Need Change?

NDIRF

RISK SERVICES

IS IT ME?

A question often heard on a radio call-in show when it's a caller's turn to speak is...Is It Me? As funny as this question sounds, it is a question our members should ask themselves when trying to determine the extent of their liability coverage.

Under a NDIRF member's liability coverage, Me (the NDIRF member) includes commissions, agencies, boards, districts, or authorities under your supervision or control. It is important to determine which entities these are. This is not always easy, as over time officials are replaced and organizational memory fades. To assist in determining, "Is It Me?", we provide the following information and examples.

To start, we can agree that government entities can do many things. In some cases, differing governments can provide the same service. In rare cases, they may bump heads over trying to provide the same service. Most important to our discussion here, is to agree that one governmental entity cannot, at the same time, actually be another governmental entity. You can only be you! Agreed?

Over the years the question, "Is It Me?" or "Is It Someone Else?", continues to pop up. Knowing the answer is VERY IMPORTANT in determining whether liability coverage will be provided under a NDIRF Liability Memorandum of Coverage. Following are some examples that hopefully will help to add light to the issue:

- A city fire department cannot be a Rural Fire Protection District (RFPD). However, a Rural Fire Protection District can include the corporate limits of a city. In numerous cases, the city and RFPD chiefs and volunteer fire fighters are one and the same and over time have started to view themselves as one entity, say, the "city fire department". This will cause a problem for the RFPD if it does not have liability coverage but the city does. The RFPD, unless specifically added to the city coverage, is not provided liability coverage under the city.
- A park board appointed by a city commission is part of the city. A publicly elected park board is separate from the city. A publicly elected park board is not provided liability coverage under a city's coverage unless specifically added.
- A Water Resource District (WRD) is separate from County government. The members of the board are appointed by the county commission but, during their term, they act entirely independently of the county commission. Again, no coverage is provided for the WRD under the county's coverage unless the WRD is specifically added.
- A nonprofit corporation set up by the elected officials of a governmental unit is not part of the governmental unit that the officials serve. Without discussing the validity of such an action (except in rare circumstances provided for in statute), there is no coverage for the corporation unless specifically added to the governmental unit's coverage.

To determine whether another entity or any commissions, agencies, boards, districts, or authorities are under your supervision or control, generally two questions will assist in the determination. First, is the fiduciary duty of the entity to your entity or itself? Secondly, do the members of the entity's board serve

Continued on Page 3

Continued from on Page 2

at your leisure (can they be removed without cause)? If the answers are fiduciary duty to itself (likely a separate entity) and do not serve at your leisure (likely a separate entity), we believe it is highly likely “It Is Not You”.

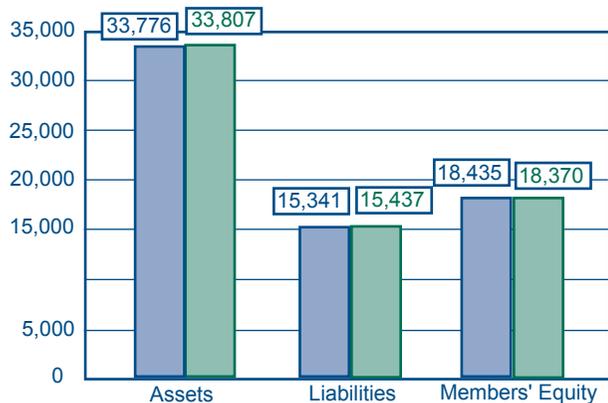
Another area of interest in this regard is joint powers agreements. Political subdivisions in North Dakota are authorized under State law to join with other like organizations, as specified in statute, to accomplish legitimate governmental purposes. These agreements can be very useful but it is also possible to create unintended consequences if they are not drafted with care. Our suggestion, when contemplating a joint powers agreement, is to utilize the services of legal counsel familiar with these agreements and with local government.

The subject of the organizational structure of political subdivisions is not always an easy one to get your arms around. The information provided is the NDIRF’s understanding of current North Dakota law. For the examples cited, we have not reviewed any Attorney General’s opinions or identified any case law that would lead us to a differing conclusion. If you are familiar with opinions or case law that could influence our current views, we would appreciate hearing from you.

If you have questions or comments on this information, contact Ross Warner at the NDIRF office. Local 224-1988 WATS 1-800-421-1988. ■

FINANCIAL INSIGHTS

Balance Sheet (in thousands)
December 31, 2005 & December 31, 2004



As of December 31, 2005, NDIRF remains in a strong financial position with members’ equity of \$18.4 million. The 2005 assets consist mainly of NDIRF’s investment portfolio (\$31.6 million) while the liabilities are primarily loss reserves (\$8.8 million) and the conferment payable in April, 2006 (\$3.4 million). ■

FROM THE CEO

The NDIRF Recipe

Ingredients: 2500 willing North Dakota political subdivisions. 16 dedicated professional staff members. 9 committed board directors. 230 local insurance agents. A sprinkling of numerous other helpful folks.

Instructions: Mix thoroughly and simmer in an uncertain environment for twenty years.

Yield: One very successful organization.



Ten years ago in these pages I wrote, “The NDIRF is not the first government self-insurance pool formed in the United States, and is not the largest, but it is a pool with a definite difference...a unique collaboration that has proven highly effective.” Like hearty cuisine, the diverse and yet complementary components of the NDIRF give it a flavor, strength and stability that could not have been achieved separately.

As we reflect on the success of NDIRF’s first 20 years and look forward to the opportunities of the future, it is also an appropriate moment for expressing gratitude to all who put themselves on the line to help get this started for North Dakota. Thanks! ■

NEED SOMEONE TO CHANGE? THINK BEFORE YOU CRITICIZE

Is someone doing something in your life that is driving you crazy? Do you need that person to stop behaving a certain way? If you are going to confront someone about a behavior that you want them to change, the most effective strategy is not to criticize that person, but to make a simple request for what you want to happen in the future, according to Adam Kahn in a piece called "Change People Without Criticizing."

Does a co-worker come into work late every morning, and you have to cover a task he or she is responsible for until they make their appearance? Is your anger building, because your own work is suffering? If so, think about the different scenarios that could take place when you talk to the person about the problem. What are you going to say? For instance, if you start the conversation with "Are you lazy or what? Why can't you get here on time like everybody else?" It's likely that the person will become immediately defensive, because, in effect, you have attacked his personality, and not the behavior, which is the real problem.

Visualize another scenario, instead of "confronting" the person about what is wrong with him or her, you ask for what you want to happen. You might say something like "Hey, Jack, how are doing? I was wondering if you could get here by 8 a.m., because when you're not here, I have to answer the phones and I can't get the daily schedule typed up and e-mailed out." That's much better because it's a specific request, and Jack now knows exactly what you want him to do. In the first scenario, you're basically just calling him lazy and venting your anger, which is understandable, but not really that constructive. After all, the point of criticism is to get what you want, right? But if criticism won't accomplish that, then you need to find a tactic that will. ■

Mark Your CALENDAR

May 2006

- 18: NDIRF Annual Meeting
Ramkota Inn, Bismarck

- 18: NDIRF Board of Directors Meeting
NDIRF offices, Bismarck

North Dakota Insurance Reserve Fund Board of Directors

Fred Bott, Devils Lake Steve Cichos, Jamestown Robert Frantsvog, Minot Burdell Johnson, Tuttle Mark A. Johnson, Bismarck
Rod Landblom, Dickinson Steve Neu, Bismarck Connie Sprynczynatyk, Bismarck Corene Vaughn, Cavalier

PRESORTED
STANDARD
US POSTAGE PAID
BISMARCK, ND
PERMIT NO 419

