



Financial Statements
December 31, 2018 and 2017
North Dakota Insurance Reserve Fund

North Dakota Insurance Reserve Fund
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December 31, 2018 and 2017

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Independent Auditor's Report

The Board of Directors
North Dakota Insurance Reserve Fund
Bismarck, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the North Dakota Insurance Reserve Fund, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Dakota Insurance Reserve Fund as of December 31, 2018 and 2017, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Fargo, North Dakota
March 15, 2019

North Dakota Insurance Reserve Fund
Balance Sheets
December 31, 2018 and 2017
(Dollars in Thousands)

	2018	2017
Assets		
Cash and cash equivalents - Note 3	\$ 3,748	\$ 1,403
Investments - Note 4	39,069	39,123
Agents' balances	491	456
Interest receivable	220	218
Deferred policy acquisition costs - Note 5	695	628
Land, building and equipment, net - Note 6	711	668
Other assets	230	221
	\$ 45,164	\$ 42,717
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 24	\$ 23
Conferment payable - Note 7	1	1
Accrued expenses	153	151
Unearned premiums	5,630	5,084
Reserve for losses	12,842	11,743
Reserve for incurred but not reported losses	6,376	5,982
	25,026	22,984
Net Assets		
Without member restrictions	20,138	19,733
	\$ 45,164	\$ 42,717

North Dakota Insurance Reserve Fund
 Statements of Activities
 Years Ended December 31, 2018 and 2017
 (Dollars in Thousands)

	2018	2017
Revenues		
Premiums earned	\$ 15,225	\$ 13,928
Expenses		
Losses and loss adjustment expenses	8,738	8,664
Underwriting and administrative	5,739	5,350
Total expenses	14,477	14,014
Revenues over (under) Expenses	748	(86)
Nonoperating Revenues (Expenses)		
Investment income, net of investment expenses of \$100 and \$97 in 2018 and 2017, respectively	961	920
Realized and unrealized gains (losses) on investments, net	(1,304)	1,132
Total nonoperating revenues (expenses)	(343)	2,052
Change in Net Assets Without Member Restrictions	405	1,966
Unrestricted Net Assets, Beginning of Year	19,733	17,767
Unrestricted Net Assets, End of Year	\$ 20,138	\$ 19,733

North Dakota Insurance Reserve Fund
Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(Dollars in Thousands)

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 405	\$ 1,966
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	94	72
Realized and unrealized (gain) loss on investments	1,304	(1,132)
Changes in assets and liabilities		
Agents' balances	(35)	(21)
Interest receivable	(2)	13
Deferred policy acquisition costs	(67)	(39)
Other assets	(9)	(36)
Losses and loss adjustment expenses	1,099	(426)
Incurred but not reported losses	394	427
Unearned premiums	546	314
Accounts payable	1	-
Accrued expenses	2	2
	3,732	1,140
Net Cash provided by Operating Activities		
Cash Flows from Investing Activities		
Purchase of investments	(10,725)	(11,884)
Proceeds from sale and maturities of investments	9,475	10,917
Purchase of property and equipment	(137)	(5)
	(1,387)	(972)
Net Cash used in Investing Activities		
Net Change in Cash and Cash Equivalents	2,345	168
Cash and Cash Equivalents at Beginning of Year	1,403	1,235
Cash and Cash Equivalents at End of Year	\$ 3,748	\$ 1,403

Note 1 - Summary of Significant Accounting Policies

Principal Business Activity

The North Dakota Insurance Reserve Fund (NDRIF) is a non-profit corporation engaged in the underwriting and insuring of property and casualty risks. NDRIF was organized January 1, 1986 and was incorporated on June 5, 1989. All political subdivisions in the State of North Dakota are eligible to participate in accordance with the North Dakota Century Code (Chapter 26.1- 23.1). The purpose of NDRIF is to establish a fund for self-insurance by the members against various types of property and casualty risks to which they are exposed in the ordinary course of their operations. Political subdivisions may terminate their membership at any time. Members include cities, counties, townships, school districts, fire districts, park districts, ambulance associations, soil conservation districts and water districts within the State of North Dakota. Total membership is 2,500 as of December 31, 2018.

Guidance issued by the Financial Accounting Standards Board (FASB) in section 958-10-15-5 of the codification excludes NDRIF from being required to prepare its financial statements in conformance with not-for-profit entity standards. However, NDRIF has elected to use certain terminologies and treatments used by not-for-profit entities in order to best represent its financial position to its members.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America that differ from statutory accounting practices prescribed or permitted for insurance companies by regulatory authorities.

Concentration of Credit Risk

The Fund's cash balances are maintained in various bank deposit accounts. Accounts at each institution are insured by the FDIC up to \$250,000. There were times during the first quarter of 2018 that the balance exceeded this limit. Beginning in the second quarter of 2018 NDRIF obtained pledged collateral that carried a value of \$2,951 at December 31, 2018.

Concentration of credit risk with respect to agents' balances is related principally to agents located within North Dakota. The Fund performs periodic credit evaluations of its agents' financial condition and generally does not require collateral. Receivables are generally due in 30 days.

Investments

Investments are reported at fair value. All investment income, including changes in the fair value of investments, is recognized in the statement of activities.

Declines in the fair value of investments below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Fund to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Fair Value Measurements

The Fund has determined the fair value of certain assets and liabilities in accordance with the provisions of ASC (Accounting Standards Codification) 820, *Fair Value Measurement and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles North Dakota Insurance Reserve Fund

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Agents' Balances and Credit Policy

Agents' balances are uncollateralized obligations due under normal trade terms requiring payment within 15 days from the month-end statement date. The balances are non-interest bearing. Payments are applied to the earliest unpaid invoices. Management reviews agents' balances on a regular basis and charges operations for those considered uncollectible. All remaining agents' balances are considered collectible.

Recognition of Premium Revenue and Related Expenses

Premiums are earned principally on a pro-rata basis over the lives of the policies. Unearned premiums represent the portion of premiums written applicable to the unexpired terms of policies in force. Related expenses associated with the unearned premiums are recognized as deferred policy acquisition costs and amortized over the lives of the policies.

As of January 1, 2018, the Fund adopted the provisions of Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-For-Profit Entities. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to improve a financial statement user's ability to assess the Fund's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location. The Fund has adopted this standard as management believes the standard improves the usefulness and understandability of the Fund's financial reporting.

Land, Building and Equipment

Equipment and building are stated at cost. The Fund capitalizes equipment and building purchases in excess of \$1,000. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	3-10 years
Building	3-30 years

The Fund reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value or the asset. There were no indicators of asset impairment during the years ended December 31, 2018 and 2017.

Insurance Liabilities

The liability for losses, loss-adjustment expenses and incurred but not reported losses includes an amount determined from loss reports and individual cases and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently. The reserve for losses and loss-adjustment expenses is reported net of receivables for salvage and subrogation.

Reinsurance

In the normal course of business, the Fund seeks to limit its exposure to loss on any single insured and to recover a portion of losses paid by ceding reinsurance to the Reinsurer for Data Breach Coverage, Property Coverage, and Automobile and Liability Coverage. For Data Breach Coverage, the Reinsurer will cover losses exceeding \$25 per occurrence but the Reinsurer shall not be liable for more than \$225 per occurrence with an aggregate maximum liability of \$5,000. For Property Coverage, the Reinsurer will cover losses exceeding \$4,250 per occurrence but the Reinsurer shall not be liable for more than \$66,000 per occurrence. For Automobile and Liability Coverage, the Reinsurer will cover losses exceeding \$2,000 per occurrence but the Reinsurer shall not be liable for more than \$8,000 per occurrence. Excess limits are also available to members who select increased Memorandums of Coverage for Property and Liability Coverage at an additional premium fee.

Reinsurance premiums are reported as a reduction of premium revenue. Premiums ceded were \$437 and \$353 during the years ended December 31, 2018 and 2017, respectively. Reinsurance recoveries are reported as a reduction of related loss expense. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet its obligation assumed under the reinsurance agreement.

Income Taxes

A ruling was received from the Internal Revenue Service (IRS) stating the income of the Fund is excludable for tax purposes from gross income under Section 115 of the Internal Revenue Code. However, it should be noted that the IRS also stated that no opinion is expressed as to the federal income tax consequences or whether the Fund is an insurance company for federal tax purposes. As a result, no provision for income taxes has been provided for. As of December 31, 2018, and 2017, the unrecognized tax benefit accrual was zero.

The Fund will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Fund considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Advertising

Marketing costs are expensed as incurred. Marketing expense was \$454 and \$417 for the years ended December 31, 2018 and 2017.

Subsequent Events

The Fund has evaluated subsequent events through March 15, 2019, the date which the financial statements were available to be issued.

Note 2 - Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of member-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Member Restrictions - Net assets available for use in general operations and not subject to member (or certain grantor) restrictions.

Net Assets With Member Restrictions - Net assets subject to member (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no net assets with member restrictions as of December 31, 2018 and 2017.

Financial assets available for general expenditure, that is, without member or other restrictions limiting their use, within one year of the statement of financial position date, comprise all the assets of the Fund.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following at December 31, 2018 and 2017:

	2018	2017
Cash	\$ 3,082	\$ 733
Money market	666	670
	\$ 3,748	\$ 1,403

Note 4 - Investments and Fair Value of Assets and Liabilities

The cost and fair value of investments measured at fair value on a recurring basis at December 31, 2018 and 2017, follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Fixed Maturities				
Corporate bonds	\$ 23,892	\$ 23,302	\$ 24,170	\$ 24,014
U.S. government securities	10,162	10,082	9,103	8,996
	<u>34,053</u>	<u>33,384</u>	<u>33,273</u>	<u>33,010</u>
Marketable Equity Securities				
Mutual funds	2,432	3,716	2,298	4,033
Stocks	1,530	1,969	1,400	2,080
	<u>3,962</u>	<u>5,685</u>	<u>3,698</u>	<u>6,113</u>
	<u>\$ 38,016</u>	<u>\$ 39,069</u>	<u>\$ 36,971</u>	<u>\$ 39,123</u>

The related fair values of these assets and liabilities are determined as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Other	Unobservable
			Observable (Level 2)	Inputs (Level 3)
December 31, 2018				
Mutual funds	\$ 3,716	\$ 3,716	\$ -	\$ -
Stocks	1,969	1,969	-	-
Corporate bonds	23,302	-	23,302	-
U.S. government securities	10,082	-	10,082	-
Total assets	<u>\$ 39,069</u>	<u>\$ 5,685</u>	<u>\$ 33,384</u>	<u>\$ -</u>
December 31, 2017				
Mutual funds	\$ 4,033	\$ 4,033	\$ -	\$ -
Stocks	2,080	2,080	-	-
Corporate bonds	24,014	-	24,014	-
U.S. government securities	8,996	-	8,996	-
Total assets	<u>\$ 39,123</u>	<u>\$ 6,113</u>	<u>\$ 33,010</u>	<u>\$ -</u>

The fair value for mutual funds and stocks is determined by reference to quoted market prices. The fair value for corporate bonds and U.S. government securities is determined by reference to quoted prices for similar assets in active markets or quoted prices for identical or similar instruments in markets that are not active.

North Dakota Insurance Reserve Fund
Notes to Financial Statements
December 31, 2018 and 2017
(Dollars in Thousands)

Major categories of net investment income, follows:

	2018	2017
Fixed maturities	\$ 930	\$ 912
Marketable equity securities	116	100
Cash and cash equivalents	15	5
	1,061	1,017
Investment expenses	(100)	(97)
Gain (loss) on sale and maturity of investments	(204)	56
Increase (decrease) in fair value of investments	(1,100)	1,076
	\$ (343)	\$ 2,052

As of December 31, 2018 and 2017, investments with a fair value of approximately \$1,267 and \$1,275 were pledged to the North Dakota Insurance Department.

Note 5 - Deferred Policy Acquisition Costs

Deferred policy acquisition costs consist of unearned commissions which have been paid to agents. These costs are amortized as a percent of unearned premiums in the same ratio as the percent of written premiums. Amortization in 2018 and 2017 was \$1,894 and \$1,762.

Note 6 - Land, Building and Equipment

	2018	2017
Equipment	\$ 473	\$ 344
Building	1,127	1,119
Land	215	215
	1,815	1,678
Less accumulated depreciation	(1,104)	(1,010)
	\$ 711	\$ 668

Depreciation charged to land, building and equipment as of December 31, 2018 and 2017 was \$72 and \$76, respectively.

Note 7 - Conferment Payable

During 2018 and 2017, the Board of Directors elected not to confer benefits to the participating members of the Fund. The amount of benefits allocated to a specific member is based upon a pro-rata share of the total benefit to be conferred. There were no benefits conferred for the years ended December 31, 2018 and 2017.

Note 8 - Employee Benefit Plans

401(a) Retirement Plan

The Fund has a qualified profit-sharing plan which covers all employees who meet eligibility requirements. The Fund's contribution to the plan is at the sole discretion of the employer. The contributions become 100 percent vested once disbursed to the plan. The Fund's contributions for 2018 and 2017 were \$199 and \$193.

Deferred Compensation Plan

The Fund has an elective employees' deferred compensation plan for substantially all employees. The plan qualifies as a deferred arrangement under Section 457 of the Internal Revenue Code. The plan allows employees to contribute up to the maximum allowable by law per year. These contributions are not subject to federal income taxes. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Beginning January 1, 2009, the Fund began matching contributions up to 2.5% of gross wages for all participating employees. The Fund's contributions for 2018 and 2017 were \$42 and \$45, respectively.

Note 9 - Related Parties

The Fund sponsors seminars, special projects, and advertising for Associations whose members are eligible to participate in the Fund. Certain Associations' Executive Directors or Board members are members of the Fund's Board of Directors. This would include the North Dakota Association of Counties, North Dakota League of Cities, North Dakota Recreation and Parks Association, and North Dakota School Board Association. In 2018 and 2017 the total amount paid to the related parties for these types of services was \$233 and \$244, respectively.

Note 10 - Statutory Net Income and Membership Equity

Accounting principles generally accepted in the United States of America differ in certain respects from the accounting practices prescribed or permitted by insurance regulatory authorities (statutory basis). Statutory net income was \$1,505 and \$890 in 2018 and 2017, and statutory surplus was \$19,766 and \$18,951 at December 31, 2018 and 2017, respectively.



Supplementary Information
December 31, 2018 and 2017

North Dakota Insurance Reserve Fund



Independent Auditor's Report on Supplementary Information

The Board of Directors
North Dakota Insurance Reserve Fund
Bismarck, North Dakota

We have audited the financial statements of North Dakota Insurance Reserve Fund as of and for the years ended December 31, 2018 and 2017, and our report thereon dated March 15, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules on pages 14-17 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Fargo, North Dakota
March 15, 2019

North Dakota Insurance Reserve Fund
 Reconciliation of Claims Liabilities by Type of Contract
 Years Ended December 31, 2018 and 2017
 (Dollars in Thousands)

	2018	2017
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	\$ 17,725	\$ 17,724
Unpaid Claims and Claim Adjustment Expenses		
Provision for insured events of current year	9,544	9,463
(Decrease) increase in provision of prior years	(807)	(799)
Total Incurred Claims and Claim Adjustment Expenses	8,737	8,664
Payments		
Claims and claim adjustment expenses attributable to insured events of the current year	3,369	3,125
Claims and claim adjustment expenses attributable to insured events of prior years	3,875	5,538
Total Payments	7,244	8,663
Total Unpaid Claims and Claim Adjustment Expenses, End of the Year	\$ 19,218	\$ 17,725

North Dakota Insurance Reserve Fund
Ten Year Claims Development Information
Years Ended December 31, 2018 and 2017
(Dollars in Thousands)

	Fiscal and Accident Year End									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Earned Premium and Revenues	\$ 13,385	\$ 12,810	\$ 12,106	\$ 12,839	\$ 12,169	\$ 13,322	\$ 12,973	\$ 14,198	\$ 15,979	\$ 14,882
Unallocated Expenses	3,627	3,763	3,952	4,221	4,538	4,656	4,948	5,121	5,350	5,739
Estimated Incurred Claims and Expense, End of Accident Year	6,747	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463	9,544
Paid (Cumulative) as of										
End of accident year	2,307	2,040	2,993	2,603	3,058	3,067	3,602	3,996	3,125	3,369
One year later	3,199	3,172	4,064	3,365	4,111	4,706	5,473	6,226	4,269	
Two years later	3,990	3,619	4,661	3,990	4,851	6,026	7,360	7,414		
Three years later	4,557	3,898	5,184	4,199	5,460	6,477	7,677			
Four years later	4,950	4,061	6,014	4,561	5,880	6,995				
Five years later	5,058	4,174	6,319	4,618	6,194					
Six years later	5,114	4,180	6,793	4,680						
Seven years later	5,123	4,185	7,107							
Eight years later	5,123	4,192								
Nine years later	5,127									
Reestimated Incurred Claims and Expense										
End of accident year	6,747	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463	9,544
One year later	6,501	5,425	7,795	6,196	6,691	8,352	10,196	11,433	8,065	
Two years later	6,129	5,437	7,437	5,487	6,859	9,224	9,215	11,944		
Three years later	6,313	4,840	7,739	5,207	6,595	8,457	9,082			
Four years later	6,159	4,698	6,935	4,979	6,771	8,174				
Five years later	5,707	4,340	7,229	4,941	7,177					
Six years later	5,248	4,235	7,721	4,996						
Seven years later	5,144	4,257	7,561							
Eight years later	5,177	4,227								
Nine years later	5,434									
Increase (Decrease) in Estimated Incurred Claims and Expense, End of Accident Year	(1,313)	(1,464)	(666)	(1,518)	(247)	180	(1,044)	741	(1,398)	-

North Dakota Insurance Reserve Fund
Statutory Statements of Admitted Assets, Liabilities, and Surplus
Years Ended December 31, 2018 and 2017
(Dollars in Thousands)

	2018	2017
Admitted Assets		
Bonds, at amortized cost	\$ 33,953	\$ 33,094
Marketable equity securities, at market value	5,685	6,113
Mortgage loans on real estate		
Real estate - occupied by the Company	591	623
Certificates of deposit	-	-
Cash and cash equivalents	3,748	1,403
	43,977	41,233
Interest receivable	220	218
Agents' balances	491	456
	711	674
Electronic data processing equipment and software	104	28
	\$ 44,792	\$ 41,935
Liabilities and Surplus		
Liabilities		
Losses and loss adjustment expenses	\$ 12,842	\$ 11,743
Incurred but not reported losses	6,376	5,982
Unearned premiums	5,630	5,084
Accounts payable	24	23
Accrued expenses	153	151
Conferment payable	1	1
	25,026	22,984
Surplus	19,766	18,951
	\$ 44,792	\$ 41,935

North Dakota Insurance Reserve Fund
Statutory Statements of Operations
Years Ended December 31, 2018 and 2017
(Dollars in Thousands)

	2018	2017
Underwriting Income		
Premiums earned	\$ 15,225	\$ 13,928
Deductions		
Losses incurred	5,666	5,294
Loss expenses incurred	3,072	3,370
Other underwriting expenses incurred	5,739	5,350
Total underwriting deductions	14,477	14,014
Net Underwriting Income (Loss)	748	(86)
Investment Income		
Investment income, net of investment expenses of \$100 and \$97 in 2018 and 2017, respectively	961	920
Realized capital gain (loss), net	(204)	56
Total investment income	757	976
Net Gain (Loss)	\$ 1,505	\$ 890
Capital and Surplus Account		
Surplus, at beginning of year	\$ 18,951	\$ 17,159
Net gain	1,505	890
Net unrealized gain (loss) on investments	(1,100)	1,076
Change in non-admitted assets	410	(174)
Change in surplus for the year	815	1,792
Surplus, at end of year	\$ 19,766	\$ 18,951