

THE COMMUNICATOR

Spring has sprung in Bismarck, ND. Viewing the Grant Marsh Bridge over the Missouri river on I 94 from Chief Looking's Village. New plant growth. Photo Credit: Poppy Mills, NDDOT

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FROM THE CEO

This issue of The Communicator arrives just in time for the July 1, 2023, renewal. Nearly all North Dakota State Fire and Tornado Fund (NDFT) packets have been mailed directly to state agency contacts or agents serving the Fund's political subdivision members. *If you have any questions regarding the renewal process or the materials included in the renewal packet, contact us at NDFT@ndirf.com.*

This year marks the fourth year the NDIRF has processed the Fund's renewal. Though we have continuously updated the process to better support the Fund's agents and members, the following two messages have remained consistent:

Review Property Values

We continue to find many significantly undervalued buildings covered under the NDFT. Due to recent inflation, even property valuations updated one year ago may be undervalued. For this reason, please review building values each year. See *Property Valuation Guide* on p. 2.

We have also discovered personal property may not be valued adequately, resulting in [coinsurance penalties](#). Please review personal property values each year as well.

Reinsurance Costs Continue to Increase

Reinsurance is coverage the NDFT purchases to protect the fund in the event of catastrophic loss. An example of a catastrophic loss is statewide property damage due to inclement weather, resulting in a high volume of claims to replace or repair property. Currently, reinsurance provides coverage for the fund when the total dollar amount of claims in any one occurrence exceeds \$2 million.

Reinsurance is a critical component for any coverage provider, especially for funds like the NDFT, because it protects the fund's surplus and reduces volatility if a catastrophic loss occurs. Simply stated, without reinsurance, a catastrophic event could significantly affect the fund's resources, leaving many entities without coverage to replace or repair their property.

However, reinsurance costs have increased

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dramatically over the past few years due to various factors, including significant claim activity nationwide and volatile financial markets. In 2018, the NDFT paid approximately \$2.9 million per year for a reinsurance policy that provided coverage for losses exceeding \$1 million. Fast forward just a couple of years, the NDFT paid \$4.5 million in 2021, \$5.4 million in 2022, and over \$7 million in 2023 for a reinsurance policy that covers losses exceeding \$2 million. In summary, the NDFT will pay over \$4 million more in 2023 than in 2018 and will retain \$1 million more in risk.

To maintain the strength and stability of the NDFT, we must continue to purchase adequate reinsurance. The NDIRF will continue to evaluate the NDFT reinsurance program to ensure the NDFT purchases the best available coverage at the lowest possible rate.

If you have any questions about this newsletter or the NDFT, please contact the NDIRF at (701) 224-1988 or NDFT@ndirf.com.

Sincerely,



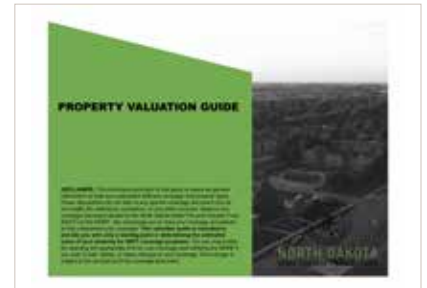
Brennan Quintus
NDIRF CEO

Updated Valuation Guide Now Available

Building values have risen by 20% or more since April 2021 per our building estimator tool, meaning buildings valued on or before this date may be significantly undervalued.

Please refer to our updated Property Valuation Guide as a starting point to update your entity's building property values. This guide was updated in June 2023 to reflect updated property values and include most building property types maintained by North Dakota State Fire and Tornado Fund (NDFT) members.

For historical property valuation support, please contact our Member Services Department at MemberServices@ndirf.com.



Follow these instructions to access the guide:

1. Go to www.NDIRF.com>Member Services>F&T Coverage Forms
2. Log into the portal using username *NDFT* and password *fire*
3. Scroll down to the Additional Resources section, and click on Property Valuation Guide

If you have questions regarding the Property Valuation Guide, please contact NDIRF Director of Member Services Corey Olson at (701) 751-9107 or Corey.Olson@ndirf.com.

May 31 NDFT Renewal Webinar Recording Now Available

NDIRF Director of Underwriting Jeff Tescher led a brief North Dakota State Fire and Tornado Fund (NDFT) renewal webinar for agents on Wednesday, May 31.

A recording of this webinar is available here: https://ndirf.zoom.us/rec/share/4IsEDzdEPRXn28fliCfYWcZzI7JdOYMFax5KqvS69uoLKI6q24GvChjJ-tnH3JGx.S_jlljOmtFc6prN1.

For NDFT Members, State Agencies and Political Subdivisions

A renewal webinar will be held at 10 a.m. on Thursday, June 22, for NDFT members.

To register for this webinar, go here: https://ndirf.zoom.us/webinar/register/WN_hUQBxIqnRY2X0AmJLUK8tA.

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