



Financial Statements  
December 31, 2021 and 2020  
**North Dakota Insurance Reserve Fund**

North Dakota Insurance Reserve Fund

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December 31, 2021 and 2020

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of North Dakota Insurance Reserve Fund, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Dakota Insurance Reserve Fund as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Dakota Insurance Reserve Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Dakota Insurance Reserve Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Dakota Insurance Reserve Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Dakota Insurance Reserve Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Eide Sully LLP*

Fargo, North Dakota  
March 1, 2022

# North Dakota Insurance Reserve Fund

Balance Sheets  
December 31, 2021 and 2020  
(Dollars in Thousands)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents - Note 3	\$ 4,497	\$ 4,976
State of ND - State Fire and Tornado Fund cash	42	14
Investments - Note 4	46,757	48,852
Agents' balances	539	529
Interest receivable	224	239
Deferred policy acquisition costs - Note 5	770	752
Land, building and equipment, net - Note 6	628	703
Other assets	266	204
	\$ 53,723	\$ 56,269
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 53	\$ 43
Payable to State of ND - State Fire and Tornado Fund	41	9
Conferment payable - Note 7	5,323	6,314
Accrued expenses	202	232
Unearned premiums	6,221	6,081
Unearned commission - State Tornado and Fire Fund	267	218
Reserve for losses	9,897	10,533
Reserve for incurred but not reported losses	6,442	6,551
	28,446	29,981
<b>Net Assets</b>		
Without member restrictions	25,277	26,288
	\$ 53,723	\$ 56,269

# North Dakota Insurance Reserve Fund

## Statements of Activities

Years Ended December 31, 2021 and 2020

(Dollars in Thousands)

	2021	2020
Revenues		
Premiums earned	\$ 17,615	\$ 17,083
Commission income - State Fire and Tornado Fund	534	571
Total revenues	18,149	17,654
Expenses		
Losses and loss adjustment expenses	8,428	6,050
Underwriting and administrative	6,609	6,284
Total expenses	15,037	12,334
Revenues over Expenses	3,112	5,320
Nonoperating Revenues		
Investment income, net of investment expenses of \$81 and \$143 in 2021 and 2020, respectively	1,030	1,042
Realized and unrealized gains on investments, net	123	3,138
Total nonoperating revenues	1,153	4,180
Change in Net Assets Without Member Restrictions	4,265	9,500
Net Assets Without Member Restrictions, Beginning of Year	26,288	23,076
Conferment Declared	(5,276)	(6,288)
Net Assets Without Member Restrictions, End of Year	\$ 25,277	\$ 26,288

# North Dakota Insurance Reserve Fund

## Statements of Cash Flows

Years Ended December 31, 2021 and 2020

(Dollars in Thousands)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 4,265	\$ 9,500
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	85	85
Realized and unrealized gain on investments	(123)	(3,138)
Changes in assets and liabilities		
Agents' balances	(10)	10
Interest receivable	15	19
Deferred policy acquisition costs	(18)	(20)
Other assets	(62)	43
Losses and loss adjustment expenses	(636)	(1,272)
Incurred but not reported losses	(109)	162
Unearned premiums	140	158
Unearned commission State Fire and Tornado Fund	49	21
Accounts payable	42	(16)
Accrued expenses	(30)	59
Net Cash provided by Operating Activities	3,608	5,611
Cash Flows from Investing Activities		
Purchase of investments	(15,060)	(9,260)
Proceeds from sale and maturities of investments	17,278	8,445
Purchase of property and equipment	(10)	(10)
Net Cash from (used for) Investing Activities	2,208	(825)
Financing Activities		
Conferment paid	(6,267)	(3,051)
Net Cash used for Financing Activities	(6,267)	(3,051)
Net Change in Cash and Cash Equivalents	(451)	1,735
Cash and Cash Equivalents at Beginning of Year	4,990	3,255
Cash and Cash Equivalents at End of Year	\$ 4,539	\$ 4,990
Schedule of Other Noncash Activities		
Conferment payable	\$ 5,323	\$ 6,314

## **Note 1 - Summary of Significant Accounting Policies**

### **Principal Business Activity**

The North Dakota Insurance Reserve Fund (NDIRF or the Fund) is a non-profit corporation engaged in the underwriting and insuring of property and casualty risks. NDIRF 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 NDIRF 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 2,586 and 2,555 as of December 31, 2021 and 2020, respectively.

In June 2019, NDIRF was contracted by the North Dakota Insurance Department to administer the State Fire and Tornado Fund and the State Bonding Fund. NDIRF is contracted to provide the following services: Underwriting, Collection of Premium, Loss Control and Claims Administration, in exchange for compensation. NDIRF is not at risk for claims from the Fire and Tornado Fund policyholders and is only an administrator of the program. This contract ends on June 30, 2022.

Guidance issued by the Financial Accounting Standards Board (FASB) in section 958-10-15-5 of the codification excludes NDIRF from being required to prepare its financial statements in conformance with not-for-profit entity standards. However, NDIRF 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. The Fund pledged collateral that held a value of \$3,621 and \$4,250 as of December 31, 2021 and 2020, respectively.

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.

The Fund also recognizes commission revenue related to a signed agent agreement in which the Fund uses office personnel to manage premium billing and claims payments of the Fire and Tornado Fund. The commission revenue is recognized ratably over the life of the contract as the premium is earned.

**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, 2021 and 2020.

**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 \$50 per occurrence but the Reinsurer shall not be liable for more than \$250 per occurrence with an aggregate maximum liability of \$5,000. For Property Coverage, the Reinsurer will cover losses exceeding \$5,290 per occurrence but the Reinsurer shall not be liable for more than \$69,210 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 \$650 and \$555 during the years ended December 31, 2021 and 2020, 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.

### **State Tornado and Fire Fund**

The Fund earns a commission of 7% on all written premiums for Tornado and Fire Fund policies. This amount is earned on a pro-rata basis over the life of the policies. All policies are one year and run from July 1 through June 30. The Fund records an unearned commission for the amount commission received on unearned premiums. Policyholders remit their payments directly to the Fund who then remits the funds less the 7% commission to the North Dakota Insurance Department. Losses are similarly handled as funds are transferred to the Fund from the North Dakota Insurance Department which are then remitted to the policy holders by the Fund. Cash accounts and losses payable accounts are presented on the balance sheet as an asset and liability.

### **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, 2021 and 2020, 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 \$406 and \$421 for the years ended December 31, 2021 and 2020.

### **Subsequent Events**

The Fund has evaluated subsequent events through March 1, 2022, 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, 2021 and 2020.

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, 2021 and 2020:

	2021	2020
Cash	\$ 3,530	\$ 4,481
State Fire and Tornado Fund Cash	42	14
Money Market	967	495
	\$ 4,539	\$ 4,990

North Dakota Insurance Reserve Fund

Notes to Financial Statements

December 31, 2021 and 2020

(Dollars in Thousands)

**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, 2021 and 2020, follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Fixed Maturities				
Corporate bonds	\$ 27,676	\$ 28,067	\$ 27,289	\$ 28,781
U.S. government securities	10,477	10,633	10,017	10,742
	<u>38,153</u>	<u>38,700</u>	<u>37,306</u>	<u>39,523</u>
Marketable Equity Securities				
Mutual funds	4,147	8,057	2,354	5,734
Stocks	-	-	1,980	3,595
	<u>4,147</u>	<u>8,057</u>	<u>4,334</u>	<u>9,329</u>
	<u>\$ 42,300</u>	<u>\$ 46,757</u>	<u>\$ 41,640</u>	<u>\$ 48,852</u>

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

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2021				
Mutual Funds	\$ 8,057	\$ 8,057	\$ -	\$ -
Corporate Bonds	28,067	-	28,067	-
U.S. Government Securities	10,633	-	10,633	-
Total assets	<u>\$ 46,757</u>	<u>\$ 8,057</u>	<u>\$ 38,700</u>	<u>\$ -</u>
December 31, 2020				
Mutual Funds	\$ 5,734	\$ 5,734	\$ -	\$ -
Stocks	3,595	3,595	-	-
Corporate Bonds	28,781	-	28,781	-
U.S. Government Securities	10,742	-	10,742	-
Total assets	<u>\$ 48,852</u>	<u>\$ 9,329</u>	<u>\$ 39,523</u>	<u>\$ -</u>

## North Dakota Insurance Reserve Fund

Notes to Financial Statements

December 31, 2021 and 2020

(Dollars in Thousands)

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.

Major categories of net investment income (loss), follows:

	2021	2020
Fixed Maturities Interest	\$ 1,003	\$ 1,062
Marketable Equity Securities Dividends	104	114
Cash and Cash Equivalents Interest	4	9
	1,111	1,185
Investment Expenses	(81)	(143)
Gain on Sale and Maturity of Investments	2,878	278
(Decrease) Increase in Fair Value of Investments	(2,755)	2,860
	\$ 1,153	\$ 4,180

As of December 31, 2021 and 2020, investments with a fair value of approximately \$2,250 and \$2,322 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 2021 and 2020 was \$2,261 and \$2,177, respectively.

### Note 6 - Land, Building and Equipment

	2021	2020
Equipment	\$ 325	\$ 325
Building	1,235	1,225
Land	215	215
	1,775	1,765
Less Accumulated Depreciation	(1,147)	(1,062)
	\$ 628	\$ 703

Depreciation charged to land, building and equipment as of December 31, 2021 and 2020 was \$85.

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**Note 7 - Conferment Payable**

During 2021 and 2020, the Board of Directors elected 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. The benefits conferred payable for the years ended December 31, 2021 and 2020 were \$5,323 and \$6,314, respectively.

**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 2021 and 2020 were \$245 and \$220, respectively.

**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 2021 and 2020 were \$57 and \$51, 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 2021 and 2020 the total amount paid to the related parties for these types of services was \$210 and \$219, 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 \$7,020 and \$6,640 in 2021 and 2020, and statutory surplus was \$23,195 and \$22,968 at December 31, 2021 and 2020, respectively.



Supplementary Information  
December 31, 2021 and 2020

## 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 year ended December 31, 2021 and 2020, and have issued our report thereon dated March 1, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The reconciliation of claims liabilities by type of contract, ten year claims development information, statutory statements of admitted assets, liabilities, and surplus, and statutory statements of operations is presented for the purposes of additional analysis and is 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 the 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 as a whole.

*Eide Bailly LLP*

Fargo, North Dakota  
March 1, 2022

**North Dakota Insurance Reserve Fund**  
 Reconciliation of Claims Liabilities by Type of Contract  
 Years Ended December 31, 2021 and 2020  
 (Dollars in Thousands)

	2021	2020
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	\$ 17,084	\$ 18,194
Unpaid Claims and Claim Adjustment Expenses Provision for insured events of current year	12,083	9,063
(Decrease) increase in provision of prior years	(3,655)	(3,013)
Total Incurred Claims and Claim Adjustment Expenses	8,428	6,050
Payments		
Claims and claim adjustment expenses attributable to insured events of the current year	5,897	3,291
Claims and claim adjustment expenses attributable to insured events of prior years	3,276	3,869
Total Payments	9,173	7,160
Total Unpaid Claims and Claim Adjustment Expenses, End of the Year	\$ 16,339	\$ 17,084

North Dakota Insurance Reserve Fund  
Ten Year Claims Development Information  
Years Ended December 31, 2021 and 2020  
(Dollars in Thousands)

	Fiscal and Accident Year End									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Earned Premium and Revenues	\$ 12,839	\$ 12,169	\$ 13,322	\$ 12,973	\$ 14,198	\$ 15,979	\$ 14,882	\$ 20,708	\$ 21,263	\$ 18,768
Unallocated Expenses	4,221	4,538	4,656	4,948	5,121	5,350	5,739	5,912	6,283	6,609
Estimated Incurred Claims and Expense, End of Accident Year	6,514	7,424	7,994	10,126	11,203	9,463	9,544	11,343	9,063	12,083
Paid (Cumulative) as of										
End of accident year	2,603	3,058	3,067	3,602	3,996	3,125	3,369	4,742	3,291	5,897
One year later	3,365	4,111	4,706	5,473	6,226	4,269	4,242	5,670	4,066	
Two years later	3,990	4,851	6,026	7,360	7,414	5,733	5,132	6,066		
Three years later	4,199	5,460	6,477	7,677	9,020	6,482	5,621			
Four years later	4,561	5,880	6,995	8,302	9,524	6,724				
Five years later	4,618	6,194	7,420	8,545	10,116					
Six years later	4,680	6,305	7,477	8,949						
Seven years later	4,725	6,635	7,578							
Eight years later	4,791	6,912								
Nine years later	4,791									
Reestimated Incurred Claims and Expense										
End of accident year	6,514	7,424	7,994	10,126	11,203	9,463	9,544	11,343	9,063	12,083
One year later	6,196	6,691	8,352	10,196	11,433	8,065	7,807	9,057	7,295	
Two years later	5,487	6,859	9,224	9,215	11,944	8,358	7,632	8,135		
Three years later	5,207	6,595	8,457	9,082	12,287	8,153	6,537			
Four years later	4,979	6,771	8,174	9,127	12,388	8,233				
Five years later	4,941	7,177	7,659	9,020	12,185					
Six years later	4,996	6,813	7,529	9,053						
Seven years later	4,913	6,910	7,771							
Eight years later	4,828	6,940								
Nine years later	4,827									
Increase (Decrease) in Estimated Incurred Claims and Expense, End of Accident Year	(1,687)	(484)	(223)	(1,073)	982	(1,230)	(3,007)	(3,208)	(1,768)	(0)

North Dakota Insurance Reserve Fund  
Statutory Statements of Admitted Assets, Liabilities, and Surplus  
Years Ended December 31, 2021 and 2020  
(Dollars in Thousands)

	2021	2020
<b>Admitted Assets</b>		
Bonds, at amortized cost	\$ 37,695	\$ 37,196
Marketable equity securities, at market value	8,057	9,329
Real estate - occupied by the Company	566	601
Cash and cash equivalents	4,539	4,990
	50,857	52,116
Interest receivable	224	239
Agents' balances	514	514
	738	753
Electronic data processing equipment and software	46	80
	\$ 51,641	\$ 52,949
<b>Liabilities and Surplus</b>		
<b>Liabilities</b>		
Losses and loss adjustment expenses	\$ 9,897	\$ 10,533
Incurred but not reported losses	6,442	6,551
Unearned premiums	6,221	6,081
Unearned commission Tornado and Fire	267	218
Accounts payable	94	52
Accrued expenses	202	232
Conferment payable	5,323	6,314
	28,446	29,981
Surplus	23,195	22,968
	\$ 51,641	\$ 52,949

North Dakota Insurance Reserve Fund  
Statutory Statements of Operations  
Years Ended December 31, 2021 and 2020  
(Dollars in Thousands)

	2021	2020
Underwriting Income		
Premiums earned	\$ 17,615	\$ 17,083
Commissions earned	534	571
Total underwriting income	18,149	17,654
Deductions		
Losses incurred	5,568	3,575
Loss expenses incurred	2,860	2,475
Other underwriting expenses incurred	6,609	6,284
Total underwriting deductions	15,037	12,334
Net Underwriting Income	3,112	5,320
Investment Income		
Investment income, net of investment expenses of \$81 and \$143 in 2021 and 2020, respectively	1,030	1,042
Realized capital gain, net	2,878	278
Total investment income	3,908	1,320
Net Gain	7,020	\$ 6,640
Capital and Surplus Account		
Surplus, at beginning of year	22,968	\$ 21,055
Net gain	7,020	6,640
Net unrealized gain (loss) on investments	(1,433)	1,545
Change in non-admitted assets	(84)	16
Conferment declared	(5,276)	(6,288)
Change in surplus for the year	227	1,913
Surplus, at end of year	\$ 23,195	\$ 22,968