

# THE COMMUNICATOR

WINTER 2025



The Barnes County Correctional Facility (Valley City)

## Dear NDFT Member:

Data analysis has always been an interesting subject to me and learning more about it was one of my favorite parts of obtaining my master's degree in risk management and insurance.

Applying data analysis to the ND State Fire & Tornado Fund ("NDFT"), one data point that stands out is an increase of \$9 billion in total insured value ("TIV") since the NDIRF assumed its administration (June 2019). This increase is largely the result of reviewing and updating property schedules to ensure property is adequately valued and listed on an entity's property schedule.

Another data point is from spring 2023 during which 17 collapse claims were reported for a total loss amount of \$2.58 million. Since then, no collapse claims have been reported.

Finally, in the 2023-2024 winter, 42 water claims were reported for a total loss amount of \$1 million. The cause of loss was largely burst frozen pipes. In comparison, in the 2024-2025 winter, only 24 water claims were reported for a total loss amount of \$686k.

Combined with data analysis is the general idea of risk management.

Preceding the drops in frequency and severity of claims reported was

risk management articles provided in this very newsletter, including "Winter Building Maintenance: Preparing for a Season of Challenges," and "Preventing Pipe Freezes and Pipe Breaks."

Based on the data points provided, we can conclude the NDIRF has significantly increased the NDFT's TIV and, by providing risk management information, reduced loss frequency year-over-year. Risk management can be somewhat difficult to measure concretely; though, it's easy to draw a conclusion and make the data fit, which is just what I did.

The full truth is: 1) adding \$9 billion in TIV was done in collaboration with independent agents across the state who helped political subdivisions properly value their property; 2) our state's 2022-2023 winter recorded higher than average-and even record setting-snowfalls which led to an increase in collapses due to prolonged snow loads; and 3) our state's 2023-2024 winter brought freezing polar vortex stretches affecting underground or exposed infrastructure, like pipes.

Therefore, the reduction in frequency and severity was more likely a *combination* of better weather and your entity's maintenance and loss prevention efforts.

While weather is a factor we can't control, your entity's maintenance

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schedule and loss prevention efforts are in its control. Not all losses caused by weather can be prevented but they can be mitigated, usually by just taking a few moments of time.

Partnerships are key to making the NDIRF and NDFT the best sources of risk services for North Dakota's local governments. By leveraging the NDIRF and NDFT's coverages and risk services, your entity enhances its ability to operate in a cost-effective and efficient manner.

In the spirit of partnership, we request your feedback on how the NDFT can improve. **To provide your feedback using our one-question survey, go here: <https://www.surveymonkey.com/r/NMZP2CM>. This survey will close at 5 p.m. on Monday, March 31.**

As you may be aware, the NDFT's ownership is moving from the ND Insurance Department to the Office of Management and Budget ("OMB"). While the NDIRF has committed itself to continue administering the NDFT, now is a great opportunity to suggest changes to make it even better.

Thank you for your contribution and partnership in improving the NDFT!

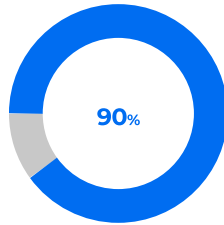
Sincerely,

Keith Pic  
NDIRF CEO

## What is Coinsurance?

Learn how it's applied and what your entity can do to prevent it

To help maintain the strength and stability of the North Dakota State Fire and Tornado Fund (NDFT), coinsurance penalties are applied to help close the gap between uncollected premium due to undervalued property and the loss payment. *Note: With the exception of items covered under a blanket limit of insurance, all property items are subject to a 90% coinsurance condition.*



### EXAMPLE

Your entity's pool building has a personal property limit of \$100,000. An unexpected hailstorm rips through your area. You don't have enough time to get the umbrellas, tables, and chairs into storage, and they sustain damage.

At the time of loss, it is determined the total value of the pool building's personal property is \$250,000. The cost to replace or repair the umbrellas, tables, and chairs is \$45,000. In this example, a coinsurance penalty would apply.

Here is a breakdown of this example's coinsurance calculation:

- Current Replacement Cost (RC) value: \$250,000
  - Personal Property (PP) Limit on Policy: \$100,000
  - Coinsurance on Policy: 90%
  - Deductible: \$1,000
  - Amount of Loss: \$45,000
1. Minimum amount of insurance needed to avoid a coinsurance penalty is:  $\$250,000 \times 90\% = \$225,000$
  2.  $\$100,000 / \$225,000 = .444$
  3.  $\$45,000 \times .444 = \$19,980$
  4.  $\$19,980 - \$1,000 = \$18,980$

The NDFT would pay \$18,980. The remaining \$26,020 is not covered.

### HOW TO PREVENT COINSURANCE

Here are two tips to help your entity prevent a coinsurance penalty:

**Review your property schedule.** Since assuming administration of the NDFT, we've repeatedly shared the importance of reviewing and updating building values. During this process, we encourage you to also review the values of personal property these buildings contain (offices, dorms, storage, etc.).

**Double-check your inventory.** As new employees join your

entity, they may not be familiar with all its property. Set a schedule to review property at least annually so you keep tabs on existing and new property.

### ADDITIONAL TERMS TO KNOW

As you're reviewing your entity's property schedule, you'll come across four different property terms: Building Property, Business Personal Property, Outdoor Property, and Trailer Property. We've provided the acronyms and definitions below to help you further understand your schedule:

**BP (Building Property):** A structure that normally has walls and a roof and has a permanent foundation.

**PP (Business Personal Property):** Movable, tangible, and owned by the policyholder that stays on location. There is some coverage for personal property temporarily off premises.

**OP (Outdoor Property):** Permanently anchored property such as water towers, fencing, flag poles, detached signs, lighting, bleachers, and playground equipment.

**TP (Trailer Property):** Trailers and mobile homes not on a permanent foundation system, but anchored.

### QUESTIONS

If you have questions regarding property schedule review and valuation, please contact the NDIRF Underwriting Department at [NDFT@ndirf.com](mailto:NDFT@ndirf.com).

### Review Property Schedules, Values

Over the past couple of years, we have discovered many properties that are missing or significantly undervalued on members' property schedules.

**If any properties on your July 1, 2021, renewal schedule have a date appraised of 7/1/2019, please review these properties to ensure their values are adequate.**

If you need assistance reviewing your property schedule to ensure no property is missing and/or to confirm all square footages and other specifications are correct, please contact:

- State Agencies: Contact us at [NDFT@ndirf.com](mailto:NDFT@ndirf.com) or (701) 224-1988.
- Political Subdivisions: Contact your local agent.

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