



Financial Statements  
December 31, 2017 and 2016  
**North Dakota Insurance Reserve Fund**

North Dakota Insurance Reserve Fund  
Table of Contents  
December 31, 2017 and 2016

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Independent Auditor’s Report.....	1
Financial Statements	
Balance Sheets .....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements.....	6
Supplementary Information	
Independent Auditor’s Report on Supplementary Information .....	13
Reconciliation of Claims Liabilities by Type of Contract .....	14
Ten Year Claims Development Information.....	15
Statutory Statements of Admitted Assets, Liabilities, and Surplus.....	16
Statutory Statements of Operations.....	17



## **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, 2017 and 2016, 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, 2017 and 2016, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
February 28, 2018

North Dakota Insurance Reserve Fund  
Balance Sheets  
December 31, 2017 and 2016  
(Dollars in Thousands)

	2017	2016
<b>Assets</b>		
Cash and cash equivalents - Note 3	\$ 1,403	\$ 1,235
Investments - Note 4	39,123	37,025
Agents' balances	456	435
Interest receivable	218	231
Deferred policy acquisition costs - Note 5	628	589
Land, building and equipment, net - Note 6	668	734
Other assets	221	185
	\$ 42,717	\$ 40,434
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 23	\$ 23
Conferment payable - Note 7	1	1
Accrued expenses	151	149
Unearned premiums	5,084	4,770
Reserve for losses and loss adjustment expenses	11,743	12,169
Reserve for incurred but not reported losses	5,982	5,555
	22,984	22,667
<b>Net Assets</b>		
Unrestricted	19,733	17,767
	\$ 42,717	\$ 40,434

North Dakota Insurance Reserve Fund  
 Statements of Activities  
 Years Ended December 31, 2017 and 2016  
 (Dollars in Thousands)

	2017	2016
Revenues		
Premiums earned	\$ 13,928	\$ 13,058
Expenses		
Losses and loss adjustment expenses	8,664	11,552
Underwriting and administrative	5,350	5,121
Total expenses	14,014	16,673
Expenses over Revenues	(86)	(3,615)
Nonoperating Revenues		
Investment income, net of investment expenses of \$97 and \$92 in 2017 and 2016, respectively	920	921
Realized and unrealized gains on investments, net	1,132	219
Total nonoperating revenues	2,052	1,140
Change in Unrestricted Net Assets	1,966	(2,475)
Unrestricted Net Assets, Beginning of Year	17,767	20,242
Unrestricted Net Assets, End of Year	\$ 19,733	\$ 17,767

North Dakota Insurance Reserve Fund  
Statements of Cash Flows  
Years Ended December 31, 2017 and 2016  
(Dollars in Thousands)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,966	\$ (2,475)
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	72	76
Loss on disposal of equipment	-	5
Realized and unrealized gain on investments	(1,132)	(219)
Changes in assets and liabilities		
Agents' balances	(21)	(27)
Interest receivable	13	(14)
Deferred policy acquisition costs	(39)	(39)
Other assets	(36)	(103)
Losses and loss adjustment expenses	(426)	2,440
Incurred but not reported losses	427	623
Unearned premiums	314	302
Accounts payable	-	2
Accrued expenses	2	6
Net Cash provided by Operating Activities	<u>1,140</u>	<u>577</u>
Cash Flows from Investing Activities		
Purchase of investments	(11,884)	(14,056)
Proceeds from sale and maturities of investments	10,917	13,336
Purchase of property and equipment	<u>(5)</u>	<u>(24)</u>
Net Cash used in Investing Activities	<u>(972)</u>	<u>(744)</u>
Cash Flows from Financing Activities		
Conferment paid	<u>-</u>	<u>(69)</u>
Net Change in Cash and Cash Equivalents	168	(236)
Cash and Cash Equivalents at Beginning of Year	<u>1,235</u>	<u>1,471</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,403</u>	<u>\$ 1,235</u>

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

### **Principal Business Activity**

The North Dakota Insurance Reserve Fund (NDIRF) 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 2,500 as of December 31, 2017.

### **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 and typically the Fund has deposits in excess of federally insured limits.

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 820, *Fair Value Measurement and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles.

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.

### **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, 2017 and 2016.

### **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 \$4,000 per occurrence but the Reinsurer shall not be liable for more than \$63,000 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 \$353 and \$205 during the years ended December 31, 2017 and 2016, 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, 2017 and 2016, 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 \$417 and \$415 for the years ended December 31, 2017 and 2016.

**Subsequent Events**

The Fund has evaluated subsequent events through February 28, 2018, 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 donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreement.

The Fund has unrestricted net assets that are comprised entirely of membership equity surplus.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following at December 31, 2017 and 2016:

	2017	2016
Cash	\$ 733	\$ 285
Money market	670	950
	\$ 1,403	\$ 1,235

**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, 2017 and 2016, follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Fixed Maturities				
Corporate bonds	\$ 24,170	\$ 24,014	\$ 24,139	\$ 23,836
U.S. government securities	9,103	8,996	8,400	8,270
	<u>33,273</u>	<u>33,010</u>	<u>32,539</u>	<u>32,106</u>
Marketable Equity Securities				
Mutual funds	2,298	4,033	2,242	3,247
Stocks	1,400	2,080	1,169	1,672
	<u>3,698</u>	<u>6,113</u>	<u>3,410</u>	<u>4,919</u>
	<u>\$ 36,971</u>	<u>\$ 39,123</u>	<u>\$ 35,949</u>	<u>\$ 37,025</u>

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

	Total	Quoted Prices in	Other	Unobservable
		Active Markets (Level 1)	Observable Observable (Level 2)	Inputs (Level 3)
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	-
	<u>\$ 39,123</u>	<u>\$ 6,113</u>	<u>\$ 33,010</u>	<u>\$ -</u>
December 31, 2016				
Mutual funds	\$ 3,247	\$ 3,247	\$ -	\$ -
Stocks	1,672	1,672	-	-
Corporate bonds	23,836	-	23,836	-
U.S. government securities	8,270	-	8,270	-
	<u>\$ 37,025</u>	<u>\$ 4,919</u>	<u>\$ 32,106</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, 2017 and 2016  
(Dollars in Thousands)

Major categories of net investment income, follows:

	2017	2016
Fixed maturities	\$ 912	\$ 916
Marketable equity securities	100	92
Cash and cash equivalents	5	5
	1,017	1,013
Investment expenses	(97)	(92)
Gain (loss) on sale and maturity of investments	56	(56)
Increase (decrease) in fair value of investments	1,076	275
	\$ 2,052	\$ 1,140

As of December 31, 2017 and 2016, investments with a fair value of approximately \$1,275 and \$1,277 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 2017 and 2016 was \$1,762 and \$1,635.

**Note 6 - Land, Building and Equipment**

	2017	2016
Equipment	\$ 344	\$ 342
Building	1,119	1,115
Land	215	215
	1,678	1,672
Less accumulated depreciation	(1,010)	(938)
	\$ 668	\$ 734

Depreciation charged to land, building and equipment as of December 31, 2017 and 2016 was \$72 and \$76, respectively.

**Note 7 - Conferment Payable**

During 2017 and 2016, 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, 2017 and 2016.

## **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 2017 and 2016 were \$193 and \$185.

### **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 2017 and 2016 were \$45 and \$43, 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 2017 and 2016 the total amount paid to the related parties for these types of services was \$244 and \$215, 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 (loss) was \$890 and \$(2,578) in 2017 and 2016, and statutory surplus was \$18,951 and \$17,159 at December 31, 2017 and 2016, respectively.



Supplementary Information  
December 31, 2017 and 2016  
**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, 2017 and 2016, and our report thereon dated February 28, 2018, 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  
February 28, 2018

North Dakota Insurance Reserve Fund  
Reconciliation of Claims Liabilities by Type of Contract  
Years Ended December 31, 2017 and 2016  
(Dollars in Thousands)

	<u>2017</u>	<u>2016</u>
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	<u>\$ 17,724</u>	<u>\$ 14,661</u>
Unpaid Claims and Claim Adjustment Expenses Provision for insured events of current year	9,463	11,203
(Decrease) increase in provision of prior years	<u>(799)</u>	<u>349</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>8,664</u>	<u>11,552</u>
Payments		
Claims and claim adjustment expenses attributable to insured events of the current year	3,125	3,996
Claims and claim adjustment expenses attributable to insured events of prior years	<u>5,538</u>	<u>4,493</u>
Total Payments	<u>8,663</u>	<u>8,489</u>
Total Unpaid Claims and Claim Adjustment Expenses, End of the Year	<u><u>\$ 17,725</u></u>	<u><u>\$ 17,724</u></u>

North Dakota Insurance Reserve Fund  
 Ten Year Claims Development Information  
 Years Ended December 31, 2017 and 2016  
 (Dollars in Thousands)

	Fiscal and Accident Year End									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Earned Premium and Revenues	\$ 7,270	\$ 13,385	\$ 12,810	\$ 12,106	\$ 12,839	\$ 12,169	\$ 13,322	\$ 12,973	\$ 14,198	\$ 15,980
Unallocated Expenses	3,442	3,627	3,763	3,952	4,221	4,538	4,656	4,948	5,121	5,350
Estimated Incurred Claims and Expense, End of Accident Year	5,972	6,747	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463
Paid (Cumulative) as of										
End of accident year	1,695	2,307	2,040	2,993	2,603	3,058	3,067	3,602	3,996	3,125
One year later	2,404	3,199	3,172	4,064	3,365	4,111	4,706	5,473	6,226	-
Two years later	3,104	3,990	3,619	4,661	3,990	4,851	6,026	7,360	-	-
Three years later	3,664	4,557	3,898	5,184	4,199	5,460	6,477	-	-	-
Four years later	4,202	4,950	4,061	6,014	4,561	5,880	-	-	-	-
Five years later	4,315	5,058	4,174	6,319	4,618	-	-	-	-	-
Six years later	4,390	5,114	4,180	6,793	-	-	-	-	-	-
Seven years later	4,753	5,123	4,185	-	-	-	-	-	-	-
Eight years later	4,760	5,123	-	-	-	-	-	-	-	-
Nine years later	4,770	-	-	-	-	-	-	-	-	-
Reestimated Incurred Claims and Expense										
End of accident year	5,972	6,747	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463
One year later	5,635	6,501	5,425	7,795	6,196	6,691	8,352	10,196	11,433	-
Two years later	5,601	6,129	5,437	7,437	5,487	6,859	9,224	9,215	-	-
Three years later	4,855	6,313	4,840	7,739	5,207	6,595	8,457	-	-	-
Four years later	4,957	6,159	4,698	6,935	4,979	6,771	-	-	-	-
Five years later	4,910	5,707	4,340	7,229	4,941	-	-	-	-	-
Six years later	5,015	5,248	4,235	7,721	-	-	-	-	-	-
Seven years later	4,813	5,144	4,257	-	-	-	-	-	-	-
Eight years later	4,790	5,177	-	-	-	-	-	-	-	-
Nine years later	4,812	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Estimated Incurred Claims and Expense, End of Accident Year	(1,160)	(1,570)	(1,434)	(506)	(1,573)	(653)	463	(911)	230	-

North Dakota Insurance Reserve Fund  
Statutory Statements of Admitted Assets, Liabilities, and Surplus  
Years Ended December 31, 2017 and 2016  
(Dollars in Thousands)

	2017	2016
<b>Admitted Assets</b>		
Bonds, at amortized cost	\$ 33,094	\$ 32,291
Marketable equity securities, at market value	6,113	4,919
Real estate - occupied by the Company	623	659
Cash and cash equivalents	1,403	1,235
	41,233	39,104
Interest receivable	218	231
Agents' balances	456	435
	674	666
Electronic data processing equipment and software	28	56
	\$ 41,935	\$ 39,826
<b>Liabilities and Surplus</b>		
<b>Liabilities</b>		
Losses and loss adjustment expenses	\$ 11,743	\$ 12,169
Incurred but not reported losses	5,982	5,555
Unearned premiums	5,084	4,770
Accounts payable	23	23
Accrued expenses	151	149
Conferment payable	1	1
	22,984	22,667
Surplus	18,951	17,159
	\$ 41,935	\$ 39,826

North Dakota Insurance Reserve Fund  
Statutory Statements of Operations  
Years Ended December 31, 2017 and 2016  
(Dollars in Thousands)

	2017	2016
Underwriting Income		
Premiums earned	\$ 13,928	\$ 13,058
Deductions		
Losses incurred	5,294	8,878
Loss expenses incurred	3,370	3,708
Other underwriting expenses incurred	5,350	3,915
Total underwriting deductions	14,014	16,501
Net Underwriting Loss	(86)	(3,443)
Investment Income		
Investment income, net of investment expenses of \$97 and \$92 in 2017 and 2016, respectively	920	921
Realized capital gain (loss), net	56	(56)
Total investment income	976	865
Net Gain (Loss)	\$ 890	\$ (2,578)
Capital and Surplus Account		
Surplus, at beginning of year	\$ 17,159	\$ 19,764
Net gain	890	(2,578)
Net unrealized gains on investments	1,076	275
Change in non-admitted assets	(174)	(302)
Change in surplus for the year	1,792	(2,605)
Surplus, at end of year	\$ 18,951	\$ 17,159