

THE CHECKS ARE IN THE MAIL!

2003 marks the ninth consecutive year that the NDIRF has been able to share its success with Fund members by paying a conferment of benefits. Checks totaling over \$2.9 million were mailed to agents, for delivery to NDIRF members, during the first week of April. The conferment of benefits program has paid out nearly \$30 million since 1994 and is one of the most telling pieces of evidence to all NDIRF members that there's a difference when you purchase coverage here for your liability, auto and property risks.

It's been awhile since we've discussed the formula used to determine whether a conferment of benefits is to be paid and, if so, the amount in any given year. For the information of those many of you who have become local government officials in the meantime, here it is: NDIRF policy is to declare a conferment of benefits for any year in which members' equity (surplus) exceeds \$15 million. The total to be conferred in that event is one-half of the excess over \$15 million. For example, if year-end members' equity is \$20 million, the conferment of benefits for that year would be \$2.5 million. Payments to individual members are then calculated based upon the ratio of their annual premium to total annual premium of all members.

An additional feature of the Fund's conferment of benefits policy is that members with a good loss history fare better than those whose losses have caused them to be experience-rated. This happens because an individual member's payment is based on manual premium (the standard rate). If a member's adverse loss experience has driven its rating upward, resulting in higher than normal premiums, the conferment of benefits does not follow. In effect, higher premiums that are a result of higher losses do not increase a member's conferment of benefits payment.

This policy has been proven to maintain the financial strength NDIRF members need and the benefits of ownership that members want. The Fund looks forward to providing continued stability and service to members in the years ahead. ■

INSIDE ...
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Property of Others

RISK SERVICES

Property of Others

In the course of performing on-site liability surveys, the NDIRF's risk services personnel have identified instances where the property of others is present on our members' premises. These include:

- Officials', employees' or the general public's personal property held for seasonal storage.
- Employees', students' or the general public's personal autos or equipment on premises for repair or maintenance.
- Property of others that has been seized or impounded.
- Parking lots where a charge is made for parking.
- Property of others held for temporary storage, such as a coat room.

Generally, for property to be considered to be in your care, custody or control, you must have taken control by having it directly turned over to you or by seizing it. Property that is simply left on your premises unannounced is not considered to be turned over to you. Property of patrons, students or employees is also not considered to be in your care, custody or control.

A political subdivision's duty to protect the property of others while in its care, custody or control can vary significantly depending upon the circumstances. The NDIRF's general liability coverage, alone, may not meet all of your entity's needs in this regard because it is limited in scope to \$1000 for these types of property damage claims. The only exception is for personal property taken for official use in an emergency situation – then coverage is provided up to the general liability memorandum of coverage limit of liability. If your entity has property of others in its care, custody or control that is valued in excess of \$1000, you need to determine an additional method to provide protection from liability loss.

Let's take a look at the situations listed above and solutions that are available to accommodate the added liability in each instance.

- **Property held for seasonal storage.** The best way to handle this situation is to have the property owner, in writing, agree to hold your entity and its employees harmless for any damage to the stored property and waive subrogation.
- **Autos or equipment on premises for maintenance or repair.** Again, obtaining a hold harmless agreement and waiver, as above, is the best way to handle the situation.

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RISK SERVICES

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- **Property seized or impounded.** Hold harmless agreements and waivers are likely out of the question here. The NDIRF can provide either garagekeepers legal liability or inland marine coverage to meet your needs.
- **Autos in parking lots.** If no parking charge is made, your duty to protect the property is minimal at best. If a charge is made, the NDIRF can provide garagekeepers legal liability coverage.
- **Property held for temporary storage.** If the \$1000 limit of liability provided under the NDIRF's general liability memorandum of coverage is not adequate, the NDIRF can provide inland marine coverage.

In any of the above cases, the NDIRF can provide coverage either under garagekeepers legal liability or inland marine coverage. However, in an attempt to keep our members' coverage costs low, we advise the use of hold harmless agreements and waivers of subrogation, where possible, to avoid liability for damage to property of others in your care, custody or control.

The coverage discussion in this article is not comprehensive and is intended only to point out a potential problem area – **please read your NDIRF general liability memorandum of coverage carefully for the specific coverage provided.** ■

FINANCIAL INSIGHTS

**December 31, 2002 Balance Sheet
(in thousands)**



As the graph above shows, the NDIRF remains in a strong financial position with members' equity of nearly \$18 million. The assets of \$33.4 million consist mainly of NDIRF's investment portfolio. The liabilities of \$15.4 million are mostly loss reserves and the conferment of benefits that is payable in April of 2003. ■

FROM THE CEO

COMING SOON TO A LOCATION NEAR YOU!

Each year, the NDIRF dedicates financial and staff resources to ensure that members have convenient opportunities to attend continuing education sessions. The idea behind this activity is to provide reduced travel and time costs to member officials and employees in the hope and expectation that more will be able to participate.

New items in 2003 include sponsorship of employment practices training for States Attorneys (January) and, beginning in February and continuing through the year, a series of regional county commissioner meeting seminars on the subject of ethics in leadership. NDIRF is also co-sponsoring a full day session on suicide risk prevention for corrections officers on May 21 – I mention this seminar in particular because, in addition to being able to physically attend the class in Bismarck, enrollees will also have the option to participate through a live webcast from anywhere in the state. Perhaps technology can be a means to overcome distance and expense issues.

The NDIRF will continue to seek the most efficient training for our members because of our determination that it can be an effective component of loss control. ■

IT'S TIME TO JOIN

For those of you who are involved with any aspect of human resources, whether it is human resource administration, industrial relations, human relations, general management, safety, training, education or payroll, it's time to join your local human resource association. There are six chapters throughout the state of North Dakota. They are Central Dakota Human Resource Association — Bismarck; Southwest Area Human Resource Association — Dickinson; Agassiz Valley Human Resource Association — Fargo; Fargo-Moorhead Human Resource Association — Fargo; Minot Area Human Resource Association -- Minot, and the Northeastern Dakota Area Human Resource Association — Grand Forks.

The associations' main objectives are to promote investigation, research and interchange of ideas among the members relating to every phase of human resource administration and to enhance the professional development of their members. The associations are also chartered Chapters of the Society for Human Resource Management (SHRM) — an organization that is the nation's leading voice of the human resource profession and the world's largest human resource management association.

Membership in an association is open to any individual who is responsible for the practice of human resource administration, including students and faculty members of accredited colleges and universities who are responsible for human resource education. For more information regarding your local human resource association, check out their website at:

- Central Dakota Human Resource Association — Bismarck: <http://www.cdhra.org/>
- Southwest Area Human Resource Association — Dickinson: <http://www.ndsahra.org/>
- Agassiz Valley Human Resource Association — Fargo: <http://www.ndsu.nodak.edu/ndsu/sdixon/AVHRA/homepage.htm>
- Fargo-Moorhead Human Resource Association — Fargo: <http://www.fmhra.org/>
- Minot Area Human Resource Association — Minot: <http://www.ndshrm.org/mahra/mahra.htm>
- Northeastern Dakota Area Human Resource Association — Grand Forks: <http://www.ndahra.org/> ■

C *Mark Your* CALENDAR

- April
29: NDLOC Regional Meeting, Hillsboro
30: NDLOC Regional Meeting, Casselton
- May
1: ND Association of Counties
Legislative Wrap-up
Seven Seas Inn, Mandan
1: NDLOC Regional Meeting, Linton
6: NDLOC Regional Meeting, Rolla
7: NDLOC Regional Meeting, Stanley
8: NDLOC Regional Meeting, New Salem
8: NDIRF Annual Meeting
Ramkota Inn, Bismarck
14-17: ND Parks and Recreation
National Playground Safety Training Institute
Doublewood Inn, Bismarck

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