



Financial Statements
December 31, 2019 and 2018
North Dakota Insurance Reserve Fund

North Dakota Insurance Reserve Fund

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December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota

March 12, 2020

North Dakota Insurance Reserve Fund

Balance Sheets

December 31, 2019 and 2018

(Dollars in Thousands)

	2019	2018
Assets		
Cash and cash equivalents - Note 3	\$ 3,216	\$ 3,748
State of ND - State Fire and Tornado Fund cash	39	-
Investments - Note 4	44,899	39,069
Agents' balances	539	491
Interest receivable	258	220
Deferred policy acquisition costs - Note 5	732	695
Land, building and equipment, net - Note 6	778	711
Other assets	247	230
	\$ 50,708	\$ 45,164
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 31	\$ 24
Payable to State of ND - State Fire and Tornado Fund	37	-
Conferment payable - Note 7	3,077	1
Accrued expenses	173	153
Unearned premiums	5,923	5,630
Unearned commission - State Tornado and Fire Fund	197	-
Reserve for losses	11,805	12,842
Reserve for incurred but not reported losses	6,389	6,376
	27,632	25,026
Net Assets		
Without member restrictions	23,076	20,138
	\$ 50,708	\$ 45,164

North Dakota Insurance Reserve Fund
 Statements of Activities
 Years Ended December 31, 2019 and 2018
 (Dollars in Thousands)

	2019	2018
Revenues		
Premiums earned	\$ 16,278	\$ 15,225
Commission income - State Fire and Tornado Fund	247	-
Total revenues	16,525	\$ 15,225
Expenses		
Losses and loss adjustment expenses	9,029	8,738
Underwriting and administrative	5,912	5,739
Total expenses	14,941	14,477
Revenues over Expenses	1,584	748
Nonoperating Revenues (Expenses)		
Investment income, net of investment expenses of \$108 and \$100 in 2019 and 2018, respectively	1,073	961
Realized and unrealized gains (losses) on investments, net	3,357	(1,304)
Total nonoperating revenues (expenses)	4,430	(343)
Change in Net Assets Without Member Restrictions	6,014	405
Net Assets Without Member Restrictions, Beginning of Year	20,138	19,733
Conferment Declared	(3,076)	-
Net Assets Without Member Restrictions, End of Year	\$ 23,076	\$ 20,138

North Dakota Insurance Reserve Fund
Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 6,014	\$ 405
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	77	94
Realized and unrealized (gain) loss on investments	(3,357)	1,304
Changes in assets and liabilities		
Agents' balances	(48)	(35)
Interest receivable	(38)	(2)
Deferred policy acquisition costs	(37)	(67)
Other assets	(17)	(9)
Losses and loss adjustment expenses	(1,037)	1,099
Incurred but not reported losses	13	394
Unearned premiums	293	546
Unearned commission State Fire and Tornado Fund	197	-
Accounts payable	44	1
Accrued expenses	20	2
	<u>2,124</u>	<u>3,732</u>
Net Cash provided by Operating Activities		
Cash Flows from Investing Activities		
Purchase of investments	(14,279)	(10,725)
Proceeds from sale and maturities of investments	11,806	9,475
Purchase of property and equipment	(144)	(137)
	<u>(2,617)</u>	<u>(1,387)</u>
Net Cash used in Investing Activities		
Net Change in Cash and Cash Equivalents	(493)	2,345
Cash and Cash Equivalents at Beginning of Year	<u>3,748</u>	<u>1,403</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,255</u>	<u>\$ 3,748</u>
Schedule of Other Noncash Activities		
Conferment Payable	<u>\$ 3,077</u>	<u>\$ 1</u>

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 2,500 as of December 31, 2019.

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. There were times during the first quarter of 2018 that the balance exceeded this limit. Beginning in the second quarter of 2018 NDIRF obtained pledged collateral that carried a value of \$3,116 at December 31, 2019.

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.

Adoption of Accounting Standards Codification Topic 606

As of January 1, 2019, the Company adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company has adopted Topic 606 and this adoption has resulted in no cumulative effect on income or net assets.

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, 2019 and 2018.

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 \$4,250 per occurrence but the Reinsurer shall not be liable for more than \$66,000 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 \$474 and \$437 during the years ended December 31, 2019 and 2018, 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

NDIRF 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. NDIRF records and unearned commission for the amount commission received on unearned premiums. Policyholders remit their payments directly to NDIRF who then remits the funds less the 7% commission to the North Dakota Insurance Department. Losses are similarly handled as funds are transferred to NDIRF from the North Dakota Insurance Department which are then remitted to the policy holders by NDIRF. 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, 2019 and 2018, 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 \$432 and \$454 for the years ended December 31, 2019 and 2018.

Subsequent Events

The Fund has evaluated subsequent events through March 12, 2020, 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, 2019 and 2018.

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, 2019 and 2018:

	2019	2018
Cash	\$ 3,008	\$ 3,082
State Fire and Tornado Fund cash	39	-
Money market	208	666
	\$ 3,255	\$ 3,748

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, 2019 and 2018, follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Fixed Maturities				
Corporate bonds	\$ 26,944	\$ 27,654	\$ 23,892	\$ 23,302
U.S. government securities	9,421	9,649	10,162	10,082
	36,365	37,303	34,053	33,384
Marketable Equity Securities				
Mutual funds	2,504	4,953	2,432	3,716
Stocks	1,678	2,643	1,530	1,969
	4,182	7,596	3,962	5,685
	\$ 40,547	\$ 44,899	\$ 38,016	\$ 39,069

North Dakota Insurance Reserve Fund

Notes to Financial Statements

December 31, 2019 and 2018

(Dollars in Thousands)

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

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2018				
Mutual funds	\$ 4,953	\$ 4,953	\$ -	\$ -
Stocks	2,643	2,643	-	-
Corporate bonds	27,654	-	27,654	-
U.S. government securities	9,649	-	9,649	-
	<u>\$ 44,899</u>	<u>\$ 7,596</u>	<u>\$ 37,303</u>	<u>\$ -</u>
December 31, 2017				
Mutual funds	\$ 3,716	\$ 3,716	\$ -	\$ -
Stocks	1,969	1,969	-	-
Corporate bonds	23,302	-	23,302	-
U.S. government securities	10,082	-	10,082	-
	<u>\$ 39,069</u>	<u>\$ 5,685</u>	<u>\$ 33,384</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.

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

	2019	2018
Fixed maturities	\$ 1,031	\$ 930
Marketable equity securities	121	116
Cash and cash equivalents	29	15
	<u>1,181</u>	<u>1,061</u>
Investment expenses	(108)	(100)
Gain (loss) on sale and maturity of investments	58	(204)
Increase (decrease) in fair value of investments	3,299	(1,100)
	<u>\$ 4,430</u>	<u>\$ (343)</u>

As of December 31, 2019 and 2018, investments with a fair value of approximately \$1,778 and \$1,267 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 2019 and 2018 was \$2,068 and \$1,894.

Note 6 - Land, Building and Equipment

	2019	2018
Equipment	\$ 315	\$ 473
Building	1,225	1,127
Land	215	215
	1,755	1,815
Less accumulated depreciation	(977)	(1,104)
	\$ 778	\$ 711

Depreciation charged to land, building and equipment as of December 31, 2019 and 2018 was \$77 and \$94, respectively.

Note 7 - Conferment Payable

During 2019, 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 for the years ended December 31, 2019 was \$3,076.

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 2019 and 2018 were \$225 and \$199, 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 2019 and 2018 were \$51 and \$42, 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 2019 and 2018 the total amount paid to the related parties for these types of services was \$234 and \$233, 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 \$2,715 and \$1,505 in 2019 and 2018, and statutory surplus was \$21,055 and \$19,766 at December 31, 2019 and 2018, respectively.



Supplementary Information
December 31, 2019 and 2018

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, 2019 and 2018, and our report thereon dated March 12, 2020 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 16 - 19 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.

Eide Bailly LLP

Fargo, North Dakota
March 12, 2020

North Dakota Insurance Reserve Fund
Reconciliation of Claims Liabilities by Type of Contract
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	\$ 19,218	\$ 17,725
Unpaid Claims and Claim Adjustment Expenses Provision for insured events of current year	11,343	9,544
(Decrease) increase in provision of prior years	(2,314)	(807)
Total Incurred Claims and Claim Adjustment Expenses	9,029	8,737
Payments		
Claims and claim adjustment expenses attributable to insured events of the current year	4,742	3,369
Claims and claim adjustment expenses attributable to insured events of prior years	5,311	3,875
Total Payments	10,053	7,244
Total Unpaid Claims and Claim Adjustment Expenses, End of the Year	\$ 18,194	\$ 19,218

North Dakota Insurance Reserve Fund
Ten Year Claims Development Information
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	Fiscal and Accident Year End									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Earned Premium and Revenues	\$ 12,810	\$ 12,106	\$ 12,839	\$ 12,169	\$ 13,322	\$ 12,973	\$ 14,198	\$ 15,979	\$ 14,882	\$ 20,708
Unallocated Expenses	3,763	3,952	4,221	4,538	4,656	4,948	5,121	5,350	5,739	5,912
Estimated Incurred Claims and Expense, End of Accident Year	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463	9,544	11,343
Paid (Cumulative) as of										
End of accident year	2,040	2,993	2,603	3,058	3,067	3,602	3,996	3,125	3,369	4,742
One year later	3,172	4,064	3,365	4,111	4,706	5,473	6,226	4,269	4,242	
Two years later	3,619	4,661	3,990	4,851	6,026	7,360	7,414	5,733		
Three years later	3,898	5,184	4,199	5,460	6,477	7,677	9,020			
Four years later	4,061	6,014	4,561	5,880	6,995	8,302				
Five years later	4,174	6,319	4,618	6,194	7,420					
Six years later	4,180	6,793	4,680	6,305						
Seven years later	4,185	7,107	4,725							
Eight years later	4,192	7,136								
Nine years later	4,162									
Reestimated Incurred Claims and Expense										
End of accident year	5,691	8,227	6,514	7,424	7,994	10,126	11,203	9,463	9,544	11,343
One year later	5,425	7,795	6,196	6,691	8,352	10,196	11,433	8,065	7,807	
Two years later	5,437	7,437	5,487	6,859	9,224	9,215	11,944	8,358		
Three years later	4,840	7,739	5,207	6,595	8,457	9,082	12,287			
Four years later	4,698	6,935	4,979	6,771	8,174	9,127				
Five years later	4,340	7,229	4,941	7,177	7,659					
Six years later	4,235	7,721	4,996	6,813						
Seven years later	4,257	7,561	4,913							
Nine years later	4,227	7,143								
Increase (Decrease) in Estimated Incurred Claims and Expense, End of Accident Year	(1,495)	(1,084)	(1,601)	(611)	(335)	(999)	1,084	(1,105)	(1,737)	-

North Dakota Insurance Reserve Fund
Statutory Statements of Admitted Assets, Liabilities, and Surplus
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Admitted Assets		
Bonds, at amortized cost	\$ 36,292	\$ 33,953
Marketable equity securities, at market value	7,596	5,685
Mortgage loans on real estate		
Real estate - occupied by the Company	644	591
Certificates of deposit	-	-
Cash and cash equivalents	3,255	3,748
	47,787	43,977
Interest receivable	258	220
Agents' balances	539	491
	797	711
Electronic data processing equipment and software	103	104
	\$ 48,687	\$ 44,792
Liabilities and Surplus		
Liabilities		
Losses and loss adjustment expenses	\$ 11,805	\$ 12,842
Incurred but not reported losses	6,389	6,376
Unearned premiums	5,923	5,630
Unearned commission Tornado and Fire	197	-
Accounts payable	68	24
Accrued expenses	173	153
Conferment payable	3,077	1
	27,632	25,026
Surplus	21,055	19,766
	\$ 48,687	\$ 44,792

North Dakota Insurance Reserve Fund
Statutory Statements of Operations
Years Ended December 31, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Underwriting Income		
Premiums earned	\$ 16,278	\$ 15,225
Commissions earned	247	-
Total underwriting income	16,525	15,225
Deductions		
Losses incurred	5,991	5,666
Loss expenses incurred	3,038	3,072
Other underwriting expenses incurred	5,912	5,739
Total underwriting deductions	14,941	14,477
Net Underwriting Income (Loss)	1,584	748
Investment Income		
Investment income, net of investment expenses of \$108 and \$100 in 2019 and 2018, respectively	1,073	961
Realized capital gain (loss), net	58	(204)
Total investment income	1,131	757
Net Gain (Loss)	\$ 2,715	\$ 1,505
Capital and Surplus Account		
Surplus, at beginning of year	\$ 19,766	\$ 18,951
Net gain	2,715	1,505
Net unrealized gain (loss) on investments	3,359	(1,100)
Change in non-admitted assets	(1,709)	410
Conferment declared	(3,076)	-
Change in surplus for the year	1,289	815
Surplus, at end of year	\$ 21,055	\$ 19,766