

ANALYSIS OF THE STATE BONDING FUND FOR THE 2007-09 BIENNIUM

| | 2007-09 Biennium | |
|--|------------------|-------------|
| Beginning balance - July 1, 2007 | | \$2,302,806 |
| Add estimated revenues | | |
| Investment income | \$300,000 | |
| State bonding fund claims collections | 45,000 | |
| Other income | 6,000 | |
| Total estimated revenues | | 351,000 |
| Total available | | \$2,653,806 |
| Less estimated expenditures and transfers | | |
| Insurance Department administration (2007 SB 2010) | \$44,131 | |
| State bonding fund claim losses | 100,000 | |
| Claims-related expenditures | 15,000 | |
| Total estimated expenditures and transfers | | 159,131 |
| Estimated ending balance - June 30, 2009 | | \$2,494,675 |

NOTE: The estimated June 30, 2009, balance made at the end of the 2007 legislative session was \$2,742,925. The decrease in the estimated balance of \$248,250 is primarily due to the actual July 1, 2007, balance of \$2,302,806 being \$228,250 less than the July 1, 2007, balance estimated at the close of the 2007 legislative session of \$2,531,056 and the 2007-09 revised estimated revenues of \$351,000 being \$25,000 less than the previous estimate of \$376,000. The 2007-09 biennium estimated revenues are less than previously estimated due to a decrease in investment income.

FUND HISTORY

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of \$2 million. No premium has been charged, possibly since 1953, because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.