

ANALYSIS OF THE STATE BONDING FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	<u>2001-03 Biennium</u>	<u>2003-05 Biennium</u>
Beginning balance	\$4,903,455	\$4,819,455
Add estimated revenues		
Investment income	(\$85,000)	\$100,000
State bonding fund claims collections	80,000	80,000
Other income	<u>6,000</u>	<u>6,000</u>
Total estimated revenues	<u>1,000</u>	<u>186,000</u>
Total available	\$4,904,455	\$5,005,455
Less estimated expenditures		
Insurance Department - Administration (2001 HB 1010; 2003 SB 2010)	\$25,000 ¹	\$35,000
Transfer to state general fund (2003 SB 2015)	0	2,800,000
State bonding claims losses	35,000	140,000
Claims-related payments	<u>25,000</u>	<u>25,000</u>
Total estimated expenditures	<u>85,000</u>	<u>3,000,000</u>
Estimated ending balance	<u><u>\$4,819,455</u></u>	<u><u>\$2,005,455</u></u>

NOTE: 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, as amended by the 2003 Legislative Assembly in Senate Bill No. 2015, 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. Provisions of 2003 SB 2015 lowered the minimum fund balance from \$2.5 million to \$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.

¹ The 2001 Legislative Assembly provided a \$67,431 special funds appropriation of \$67,431 from the state bonding fund for bonding fund administrative expenses for the 2001-03 biennium. The department is currently estimating to spend only \$25,000 of the \$67,431 special funds appropriation.