

ANALYSIS OF THE STATE BONDING FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	<u>2003-05 Biennium</u>	<u>2005-07 Biennium</u>
Beginning balance	\$5,134,541	\$2,502,541
Add estimated revenues		
Investment income	\$550,000	\$600,000
State bonding fund claims collections	65,000	65,000
Other income	<u>7,000</u>	<u>8,000</u>
Total estimated revenues	<u>622,000</u>	<u>673,000</u>
Total available	\$5,756,541	\$3,175,541
Less estimated expenditures		
Insurance Department - Administration (2003 SB 2010; 2005 HB 1010)	\$35,000	\$35,000
Transfer to state general fund (2003 SB 2015)	2,800,000	0
State bonding claims losses	400,000	250,000
Claims-related payments	<u>19,000</u>	<u>20,000</u>
Total estimated expenditures	<u>3,254,000</u>	<u>305,000</u>
Estimated ending balance	<u><u>\$2,502,541</u></u>	<u><u>\$2,870,541</u></u>

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, 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. Senate Bill No. 2015 (2003) 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.