

## ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS

	2007-09 Biennium Actual		2009-11 Biennium Estimated	
Beginning balance		\$3,619,197		\$4,150,592
Add estimated revenues				
Premiums	\$3,453,660 <sup>1</sup>		\$2,444,966 <sup>2</sup>	
Investment loss	(459,248)			
Total estimated revenues		2,994,412		2,444,966
Total available		\$6,613,609		\$6,595,558
Less estimated expenditures and transfers				
Administration	\$929,284		\$1,332,470	
Claims-related expenses	312		10,300	
Claims and litigation	1,533,421		2,493,962	
Total estimated expenditures and transfers		2,463,017		3,836,732
Estimated ending balance		\$4,150,592		\$2,758,826

<sup>1</sup>In response to an actuarial review completed in 2006 by Aon Risk Services, the Risk Management Division assessed a total of \$3,453,660 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2007-09 biennium.

<sup>2</sup>In response to an actuarial review completed in 2008 by Aon Risk Services, the Risk Management Division is assessing a total of \$2,649,997 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2009-11 biennium. Assessments are subject to a risk management discount program for agencies that adopt proactive loss control practices, with a maximum available discount of 15 percent. The amount shown for premiums reflects fiscal year 2010 discounts of \$102,393 and estimated fiscal year 2011 discounts of \$102,638.

**NOTE:** The estimated June 30, 2011, balance made at the end of the 2009 legislative session was \$2,274,745. The increase in the estimated balance of \$484,081 is due to a decrease in estimated claims and litigation expenditures for the 2009-11 biennium as provided for in the most recent actuarial review completed in April 2010 by Aon Risk Services.

### FUND HISTORY

In September 1994 the North Dakota Supreme Court abolished the doctrine of sovereign immunity. As a result of this court decision, the 1995 Legislative Assembly passed the Tort Claims Act (1995 Senate Bill No. 2080), which created a risk management fund and assigned the responsibility of administering a risk management program to the Office of Management and Budget.