ANALYSIS OF THE STATE BONDING FUND
FOR THE 2007-09 AND 2009-11 BIENNIUMS

	2007-09 Biennium		2009-11 Biennium	
Beginning balance		$2,302,806		$2,422,044
Add estimated revenues				
Investment income	($400,000)[1]		$150,000	
State bonding fund claims collections	90,000		90,000	
Transfer from the insurance regulatory trust fund (2009 HB 1010)	500,000			
Other income	7,000		7,000	
Total estimated revenues		197,000		247,000
Total available		$2,499,806		$2,669,044
Less estimated expenditures and transfers				
Insurance Department administration (2007 SB 2010; 2009 HB 1010)	$44,262		$41,518	
State bonding fund claims losses - Net of subrogated and dismissed claims	[2]		125,000	
Investment expense	30,000		10,000	
Claims-related expenditures	3,500		15,000	
Total estimated expenditures and transfers		77,762		191,518
Estimated ending balance		$2,422,044		$2,477,526

[1]Through March 2009 the state bonding fund has had a decline in investment value of 16.91 percent during fiscal year 2009.

[2]No amount is shown for claims losses due to the dismissal of a claim that was originally anticipated to be paid and adjustments made to reflect the estimated amount of reserves needed for claims against the fund.

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 must 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.