

# North Dakota State Bonding Fund

*Providing fidelity blanket bond coverage to the state and its political subdivisions since 1919*



Bondholder claim  
adjustment guide



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# Bondholder information

Notify our office immediately when you discover a wrongful act. Complete and mail a Notice of Claim. This places the Fund on notice. A claim must be filed within 60 days of the discovery of the default or wrongful act or the claim is waived by statute. N.D.C.C. § 26.1-21-11.

A Notice of Claim form can be found at [www.nd.gov/ndins/programs](http://www.nd.gov/ndins/programs) or you can call our office at 701.328.9600 and we can mail or fax you the form.

Preserve all records.

# Adjustment of claim

Upon receipt of the Notice of Claim, the Fund notifies the State Auditor's office.

The State Auditor:

- Conducts a special examination of the books
- Issues a report on its findings to the Fund
- Provides a copy of its findings to the Bondholder and State's Attorney's Office

A Special Examination report is a public record once final and issued. N.D.C.C. § 54-10-26. However, the working papers associated with the audit are exempt records and may be declared confidential by the state auditor.

The time frame for completing the special examination varies depending on the availability of auditing staff and the complexity and extent of the allegations. The exams typically classify individual transactions as being either allowed or questioned.

The findings of the special examination are not binding upon the Fund or any party. Special examinations trigger allegations of a criminal nature.

# Prosecution of claim

## **Prosecution of claim is required for recovery.**

A criminal judgment or civil judgment must be entered against the public employee before the Fund will allow and pay a claim.

Public employees accused of misappropriating funds are entitled to mount a defense to any criminal or civil action brought against them. The claimant (bondholder) and the public employee are the ones with the records and firsthand knowledge of what transpired. This ensures that the Fund will be in a position to recover amounts paid on the bond from the public employee without the need to initiate a separate civil action against the public employee.

The liability of the Fund is limited to a breach of a condition of the bond which occurred within two years before the date of filing the claim.

# Payment of claim

Upon receipt of a signed judgment, the Fund will issue an Order Granting Claim in the amount of the judgment or limit of liability of the bond, whichever is less. In addition, the liability of the Fund is limited to a breach of a condition of the bond which occurred within two years before the date of filing the claim, and if interest is awarded as part of the judgment, interest runs from the date of filing the claim.

The Fund will also pursue restitution (recovery) against the public employee.

A criminal judgment or civil judgment must be entered against the public employee before the Fund will allow and pay a claim.

# State Bonding Fund staff

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A blue ink signature of Adam Hamm, written in a cursive style.

Adam Hamm  
Insurance Commissioner

The Special Funds Division of the North Dakota Insurance Department endeavors to handle the needs of our customers the right way the first time—accurately, fairly and timely—and always with the benefit of prevention, safety and education.

Let's all do our part to keep  
the cost of insurance affordable.