UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________

Commission file number 001-37973

NI HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

NORTH DAKOTA **(State or other jurisdiction of incorporation or organization)**	**81-2683619** **(IRS Employer Identification No.)**
1101 First Avenue North **Fargo, North Dakota** **(Address of principal executive offices)**	**58102** **(Zip Code)**

(701) 298-4200
Registrant’s telephone number, including area code

Not applicable
Former name, former address, and former fiscal year, if changed since last report

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	NODK	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes No ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes No ☒

The number of shares of Registrant’s common stock outstanding on July 31, 2023 was 20,862,795. No preferred shares are issued or outstanding.

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CERTAIN IMPORTANT INFORMATION

Unless the context otherwise requires, as used in this Quarterly Report on Form 10-Q ("Form 10-Q"):

- "NI Holdings", "the Company", "we", "us", and "our" refer to NI Holdings, Inc., together with Nodak Insurance Company and its subsidiaries and its affiliate (Battle Creek Mutual Insurance Company), Direct Auto Insurance Company (acquired August 31, 2018), and Westminster American Insurance Company (acquired January 1, 2020), for periods discussed after completion of the conversion, and for periods discussed prior to completion of the conversion refer to Nodak Mutual Insurance Company and all of its subsidiaries and Battle Creek Mutual Insurance Company;

- the "conversion" refers to the series of transactions consummated on March 13, 2017, by which Nodak Mutual Insurance Company converted from a mutual insurance company to a stock insurance company, as Nodak Insurance Company, and became a wholly-owned subsidiary of NI Holdings, an intermediate stock holding company formed on the date of conversion;

- "Nodak Mutual Group" refers to Nodak Mutual Group, Inc., which is the majority shareholder of NI Holdings;

- "Nodak Mutual" refers to Nodak Mutual Insurance Company, the predecessor company to Nodak Insurance Company prior to the conversion;

- "Nodak Insurance" refers to Nodak Insurance Company or Nodak Mutual Insurance Company interchangeably;

- "members" refers to the policyholders of Nodak Insurance, who are the named insureds under insurance policies issued by Nodak Insurance;

- "Battle Creek" refers to Battle Creek Mutual Insurance Company. Battle Creek became affiliated with Nodak Insurance in 2011, and Nodak Insurance provides underwriting, claims management, policy administration, and other administrative services to Battle Creek. Battle Creek is controlled by Nodak Insurance via a surplus note. The terms of the surplus note allow Nodak Insurance to appoint two-thirds of the Battle Creek Board of Directors;

- "Direct Auto" refers to Direct Auto Insurance Company. On August 31, 2018, NI Holdings completed the acquisition of 100% of the common stock of Direct Auto from the private shareholders of Direct Auto. Direct Auto became a consolidated subsidiary of NI Holdings on this date. Direct Auto is a property and casualty insurance company specializing in non-standard automobile insurance in the state of Illinois;

- "American West" refers to American West Insurance Company. American West is a wholly-owned subsidiary of Nodak Insurance;

- "Primero" refers to Primero Insurance Company. Primero is an indirect, wholly-owned subsidiary of Nodak Insurance;

- "Westminster" refers to Westminster American Insurance Company. On January 1, 2020, NI Holdings completed the acquisition of 100% of the common stock of Westminster from the private shareholder of Westminster, and Westminster became a consolidated subsidiary of NI Holdings. Westminster is a property and casualty insurance company specializing in commercial multi-peril insurance in the Mid-Atlantic states; and

- "Nodak Agency" refers to Nodak Agency, Inc. Nodak Agency is a wholly-owned subsidiary of Nodak Insurance.

FORWARD-LOOKING STATEMENTS

This report contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may”, “will”, “should”, “likely”, “anticipates”, “expects”, “intends”, “plans”, “projects”, “believes”, “views”, “estimates”, and similar expressions are used to identify these forward-looking statements. These statements include, among other things, the Company’s statements about:

- our anticipated operating and financial performance, business plans, and prospects;
- strategic reviews, capital allocation objectives, dividends, and share repurchases;
- plans for and prospects of acquisitions, dispositions, and other business development activities, and our ability to successfully capitalize on these opportunities;
- the impact of a future pandemic and related economic conditions, including the potential impact on the Company's investments;
- our ability to enter new markets successfully and capitalize on growth opportunities either through acquisitions or the expansion of our agent network;
- cyclical changes in the insurance industry, competition, and innovation and emerging technologies;
- expectations for impact of or changes to existing or new government regulations or laws;
- our ability to anticipate and respond to macroeconomic, geopolitical, health and industry trends, pandemics, acts of war, and other large-scale crises;
- developments in general economic conditions, domestic and global financial markets, interest rates, unemployment, or inflation, that could affect the performance of our insurance operations and/or investment portfolio; and
- our ability to effectively manage future growth, including additional necessary capital, systems, and personnel.

Given their nature, we cannot assure that any outcome expressed in these or other forward-looking statements will be realized in whole or in part. Actual outcomes may vary materially from past results and those anticipated, estimated, implied, or projected. These forward-looking statements may be affected by underlying assumptions that may prove inaccurate or incomplete, or by known or unknown risks and uncertainties, including those described in Part II, Item 1A, “Risk Factors” of this Form 10-Q and in the Part I, Item 1A, “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 Annual Report”). The occurrence of any of the risks identified in the Part I, Item 1A, “Risk Factors” section of the 2022 Annual Report, or other risks currently unknown, could have a material adverse effect on our business, financial condition or results of operations, or we may be required to increase our accruals for contingencies. It is not possible to predict or identify all such factors. Consequently, you should not consider such discussion to be a complete discussion of all potential risks or uncertainties.

Therefore, you are cautioned not to unduly rely on forward-looking statements, which speak only as of the date of this Form 10-Q. We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. You are advised, however, to consult any further disclosures we make on related subjects.

PART I. - FINANCIAL INFORMATION

Item 1. - Financial Statements

NI Holdings, Inc.
Consolidated Balance Sheets
(dollar amounts in thousands, except par value)

	June 30, 2023 (Unaudited)	December 31, 2022
Assets:		
Cash and cash equivalents	$ 52,636	$ 47,002
Fixed income securities, at fair value (net of allowance for expected credit losses of $0 at June 30, 2023 and $0 at December 31, 2022)	332,989	303,324
Equity securities, at fair value	24,654	52,393
Other investments	2,005	2,005
Total cash and investments	412,284	404,724
Premiums and agents' balances receivable (net of allowance for expected credit losses of $434 at June 30, 2023 and $425 at December 31, 2022)	106,946	62,173
Deferred policy acquisition costs	34,124	29,768
Reinsurance premiums receivable	1,661	1,647
Reinsurance recoverables on losses (net of allowance for expected credit losses of $0 at June 30, 2023 and $0 at December 31, 2022)	53,508	37,575
Income tax recoverable	12,327	13,964
Accrued investment income	2,734	2,456
Property and equipment, net	10,276	9,843
Deferred income taxes	12,070	9,005
Receivable from Federal Crop Insurance Corporation	14,032	15,462
Goodwill and other intangibles	17,014	17,250
Other assets	10,222	10,365
Total assets	$ 687,198	$ 614,232
Liabilities:		
Unpaid losses and loss adjustment expenses	$ 232,038	$ 190,459
Unearned premiums	185,350	148,513
Accrued expenses and other liabilities	29,427	22,053
Total liabilities	446,815	361,025
Shareholders’ equity:		
Common stock, $0.01 par value, authorized: 25,000,000 shares; issued: 23,000,000 shares; and outstanding: 2023 – 20,885,978 shares, 2022 – 21,076,255 shares	230	230
Additional paid-in capital	95,750	95,671
Unearned employee stock ownership plan shares	(941)	(941)
Retained earnings	201,518	214,121
Accumulated other comprehensive loss, net of income taxes	(26,986)	(29,286)
Treasury stock, at cost, 2023 – 2,019,912 shares, 2022 – 1,829,635 shares	(31,122)	(28,818)
Non-controlling interest	1,934	2,230
Total shareholders’ equity	240,383	253,207
Total liabilities and shareholders’ equity	$ 687,198	$ 614,232

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Operations (Unaudited)
(dollar amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues:				
Net premiums earned	$ 94,146	$ 84,496	$ 171,773	$ 154,083
Fee and other income	499	415	773	843
Net investment income	2,505	2,015	4,744	3,668
Net investment gains (losses)	(174)	(11,136)	1,242	(16,664)
Total revenues	96,976	75,790	178,532	141,930
Expenses:				
Losses and loss adjustment expenses	77,506	108,595	136,331	148,724
Amortization of deferred policy acquisition costs	20,579	16,244	39,167	31,867
Other underwriting and general expenses	9,295	10,002	18,951	17,783
Total expenses	107,380	134,841	194,449	198,374
Loss before income taxes	(10,404)	(59,051)	(15,917)	(56,444)
Income tax benefit	(2,169)	(12,415)	(3,182)	(11,847)
Net loss	(8,235)	(46,636)	(12,735)	(44,597)
Net loss attributable to non-controlling interest	(113)	(726)	(403)	(596)
Net loss attributable to NI Holdings, Inc.	$ (8,122)	$ (45,910)	$ (12,332)	$ (44,001)
Loss per common share:				
Basic	$ (0.38)	$ (2.15)	$ (0.58)	$ (2.06)
Diluted	$ (0.38)	$ (2.15)	$ (0.58)	$ (2.06)
Share data:				
Weighted average common shares outstanding used in basic per common share calculations	21,281,542	21,379,803	21,325,007	21,376,298
Plus: Dilutive securities	—	—	—	—
Weighted average common shares used in diluted per common share calculations	21,281,542	21,379,803	21,325,007	21,376,298

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollar amounts in thousands)

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total
Net loss	$ (8,122)	$ (113)	$ (8,235)	$ (12,332)	$ (403)	$ (12,735)
Other comprehensive income (loss), before income taxes:						
Holding gains (losses) on investments	(2,954)	(140)	(3,094)	2,490	138	2,628
Reclassification adjustment for net realized losses included in net loss	188	—	188	487	—	487
Other comprehensive income (loss), before income taxes	(2,766)	(140)	(2,906)	2,977	138	3,115
Income tax benefit (expense) related to items of other comprehensive income (loss)	628	32	660	(677)	(31)	(708)
Other comprehensive income (loss), net of income taxes	(2,138)	(108)	(2,246)	2,300	107	2,407
Comprehensive loss	$ (10,260)	$ (221)	$ (10,481)	$ (10,032)	$ (296)	$ (10,328)

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total	Attributable to NI Holdings, Inc.	Attributable to Non-Controlling Interest	Total
Net loss	$ (45,910)	$ (726)	$ (46,636)	$ (44,001)	$ (596)	$ (44,597)
Other comprehensive income (loss), before income taxes:						
Holding gains (losses) on investments	(15,738)	(650)	(16,388)	(35,935)	(1,347)	(37,282)
Reclassification adjustment for net realized losses included in net loss	105	—	105	62	—	62
Other comprehensive income (loss), before income taxes	(15,633)	(650)	(16,283)	(35,873)	(1,347)	(37,220)
Income tax benefit (expense) related to items of other comprehensive income (loss)	3,553	148	3,701	8,154	306	8,460
Other comprehensive income (loss), net of income taxes	(12,080)	(502)	(12,582)	(27,719)	(1,041)	(28,760)
Comprehensive loss	$ (57,990)	$ (1,228)	$ (59,218)	$ (71,720)	$ (1,637)	$ (73,357)

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(dollar amounts in thousands)

Three Months Ended June 30, 2023

	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, April 1, 2023	$ 230	$ 95,568	$ (941)	$ 209,710	$ (24,848)	$ (28,803)	$ 2,155	$ 253,071
Net loss	—	—	—	(8,122)	—	—	(113)	(8,235)
Other comprehensive income (loss), net of income taxes	—	—	—	—	(2,138)	—	(108)	(2,246)
Purchase of treasury stock	—	—	—	—	—	(2,602)	—	(2,602)
Share-based compensation	—	396	—	—	—	—	—	396
Issuance of vested award shares	—	(214)	—	(70)	—	283	—	(1)
Balance, June 30, 2023	$ 230	$ 95,750	$ (941)	$ 201,518	$ (26,986)	$ (31,122)	$ 1,934	$ 240,383

Six Months Ended June 30, 2023

	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, January 1, 2023	$ 230	$ 95,671	$ (941)	$ 214,121	$ (29,286)	$ (28,818)	$ 2,230	$ 253,207
Net loss	—	—	—	(12,332)	—	—	(403)	(12,735)
Other comprehensive income (loss), net of income taxes	—	—	—	—	2,300	—	107	2,407
Purchase of treasury stock	—	—	—	—	—	(3,223)	—	(3,223)
Share-based compensation	—	901	—	—	—	—	—	901
Issuance of vested award shares	—	(822)	—	(271)	—	919	—	(174)
Balance, June 30, 2023	$ 230	$ 95,750	$ (941)	$ 201,518	$ (26,986)	$ (31,122)	$ 1,934	$ 240,383

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Unaudited Consolidated Statements of Changes in Shareholders' Equity
(dollar amounts in thousands)

Three Months Ended June 30, 2022

	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, April 1, 2022	$ 230	$ 96,517	$ (1,184)	$ 269,142	$ (10,402)	$ (25,825)	$ 3,800	$ 332,278
Net loss	—	—	—	(45,910)	—	—	(726)	(46,636)
Other comprehensive income (loss), net of income taxes	—	—	—	—	(12,080)	—	(502)	(12,582)
Purchase of treasury stock	—	—	—	—	—	(934)	—	(934)
Share-based compensation	—	486	—	—	—	—	—	486
Issuance of vested award shares	—	(176)	—	(15)	—	190	—	(1)
Balance, June 30, 2022	$ 230	$ 96,827	$ (1,184)	$ 223,217	$ (22,482)	$ (26,569)	$ 2,572	$ 272,611

Six Months Ended June 30, 2022

	Common Stock	Additional Paid-in Capital	Unearned Employee Stock Ownership Plan Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Income Taxes	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance, January 1, 2022	$ 230	$ 98,166	$ (1,184)	$ 267,207	$ 5,237	$ (26,452)	$ 4,209	$ 347,413
Net loss	—	—	—	(44,001)	—	—	(596)	(44,597)
Other comprehensive income (loss), net of income taxes	—	—	—	—	(27,719)	—	(1,041)	(28,760)
Purchase of treasury stock	—	—	—	—	—	(1,931)	—	(1,931)
Share-based compensation	—	1,051	—	—	—	—	—	1,051
Issuance of vested award shares	—	(2,390)	—	11	—	1,814	—	(565)
Balance, June 30, 2022	$ 230	$ 96,827	$ (1,184)	$ 223,217	$ (22,482)	$ (26,569)	$ 2,572	$ 272,611

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(dollar amounts in thousands)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (12,735)	$ (44,597)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Net investment losses (gains)	(1,242)	16,664
Deferred income tax benefit	(3,773)	(6,069)
Depreciation of property and equipment	370	344
Amortization of intangibles	236	236
Share-based compensation	901	1,051
Amortization of deferred policy acquisition costs	39,167	31,867
Deferral of policy acquisition costs	(43,523)	(37,837)
Net amortization of premiums and discounts on investments	557	885
Gain on sale of property and equipment	(44)	(186)
Changes in operating assets and liabilities:		
Premiums and agents' balances receivable	(44,773)	(56,884)
Reinsurance premiums receivable / payable	(14)	587
Reinsurance recoverables on losses	(15,933)	4,159
Income tax recoverable / payable	1,637	(8,111)
Accrued investment income	(278)	(27)
Federal Crop Insurance Corporation receivable / payable	1,430	2,140
Other assets	143	(2,401)
Unpaid losses and loss adjustment expenses	41,579	43,214
Unearned premiums	36,837	45,936
Accrued expenses and other liabilities	7,374	22,676
Net cash flows from operating activities	7,916	13,647
Cash flows from investing activities:		
Proceeds from maturities and sales of fixed income securities	19,239	31,846
Proceeds from sales of equity securities	33,223	7,837
Purchases of fixed income securities	(46,833)	(41,461)
Purchases of equity securities	(3,755)	(10,171)
Purchases of property and equipment	(888)	(784)
Proceeds from sales of property and equipment	129	658
Net cash flows from investing activities	1,115	(12,075)
Cash flows from financing activities:		
Purchases of treasury stock	(3,223)	(1,931)
Installment payment on Westminster consideration payable	—	(6,667)
Issuance of vested award shares	(174)	(565)
Net cash flows from financing activities	(3,397)	(9,163)
Net increase (decrease) in cash and cash equivalents	5,634	(7,591)
Cash and cash equivalents at beginning of period	47,002	70,623
Cash and cash equivalents at end of period	$ 52,636	$ 63,032
Federal and state income taxes paid	$ —	$ 2,360

The accompanying notes are an integral part of these consolidated financial statements.

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

1. Organization

NI Holdings is a North Dakota business corporation that is the stock holding company of Nodak Insurance and became such in connection with the conversion of Nodak Mutual from a mutual to stock form of organization and the creation of a mutual holding company. The conversion was consummated on March 13, 2017. Immediately following the conversion, all of the outstanding shares of common stock of Nodak Insurance were issued to Nodak Mutual Group, which then contributed the shares to NI Holdings in exchange for 55% of the outstanding shares of common stock of NI Holdings. Nodak Insurance then became a wholly-owned stock subsidiary of NI Holdings. Prior to completion of the conversion, NI Holdings conducted no business and had no assets or liabilities. As a result of the conversion, NI Holdings became the holding company for Nodak Insurance and its existing subsidiaries.

These unaudited consolidated financial statements include the financial position and results of operations of NI Holdings and the following other entities:

Nodak Insurance Company

Nodak Insurance is the largest domestic property and casualty insurance company in North Dakota, offering private passenger auto, homeowners, farmowners, commercial multi-peril, crop hail, and Federal multi-peril crop insurance coverages through its captive agents in the state.

Nodak Agency, Inc.

Nodak Agency is an inactive shell corporation.

American West Insurance Company

American West is a property and casualty insurance company licensed in eight states in the Midwest and Western regions of the United States ("U.S."). American West began writing policies in 2002 and primarily writes private passenger auto, homeowners, and farm coverages in South Dakota. American West also writes personal auto coverage in North Dakota, as well as crop hail and Federal multi-peril crop insurance coverages in Minnesota and South Dakota.

Primero Insurance Company

Primero is a wholly-owned subsidiary of Tri-State, Ltd. Tri-State, Ltd. is an inactive shell corporation 100% owned by Nodak Insurance. Primero is a property and casualty insurance company writing non-standard automobile coverage in the states of Nevada, Arizona, North Dakota, and South Dakota. Primero was acquired by Nodak Insurance in 2014.

Battle Creek Mutual Insurance Company

Battle Creek is a property and casualty insurance company writing private passenger auto, homeowners, and farm coverages solely in the state of Nebraska. Battle Creek became affiliated with Nodak Insurance in 2011, and Nodak Insurance provides underwriting, claims management, policy administration, and other administrative services to Battle Creek. Because we have concluded that we control Battle Creek, we consolidate the financial statements of Battle Creek, and Battle Creek's policyholders' interest in Battle Creek is reflected as a non-controlling interest in shareholders' equity in our Consolidated Balance Sheets and its net income or loss is excluded from net income or loss attributed to NI Holdings in our Consolidated Statements of Operations.

Direct Auto Insurance Company

Direct Auto is a property and casualty insurance company licensed in Illinois. Direct Auto began writing non-standard automobile coverage in 2007, and was acquired by NI Holdings on August 31, 2018, via a stock purchase agreement.

Westminster American Insurance Company

Westminster is a property and casualty insurance company licensed in 18 states and the District of Columbia. Westminster is headquartered in Owings Mills, Maryland and underwrites commercial multi-peril insurance in the states of Delaware, Georgia, Kentucky, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia. Westminster was acquired by NI Holdings on January 1, 2020, via a stock purchase agreement.

Nodak Insurance markets and distributes its policies through its captive agents, while all other companies utilize the independent agent distribution channel. Additionally, all of the Company's insurance subsidiary and affiliate companies are rated "A" Excellent by A.M. Best Company, Inc. ("AM Best").

The same executive management team provides oversight and strategic direction for the entire organization. Nodak Insurance provides common product oversight, pricing practices, and underwriting standards, as well as underwriting and claims administration, to itself, American West, and Battle Creek. Primero, Direct Auto, and Westminster personnel manage the day-to-day operations of their respective companies.

2. Basis of Presentation and Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All material intercompany transactions and balances have been eliminated. These financial statements should be read in conjunction with the financial statements and notes thereto included in our 2022 Annual Report.

The Consolidated Balance Sheet at December 31, 2022, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

The preparation of the interim unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim unaudited consolidated financial statements and the reported amounts of revenues, claims, and expenses during the reporting period. Actual results could differ from those estimates. Operating results for the interim periods ended June 30, 2023, are not necessarily indicative of the results that may be expected for the year ended December 31, 2023.

Our 2022 Annual Report describes the accounting policies and estimates that are critical to the understanding of our results of operations, financial condition, and liquidity. The accounting policies and estimation processes described in the 2022 Annual Report were consistently applied to the unaudited consolidated financial statements as of and for the six months ended June 30, 2023 and 2022.

Recent Accounting Pronouncements

Prior to December 31, 2022, we were classified as an emerging growth company ("EGC") and elected to use the extended transition period for complying with certain new or revised financial accounting standards from the Financial Accounting Standards Board ("FASB") pursuant to Section 13(a) of the Exchange Act. However, beginning on December 31, 2022, we are no longer an EGC and are now unable to delay adoption of these new or revised accounting standards, or to take advantage of reduced corporate governance disclosures.

Adopted

For information regarding accounting pronouncements that the Company adopted during the periods presented, see Item II, Part 8, Note 2 "Recent Accounting Pronouncements" section of the 2022 Annual Report.

(dollar amounts in thousands, except per share amounts)

3. Investments

The amortized cost and estimated fair value of fixed income securities as of June 30, 2023, and December 31, 2022, were as follows:

	June 30, 2023				
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	$ 9,941	$ —	$ —	$ (909)	$ 9,032
Obligations of states and political subdivisions	58,753	—	64	(5,407)	53,410
Corporate securities	150,137	—	132	(14,403)	135,866
Residential mortgage-backed securities	62,623	—	35	(5,886)	56,772
Commercial mortgage-backed securities	30,300	—	—	(4,837)	25,463
Asset-backed securities	53,025	—	29	(4,703)	48,351
Redeemable preferred stocks	4,747	—	—	(652)	4,095
Total fixed income securities	$ 369,526	$ —	$ 260	$ (36,797)	$ 332,989

	December 31, 2022				
	Cost or Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:					
U.S. Government and agencies	$ 11,174	$ —	$ 1	$ (1,008)	$ 10,167
Obligations of states and political subdivisions	60,342	—	38	(6,454)	53,926
Corporate securities	136,837	—	109	(15,787)	121,159
Residential mortgage-backed securities	53,254	—	85	(5,846)	47,493
Commercial mortgage-backed securities	30,837	—	—	(4,702)	26,135
Asset-backed securities	45,786	—	—	(5,061)	40,725
Redeemable preferred stocks	4,747	—	—	(1,028)	3,719
Total fixed income securities	$ 342,977	$ —	$ 233	$ (39,886)	$ 303,324

The amortized cost and estimated fair value of fixed income securities by contractual maturity are shown below. Actual maturities could differ from contractual maturities because issuers may have the right to call or prepay these securities.

	June 30, 2023	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	$ 12,199	$ 11,948
After one year through five years	79,650	74,773
After five years through ten years	85,000	75,928
After ten years	41,982	35,659
Mortgage / asset-backed securities	145,948	130,586
Redeemable preferred stocks	4,747	4,095
Total fixed income securities	$ 369,526	$ 332,989

	December 31, 2022	
	Amortized Cost	Fair Value
Due to mature:		
One year or less	$ 10,130	$ 9,971
After one year through five years	81,879	77,031
After five years through ten years	76,648	65,966
After ten years	39,696	32,284
Mortgage / asset-backed securities	129,877	114,353
Redeemable preferred stocks	4,747	3,719
Total fixed income securities	$ 342,977	$ 303,324

(dollar amounts in thousands, except per share amounts)

Fixed income securities with a fair value of $5,918 at June 30, 2023, and $6,613 at December 31, 2022, were deposited with various state regulatory agencies as required by law. The Company has not pledged any assets to secure any obligations.

The investment category and duration of the Company's gross unrealized losses on fixed income securities are shown below. Investments with unrealized losses are categorized with a duration of greater than 12 months when all positions of a security have continually been in a loss position for at least 12 months.

	June 30, 2023					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	$ —	$ —	$ 9,032	$ (909)	$ 9,032	$ (909)
Obligations of states and political subdivisions	7,234	(431)	40,295	(4,976)	47,529	(5,407)
Corporate securities	17,414	(418)	108,662	(13,985)	126,076	(14,403)
Residential mortgage-backed securities	14,358	(260)	32,757	(5,626)	47,115	(5,886)
Commercial mortgage-backed securities	2,033	(56)	23,155	(4,781)	25,188	(4,837)
Asset-backed securities	12,063	(185)	34,836	(4,518)	46,899	(4,703)
Redeemable preferred stocks	—	—	4,095	(652)	4,095	(652)
Total fixed income securities	$ 53,102	$ (1,350)	$ 252,832	$ (35,447)	$ 305,934	$ (36,797)

	December 31, 2022					
	Less than 12 Months		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income securities:						
U.S. Government and agencies	$ 7,078	$ (537)	$ 2,587	$ (471)	$ 9,665	$ (1,008)
Obligations of states and political subdivisions	40,213	(3,554)	9,045	(2,900)	49,258	(6,454)
Corporate securities	76,645	(7,944)	39,683	(7,843)	116,328	(15,787)
Residential mortgage-backed securities	21,017	(1,805)	18,519	(4,041)	39,536	(5,846)
Commercial mortgage-backed securities	18,932	(2,674)	7,204	(2,028)	26,136	(4,702)
Asset-backed securities	18,904	(1,522)	21,809	(3,539)	40,713	(5,061)
Redeemable preferred stocks	3,015	(732)	705	(296)	3,720	(1,028)
Total fixed income securities	$ 185,804	$ (18,768)	$ 99,552	$ (21,118)	$ 285,356	$ (39,886)

We, along with our investment advisors, frequently review our investment portfolio for declines in fair value that could be indicative of credit losses. Beginning on December 31, 2022, credit losses are recognized through an allowance account. We consider a number of factors when determining if an allowance for credit losses is necessary, including payment and default history, credit spreads, credit ratings and rating actions, and probability of default. We determine the credit loss component of fixed maturity investments by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. We did not recognize any credit losses for fixed income securities at the time of adoption of the new credit loss accounting standard or during the three or six months ended June 30, 2023. Therefore, there was no beginning or ending balance of credit losses for the three or six months ended June 30, 2023, or the year ended December 31, 2022. See Item II, Part 8, Note 3 "Summary of Significant Accounting Policies" section of the 2022 Annual Report for additional information.

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(dollar amounts in thousands, except per share amounts)

Net investment income consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Fixed income securities	$ 2,781	$ 2,406	$ 5,411	$ 4,567
Equity securities	283	395	603	724
Real estate	156	75	306	241
Cash and cash equivalents	94	10	146	12
Total gross investment income	3,314	2,886	6,466	5,544
Investment expenses	809	871	1,722	1,876
Net investment income	$ 2,505	$ 2,015	$ 4,744	$ 3,668

Net investment gains (losses) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross realized gains:				
Fixed income securities	$ —	$ 5	$ —	$ 51
Equity securities	357	1,196	13,088	2,269
Total gross realized gains	357	1,201	13,088	2,320
Gross realized losses, excluding credit impairment losses:				
Fixed income securities	(188)	(110)	(487)	(113)
Equity securities	(288)	(64)	(1,134)	(242)
Total gross realized losses, excluding credit impairment losses	(476)	(174)	(1,621)	(355)
Net realized gains (losses)	(119)	1,027	11,467	1,965
Change in net unrealized gain on equity securities	(55)	(12,163)	(10,225)	(18,629)
Net investment gains (losses)	$ (174)	$ (11,136)	$ 1,242	$ (16,664)

4. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. Investment securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record other assets or liabilities at fair value on a nonrecurring basis. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets. Accounting guidance on fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability. Level 2 includes fixed income securities with quoted prices that are traded less frequently than exchange traded instruments. Valuation techniques include matrix pricing which is a mathematical technique used widely in the industry to value fixed income securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The Company bases its fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets where there exists limited or no observable market data and, therefore, are based primarily upon the estimates of the Company or other third-parties, are often calculated based on the characteristics of the asset, the economic and competitive environment, and other such factors. Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts which could have been realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period-end and have not been re-evaluated or updated for purposes of our consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end. Additionally, changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future valuations.

The Company uses quoted values and other data provided by an independent pricing service in its process for determining fair values of its investments. The evaluations of such pricing services represent an exit price and a good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. This pricing service provides us with one quote per instrument. For fixed income securities that have quoted prices in active markets, market quotations are provided. For fixed income securities that do not trade on a daily basis, the independent pricing service prepares estimates of fair value using a wide array of observable inputs including relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The observable market inputs that the Company's independent pricing service utilizes may include (listed in order of priority for use) benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, and other reference data on markets, industry, and the economy. Additionally, the independent pricing service uses an option-adjusted spread model to develop prepayment and interest rate scenarios.

Should the independent pricing service be unable to provide a fair value estimate, we would attempt to obtain a non-binding fair value estimate from a number of broker-dealers and would review this estimate in conjunction with a fair value estimate reported by an independent business news service or other sources. In instances where only one broker-dealer provides a fair value for a fixed income security, we would use that estimate. In instances where the Company would be able to obtain fair value estimates from more than one broker-dealer, we would review the range of estimates and select the most appropriate value based on the facts and circumstances. Should neither the independent pricing service nor a broker-dealer provide a fair value estimate, we would develop a fair value estimate based on cash flow analyses and other valuation techniques that utilize certain unobservable inputs. Accordingly, the Company classifies such a security as a Level 3 investment.

The fair value estimates of our investments provided by the independent pricing service at each period-end were utilized, among other resources, in reaching a conclusion as to the fair value of its investments.

(dollar amounts in thousands, except per share amounts)

Management reviews the reasonableness of the pricing provided by the independent pricing service by employing various analytical procedures. We also use information from our third-party investment advisors who utilize different independent pricing services to further validate the reasonableness of the valuation of our fixed income portfolio. If, after this review, management does not believe the pricing for any security is a reasonable estimate of fair value, then it will seek to resolve the discrepancy through discussions with the independent pricing service. In its review, management did not identify any such discrepancies and no adjustments were made to the estimates provided by the independent pricing service for the three or six months ended June 30, 2023, or the year ended December 31, 2022. The classification within the fair value hierarchy is then confirmed based on the final conclusions from the pricing review.

The valuation of cash equivalents and equity securities are generally based on Level 1 inputs, which use the market-approach valuation technique. The valuation of our fixed income securities generally incorporates significant Level 2 inputs using the market and income approach techniques. We may assign a lower level to inputs typically considered to be Level 2 based on our assessment of liquidity and relative level of uncertainty surrounding inputs. There were no assets or liabilities classified at Level 3 at June 30, 2023, or December 31, 2022.

The following tables set forth our assets which are measured on a recurring basis by the level within the fair value hierarchy in which fair value measurements fall:

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	$ 9,032	$ —	$ 9,032	$ —
Obligations of states and political subdivisions	53,410	—	53,410	—
Corporate securities	135,866	—	135,866	—
Residential mortgage-backed securities	56,772	—	56,772	—
Commercial mortgage-backed securities	25,463	—	25,463	—
Asset-backed securities	48,351	—	48,351	—
Redeemable preferred stock	4,095	—	4,095	—
Total fixed income securities	332,989	—	332,989	—
Equity securities:				
Common stock	22,807	22,807	—	—
Non-redeemable preferred stock	1,847	1,847	—	—
Total equity securities	24,654	24,654	—	—
Cash equivalents	34,004	34,004	—	—
Total assets at fair value	$ 391,647	$ 58,658	$ 332,989	$ —

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
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	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Government and agencies	$ 10,167	$ —	$ 10,167	$ —
Obligations of states and political subdivisions	53,926	—	53,926	—
Corporate securities	121,159	—	121,159	—
Residential mortgage-backed securities	47,493	—	47,493	—
Commercial mortgage-backed securities	26,135	—	26,135	—
Asset-backed securities	40,725	—	40,725	—
Redeemable preferred stock	3,719	—	3,719	—
Total fixed income securities	303,324	—	303,324	—
Equity securities:				
Common stock	50,699	50,699	—	—
Non-redeemable preferred stock	1,694	1,694	—	—
Total equity securities	52,393	52,393	—	—
Cash equivalents	27,255	27,255	—	—
Total assets at fair value	$ 382,972	$ 79,648	$ 303,324	$ —

There were no liabilities measured at fair value on a recurring basis at June 30, 2023, or December 31, 2022.

5. Reinsurance

External Reinsurance

The Company's consolidated financial statements reflect the effects of assumed and ceded reinsurance transactions. Assumed reinsurance refers to the acceptance of certain insurance risks that other insurance companies have underwritten. Ceded reinsurance involves transferring certain insurance risks (along with the related written and earned premiums) the Company has underwritten to other insurance companies who agree to share these risks. The primary purpose of these agreements is to protect the Company, at a cost, from losses in excess of the amount it is prepared to accept and to protect the Company's capital. Our ceded reinsurance is placed either on an automatic basis under general reinsurance contracts known as treaties or through facultative contracts placed on substantial individual risks. These contracts do not relieve the Company from its obligations to policyholders.

During the six-month period ended June 30, 2023, the Company maintained property catastrophe reinsurance protection covering $133,000 in excess of a $20,000 retention. Additionally, per risk excess of loss treaties provided coverage of $4,000 in excess of $1,000 for property risks and $11,000 in excess of $1,000 for casualty risks, with facultative contracts in place to provide coverage up to $20,000 in excess of $5,000 per property. Aggregate stop loss reinsurance agreements were placed for both crop hail and multi-peril crop coverage. The crop hail aggregate attached at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attached at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance was provided through the Federal Crop Insurance Corporation ("FCIC").

During the year ended December 31, 2022, the Company maintained property catastrophe reinsurance protection covering $125,000 in excess of a $15,000 retention. Additionally, per risk excess of loss treaties provided coverage of $4,000 in excess of $1,000 for property risks and $11,000 in excess of $1,000 for casualty risks, with facultative contracts in place to provide coverage up to $20,000 in excess of $5,000 per property. Aggregate stop loss reinsurance agreements were placed for both crop hail and multi-peril crop coverage. The crop hail aggregate attached at a 100% net loss ratio providing 50 points of cover. The multi-peril crop aggregate attached at a 105% net loss ratio providing 45 points of cover. In addition to the aggregate covers, underlying multi-peril crop reinsurance was provided through the FCIC.

The Company actively monitors and evaluates the financial condition of the reinsurers and develops estimates of the uncollectible amounts due from reinsurers. Beginning on December 31, 2022, credit losses are recognized through an allowance account developed using a new credit loss model (current expected credit losses or "CECL"). See the Part II, Item 8, Note 2 "Recent Accounting Pronouncements" section of the 2022 Annual Report for additional information. Credit loss estimates are made based on periodic evaluation of balances due from reinsurers, changes in reinsurer credit standing, judgments regarding reinsurers' solvency, known disputes, reporting characteristics of the underlying reinsured business, historical experience, current economic conditions, and the state of reinsurer relations in general. Collection risk is mitigated by entering into reinsurance arrangements only with reinsurers that have strong credit ratings and statutory surplus above certain levels. At June 30, 2023, and December 31, 2022, management has concluded that it is not necessary to record an allowance for expected credit losses related to reinsurance recoverables. All of our significant reinsurance partners are rated "A-" (Excellent) or better by AM Best, and there is no history of write-offs.

NI Holdings, Inc.
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(dollar amounts in thousands, except per share amounts)

A reconciliation of direct to net premiums on both a written and an earned basis is as follows:

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	$ 144,250	$ 106,162	$ 234,806	$ 191,636
Assumed premium	2,440	827	2,839	1,403
Ceded premium	(20,439)	(12,843)	(28,898)	(21,266)
Net premiums	$ 126,251	$ 94,146	$ 208,747	$ 171,773

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premium	$ 144,962	$ 94,251	$ 220,495	$ 167,650
Assumed premium	3,226	1,691	5,087	3,552
Ceded premium	(20,175)	(11,446)	(25,835)	(17,119)
Net premiums	$ 128,013	$ 84,496	$ 199,747	$ 154,083

A reconciliation of direct to net losses and loss adjustment expenses is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Direct losses and loss adjustment expenses	$ 95,149	$ 110,670	$ 166,010	$ 156,165
Assumed losses and loss adjustment expenses	67	1,535	157	1,545
Ceded losses and loss adjustment expenses	(17,710)	(3,610)	(29,836)	(8,986)
Net losses and loss adjustment expenses	$ 77,506	$ 108,595	$ 136,331	$ 148,724

If 100% of our ceded reinsurance was cancelled as of June 30, 2023, or December 31, 2022, no ceded commissions would need to be returned to the reinsurers. Reinsurance contracts are typically effective from January 1 through December 31 each year.

Intercompany Reinsurance Pooling Arrangement

Effective January 1, 2020, all of our insurance subsidiary and affiliate companies entered into an intercompany reinsurance pooling agreement. Nodak Insurance is the lead company of the pool, and assumes the net premiums, net losses, and underwriting expenses from each of the other five companies. Nodak Insurance then retrocedes balances back to each company, while retaining its own share of the pool's net underwriting results, based on individual pool percentages established in the respective pooling agreement. This arrangement allows each insurance company to rely upon the capacity of the pool's total statutory capital and surplus. As a result, they are evaluated by AM Best on a group basis and hold a single combined financial strength rating, long-term issuer credit rating, and financial size category.

For the six months ended June 30, 2023, and the year ended December 31, 2022, the pooling share percentages by insurance company were:

	Pool Percentage
Nodak Insurance Company	66.0%
American West Insurance Company	7.0%
Primero Insurance Company	3.0%
Battle Creek Mutual Insurance Company	2.0%
Direct Auto Insurance Company	13.0%
Westminster American Insurance Company	9.0%
Total	100.0%

(dollar amounts in thousands, except per share amounts)

6. Deferred Policy Acquisition Costs

Expenses directly related to successfully acquired insurance policies, primarily commissions, premium taxes and underwriting costs, are deferred and amortized over the terms of the policies. We update our acquisition cost assumptions periodically to reflect actual experience, and we evaluate the costs for recoverability. The table below shows the deferred policy acquisition costs and asset reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance, beginning of period	$ 31,350	$ 26,272	$ 29,768	$ 24,947
Deferral of policy acquisition costs	23,353	20,889	43,523	37,837
Amortization of deferred policy acquisition costs	(20,579)	(16,244)	(39,167)	(31,867)
Balance, end of period	$ 34,124	$ 30,917	$ 34,124	$ 30,917

7. Unpaid Losses and Loss Adjustment Expenses

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	Six Months Ended June 30,	
	2023	2022
Balance, beginning of period:		
Liability for unpaid losses and loss adjustment expenses	$ 190,459	$ 139,662
Reinsurance recoverables on losses	37,575	21,200
Net balance, beginning of period	152,884	118,462
Incurred related to:		
Current year	126,854	157,214
Prior years	9,477	(8,490)
Total incurred	136,331	148,724
Paid related to:		
Current year	50,010	59,634
Prior years	60,675	41,717
Total paid	110,685	101,351
Balance, end of period:		
Liability for unpaid losses and loss adjustment expenses	232,038	182,876
Reinsurance recoverables on losses	53,508	17,041
Net balance, end of period	$ 178,530	$ 165,835

During the six months ended June 30, 2023, the Company’s incurred reported losses and loss adjustment expenses included $9,477 of net unfavorable development on prior accident years, primarily attributable to Direct Auto and Westminster. During the six months ended June 30, 2022, the Company’s incurred reported losses and loss adjustment expenses included $8,490 of net favorable development on prior accident years, primarily attributable to Direct Auto, Battle Creek, and American West.

Changes in unpaid losses and loss adjustment expense reserves are generally the result of ongoing analysis of recent loss development trends. As additional information becomes known regarding individual claims, original estimates are increased or decreased accordingly.

(dollar amounts in thousands, except per share amounts)

8. Property and Equipment

Property and equipment consisted of the following:

	June 30, 2023	December 31, 2022	Estimated Useful Life
Cost:			
Land	$ 1,403	$ 1,403	indefinite
Building and improvements	14,491	14,271	10 – 43 years
Electronic data processing equipment	1,637	1,310	5 – 7 years
Furniture and fixtures	2,968	2,919	5 – 7 years
Automobiles	1,317	1,310	2 – 3 years
Gross cost	21,816	21,213	
Accumulated depreciation	(11,540)	(11,370)	
Total property and equipment, net	$ 10,276	$ 9,843	

Depreciation expense was $188 and $176 for the three months ended June 30, 2023 and 2022, respectively, and $370 and $344 for the six months ended June 30, 2023 and 2022, respectively.

(dollar amounts in thousands, except per share amounts)

9. Goodwill and Other Intangibles

Goodwill

The following table presents the carrying amount of the Company's goodwill by segment:

	June 30, 2023	December 31, 2022
Non-standard auto from acquisition of Primero	$ 2,628	$ 2,628
Commercial from acquisition of Westminster	6,756	6,756
Total	$ 9,384	$ 9,384

Other Intangible Assets

The following table presents the carrying amount of the Company's other intangible assets:

June 30, 2023	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Trade names	$ 748	$ 415	$ 333
Distribution network	6,700	1,303	5,397
Total subject to amortization	7,448	1,718	5,730
Not subject to amortization:			
State insurance licenses	1,900	—	1,900
Total	$ 9,348	$ 1,718	$ 7,630

December 31, 2022	Gross Carrying Amount	Accumulated Amortization	Net
Subject to amortization:			
Trade names	$ 748	$ 365	$ 383
Distribution network	6,700	1,117	5,583
Total subject to amortization	7,448	1,482	5,966
Not subject to amortization:			
State insurance license	1,900	—	1,900
Total	$ 9,348	$ 1,482	$ 7,866

Amortization expense was $118 and $118 for the three months ended June 30, 2023 and 2022, respectively, and $236 and $236 for the six months ended June 30, 2023 and 2022, respectively.

Other intangible assets that have finite lives, including trade names and distribution networks, are amortized over their useful lives. As of June 30, 2023, the estimated amortization of other intangible assets with finite lives for each of the five years in the period ending December 31, 2027, and thereafter is as follows:

Year ending December 31,	
2023 (six months remaining)	$ 219
2024	422
2025	422
2026	422
2027	422
Thereafter	3,823
Total other intangible assets with finite lives	$ 5,730

(dollar amounts in thousands, except per share amounts)

10. Royalties, Dividends, and Affiliations

North Dakota Farm Bureau

Nodak Insurance was organized by the North Dakota Farm Bureau ("NDFB") to provide insurance protection for its members. We have a royalty agreement with the NDFB that recognizes the use of their trademark and provides royalties to the NDFB based on the premiums written on Nodak Insurance's policies. Royalties paid to the NDFB were $442 and $405 during the three months ended June 30, 2023 and 2022, respectively, and $799 and $744 for the six months ended June 30, 2023 and 2022, respectively. Royalty amounts payable of $167 and $119 were accrued as a liability to the NDFB at June 30, 2023, and December 31, 2022, respectively.

Dividends

State insurance laws require our insurance subsidiaries to maintain certain minimum capital and surplus amounts on a statutory basis. Our insurance subsidiaries are subject to regulations that restrict the payment of dividends from statutory surplus and may require prior approval from their domiciliary insurance regulatory authorities. Our insurance subsidiaries are also subject to risk-based capital requirements that may further affect their ability to pay dividends. Our insurance subsidiaries statutory capital and surplus at December 31, 2022, exceeded the amount of statutory capital and surplus necessary to satisfy risk-based capital requirements by a significant margin.

For information regarding the availability of subsidiaries to pay dividends to NI Holdings during 2023, see Item II, Part 8, Note 12 "Related Party Transactions" section of the 2022 Annual Report.

Battle Creek Mutual Insurance Company

The following tables disclose the standalone balance sheets and statements of operations of Battle Creek, prior to intercompany eliminations, to illustrate the impact of including Battle Creek in our Consolidated Balance Sheets and Statements of Operations:

	June 30, 2023	December 31, 2022
Assets:		
Cash and cash equivalents	$ 4,321	$ 5,008
Investments	13,931	13,350
Premiums and agents' balances receivable	5,606	5,422
Deferred policy acquisition costs	682	595
Reinsurance recoverables on losses (2)	12,641	12,597
Accrued investment income	60	59
Income tax recoverable	—	225
Deferred income taxes	800	780
Property and equipment	313	319
Other assets	61	52
Total assets	$ 38,415	$ 38,407
Liabilities:		
Unpaid losses and loss adjustment expenses	$ 5,218	$ 6,453
Unearned premiums	3,698	2,959
Notes payable (1)	3,000	3,000
Pooling payable (1)	7,699	8,337
Reinsurance losses payable (2)	13,783	13,125
Accrued expenses and other liabilities	3,083	2,303
Total liabilities	36,481	36,177
Equity:		
Non-controlling interest	1,934	2,230
Total equity	1,934	2,230
Total liabilities and equity	$ 38,415	$ 38,407

(1) Amount fully eliminated in consolidation.
(2) Amount partly eliminated in consolidation.

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Net premiums earned	$ 1,882	$ 1,690	$ 3,435	$ 3,082
Fee and other income (expenses)	7	(2)	17	(7)
Net investment income	80	27	147	40
Total revenues	1,969	1,715	3,599	3,115
Expenses:				
Losses and loss adjustment expenses	1,550	2,171	2,727	2,974
Amortization of deferred policy acquisition costs	411	325	783	637
Other underwriting and general expenses	155	157	318	274
Total expenses	2,116	2,653	3,828	3,885
Loss before income taxes	(147)	(938)	(229)	(770)
Income tax expense (benefit)	(34)	(212)	174	(174)
Net loss	$ (113)	$ (726)	$ (403)	$ (596)

11. Benefit Plans

Nodak Insurance sponsors a 401(k) plan with an automatic and matching contribution for eligible employees at Nodak Insurance, Primero, and Direct Auto. Westminster also sponsors a separate 401(k) plan. American West and Battle Creek have no employees. The Company reported expenses related to the 401(k) plans totaling $189 and $187 during the three months ended June 30, 2023 and 2022, respectively, and $378 and $335 during the six months ended June 30, 2023 and 2022, respectively.

Nodak Insurance also contributes an additional elective amount of employee compensation as a profit-sharing contribution for eligible employees that is invested in a portfolio of investments directed by the Company. The reported expenses related to this profit-sharing contribution were $32 and $242 during the three months ended June 30, 2023 and 2022, respectively, and $281 and $432 during the six months ended June 30, 2023 and 2022, respectively.

All fees associated with the plans are deducted from the eligible employee accounts.

The Company also offers a non-qualified deferred compensation plan to key executives of the Company (as designated by the Board of Directors). The Company's policy is to fund the plan by amounts that represent the excess of the maximum contribution allowed by the Employee Retirement Income Security Act over the key executives' allowable 401(k) contribution. The plan also allows employee-directed deferral of key executives' compensation or incentive payments. The Company reported expenses related to this plan totaling $76 and $23 during the three months ended June 30, 2023 and 2022, respectively, and $98 and $127 during the six months ended June 30, 2023 and 2022, respectively.

In connection with our initial public offering ("IPO") in March 2017, the Company established its Employee Stock Ownership Plan (the "ESOP"). The ESOP is intended to be an employee stock ownership plan within the meaning of Internal Revenue Code Section 4975(e)(7) and invests solely in common stock of the Company.

Upon establishment of the ESOP, Nodak Insurance loaned $2,400 to the ESOP's related trust (the "ESOP Trust"). The ESOP loan was for a period of ten years, bearing interest at the long-term Applicable Federal Rate effective on the closing date of the offering (2.79% annually). The ESOP Trust used the proceeds of the loan to purchase shares in our IPO, which resulted in the ESOP Trust owning approximately 1.0% of the Company's authorized shares. The ESOP has purchased the shares for investment and not for resale.

The shares purchased by the ESOP Trust in the offering are held in a suspense account as collateral for the ESOP loan. Nodak Insurance makes semi-annual cash contributions to the ESOP in amounts no smaller than the amounts required for the ESOP Trust to make its loan payments to Nodak Insurance. While the ESOP makes two loan payments per year, a pre-determined portion of the shares are released from the suspense account and allocated to participant accounts at the end of the calendar year. This release and allocation occurs on an annual basis over the ten-year term of the ESOP loan. Nodak Insurance has a lien on the shares of common stock of the Company held by the ESOP to secure repayment of the loan from the ESOP to Nodak Insurance. If the ESOP is terminated as a result of a change in control of the Company, the ESOP may be required to pay the costs of terminating the plan.

It is anticipated that the only assets held by the ESOP will be shares of the Company's common stock. Participants in the ESOP cannot direct the investment of any assets allocated to their accounts. The ESOP participants are employees of Nodak Insurance. The employees of Primero, Direct Auto, and Westminster do not participate in the ESOP.

Each employee of Nodak Insurance automatically becomes a participant in the ESOP if such employee is at least 21 years old, has completed a minimum of one thousand hours of service with Nodak Insurance, and has completed an Eligibility Computation Period. Employees are not permitted to make any contributions to the ESOP. Participants in the ESOP receive annual reports from the Company showing the number of shares of common stock of the Company allocated to the participants' accounts and the market value of those shares. The shares are allocated to participants based on compensation as provided for in the ESOP.

In connection with the establishment of the ESOP, the Company created a contra-equity account on the Consolidated Balance Sheet equal to the ESOP's basis in the shares. The basis of those shares was set at $10.00 per share as part of the IPO. As shares are released from the ESOP suspense account, the contra-equity account is credited, which reduces the impact of the contra-equity account on the Company's Consolidated Balance Sheet over time. The Company records compensation expense related to the shares released, equal to the number of shares released from the suspense account multiplied by the average market value of the Company's stock during the period.

The Company recognized compensation expense related to the ESOP of $83 and $101 during the three months ended June 30, 2023 and 2022, respectively, and $164 and $210 during the six months ended June 30, 2023 and 2022, respectively.

Through June 30, 2023, and December 31, 2022, the Company had released and allocated 145,890 ESOP shares to participants, with a remainder of 94,110 ESOP shares in suspense at June 30, 2023, and December 31, 2022. Using the Company's quarter-end market price of $14.85 per share, the fair value of the unearned ESOP shares was $1,398 at June 30, 2023.

12. Line of Credit

Nodak Insurance has a $5,000 line of credit with Wells Fargo Bank, N.A. The terms of the line of credit include a floating interest rate of the bank's Prime Rate with a floor rate of 3.25%. There were no outstanding amounts during the six months ended June 30, 2023, or the year ended December 31, 2022. This line of credit is scheduled to expire on March 31, 2024.

13. Income Taxes

At June 30, 2023, and December 31, 2022, we had no unrecognized tax benefits, no accrued interest and penalties, and no significant uncertain tax positions. No interest and penalties were recognized during the three- and six-month periods ended June 30, 2023 or the year ended December 31, 2022.

At June 30, 2023, and December 31, 2022, the Company, other than Battle Creek and Westminster, had no income tax related carryforwards for net operating losses, alternative minimum tax credits, or capital losses.

Battle Creek, which files its income tax returns on a stand-alone basis, had net operating loss carryforwards of $3,963 at December 31, 2022. These net operating loss carryforwards expire through 2032.

Westminster, which became part of the Company's consolidated federal income tax return beginning in 2020, had a $1,270 net operating loss carryforward at December 31, 2022. This net operating loss carryforward expires in 2023.

As of June 30, 2023, federal income tax years 2019 through 2021 remain open for examination.

(dollar amounts in thousands, except per share amounts)

14. Leases

Primero leases a facility in Spearfish, South Dakota under a non-cancellable operating lease expiring in 2028, and leases a facility in Las Vegas, Nevada on a month-to-month basis. Direct Auto leases a facility in Chicago, Illinois under a non-cancellable operating lease expiring in 2029. Nodak Insurance leases a facility in Fargo, North Dakota under a non-cancellable operating lease expiring in 2024.

Effective for the year ended December 31, 2022, the Company adopted the updated guidance for leases. This guidance was adopted in the fourth quarter of 2022, and accordingly, the expense amounts for the periods ended June 30, 2023, are not comparable to the periods ended June 30, 2022. See Part II, Item 8, Note 2 “Recent Accounting Pronouncements” in the 2022 Annual Report for additional information. Under the new guidance, lease expense for these operating leases is recognized on a straight-line basis over the term of the lease, and a right-of-use asset and lease liability is recognized as part of other assets and other liabilities, respectively, in the Consolidated Balance Sheet at the origination of the lease. We currently do not have leases that include options to purchase or provisions that would automatically transfer ownership of the leased property to the Company.

We determine whether a contract is or contains a lease at the inception of the contract. A contract will be deemed to be or contain a lease if the contract conveys the right to control and directs the use of identified property or equipment for a period of time in exchange for consideration. We generally must also have the right to obtain substantially all of the economic benefits from the use of the property and equipment. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates based on the floating interest rate on our Line of Credit with Wells Fargo Bank, N.A. at the lease commencement date, as rates are not implicitly stated in most leases.

Additional information regarding our operating leases are as follows:

	As of and For the Three Months Ended June 30,		As of and For the Six Months Ended June 30,	
	2023	2022	2023	2022
Operating lease expense	$ 98	$ 98	$ 196	$ 196
Other information on operating leases:				
Operating cash outflow from operating leases	103	69	204	137
Right-of-use assets obtained in exchange for new lease liabilities	247	—	247	—
Weighted average discount rate	3.95%	3.25%	3.95%	3.25%
Weighted average remaining lease term in years	5.8 years	6.6 years	5.8 years	6.6 years

The following table presents the contractual maturities of our operating leases for each of the five years in the period ending December 31, 2027, and thereafter, reconciled to our operating lease liability at June 30, 2023:

Year ending December 31,	
2023 (six months remaining)	$ 195
2024	381
2025	346
2026	351
2027	356
Thereafter	509
Total undiscounted lease payments	2,138
Less: present value adjustment	219
Operating lease liability at June 30, 2023	$ 1,919

(dollar amounts in thousands, except per share amounts)

15. Contingencies

We have been named as a defendant in various lawsuits relating to our insurance operations. Contingent liabilities arising from litigation, income taxes, and other matters are not considered to be material to our financial position.

16. Common and Preferred Stock

Changes in the number of common stock shares outstanding are as follows:

	Six Months Ended June 30,	
	2023	2022
Shares outstanding, beginning of period	21,076,255	21,219,808
Treasury shares repurchased through stock repurchase authorization	(238,164)	(111,244)
Issuance of treasury shares for vesting of restricted stock units	47,887	101,292
Shares outstanding, end of period	20,885,978	21,209,856

The changes in the number of common shares outstanding excludes certain non-forfeitable stock award shares that are included in the weighted average common shares outstanding used in basic earnings per common share calculations. In addition, the net loss per diluted common share for the three- and six-month periods ended June 30, 2023, excluded the weighted average effects of 61,935 and 61,614 shares of stock awards, respectively, since the impacts of these potential shares of common stock were anti-dilutive.

On August 11, 2021, our Board of Directors approved an authorization for the repurchase of up to approximately $5,000 of the Company's outstanding common stock. During the year ended December 31, 2021, we completed the repurchase of 81,095 shares of our common stock for $1,554 under this authorization. During the year ended December 31, 2022, we completed the repurchase of 214,937 shares of our common stock for $3,446 to close out this authorization. Of these amounts, 111,244 shares were repurchased for $1,932 during the six months ended June 30, 2022.

On May 9, 2022, our Board of Directors approved an authorization for the repurchase of up to approximately $10,000 of the Company's outstanding common stock. During the year ended December 31, 2022, we completed the repurchase of 54,223 shares of our common stock for $734 under this authorization. During the six months ended June 30, 2023, we completed the repurchase of 238,164 shares of our common stock for $3,223. At June 30, 2023, $6,043 remains available under this authorization.

The cost of this treasury stock is a reduction of shareholders' equity within our Consolidated Balance Sheets.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act ("IRA") which, among other changes, created a new corporate alternative minimum tax ("AMT") based on adjusted financial statement income and imposes a 1% excise tax on corporate stock repurchases, subject to certain adjustments. The effective date of these provisions was January 1, 2023. The Company is not currently subject to the AMT based on our reported GAAP earnings for the past three years and does not expect the IRA to have a material impact on the Company's financial position and results of operations.

Preferred Stock

The Company's Articles of Incorporation provide authority to issue up to five million shares of preferred stock. No preferred shares are issued or outstanding.

17. Share-Based Compensation

The NI Holdings, Inc. 2020 Stock and Incentive Plan (the "Plan") is designed to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors, advisors, and non-employee directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business, and to afford such persons an opportunity to acquire an ownership interest in the Company, thereby aligning the interests of such persons with the Company's shareholders.

The Plan provides for the grant of nonqualified stock options, incentive stock options, restricted stock units ("RSUs"), stock appreciation rights, dividend equivalents, and performance share units ("PSUs") to employees, officers, consultants, advisors, non-employee directors, and independent contractors designated by the Compensation Committee of the Board of Directors (the "Compensation Committee"). Awards made under the Plan are based upon, among other things, a participant's level of responsibility and performance within the Company.

(dollar amounts in thousands, except per share amounts)

The total aggregate number of shares of common stock that may be issued under the Plan shall not exceed 1,000,000 shares, subject to adjustments as provided in the Plan. No eligible participant may be granted any awards for more than 100,000 shares in the aggregate in any calendar year, subject to adjustment in accordance with the Plan. The aggregate amount payable pursuant to all performance awards denominated in cash to any eligible person in any calendar year is limited to $1,000 in value. Directors who are not also employees of the Company may not be granted awards denominated in shares that exceed $150 in any calendar year.

Restricted Stock Units

The Compensation Committee has awarded RSUs to non-employee directors and select executives. RSUs are promises to issue actual shares of common stock at the end of a vesting period. The RSUs granted to executives under the Plan were based on salary and vest 20% per year over a five-year period, while RSUs granted to non-employee directors vest 100% on the date of the next annual meeting of shareholders following the grant date. Dividend equivalents on RSUs are accrued during the vesting period and paid in cash at the end of the vesting period but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to RSUs.

The Company recognizes stock-based compensation costs for RSUs based on the grant date fair value. The compensation costs are normally expensed over the vesting periods to each vesting date; however, the cost of RSUs granted to executives are expensed immediately if the executive has met certain retirement criteria and the RSUs become non-forfeitable. Estimated forfeitures are included in the determination of compensation costs. No forfeitures are currently estimated.

A summary of the Company's outstanding and unearned RSUs is presented below:

	RSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding and unearned at January 1, 2022	108,380	$ 16.86
RSUs granted during 2022	59,600	17.61
RSUs earned during 2022	(52,620)	17.39
Units outstanding and unearned at December 31, 2022	115,360	17.00
RSUs granted during 2023	85,000	13.76
RSUs earned during 2023	(53,780)	16.32
Units outstanding and unearned at June 30, 2023	146,580	15.37

The following table shows the impact of RSU activity to the Company's financial results:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
RSU compensation expense	$ 257	$ 225	$ 559	$ 498
Income tax benefit	(58)	(51)	(127)	(113)
RSU compensation expense, net of income taxes	$ 199	$ 174	$ 432	$ 385

At June 30, 2023, there was $1,427 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 1.84 years.

Performance Share Units

The Compensation Committee has awarded PSUs to select executives. PSUs are promises to issue actual shares of common stock at the end of a vesting period if certain performance conditions are met. The PSUs granted to employees under the Plan were based on salary and include a three-year adjusted book value cumulative growth target with threshold and stretch goals. They will vest on the third anniversary of the grant date, subject to the participant's continuous employment through the vesting date and the level of performance achieved. Dividend equivalents on PSUs are accrued and paid in cash at the end of the performance period in accordance with the level of performance achieved but are subject to forfeiture until the underlying shares become vested. Participants do not have voting rights with respect to PSUs.

(dollar amounts in thousands, except per share amounts)

The Company recognizes stock-based compensation costs for PSUs based on the grant date fair value over the performance period of the awards. Estimated forfeitures are included in the determination of compensation costs. The current cost estimates represent the Company's forecasted performance against cumulative growth targets.

A summary of the Company's outstanding PSUs is presented below:

	PSUs	Weighted-Average Grant-Date Fair Value Per Share
Units outstanding at January 1, 2022	190,600	$ 16.06
PSUs granted during 2022 (at target)	61,800	18.10
PSUs earned during 2022	(86,684)	15.21
Performance adjustment [1]	31,200	15.21
Forfeitures	(6,916)	15.21
Units outstanding at December 31, 2022	190,000	17.00
PSUs granted during 2023 (at target)	87,400	13.85
PSUs earned during 2023	—	—
Performance adjustment [1]	(63,600)	14.26
Forfeitures	—	—
Units outstanding at June 30, 2023	213,800	16.53

[1] Represents the change in PSUs issued based upon the attainment of performance goals established by the Company.

The following table shows the impact of PSU activity to the Company's financial results:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
PSU compensation expense	$ 139	$ 262	$ 277	$ 523
Income tax benefit	(32)	(60)	(63)	(119)
PSU compensation expense, net of income taxes	$ 107	$ 202	$ 214	$ 404

The cost estimates for PSU grants represent initial target awards until we can reasonably forecast the financial performance of each PSU award grant. At the end of the performance period, we will reflect a performance adjustment, which may be either an increase or decrease from the initial target awards. The actual number of shares to be issued at the end of the performance period will range from 0% to 150% of the initial target awards.

At June 30, 2023, there was $1,316 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 2.44 years.

(dollar amounts in thousands, except per share amounts)

18. Allowance for Expected Credit Losses

Premiums Receivable

Beginning on December 31, 2022, credit losses are recognized through an allowance account developed using the new CECL model. This guidance was adopted in the fourth quarter of 2022, and accordingly, there was no allowance for expected credit losses as of June 30, 2022. See the Part II, Item 8, Note 2 "Recent Accounting Pronouncements" section of the 2022 Annual Report for additional information. The following table presents the balances of premiums and agents' receivable balances, net of the allowance for expected credit losses as of June 30, 2023, and the changes in the allowance for expected credit losses for the three and six months ended June 30, 2023.

	As of and For the Three Months Ended June 30, 2023	
	Premiums Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	$ 64,502	$ 445
Current period charge for expected credit losses		189
Write-offs of uncollectible premiums receivable		200
Balance, end of period	$ 106,946	$ 434

	As of and For the Six Months Ended June 30, 2023	
	Premiums Receivable, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	$ 62,173	$ 425
Current period charge for expected credit losses		278
Write-offs of uncollectible premiums receivable		269
Balance, end of period	$ 106,946	$ 434

19. Segment Information

We have six reportable operating segments, which consist of private passenger auto insurance, non-standard auto insurance, home and farm insurance, crop insurance, commercial insurance, and all other (which primarily consists of assumed reinsurance and our excess liability business). We operate only in the U.S., and no single customer or agent provides 10 percent or more of our revenues. The following tables provide available information of these segments for the three- and six-month periods ended June 30, 2023 and 2022.

For purposes of evaluating profitability of the non-standard auto segment, we combine the policy fees paid by the insured with the underwriting gain or loss as its primary measure. As a result, these fees are allocated to the non-standard auto segment (included in fee and other income) in the tables below. The remaining fee and other income amounts are not allocated to any segment.

We do not assign or allocate all line items in our Unaudited Consolidated Statement of Operations or Unaudited Consolidated Balance Sheet to our operating segments. Those line items include investment income, net investment gains (losses), fee and other income excluding non-standard auto, and income tax expense (benefit) within the Unaudited Consolidated Statement of Operations. For the Unaudited Consolidated Balance Sheet, those items include cash and investments, property and equipment, other assets, accrued expenses, income taxes recoverable or payable, and shareholders’ equity.

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

	Three Months Ended June 30, 2023						
	Private Passenger Auto	**Non-Standard Auto**	**Home and Farm**	**Crop**	**Commercial**	**All Other**	**Total**
Direct premiums earned	$ 21,508	$ 21,744	$ 22,995	$ 17,526	$ 21,076	$ 1,313	$ 106,162
Assumed premiums earned	—	—	—	501	—	326	827
Ceded premiums earned	(965)	(99)	(2,580)	(4,691)	(4,435)	(73)	(12,843)
Net premiums earned	20,543	21,645	20,415	13,336	16,641	1,566	94,146
Direct losses and loss adjustment expenses	18,455	14,139	18,414	12,702	29,685	1,754	95,149
Assumed losses and loss adjustment expenses	—	—	—	—	—	67	67
Ceded losses and loss adjustment expenses	411	—	(499)	(4,492)	(11,556)	(1,574)	(17,710)
Net losses and loss adjustment expenses	18,866	14,139	17,915	8,210	18,129	247	77,506
Gross margin	1,677	7,506	2,500	5,126	(1,488)	1,319	16,640
Underwriting and general expenses	5,754	8,684	6,150	2,648	6,249	389	29,874
Underwriting gain (loss)	(4,077)	(1,178)	(3,650)	2,478	(7,737)	930	(13,234)
Fee and other income		239					499
		(939)					
Net investment income							2,505
Net investment gains (losses)							(174)
Loss before income taxes							(10,404)
Income tax benefit							(2,169)
Net loss							(8,235)
Net loss attributable to non-controlling interest							(113)
Net loss attributable to NI Holdings, Inc.							$ (8,122)
Operating Ratios:							
Loss and loss adjustment expense ratio	91.8%	65.3%	87.8%	61.6%	108.9%	15.8%	82.3%
Expense ratio	28.0%	40.1%	30.1%	19.9%	37.6%	24.8%	31.7%
Combined ratio	119.8%	105.4%	117.9%	81.5%	146.5%	40.6%	114.0%
Balances at June 30, 2023:							
Premiums and agents' balances receivable	$ 23,840	$ 10,322	$ 9,793	$ 44,951	$ 17,213	$ 827	$ 106,946
Deferred policy acquisition costs	5,785	8,871	7,974	2,832	8,198	464	34,124
Reinsurance recoverables on losses	727	—	4,691	3,114	42,635	2,341	53,508
Receivable from Federal Crop Insurance Corporation	—	—	—	14,032	—	—	14,032
Goodwill and other intangibles	—	2,736	—	—	14,278	—	17,014
Unpaid losses and loss adjustment expenses	31,935	52,866	30,503	11,603	96,390	8,741	232,038
Unearned premiums	35,317	28,067	48,690	27,193	43,066	3,017	185,350

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

	Three Months Ended June 30, 2022						
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	Commercial	All Other	Total
Direct premiums earned	$ 19,824	$ 15,577	$ 21,703	$ 17,709	$ 18,161	$ 1,277	$ 94,251
Assumed premiums earned	—	—	—	491	—	1,200	1,691
Ceded premiums earned	(559)	(65)	(1,748)	(5,905)	(3,130)	(39)	(11,446)
Net premiums earned	19,265	15,512	19,955	12,295	15,031	2,438	84,496
Direct losses and loss adjustment expenses	16,866	4,133	62,188	13,237	13,081	1,165	110,670
Assumed losses and loss adjustment expenses	—	—	—	244	—	1,291	1,535
Ceded losses and loss adjustment expenses	(12)	—	(357)	(3,151)	(90)	—	(3,610)
Net losses and loss adjustment expenses	16,854	4,133	61,831	10,330	12,991	2,456	108,595
Gross margin	2,411	11,379	(41,876)	1,965	2,040	(18)	(24,099)
Underwriting and general expenses	5,553	6,867	6,056	1,609	5,576	585	26,246
Underwriting gain (loss)	(3,142)	4,512	(47,932)	356	(3,536)	(603)	(50,345)
Fee and other income		254					415
		4,766					
Net investment income							2,015
Net investment gains (losses)							(11,136)
Loss before income taxes							(59,051)
Income tax benefit							(12,415)
Net loss							(46,636)
Net loss attributable to non-controlling interest							(726)
Net loss attributable to NI Holdings, Inc.							$ (45,910)
Operating Ratios:							
Loss and loss adjustment expense ratio	87.5%	26.6%	309.9%	84.0%	86.4%	100.7%	128.5%
Expense ratio	28.8%	44.3%	30.3%	13.1%	37.1%	24.0%	31.1%
Combined ratio	116.3%	70.9%	340.2%	97.1%	123.5%	124.7%	159.6%
Balances at June 30, 2022:							
Premiums and agents' balances receivable	$ 21,287	$ 16,678	$ 10,468	$ 42,905	$ 16,175	$ 823	$ 108,336
Deferred policy acquisition costs	5,427	8,201	7,838	1,060	7,929	462	30,917
Reinsurance recoverables on losses	591	—	2,766	1,976	10,960	748	17,041
Goodwill and other intangibles	—	2,786	—	—	14,700	—	17,486
Unpaid losses and loss adjustment expenses	29,105	38,689	49,052	12,755	43,876	9,399	182,876
Unearned premiums	31,885	24,030	45,942	26,205	42,379	3,284	173,725
Payable to Federal Crop Insurance Corporation	—	—	—	7,102	—	—	7,102

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

	Six Months Ended June 30, 2023						
	Private Passenger Auto	Non-Standard Auto	Home and Farm	Crop	Commercial	All Other	Total
Direct premiums earned	$ 42,050	$ 42,716	$ 45,426	$ 17,516	$ 41,306	$ 2,622	$ 191,636
Assumed premiums earned	—	—	—	501	—	902	1,403
Ceded premiums earned	(1,853)	(192)	(5,021)	(5,405)	(8,648)	(147)	(21,266)
Net premiums earned	40,197	42,524	40,405	12,612	32,658	3,377	171,773
Direct losses and loss adjustment expenses	34,080	31,177	27,937	12,032	59,007	1,777	166,010
Assumed losses and loss adjustment expenses	—	—	—	—	—	157	157
Ceded losses and loss adjustment expenses	412	—	(1,303)	(4,596)	(22,764)	(1,585)	(29,836)
Net losses and loss adjustment expenses	34,492	31,177	26,634	7,436	36,243	349	136,331
Gross margin	5,705	11,347	13,771	5,176	(3,585)	3,028	35,442
Underwriting and general expenses	12,172	17,677	12,355	2,680	12,336	898	58,118
Underwriting gain (loss)	(6,467)	(6,330)	1,416	2,496	(15,921)	2,130	(22,676)
Fee and other income		471					773
		(5,859)					
Net investment income							4,744
Net investment gains (losses)							1,242
Loss before income taxes							(15,917)
Income tax benefit							(3,182)
Net loss							(12,735)
Net loss attributable to non-controlling interest							(403)
Net loss attributable to NI Holdings, Inc.							$ (12,332)
Operating Ratios:							
Loss and loss adjustment expense ratio	85.8%	73.3%	65.9%	59.0%	111.0%	10.3%	79.4%
Expense ratio	30.3%	41.6%	30.6%	21.2%	37.8%	26.6%	33.8%
Combined ratio	116.1%	114.9%	96.5%	80.2%	148.8%	36.9%	113.2%

NI Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)
(dollar amounts in thousands, except per share amounts)

	Six Months Ended June 30, 2022						
	Private Passenger Auto	**Non-Standard Auto**	**Home and Farm**	**Crop**	**Commercial**	**All Other**	**Total**
Direct premiums earned	$ 39,125	$ 30,019	$ 42,882	$ 17,692	$ 35,391	$ 2,541	$ 167,650
Assumed premiums earned	—	—	—	491	—	3,061	3,552
Ceded premiums earned	(1,118)	(129)	(3,715)	(5,901)	(6,172)	(84)	(17,119)
Net premiums earned	38,007	29,890	39,167	12,282	29,219	5,518	154,083
Direct losses and loss adjustment expenses	31,392	12,624	69,380	13,134	28,144	1,491	156,165
Assumed losses and loss adjustment expenses	—	—	—	244	—	1,301	1,545
Ceded losses and loss adjustment expenses	173	—	(709)	(3,214)	(5,136)	(100)	(8,986)
Net losses and loss adjustment expenses	31,565	12,624	68,671	10,164	23,008	2,692	148,724
Gross margin	6,442	17,266	(29,504)	2,118	6,211	2,826	5,359
Underwriting and general expenses	11,321	12,958	12,029	1,057	10,912	1,373	49,650
Underwriting gain (loss)	(4,879)	4,308	(41,533)	1,061	(4,701)	1,453	(44,291)
Fee and other income		642					843
		4,950					
Net investment income							3,668
Net investment gains (losses)							(16,664)
Loss before income taxes							(56,444)
Income tax benefit							(11,847)
Net loss							(44,597)
Net loss attributable to non-controlling interest							(596)
Net loss attributable to NI Holdings, Inc.							$ (44,001)
Operating Ratios:							
Loss and loss adjustment expense ratio	83.1%	42.2%	175.3%	82.8%	78.7%	48.8%	96.5%
Expense ratio	29.8%	43.4%	30.7%	8.6%	37.3%	24.9%	32.2%
Combined ratio	112.8%	85.6%	206.0%	91.4%	116.1%	73.7%	128.7%

Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to provide a more comprehensive review of our operating results and financial condition than can be obtained from reading the unaudited consolidated financial statements alone. This discussion should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in Part I, Item 1, "Financial Statements." Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q constitutes forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" included elsewhere in this Form 10-Q. Part I, Item 1A, "Risk Factors" included in our 2022 Annual Report should also be reviewed for a discussion of important factors that could cause actual results to differ materially from the results described, or implied by, the forward-looking statements contained herein.

All dollar amounts included in Item 2 herein are in thousands.

Results of Operations

Our consolidated net loss was $8,235 for the three months ended June 30, 2023, compared to net loss of $46,636 for the three months ended June 30, 2022. Our consolidated net loss was $12,735 for the six months ended June 30, 2023, compared to net loss of $44,597 for the six months ended June 30, 2022.

The major components of revenues and net loss are shown below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Net premiums earned	$ 94,146	$ 84,496	$ 171,773	$ 154,083
Fee and other income	499	415	773	843
Net investment income	2,505	2,015	4,744	3,668
Net investment gains (losses)	(174)	(11,136)	1,242	(16,664)
Total revenues	96,976	75,790	178,532	141,930
Components of net income:				
Net premiums earned	94,146	84,496	171,773	154,083
Losses and loss adjustment expenses	77,506	108,595	136,331	148,724
Amortization of deferred policy acquisition costs and other underwriting and general expenses	29,874	26,246	58,118	49,650
Underwriting loss	(13,234)	(50,345)	(22,676)	(44,291)
Fee and other income	499	415	773	843
Net investment income	2,505	2,015	4,744	3,668
Net investment gains (losses)	(174)	(11,136)	1,242	(16,664)
Loss before income taxes	(10,404)	(59,051)	(15,917)	(56,444)
Income tax benefit	(2,169)	(12,415)	(3,182)	(11,847)
Net loss	$ (8,235)	$ (46,636)	$ (12,735)	$ (44,597)

Net Premiums Earned

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net premiums earned:				
Direct premium	$ 106,162	$ 94,251	$ 191,636	$ 167,650
Assumed premium	827	1,691	1,403	3,552
Ceded premium	(12,843)	(11,446)	(21,266)	(17,119)
Total net premiums earned	$ 94,146	$ 84,496	$ 171,773	$ 154,083

Our net premiums earned for the three months ended June 30, 2023, increased $9,650, or 11.4%, compared to the three months ended June 30, 2022. Net premiums earned for the six months ended June 30, 2023, increased $17,690, or 11.5%, compared to the six months ended June 30, 2022.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net premiums earned:				
Private passenger auto	$ 20,543	$ 19,265	$ 40,197	$ 38,007
Non-standard auto	21,645	15,512	42,524	29,890
Home and farm	20,415	19,955	40,405	39,167
Crop	13,336	12,295	12,612	12,282
Commercial	16,641	15,031	32,658	29,219
All other	1,566	2,438	3,377	5,518
Total net premiums earned	$ 94,146	$ 84,496	$ 171,773	$ 154,083

Below are comments regarding net premiums earned by business segment:

Private passenger auto **–** Net premiums earned for the second quarter of 2023 increased $1,278, or 6.6%, from the second quarter of 2022. Net premiums earned for the first six months of 2023 increased $2,190, or 5.8% from the first six months of 2022. Results were driven by significant rate increases in North Dakota, South Dakota, and Nebraska, offset by lower new business production as a result of underwriting actions taken to improve profitability.

Non-standard auto **–** Net premiums earned for the second quarter of 2023 increased $6,133, or 39.5%, from the second quarter of 2022. Net premiums earned for the first six months of 2023 increased $12,634, or 42.3% from the first six months of 2022. Results were driven by prior period new business growth, improved retention, and significant rate increases in the Chicago market where our non-standard auto business is concentrated.

Home and farm **–** Net premiums earned for the second quarter of 2023 increased $460, or 2.3%, from the second quarter of 2022. Net premiums earned for the first six months of 2023 increased $1,238, or 3.2% from the first six months of 2022. Results were driven by rate increases along with increased insured property values, which were primarily the result of higher inflationary factors. These premium increases were partially offset by lower levels of new business production as a result of underwriting actions taken to improve profitability.

Crop **–** Net premiums earned for the second quarter of 2023 increased $1,041, or 8.5%, from the second quarter of 2022. This increase was driven by fewer multi-peril crop insurance premiums being ceded in the current year quarter. Net premiums earned for the first six months of 2023 increased $330, or 2.7% from the first six months of 2022. These increases were driven by fewer multi-peril crop insurance premiums being ceded, which were partially offset by prior crop year premium adjustments that occurred during the first quarter of 2023.

Commercial **–** Net premiums earned for the second quarter of 2023 increased $1,610, or 10.7%, from the second quarter of 2022. Net premiums earned for the first six months of 2023 increased $3,439, or 11.8% from the first six months of 2022. These increases were driven by prior period new business growth, increased insured values which were primarily the result of higher inflationary factors, and continued increases in rate, partially offset by higher levels of ceded premium.

All other **–** Net premiums earned for the second quarter of 2023 decreased $872, or 35.8%, from the second quarter of 2022. Net premiums earned for the first six months of 2023 decreased $2,141, or 38.8%, from the first six months of 2022. These decreases were driven by the decision to non-renew our participation in an assumed domestic and international reinsurance pool of business as of January 1, 2022.

Losses and Loss Adjustment Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net losses and loss adjustment expenses:				
Direct losses and loss adjustment expenses	$ 95,149	$ 110,670	$ 166,010	$ 156,165
Assumed losses and loss adjustment expenses	67	1,535	157	1,545
Ceded losses and loss adjustment expenses	(17,710)	(3,610)	(29,836)	(8,986)
Total net losses and loss adjustment expenses	$ 77,506	$ 108,595	$ 136,331	$ 148,724

Our net losses and loss adjustment expenses for the three months ended June 30, 2023, decreased $31,089, or 28.6%, compared to the three months ended June 30, 2022. Our net losses and loss adjustment expenses for the six months ended June 30, 2023, decreased $12,393, or 8.3%, compared to the six months ended June 30, 2022.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net losses and loss adjustment expenses:				
Private passenger auto	$ 18,866	$ 16,854	$ 34,492	$ 31,565
Non-standard auto	14,139	4,133	31,177	12,624
Home and farm	17,915	61,831	26,634	68,671
Crop	8,210	10,330	7,436	10,164
Commercial	18,129	12,991	36,243	23,008
All other	247	2,456	349	2,692
Total net losses and loss adjustment expenses	$ 77,506	$ 108,595	$ 136,331	$ 148,724

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Loss and loss adjustment expenses ratio:				
Private passenger auto	91.8%	87.5%	85.8%	83.1%
Non-standard auto	65.3%	26.6%	73.3%	42.2%
Home and farm	87.8%	309.9%	65.9%	175.3%
Crop	61.6%	84.0%	59.0%	82.8%
Commercial	108.9%	86.4%	111.0%	78.7%
All other	15.8%	100.7%	10.3%	48.8%
Total loss and loss adjustment expenses ratio	82.3%	128.5%	79.4%	96.5%

Below are comments regarding significant changes in the net losses and loss adjustment expenses, and the net loss and loss adjustment expense ratios, by business segment:

Private passenger auto **–** The net loss and loss adjustment expense ratio increased 4.3 percentage points and 2.7 percentage points in the three- and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. Both periods were affected by elevated loss costs due to continued high levels of inflation. Additionally, the first quarter of 2023 was impacted by elevated winter weather-related losses.

Non-standard auto **–** The net loss and loss adjustment expense ratio increased 38.7 percentage points and 31.1 percentage points in the three- and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. These increases were driven by elevated loss severity as a result of inflationary factors as well as unfavorable prior year development on loss reserves. We continue to take significant rate and underwriting actions as a result of these elevated losses and challenging market conditions.

Home and farm **–** The net loss and loss adjustment expense ratio decreased 222.1 percentage points and 109.4 percentage points in the three- and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. These decreases were driven by significant catastrophe losses in Nebraska and South Dakota during the second quarter of 2022, in comparison to no catastrophe losses and moderate non-catastrophe weather-related losses during the first six months of 2023. Catastrophe losses for the Home and Farm segment in the second quarter of 2022 accounted for 211.6 percentage points of the net loss and loss adjustment expense ratio.

Crop **–** The net loss and loss adjustment expense ratio decreased 22.4 percentage points and 23.8 percentage points in the three- and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. These decreases were driven by improved crop growing conditions compared to the prior year.

Commercial – The net loss and loss adjustment expense ratio increased 22.5 percentage points and 32.3 percentage points in the three- and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. These higher loss ratios were driven by unfavorable prior year reserve development attributable to freeze claims from Winter Storm Elliott as well as increased severity of liability losses. We are taking significant rate increases and underwriting actions and continue to evaluate additional measures to improve the segment's profitability.

All other – The net loss and loss adjustment expense ratio decreased 84.9 percentage points and 38.5 percentage points in the three-and six-month periods ended June 30, 2023, respectively, compared to the same period for 2022. These decreases were driven by our share of a significant catastrophe loss occurrence in the prior year within a reciprocal catastrophe pool that we participate in.

Underwriting and General Expenses and Expense Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Underwriting and general expenses:				
Amortization of deferred policy acquisition costs	$ 20,579	$ 16,244	$ 39,167	$ 31,867
Other underwriting and general expenses	9,295	10,002	18,951	17,783
Total underwriting and general expenses	29,874	26,246	58,118	49,650
Expense Ratio	31.7%	31.1%	33.8%	32.2%

The expense ratio is calculated by dividing other underwriting and general expenses and amortization of deferred policy acquisition costs by net premiums earned. The expense ratio measures a company's operational efficiency in producing, underwriting, and administering its insurance business. The overall expense ratio increased 0.6 percentage points and 1.6 percentage points in the three-and six-month periods ended June 30, 2023, respectively, compared to the same periods in 2022. The increase in the amortization of deferred policy acquisition costs is due to higher deferrable costs resulting from significant premium growth in the non-standard auto and commercial segments, which generally pay higher agent commissions than our other segments, compared to the prior year. The increase in year-to-date other underwriting and general expenses was due to the impact of continued high levels of inflation. The decrease in quarter-to-date other underwriting and general expenses was related to changes in the timing of expense recognition between periods.

Underwriting Gain (Loss) and Combined Ratio

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Underwriting gain (loss):				
Private passenger auto	$ (4,077)	$ (3,142)	$ (6,467)	$ (4,879)
Non-standard auto	(1,178)	4,512	(6,330)	4,308
Home and farm	(3,650)	(47,932)	1,416	(41,533)
Crop	2,478	356	2,496	1,061
Commercial	(7,737)	(3,536)	(15,921)	(4,701)
All other	930	(603)	2,130	1,453
Total underwriting loss	$ (13,234)	$ (50,345)	$ (22,676)	$ (44,291)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Combined ratio:				
Private passenger auto	119.8%	116.3%	116.1%	112.8%
Non-standard auto	105.4%	70.9%	114.9%	85.6%
Home and farm	117.9%	340.2%	96.5%	206.0%
Crop	81.5%	97.1%	80.2%	91.4%
Commercial	146.5%	123.5%	148.8%	116.1%
All other	40.6%	124.7%	36.9%	73.7%
Combined ratio	114.0%	159.6%	113.2%	128.7%

Underwriting gain (loss) measures the pre-tax profitability of our insurance operations. It is derived by subtracting losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses from net premiums earned. The combined ratio represents the sum of these losses and expenses as a percentage of net premiums earned, and measures our overall underwriting profit.

The total underwriting loss decreased $37,111, or 73.7%, for the three-month period ended June 30, 2023, compared to the same period in 2022. The total underwriting loss decreased $21,615, or 48.8%, for the six-month period ended June 30, 2023, compared to the same period in 2022. These results were driven by the factors discussed in the Loss and Loss Adjustment Expenses section above.

The overall combined ratio decreased 45.6 percentage points in the three-month period ended June 30, 2023, compared to the same periods in 2022. The overall combined ratio decreased 15.5 percentage points in the six-month period ended June 30, 2023, compared to the same periods in 2022. These results were driven by the factors discussed in the Loss and Loss Adjustment Expenses section above.

As we discussed above, we are taking significant rate increases and underwriting actions and continue to evaluate additional measures to improve underwriting profitability.

Fee and Other Income

We had fee and other income of $499 and $773 for the three and six months ended June 30, 2023, respectively, compared to $415 and $843 for the three and six months ended June 30, 2022, respectively. Fee income is largely attributable to the non-standard auto segment and is a key component in measuring its profitability. The decrease in fee and other income for the six-month period ended June 30, 2023, was driven by a shifting mix of business in the Chicago market as well as miscellaneous income from the sale of property in the first quarter of the prior year.

Net Investment Income

The following table shows our average cash and invested assets, net investment income, and return on average cash and invested assets for the reported periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Average cash and invested assets	$ 409,388	$ 474,133	$ 407,833	$ 487,745
Net investment income	$ 2,505	$ 2,015	$ 4,744	$ 3,668
Gross return on average cash and invested assets	3.2%	2.4%	3.2%	2.3%
Net return on average cash and invested assets	2.5%	1.7%	2.3%	1.5%

Net investment income increased $490 for the three months ended June 30, 2023, compared to the three months ended June 30, 2022. Net investment income increased $1,076 for the six months ended June 30, 2023, compared to the six months ended June 30, 2022. This increase was primarily driven by the rising interest rate environment which resulted in higher reinvestment rates for the fixed income portfolio.

Gross and net return on average cash and invested assets increased year-over-year, driven by the higher net investment income and a higher proportion of the equity portfolio being invested in high dividend yield equities in 2023, along with a decrease in average cash and invested assets (measured at fair value). This decrease in average cash and invested assets was driven by lower fixed income fair values caused by an increasing interest rate environment and challenging equity market conditions particularly during the middle and later stages of 2022, combined with investment sales as a result of an unusually high number of weather-related losses in 2022.

Net Investment Gains (Losses)

Net investment gains (losses) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross realized gains	$ 357	$ 1,201	$ 13,088	$ 2,320
Gross realized losses, excluding credit impairment losses	(476)	(174)	(1,621)	(355)
Net realized gains (losses)	(119)	1,027	11,467	1,965
Change in net unrealized gains on equity securities	(55)	(12,163)	(10,225)	(18,629)
Net investment gains (losses)	$ (174)	$ (11,136)	$ 1,242	$ (16,664)

We had net unrealized losses of $119 and net unrealized gains of $11,467 for the three and six months ended June 30, 2023, respectively, compared to gains of $1,027 and $1,965 for the three and six months ended June 30, 2022, respectively. The year-to-date increase in net realized gains was the result of a strategic liquidation of a portfolio of equity securities in the first quarter of 2023. The gross realized gains from the sale of these securities were largely offset by the elimination of the unrealized gain position of these securities. No credit impairment losses were reported during any of the periods presented.

We experienced a decrease in net unrealized gains on equity securities of $55 and $10,225 during the three and six months ended June 30, 2023, respectively, and a decrease in net unrealized gains on equity securities of $12,163 and $18,629 during the three and six months ended June 30, 2022, respectively. The current period year-to-date change in net unrealized gains on equity securities was driven by the equity portfolio liquidation noted above and additional sales of equity securities during the current quarter offset by the impact of changes in fair value attributable to favorable equity markets. The prior year decreases were driven by the impact of changes in fair value attributable to unfavorable equity markets.

Our fixed income securities are classified as available for sale because we will, from time to time, make sales of securities that are not impaired, consistent with our investment goals and policies. The fixed income portion of the portfolio experienced net unrealized losses of $2,907 and net unrealized gains of $3,116 during the three and six months ended June 30, 2023, respectively, compared to net unrealized losses of $16,283 and $37,220 during the three and six months ended June 30, 2022, respectively. The changes were primarily the result of changes in U.S. interest rates. The change in the fair value of fixed income securities is not reflected in net income; rather it is reflected as a separate component (net of income taxes) of other comprehensive income.

Income (Loss) before Income Taxes

For the three months ended June 30, 2023, we had a pre-tax loss of $10,404 compared to a pre-tax loss of $59,051 for the three months ended June 30, 2022. For the six months ended June 30, 2023, we had a pre-tax loss of $15,917 compared to pre-tax loss of $56,444 for the six months ended June 30, 2022. These year-over-year decreases in pre-tax loss were largely attributable to the significant catastrophe losses during the second quarter of 2022 and significantly higher investment losses during the first and second quarters of 2022, partially offset by year-to-date unfavorable prior year reserve development during 2023 combined with year-to-date favorable prior year reserve development during 2022.

Income Tax Expense (Benefit)

We recorded an income tax benefit of $2,169 for the three months ended June 30, 2023, compared to an income tax benefit of $12,415 for the three months ended June 30, 2022. Our effective tax rate for the second quarter of 2023 was 20.8% compared to an effective tax rate of 21.0% for the second quarter of 2022.

We recorded an income tax benefit of $3,182 for the six months ended June 30, 2023, compared to income tax benefit of $11,847 for the six months ended June 30, 2022. Our effective tax rate for the first six months of 2023 was 20.0% compared to an effective tax rate of 21.0% for the first six months of 2022.

Net Income (Loss)

For the three months ended June 30, 2023, we had a net loss before non-controlling interest of $8,235 compared to a net loss of $46,636 for the three months ended June 30, 2022. For the six months ended June 30, 2023, we had a net loss before non-controlling interest of $12,735 compared to net loss of $44,597 for the six months ended June 30, 2022. These year-over-year decreases in pre-tax loss were largely attributable to the significant catastrophe losses during the second quarter of 2022 and significantly higher investment losses during the first and second quarters of 2022, partially offset by year-to-date unfavorable prior year reserve development during 2023 combined with year-to-date favorable prior year reserve development during 2022.

Return on Average Equity

For the three months ended June 30, 2023, we had annualized return on average equity, after non-controlling interest, of (13.3)% compared to annualized return on average equity, after non-controlling interest, of (61.4)% for the three months ended June 30, 2022.

For the six months ended June 30, 2023, we had annualized return on average equity, after non-controlling interest, of (10.1)% compared to annualized return on average equity, after non-controlling interest, of (28.7)% for the six months ended June 30, 2022.

Average equity is calculated as the average between beginning and ending equity, excluding non-controlling interest, for the period.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires both the use of estimates and judgment relative to the application of appropriate accounting policies. We are required to make estimates and assumptions in certain circumstances that affect amounts reported in the unaudited consolidated financial statements and related footnotes. We evaluate these estimates and assumptions on an ongoing basis based on historical developments, market conditions, industry trends, and other information that we believe to be reasonable under the circumstances. There can be no assurance that actual results will conform to these estimates and assumptions or that reported results of operations will not be materially and adversely affected by the need to make accounting adjustments to reflect changes in these estimates and assumptions from time to time. Our critical accounting policies are more fully described in Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” presented in our 2022 Annual Report. There have been no changes in our critical accounting policies from December 31, 2022.

Liquidity and Capital Resources

We expect to generate sufficient funds from our operations and maintain a high degree of liquidity in our investment portfolio to meet the demands of claim settlements and operating expenses for the foreseeable future. Our primary sources of funds are premium collections, investment earnings, and fixed income maturities.

The change in cash and cash equivalents for the six months ended June 30, 2023 and 2022, were as follows:

	Six Months Ended June 30,	
	2023	2022
Net cash flows from operating activities	$ 7,916	$ 13,647
Net cash flows from investing activities	1,115	(12,075)
Net cash flows from financing activities	(3,397)	(9,163)
Net increase (decrease) in cash and cash equivalents	$ 5,634	$ (7,591)

For the six months ended June 30, 2023, net cash provided by operating activities totaled $7,916 compared to $13,647 a year ago. This decrease was primarily driven by higher claim payments during the current period partially offset by higher levels of cash received for premiums.

For the six months ended June 30, 2023, net cash provided by investing activities totaled $1,115 compared to net cash used of $12,075 a year ago. This change was attributable to an increase in sales of equity securities and a decrease in purchases of equity securities partially offset by a decrease in maturities and sales of fixed income securities and an increase in purchases of fixed income securities in the current year compared to the prior year.

For the six months ended June 30, 2023, net cash used by financing activities totaled $3,397 compared to $9,163 a year ago. This decrease in cash used was attributable to an installment payment of $6,667 on the Westminster consideration payable during the first quarter of 2022, partially offset by an increase in share repurchases during the first six months of 2023 compared to the first six months of 2022.

As a holding company, a principal source of long-term liquidity will be dividend payments from our directly-owned subsidiaries.

Nodak Insurance is restricted by the insurance laws of North Dakota as to the amount of dividends or other distributions it may pay to NI Holdings. North Dakota law sets the maximum amount of dividends that may be paid by Nodak Insurance during any twelve-month period after notice to, but without prior approval of, the North Dakota Insurance Department. This amount cannot exceed the lesser of (i) 10% of surplus as regards policyholders as of the preceding December 31, or (ii) the statutory net income for the preceding calendar year (excluding realized capital gains), less any prior dividends paid during such twelve-month period. In addition, any insurance company other than a life insurance company may carry forward net income from the preceding two calendar years, not including realized investment gains, less any dividends actually paid during those two calendar years. Dividends in excess of this amount are considered “extraordinary” and are subject to the approval of the North Dakota Insurance Department.

There is no amount available for payment of dividends from Nodak Insurance to NI Holdings during 2023 without the prior approval of the North Dakota Insurance Department based upon the net loss of Nodak Insurance during the year ended December 31, 2022. Prior to its payment of any dividend, Nodak Insurance will be required to provide notice of the dividend to the North Dakota Insurance Department. This notice must be provided to the North Dakota Insurance Department 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The North Dakota Insurance Department has the power to limit or prohibit dividend payments if an insurance company is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity. No dividends were declared or paid by Nodak Insurance during the six months ended June 30, 2023. The Nodak Insurance Board of Directors declared and Nodak Insurance paid dividends of $3,000 to NI Holdings during the year ended December 31, 2022.

Direct Auto re-domesticated from Illinois to North Dakota during 2021 and is now subject to the same dividend restrictions as Nodak Insurance. There is no amount available for payment of dividends from Direct Auto to NI Holdings during 2023 without the prior approval of the North Dakota Insurance Department based upon the net loss of Direct Auto during the year ended December 31, 2022. No dividends were declared or paid by Direct Auto during the six months ended June 30, 2023, or the year ended December 31, 2022.

Westminster re-domesticated from Maryland to North Dakota during 2021 and is now subject to the same dividend restrictions as Nodak Insurance. There is no amount available for payment of dividends from Westminster to NI Holdings during 2023 without the prior approval of the North Dakota Insurance Department based upon the net loss of Westminster during the year ended December 31, 2022. No dividends were declared or paid by Westminster during the six months ended June 30, 2023, or the year ended December 31, 2022.

Item 3. - Quantitative and Qualitative Disclosures about Market Risk

The Company’s assessment of market risk as of June 30, 2023, indicates there have been no material changes in the quantitative and qualitative disclosures from those in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our 2022 Annual Report.

Item 4. - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company’s disclosure controls and procedures (as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures, as of the end of the period covered by this report, were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (“SEC”), and that such material information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosures. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Controls over Financial Reporting

In the ordinary course of business, we periodically review our system of internal control over financial reporting to identify opportunities to improve our controls and increase efficiency, while ensuring that we maintain an effective internal control environment. There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. -

OTHER INFORMATION

Item 1. - Legal Proceedings

We are party to litigation in the normal course of business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the uncertainties attendant to litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation.

Item 1A. - Risk Factors

There have been no material changes in our assessment of our risk factors from those set forth in Part I, Item 1A, “Risk Factors” in our 2022 Annual Report.

Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds

All dollar amounts included in Item 2 herein, except per share data, are in thousands.

The Company has not sold any unregistered securities within the past three years.

On January 17, 2017, our registration statement on Form S-1 registering our common stock was declared effective by the SEC. On March 13, 2017, the Company completed the IPO of 10,350,000 shares of common stock at a price of $10.00 per share. The Company received net proceeds of $93,145 from the offering, after deducting underwriting discounts and offering expenses.

Direct Auto was acquired on August 31, 2018, with $17,000 of the net proceeds from the IPO.

On January 1, 2020, we acquired Westminster for $40,000. We paid $20,000 at the time of closing. The terms of the acquisition agreement included payment of the remaining $20,000, subject to certain adjustments, in three equal installments on each of the first and second anniversaries of the closing, and on the first business day of the month preceding the third anniversary of the closing. The first two installments were paid in January 2021 and January 2022, and the final installment was paid in December 2022 with no adjustments from the originally anticipated amount. The Company used net proceeds from the IPO to satisfy these obligations.

From time to time, the Company may also repurchase its own stock. To date, the Company has used the net proceeds from the IPO to fund these share repurchases.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on January 17, 2017.

On August 11, 2021, our Board of Directors approved an authorization for the repurchase of up to approximately $5,000 of the Company’s outstanding common stock. During the year ended December 31, 2021, we completed the repurchase of 81,095 shares of our common stock for $1,554 under this authorization. During the year ended December 31, 2022, we completed the repurchase of 214,937 shares of our common stock for $3,446 to close out this authorization.

On May 9, 2022, our Board of Directors approved an authorization for the repurchase of up to approximately $10,000 of the Company’s outstanding common stock. During the year ended December 31, 2022, we completed the repurchase of 54,223 shares of our common stock for $734 under this authorization. During the six months ended June 30, 2023, we repurchased an additional 238,164 shares of our common stock for $3,223. At June 30, 2023, $6,043 remains available under this authorization.

Share repurchase activity during the three months ended June 30, 2023, is presented below:

Period in 2023	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (2) (in thousands)
April 1-30, 2023	34,954	$ 13.37	34,954	$ 8,178
May 1-31, 2023	119,871	13.32	119,871	6,581
June 1-30, 2023	37,240	14.46	37,240	6,043
Total	192,065	$ 13.55	192,065	$ 6,043

(1) Shares purchased pursuant to the May 9, 2022, publicly announced share repurchase authorization of up to approximately $10,000 of the Company’s outstanding common stock.

(2) Maximum dollar value of shares that may yet be purchased consist of up to approximately $6,043 under the May 9, 2022, publicly announced share repurchase authorization.

Item 3. - Defaults upon Senior Securities

Not Applicable

Item 4. - Mine Safety Disclosures

Not Applicable

Item 5. - Other Information

10b5-1 Trading Plans

During the second quarter of 2023, none of our directors or executive officers adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Regulation S-K).

Amended and Restated Employment Agreement

On August 8, 2023, we entered into an Amended and Restated Employment Agreement (the “Amended Employment Agreement”) with Seth Daggett, our Chief Financial Officer, to (i) provide that the employment period under the Amended Employment Agreement will be two years, which will be automatically extended on a daily basis such that the employment period shall always be two years, unless terminated in accordance with its terms, and (ii) increase Mr. Daggett’s annual base salary from $285,000 to $375,000. The increase in the employment period will also increase the amounts payable to Mr. Daggett following an involuntary termination by the Company without Cause (as defined in the Amended Employment Agreement) or a voluntary termination by Mr. Daggett for Good Reason (as defined in the Amended Employment Agreement) since in both cases Mr. Daggett is entitled to receive an amount equal to (a) his annual base salary plus (b) the average annual bonus for the preceding three calendar years, which annual amount shall be multiplied by the number of full calendar months remaining in the employment period divided by twelve.

In addition, the Amended Employment Agreement clarifies that all compensation payable to Mr. Daggett shall be subject to any clawback policy we adopt to comply with Section 10D of the Securities Exchange Act of 1934, as amended, and related rules and listing standards of The Nasdaq Stock Market.

The foregoing summary of the Amended Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended Employment Agreement filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Item 6. - Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation, as amended by Articles of Amendment dated May 24, 2023.
3.2	Amended and Restated Bylaws, dated May 24, 2023.
10.1	Amended and Restated Employment Agreement dated August 8, 2023 between the Company and Seth C. Daggett.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 8, 2023.

NI HOLDINGS, INC.

/s/ Michael J. Alexander
Michael J. Alexander
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Seth C. Daggett
Seth C. Daggett
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ARTICLES OF INCORPORATION
OF
NI HOLDINGS, INC.

FIRST. The name of the Corporation is NI Holdings, Inc. (the “Corporation”)

SECOND. The location and mailing address of the Corporation’s principal executive office and registered office is 1101 1st Avenue North, Fargo, North Dakota 58102. The registered agent at this address is Michael J. Alexander.

THIRD. The Corporation is incorporated under the North Dakota Business Corporation Act, as amended (the “Business Corporation Act”). The purpose of the Corporation is, and it shall have unlimited power to engage in and to do, any lawful act concerning any or all lawful business for which corporations may be incorporated under provisions of the Business Corporation Act.

FOURTH. The term of the Corporation’s existence is perpetual.

FIFTH. The aggregate number of shares of capital stock that the Corporation shall have authority to issue is thirty million (30,000,000) shares, divided into two classes consisting of twenty-five million (25,000,000) shares of common stock, par value $0.01 per share (“Common Stock”) and five million (5,000,000) shares of preferred stock, without par value (“Preferred Stock”). Any or all classes of shares of the Corporation, or any part thereof, may be represented by uncertificated shares to the extent determined by the Board of Directors, except that shares represented by a certificate that is issued and outstanding shall be represented thereby until the certificate is surrendered to the Corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner of such shares a written notice required by Section 10-19.1-66 of the Business Corporation Act.

SIXTH. The Preferred Stock may be issued from time to time as a class without series or, if so determined by the board of directors of the Corporation, either in whole or in part, in one or more series. There is hereby expressly granted to and vested in the board of directors of the Corporation authority to fix and determine (except as fixed and determined herein), by resolution, the par value, voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, including specifically, but not limited to, the dividend rights, conversion rights, redemption rights and liquidation preferences, if any, of any wholly unissued series of Preferred Stock (or the entire class of Preferred Stock if none of such shares have been issued), the number of shares constituting any such series and the terms and conditions of the issue thereof. Prior to the issuance of any shares of Preferred Stock, a statement setting forth a copy of each such resolution or resolutions and the number of shares of Preferred Stock of each such class or series shall be executed and filed in accordance with the Business Corporation Act. Unless otherwise provided in any such resolution or resolutions, the number of shares of capital stock of any such class or series so set forth in such resolution or resolutions may thereafter be increased or decreased (but not below the number of shares then outstanding), by a statement likewise executed and filed setting forth a statement that a specified increase or decrease therein had been authorized and directed by a resolution or resolutions likewise adopted by the board of directors of the Corporation. In case the number of such shares shall be decreased, the number of shares so specified in the statement shall resume the status they had prior to the adoption of the first resolution or resolutions.

SEVENTH. Each holder of record of Common Stock shall have the right to one vote for each share of Common Stock standing in such holder’s name on the books of the Corporation. No shareholder shall be entitled to cumulate any votes for the election of directors.

EIGHTH. The management, control and government of the Corporation shall be vested in a board of directors consisting of not less than three (3) nor more than fifteen (15) members in number, as fixed by the board of directors of the Corporation from time to time. The term of office of all directors serving as of the effective date of these Amended and Restated Articles of Incorporation shall expire at the 2024 annual meeting of shareholders, and all directors shall stand for election annually thereafter. If, for any reason, a vacancy occurs on the board of directors of the

Corporation, a majority of the remaining directors shall have the exclusive power to fill the vacancy by electing a director to hold office for the unexpired term in respect of which the vacancy occurred. No director of the Corporation shall be removed from office, as a director, by the vote of shareholders, unless the votes of shareholders cast in favor of the resolution for the removal of such director constitute at least a majority of the votes which all shareholders would be entitled to cast at an annual election of directors.

NINTH. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option, warrant or right to acquire capital stock, or any securities having conversion or option rights, without first offering such shares, rights or securities to any holder of any class of capital stock of the Corporation.

TENTH. The affirmative vote of shareholders entitled to cast at least a majority of the votes entitled to be cast by the outstanding shares of such class (or such greater amount as required by the provisions of these Articles of Incorporation establishing such class) shall be required to approve any of the following:

(a) any merger or consolidation of the Corporation with or into any other corporation;

(b) any share exchange in which a corporation, person or entity acquires the issued or outstanding shares of capital stock of the Corporation pursuant to a vote of shareholders;

(c) any sale, lease, exchange or other transfer of all, or substantially all, of the assets of the Corporation to any other corporation, person or entity; or

(d) any transaction similar to, or having similar effect as, any of the foregoing transactions.

An affirmative vote as provided in the foregoing provisions shall be, to the extent permitted by law, in lieu of the vote of the shareholders otherwise required by law.

The board of directors of the Corporation shall have the power and duty to determine, for purposes of this Article TENTH, on the basis of information known to the board, if any transaction is similar to, or has an effect similar to, any of the transactions identified above in this Article TENTH. Any such determination shall be conclusive and binding for all purposes of this Article TENTH.

The Corporation may voluntarily completely liquidate and/or dissolve only in accordance with all applicable laws and only if the proposed liquidation and/or dissolution is approved by the affirmative vote of shareholders entitled to cast at least eighty percent (80%) of the votes which all shareholders are entitled to cast.

The provisions of this Article TENTH shall not apply to any transaction which is approved in advance by at least two-thirds of the members of the board of directors of the Corporation, at a meeting duly called and held.

ELEVENTH.

Subsection 1. Except for Nodak Mutual Group, Inc., no Person or Group Acting in Concert shall Acquire Voting Control of the Corporation, at any time, except in accordance with the provisions of this Article ELEVENTH. The terms “Acquire,” “Voting Control,” “Group Acting in Concert,” and “Person” as used in this Article ELEVENTH are defined in Subsection 4 hereof.

Subsection 2. If Voting Control of the Corporation is acquired in violation of this Article ELEVENTH, all shares with respect to which any Person or Group Acting in Concert has acquired Voting Control in excess of the number of shares the beneficial ownership of which is deemed under Subsection 4 hereof to confer Voting Control of the Corporation (as determined without regard to this Subsection 2) shall be considered from and after the date of acquisition by such Person or Group Acting in Concert to be “excess shares” for purposes of this Article ELEVENTH. All shares deemed to be excess shares shall thereafter no longer be entitled to vote on any matter or to take other shareholder action. If, after giving effect to the first two sentences of this Subsection 2, any Person or Group Acting in Concert still shall be deemed to be in Voting Control of the Corporation based on the number of votes then entitled to be cast (rather than the number of issued and outstanding shares of common stock of the Corporation), then shares held in excess of the number of shares deemed to confer Voting Control upon such Person or Group Acting in Concert also shall not be entitled to vote on any matter or take any other shareholder action, but this subsequent reduction in voting rights shall be effected only once. The provisions of this Subsection 2 deeming shares to be excess shares shall only apply for so long as such shares shall be beneficially owned by such Person or Group Acting in Concert who has acquired Voting Control. Notwithstanding the foregoing, shares held in excess of the number of shares the beneficial ownership of which would otherwise be deemed under Subsection 4 to confer Voting Control of the Corporation shall not be deemed to be excess shares if such shares are held by a Qualified Stock Plan.

Subsection 3. The provisions of this Article ELEVENTH shall be of no further force and effect after the consummation of a transaction in which another Person Acquires shares of capital stock of the Corporation entitled to cast eighty percent (80%) or more of the votes which all shareholders are entitled to cast (as determined without regard to the application of this Article ELEVENTH) and such transaction was approved in advance by two-thirds of the members of the board of directors of the Corporation.

Subsection 4. For purposes of this Article ELEVENTH:

(a) The term “Acquire” includes every type of acquisition, whether effected by purchase, exchange, operation of law, or otherwise.

(b) “Voting Control” means the sole or shared power to vote or to direct the voting of, or to dispose or to direct the disposition of, more than ten percent (10%) of the issued and outstanding shares of common stock of the Corporation; provided that (i) the solicitation, holding and voting of proxies obtained by the board of directors of the Corporation pursuant to a solicitation under Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) shall not constitute Voting Control, (ii) a Qualified Stock Plan that holds more than ten percent (10%) of the voting shares of the Corporation shall not be deemed to have Voting Control of the Corporation, and (iii) any trustee, member of any administrative committee or employee beneficiary of a Qualified Stock Plan shall not be deemed to have Voting Control of the Corporation either (A) as a result of their control of a Qualified Stock Plan, and/or their beneficial interest in voting shares held by a Qualified Stock Plan, or (B) as a result of the aggregation of both their beneficial interest in voting shares held by a Qualified Stock Plan and voting shares held by such trustee, administrative committee member or employee beneficiary independent of a Qualified Stock Plan.

(c) “Group Acting in Concert” includes Persons (i) knowingly participating in a joint activity or interdependent conscious parallel action toward a common goal whether or not pursuant to an express agreement; or (ii) seeking to combine or pool their voting or other interests in the voting shares for a common purpose, pursuant to any contract, understanding, relationship, agreement or other arrangement, whether written or otherwise, provided, that a “Group Acting in Concert” shall not include (i) the members of the board of directors of the Corporation solely as a result of their board membership, (ii) the members of the board of directors of the Corporation as a result of their solicitation, holding and voting of proxies obtained by them pursuant to a solicitation subject to rules and regulations promulgated under the Exchange Act or any successor statute or (iii) any member or all the members of the board of directors of the Corporation, and (iv) any Qualified Stock Plan and the trustees, administrative committee members and employee beneficiaries thereof.

(d) The term “Person” includes an individual, a Group Acting in Concert, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, an unincorporated organization, or any similar entity, syndicate or any other group formed for the purpose of acquiring, holding or disposing of the equity securities of the Corporation.

(e) The term “Qualified Stock Plan” means any defined benefit plan or defined contribution plan of the Corporation, such as an employee stock ownership plan, stock bonus plan, profit sharing plan or other plan that, with its related trust, meets the requirements to be “qualified” under Section 401 of the Internal Revenue Code of 1986, as amended.

Subsection 5. This Article ELEVENTH shall not apply to the purchase of securities of the Corporation by underwriters in connection with a public offering of such securities by the Corporation or by a holder of shares of capital stock of the Corporation with written consent of at least two-thirds of the members of the board of directors of the Corporation; provided, however, that purchasers of securities of the Corporation from any underwriter shall be subject to the provisions of this Article ELEVENTH.

Subsection 6. The board of directors of the Corporation shall have the power and duty to determine, for purposes of this Article ELEVENTH, on the basis of information known to the Board, if and when such other Person has acquired Voting Control of the Corporation, and/or if any transaction is similar to, or has a similar effect as, any of the transactions identified in this Article ELEVENTH. Any such determination shall be conclusive and binding for all purposes of this Article ELEVENTH.

TWELFTH. During any period in which Nodak Mutual Group, Inc. holds at least a majority of the outstanding shares of Common Stock, shareholders may approve by written consent any action that could be taken at a meeting of shareholders of the Corporation, provided that such written consent is executed by shareholders who own of record shares having the right to cast the number of votes required to approve such action at a meeting of shareholders of the Corporation. Except as provided in the first sentence of this Article Twelfth, no action required to be taken or which may be taken at any annual or special meeting of shareholders of the Corporation may be taken without a meeting, and the power of the shareholders of the Corporation to consent in writing to action without a meeting is specifically denied. The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast shall constitute a quorum of shareholders at any annual or special meeting of shareholders of the Corporation.

THIRTEENTH. In furtherance and not in limitation of the powers conferred by the laws of the State of North Dakota, the board of directors shall have the power to adopt, amend, or repeal the Bylaws of the Corporation. The Bylaws may be adopted, amended, or repealed by the vote or the consent of shareholders entitled to exercise a majority of the voting power of the Corporation.

FOURTEENTH. The board of directors of the Corporation, when evaluating any offer of another party to (a) make a tender or exchange offer for any equity security of the Corporation, (b) merge or consolidate the Corporation with another corporation, (c) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, or (d) engage in any transaction similar to, or having similar effects as, any of the foregoing transactions, may, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its shareholders, give due consideration to all relevant factors, including without limitation (i) the social and economic effects of the proposed transaction on the policyholders, employees, suppliers and other constituents of the Corporation and its subsidiaries and on the communities in which the Corporation and its subsidiaries operate or are located, (ii) the business reputation of the other party, and (iii) the board of directors’ evaluation of the then value of the Corporation in a freely negotiated sale and of the future prospects of the Corporation as an independent entity.

FIFTEENTH. If any corporation, person, entity, or group becomes the beneficial owner, directly or indirectly, of shares of capital stock of the Corporation having the right to cast in the aggregate thirty-five percent (35%) or more of all votes entitled to be cast by all issued and outstanding shares of capital stock of the Corporation entitled to vote, such corporation, person, entity or group shall within thirty (30) days thereafter offer to purchase all shares of capital stock of the Corporation issued, outstanding and entitled to vote. Such offer to purchase shall be at a price per share equal to the highest price paid for shares of the respective class or series of capital stock of the Corporation purchased by such corporation, person, entity or group within the preceding twelve (12) months. If such corporation, person, entity or group did not purchase any shares of a particular class or series of capital stock of the Corporation within the preceding twelve (12) months, such offer to purchase shall be at a price per share equal to the fair market value of such class or series of capital stock on the date on which such corporation, person, entity or group becomes the beneficial owner, directly or indirectly, of shares of capital stock of the Corporation having the right to cast in the aggregate twenty-five percent (25%) or more of all votes entitled to be cast by all issued and outstanding shares of capital stock of the Corporation. Such offer shall provide that the purchase price for such shares shall be payable in cash.

The provisions of this Article FIFTEENTH shall not apply to Nodak Mutual Group, Inc. and shall not apply to any corporation, person, entity, or group if at least two-thirds of the members of the board of directors of the Corporation approve in advance the acquisition of beneficial ownership by such corporation, person, entity or group, of shares of capital stock of the Corporation having the right to cast in the aggregate thirty-five percent (35%) or more of all votes entitled to be cast by all issued and outstanding shares of capital stock of the Corporation.

SIXTEENTH. The Corporation reserves the right to amend, alter, change, or repeal any provision contained in its Articles of Incorporation in the manner now or hereafter prescribed by statute and all rights conferred upon shareholders and directors herein are hereby granted subject to this reservation.

SEVENTEENTH. Chapter 10-35 of the North Dakota Century Code (also known as the "North Dakota Publicly Traded Corporations Act") shall <u>not</u> be applicable to the Corporation.

EIGHTEENTH. A special meeting of the shareholders may be called in accordance with the Business Corporation Act and the Bylaws of the Corporation.

NINETEENTH. To the fullest extent permitted by North Dakota law, a Director of this Corporation shall not be personally be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a Director. Neither the amendment, modification nor repeal of this Article nor the adoption of any provision in these Articles of Incorporation inconsistent with this Article shall adversely affect any right or protection of a Director of the Corporation with respect to any act or omission that occurred prior to the time of such amendment, modification, repeal or adoption.

TWENTIETH. The Board of Directors of the Corporation may take any action that could be taken at a meeting of the Board of Directors by written consent, provided that such consent is executed by the number of directors required to approve such action at a meeting of the Board of Directors.

TWENTY-FIRST. The fiscal year of the Corporation shall begin on January 1 and shall end on December 31 of each year.

TWENTY-SECOND. The name and address of the incorporator is Michael J. Alexander, 1101 1st Avenue North, Fargo, North Dakota 58102.

IN TESTIMONY WHEREOF, the undersigned has signed these Amended and Restated Articles of Incorporation this 24th day of May, 2023.

/s/ Michael J. Alexander

Michael J. Alexander, President and Chief Executive Officer

Exhibit 3.2

AMENDED AND RESTATED BYLAWS
OF
NI HOLDINGS, INC.

Article I

Meetings of Shareholders

Section 1.1. Annual Meetings. The regular annual meeting of the shareholders for the election of directors and the transaction of whatever other business may properly come before the meeting, shall be held at the main office of the Corporation, 1101 1st Avenue, Fargo, North Dakota, at 10:00 a.m., on the 4th Tuesday of May of each year, or at such other place on such date and at such time as the board of directors may in their discretion determine, including by means of remote communication. The Chairperson of the Board shall preside at the annual meeting. Written notice stating the place, day, and hour of the meeting and, in case of a special meeting, the general nature of the business to be transacted, shall be delivered not less than five (5) nor more than fifty (50) days before the date of the meeting, or in case of a merger or consolidation not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President and Chief Executive Officer, or the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the books of the Corporation or as supplied by him to the Corporation for the purpose of notice, with postage thereon prepaid.

Section 1.2. Special Meetings. A special meeting of the shareholders of the Corporation may be called only by: (i) the President and Chief Executive Officer, (ii) two or more members of the board of directors of the Corporation, or (iii) a shareholder or shareholders holding ten percent or more of the voting power of all shares entitled to vote, except that a special meeting called by shareholders for the purpose of considering any action to directly or indirectly facilitate or effect a business combination, including any action to change or otherwise affect the composition of the board of directors for that purpose, must be called by twenty-five percent or more of the voting power of all shares entitled to vote.

Section 1.3. Nominations for Directors. Nominations for election to the board of directors may be made by the board of directors or by any shareholder of any outstanding class of capital stock of the Corporation entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the board of directors of the Corporation, or an appropriate committee thereof, shall be made in writing and shall be delivered or mailed by first class United States mail, postage prepaid, to the Chairperson of the Board not less than 90 days nor more than 120 days prior to any meeting of shareholders called for the election of directors. Each notice of nomination made by a shareholder shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation that are beneficially owned by each such nominee, and (iv) any other information with respect to such nominee required to be included in a proxy statement soliciting proxies for the election of directors under the rules and regulations of the United States Securities and Exchange Commission. The chairperson of the meeting may, if the facts warrant, determine and declare that a nomination was not made in accordance with the foregoing procedure, and such nomination shall be disregarded.

Section 1.4. Agenda for Shareholder Meetings. Matters to be placed on the agenda for consideration at annual meetings of shareholders may be proposed by the board of directors or by any shareholder entitled to vote for the election of directors. Matters to be placed on the agenda for consideration at special meetings of shareholders may be proposed only by the board of directors. Matters proposed for the annual meeting agenda by shareholders entitled to vote for the election of directors shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than ninety (90) days nor more than one hundred and fifty (150) days prior to any annual meeting of shareholders; *provided*, *however*, that if less than twenty-one (21) days' notice of the meeting is given to shareholders, a shareholder's written notice of a proposed matter shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to shareholders. Notice of matters which are proposed by the board of directors shall be given by the Chairperson of the Board or any other appropriate officer. Each notice given by a shareholder shall set forth a brief description of the business desired to be brought before the annual meeting. The chairperson of the meeting of shareholders may, if the facts warrant, determine and declare to the meeting that a matter proposed for the agenda was not made in accordance with the foregoing procedure, and if the chairperson should so determine, he or she shall so declare to the meeting and the matter shall be disregarded.

Section 1.5. Election. Except as otherwise provided in the Articles of Incorporation or these Bylaws, directors of the Corporation shall be elected by the shareholders. In elections for directors, voting need not be by ballot unless required by vote of the shareholders before the voting for election of directors begins. At each election of directors, unless otherwise provided in the Articles of Incorporation or the North Dakota Revised Business Corporation Act, every shareholder entitled to vote at the election has the right to cast, in person or by proxy, all of the votes to which the shareholder’s shares are entitled for as many persons as there are directors to be elected and for whose election the shareholder has the right to vote. Directors are to be elected by a plurality of the votes cast by the shares entitled to vote in the election, at a meeting of shareholders at which a quorum is present. However, any nominee for director in an uncontested election who receives a greater number of votes “withheld” from or “against,” as applicable, his or her election than votes “for” his or her election (a “Majority Withheld Vote”) shall immediately offer to tender his or her resignation following certification of such shareholder vote. For the avoidance of doubt, “broker non-votes” and “abstentions” will not be counted as votes either “withheld,” “against” or “for” a director nominee’s election. The Nominating and Corporate Governance Committee shall promptly consider the director’s resignation offer and make a recommendation to the Board of Directors on whether to accept or reject the offer taking into account such factors as the Nominating and Corporate Governance Committee may in its discretion determine appropriate; provided, however, that no director serving on the Nominating and Corporate Governance Committee who received a Majority Withheld Vote at the same election shall participate in such deliberations with the Nominating and Corporate Governance Committee. If a majority of the directors serving on the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote shall comprise a committee to consider, in the same manner and with the same discretion granted to the Nominating and Corporate Governance Committee as set forth above, any resignation offers and recommend to the Board of Directors whether to accept or reject them. The Board of Directors shall act on the recommendation of the Nominating and Corporate Governance Committee (or substitute committee of independent directors if applicable) and publicly disclose its decision within 90 days following certification of the shareholder vote. The Board of Directors may take into account such factors as the Board of Directors may in its discretion deem appropriate in deciding whether to accept a director’s resignation. For the purposes of this paragraph, an “uncontested election” shall mean that, on the record date for the meeting at which directors are to be elected, the number of nominees does not exceed the number of directors to be elected. Shareholders do not have a right to cumulate their votes for the election of directors.

Section 1.6. Proxies. Shareholders may vote at any meeting of the shareholders in person, or by proxy. Every proxy shall be executed in writing, or authenticated by the shareholder, or by their duly authorized attorney-in-fact and filed with or transmitted to the Secretary of the Corporation or its designated agent. A shareholder or their duly authorized attorney-in-fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for the shareholder by proxy. A telegram, telex, cablegram, datagram, e-mail, Internet communication or similar other means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact may be treated as properly executed or authenticated. If the Corporation conducts voting by e-mail or other similar electronic transmission, the Corporation shall furnish to those shareholders voting by e-mail or other similar electronic transmission, a confidential and unique identification number or other type of mark to be used by the shareholder to vote at a particular meeting or transaction. Proxies, unless otherwise provided, shall be valid for only the meeting specified therein, and any adjournments of such meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Proxies shall be dated and shall be filed with the records of the meeting.

Section 1.7. Quorum. A majority of the outstanding shares of capital stock entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders, unless otherwise provided by law; but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting at which a quorum is present, unless otherwise provided by law or by the Articles of Incorporation.

Section 1.8. Voting. Only persons in whose names shares appear on the share transfer books of the Corporation on the date on which notice of the meeting is mailed shall be entitled to vote at such meeting, unless some other date is fixed by the board of directors for the determination of shareholders of record, but such date shall not be less than ten (10) nor more than fifty (50) days before the date of the meeting. Unless otherwise provided in the Articles of Incorporation, every shareholder of the Corporation shall be entitled to one vote for each share outstanding.

Article II

Directors

Section 2.1. Board of Directors. The board of directors shall have the power to manage and administer the business and affairs of the Corporation. Except as expressly limited by law or required or directed by these Bylaws or by the Articles of Incorporation to be exercised by the shareholders, all corporate powers of the Corporation shall be vested in and may be exercised by the board of directors.

Section 2.2. Chairperson of the Board. The Chairperson of the board of directors of the Corporation shall preside at all meetings of the shareholders and of the directors at which he or she is present, and shall have such authority and perform such other duties as the board of directors may from time to time designate.

Section 2.3. Vice Chairperson. In the absence of the Chairperson of the Board, the Vice Chairperson shall preside at all meetings of the shareholders and of the directors at which he or she is present, and shall have such authority and perform such other duties as the board of directors may from time to time designate.

Section 2.4. Number, Selection and Term of Office. The board of directors of the Corporation shall consist of at least three (3) and not more than fifteen (15) directors, the exact number to be set from time to time by resolution of the board of directors. Each director shall be a natural person of full age and at least a majority of the directors shall be persons who are: (i) not employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation, and (ii) otherwise independent within the meaning of any applicable statute or any listing requirement of a stock exchange or over the counter market on which any security of the Corporation is admitted for trading. A director having the attributes set forth in (i) and (ii) shall hereinafter be deemed an Independent Director. Each director shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. A decrease in the number of directors shall not have the effect of shortening the term of any incumbent director. The President and Chief Executive Officer shall be a member of the Corporation's Board of Directors.

Section 2.5. Vacancies. Vacancies in the board of directors shall exist in the case of the happening of any of the following events: (i) the death or resignation of any director; (ii) if at any annual or special meeting of the shareholders at which directors are to be elected, the shareholders fail to elect the full authorized number of directors to be voted for at that meeting; (iii) an increase in the number of directors by resolution of the board of directors; (iv) the removal of a director by the affirmative vote of shareholders of the corporation in accordance with the Articles of Incorporation of the Corporation; or (v) the removal of a director by the board of directors or a court of competent jurisdiction in accordance with these Bylaws or otherwise in accordance with law. Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote of the remaining members of the board though less than a quorum, or by a sole remaining director, and each person so selected shall be a director to serve for the balance of the unexpired term and until his or her successor has been selected and qualified or until his or her earlier death, resignation or removal.

Section 2.6. Regular Meetings. The board of directors of the Corporation shall hold an annual meeting for the election of officers and the consideration of other proper business either as soon as practical after, and at the same place as, the annual meeting of shareholders of the Corporation, or at such time and place as may be fixed by the board of directors. No notice of regular meetings need be given.

Section 2.7. Special Meetings. Special meetings of the board of directors may be called by the Chairperson of the Board, the Vice Chairperson, the President and Chief Executive Officer, or at the request of three (3) directors, to be held at the principal place of business of the Corporation or such other place as designated by the person or persons calling such special meeting. Each member of the board of directors shall be given notice stating the time and place, by telephone, email, telegram, facsimile transmission, letter, or in person, of each such special meeting.

Section 2.8. Executive Sessions. Members of the board of directors who are Independent Directors shall meet in executive session at least twice a year. No notice of executive sessions need be given.

Section 2.9. Quorum. A majority of directors shall constitute a quorum at any meeting, except when otherwise provided by law; but a lesser number may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice.

Section 2.10. Remuneration. No stated fee shall be paid to directors for their services, but by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be paid for attendance at each regular or special meeting of the board of directors; *provided*, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of standing or special committees may be compensated for attending committee meetings.

Section 2.11. Action by Directors Without a Meeting. Any action which may be taken at a meeting of the directors, or of a committee thereof, may be taken without a meeting if consent or consents shall be signed by such number of the directors as is required to approve such action at a meeting of the board of directors, or a majority of the members of the committee, as the case may be. Such consent shall have the same effect as a vote taken at a duly called meeting at which a quorum is present.

Section 2.12. Action of Directors by Communications Equipment. With the prior approval of the Chairperson of the Board, any action which may be taken at a meeting of directors, or of a committee thereof, may be taken by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

Section 2.13. Minutes. The board of directors and each committee hereinafter provided for shall keep minutes of its meetings. Minutes of the committees shall be submitted at the next regular meeting of the board of directors, and any action taken with respect thereto shall be entered in the minutes of the board of directors.

Article III

Committees of the Board

Section 3.1. Committees. The board of directors may, by resolution adopted by a majority of the directors in office, establish one or more committees. Each committee shall consist of at least two (2) members of the board of directors. The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for purposes of any written action of the committee.

A committee, to the extent provided in the resolution of the board of directors creating it, shall have and may exercise all of the powers and authority of the board of directors except that a committee shall not have any power or authority regarding: (i) the submission to shareholders of any action requiring the approval of shareholders under the North Dakota Business Corporation Act, as it may be amended, (ii) the creation or filling of vacancies in the board of directors, (iii) the adoption, amendment or repeal of these bylaws, and (iv) any action on matters committed by the bylaws or resolution of the board of directors to another committee of the board of directors.

Section 3.2. Audit Committee. There shall be a standing committee of the board of directors to be known as the Audit Committee. The members of the Audit Committee shall consist exclusively of Independent Directors. The Audit Committee shall: (i) engage the independent accountants for the Corporation, (ii) review with the independent accountants the scope of their examination, (iii) receive the reports of the independent accountants and meet with the representatives of such accountants for the purpose of reviewing and considering questions relating to their examination and such reports, (iv) review the internal accounting and auditing procedures of the corporation, and (v) perform such other duties as may be deemed necessary from time to time to fulfill its obligations under applicable law and the listing requirements of any stock exchange or over the counter market on which any security of the Corporation is admitted for trading.

Section 3.3. Nominating and Corporate Governance Committee. There shall be a standing committee of the board of directors to be known as the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall consist exclusively of Independent Directors. The Nominating and Corporate Governance Committee shall nominate candidates for election as director and shall make recommendations to the board of directors with respect to qualifications of directors.

Section 3.4. Compensation Committee. There shall be a standing committee of the board of directors to be known as the Compensation Committee. The members of the Compensation Committee shall consist exclusively of Independent Directors. The Compensation Committee shall make recommendations to the board of directors with respect to the compensation of the executive officers of the Corporation.

Article IV

Officers and Employees

Section 4.1. Designations. The officers of the Corporation shall be the President and Chief Executive Officer, the Chief Financial Officer, the Treasurer, and the Secretary, who shall be elected for one year by the board of directors at their first meeting after the annual meeting of shareholders and who shall hold office until their successors are elected and qualify. Any two or more offices may be held by the same person, except the offices of Chairperson, Vice Chairperson, President and Chief Executive Officer, and Chief Financial Officer.

Section 4.2. The President and Chief Executive Officer. The President and Chief Executive Officer shall have general supervision of all departments and business of the Corporation, and shall prescribe the duties of other officers and see to the performance thereof. The President and Chief Executive Officer shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned to him or her by the board of directors. The President and Chief Executive Officer shall report directly to the board of directors of the Corporation.

The President and Chief Executive Officer shall have and may exercise any and all powers and duties pertaining by law, regulation, or practice to the office of President and Chief Executive Officer or imposed by these Bylaws. The President and Chief Executive Officer shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned to him or her by the board of directors.

Section 4.3. Chief Financial Officer. The Chief Financial Officer shall have general supervision of the fiscal affairs of the Corporation. The Chief Financial Officer shall, with the assistance of the President and Chief Executive Officer, and the managerial staff of the Corporation: (a) see that a full and accurate accounting of all financial transactions is made; (b) invest and reinvest the capital funds of the Corporation in such manner as may be directed by the board of directors, unless that function shall have been delegated to a nominee or agent; (c) prepare any financial reports that may be requested from time to time by the board of directors; (d) cooperate in the conduct of any annual audit of the Corporation's financial records by certified public accountants duly appointed by the Audit Committee; and (e) in general perform all the usual duties incident to the office of Treasurer and such other duties as may be assigned to him or her by the board of directors or the President and Chief Executive Officer.

Section 4.4. Secretary. The board of directors shall appoint a secretary, who shall be the Secretary of the board of directors and of the Corporation, and shall keep accurate minutes of meetings. The Secretary shall attend to the giving of all notices required by these Bylaws to be given. The Secretary shall be the custodian of the corporate seal (if any), records, documents and papers of the Corporation. The Secretary shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice to the office of Secretary or imposed by these Bylaws. The Secretary shall perform such other duties as may be assigned to him or her from time to time by the board of directors.

Section 4.5. Other Officers. The board of directors may appoint one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers found necessary for the orderly transaction of business. Such officers shall respectively exercise such powers and perform such duties as pertain to the respective officers or as may be conferred upon or assigned to them by the board of directors or the President and Chief Executive Officer.

Section 4.6. Clerks and Agents. The board of directors may appoint, from time to time, such agents or employees as it may deem advisable for the prompt and orderly transaction of the business of the Corporation. The board of directors may also define their duties, fix their salaries and dismiss them. Subject to the authority of the board of directors, the President and Chief Executive Officer may appoint and dismiss all or any agents or employees, prescribe their duties and the conditions of their employment, and from time to time, fix their compensation.

Section 4.7. Tenure of Offices. All officers shall hold office for the current year for which the board of directors was elected, unless they shall resign, become disqualified, or be removed; and any vacancy occurring in the office of the President and Chief Executive Officer shall be filled by the board of directors. In the event that the President and Chief Executive Officer is unable to act, the board of directors shall meet forthwith upon the call of the Chairperson of the Board, the Vice Chairperson, or any three directors to appoint a successor or replacement.

Section 4.8. Termination of Officers. Any officer of the Corporation may be terminated by the board of directors with or without cause, but such termination shall be without prejudice to the contract rights, if any, of the person so terminated. Election or appointment of an officer shall not of itself create contract rights.

Article V

Authority of Officers

Section 5.1. Corporate Seal. If the Corporation adopts a corporate seal, the President and Chief Executive Officer, the Chief Financial Officer, any Vice President, and the Secretary shall each have authority to affix and attest the corporate seal of the Corporation.

Section 5.2. Other Powers. The President and Chief Executive Officer, the Chief Financial Officer, or any Vice President is authorized to perform such corporate and official acts as are necessary to carry on the business of the Corporation, subject to the directions of the board of directors.

The above-named officers are fully empowered, subject to policies and established board and/or committee approvals:

(a) To sell, assign and transfer any and all shares of stock, bonds or other personal property standing in the name of the Corporation or held by the Corporation either in its own name or as agent;

(b) To assign and transfer any and all registered bonds and to execute requests for payment or reissue of any such bonds that may be issued now or hereafter and held by the Corporation in its own right or as agent;

(c) To sell at public or private sale, lease, mortgage or otherwise dispose of any real estate or interest therein held or acquired by the Corporation in its own right or as agent, and to execute and deliver any instrument necessary to completion of the transaction;

(d) To receive and receipt for any sums of money or property due or owing to the Corporation in its own right or as agent and to execute any instrument of satisfaction therefore for any lien of record; and

(e) To execute and deliver any deeds, contracts, agreements, leases, conveyances, bills of sale, petitions, writings, instruments, releases, acquittance and obligations necessary in the exercise of the corporate powers of the Corporation.

Section 5.3. Checks and Drafts. Each of the President and Chief Executive Officer, the Chief Financial Officer, and other employees, as may from time to time be designated by the board of directors, shall have the authority to sign checks, drafts, letters of credit, orders, receipts, and to endorse checks, bills of exchange, orders, drafts, and vouchers made payable or endorsed to the Corporation subject to the policies of the board of directors.

Section 5.4. Loans. Each of the President and Chief Executive Officer, the Chief Financial Officer, and any Vice President designated by the board of directors, acting in conjunction with any other of these designated officers may effect loans on behalf of the Corporation from any banking institution or other lender, executing notes or obligations and pledging assets of the Corporation therefor, subject to the policies of the board of directors.

Article VI

Indemnity

Section 6.1. Limitation of Liability. To the fullest extent permitted by North Dakota Law, a director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. No amendment, modification or repeal of this Section 6.1 nor the adoption of any provision inconsistent with this Section 6.1 shall adversely affect any right or protection of a director of the Corporation with respect to any act or omission that occurred prior to the time of such amendment, modification, repeal or adoption.

Section 6.2. Indemnification.

(a) The Corporation shall defend and shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving, at the request of the Corporation, as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), amounts paid in settlement, judgments, and fines actually and reasonably incurred by such person in connection with such claim, action, suit or proceeding to the fullest extent permitted by North Dakota law.

(b) Advance of Expenses. Expenses (including attorneys' fees) incurred in defending a civil claim or a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such claim, action, suit, or proceeding, upon receipt of a written statement by or on behalf of the director, officer, employee, or agent to repay such amount if it shall be ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VI.

(c) Indemnification not Exclusive. The indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other right to which persons seeking indemnification and advancement of expenses may be entitled under any agreement, vote of disinterested directors or otherwise, both as to actions in such persons' official capacity and as to their actions in another capacity while holding office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

(d) Insurance, Contracts, Security. The Corporation may purchase and maintain insurance on behalf of any person, may enter into contracts of indemnification with any person, and may create a fund of any nature which may, but need not be, under the control of a trustee for the benefit of any person, and may otherwise secure in any manner its obligations with respect to indemnification and advancement of expenses, whether arising under this Article VI or otherwise, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VI.

Section 6.3. Effect of Amendment. Any repeal or modification of this Article VI shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation or any right of any person to indemnification from the Corporation with respect to any action or failure to take any action occurring prior to the time of such repeal or modification.

Section 6.4. Severability. If, for any reason, any provision of this Article VI shall be held invalid, such invalidity shall not affect any other provision not held so invalid, and each such other provision shall, to the full extent consistent with law, continue in full force and effect. If any provision of this Article VI shall be held invalid in part, such invalidity shall in no way affect the remainder of such provision, and the remainder of such provision, together with all other provisions of this Article VI, shall, to the full extent consistent with law, continue in full force and effect.

Article VII

Stock and Stock Certificates

Section 7.1. Transfers. Transfer of shares of stock of each class of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary or transfer agent for such stock, if any, and if such shares are represented by a certificate, upon surrender of the certificates therefor, endorsed by the person named in the certificate or by his attorney, lawfully constituted in writing. No transfer shall be made which is inconsistent with law.

Section 7.2. Shares. The shares of the Corporation shall be represented by certificates, or shall be uncertificated shares that may be evidenced by a book entry system maintained by the registrar of such stock, or a combination of both. To the extent that shares are represented by certificates, such certificates shall be in such form as shall be approved by the board of directors and shall state: (i) that the Corporation is incorporated under the laws of the State of North Dakota, (ii) the name of the person to whom issued, and (iii) the number and class of shares and the designation of the series, if any, that the share certificate represents. The share register or transfer books and blank share certificates shall be kept by the Secretary or by any transfer agent or registrar designated by the board of directors for that purpose.

Section 7.3. Share Certificates. To the extent that shares are represented by certificates, such certificates shall be signed by the President and Chief Executive Officer and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, or by any one of their facsimile signatures, or in their absence by board-designated Officers and shall be signed by a transfer agent. The corporate seal shall appear on each share certificate and may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued with the same effect as if the officer had not ceased to be such at the date of its issue. The provisions of this section shall be subject to any inconsistent or contrary agreement at the time between the Corporation and any transfer agent or registrar.

Section 7.4. Shares of Another Corporation. Shares owned by the Corporation in another corporation, domestic or foreign, shall be voted by the President and Chief Executive Officer or such other officer, agent or proxy as the board of directors may determine.

Article VIII

Miscellaneous Provisions

Section 8.1. Fiscal Year. The Fiscal Year of the Corporation shall be the calendar year. The Corporation shall be subject to an annual audit as of the end of its fiscal year by independent public accountants appointed by and responsible to the Audit Committee.

Section 8.2. Records. The Articles of Incorporation, the Bylaws and the proceedings of all meetings of shareholders, the board of directors, and standing committees of the board of directors, shall be recorded in appropriate minute books provided for the purpose. The minutes of each meeting shall be signed by the Secretary or other officer appointed to act as secretary of the meeting.

Section 8.3. Gender and Number. Where the context permits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

Article IX

Bylaws

Section 9.1. Inspection. A copy of the Bylaws, with all amendments thereto, shall at all times be kept in a convenient place at the main office of the Corporation, and shall be open for inspection to all shareholders during normal business hours.

Section 9.2. Amendments. The Bylaws may be adopted, amended, or repealed by the vote or the consent of shareholders entitled to exercise a majority of the voting power of the Corporation. In addition to the right of shareholders to adopt, amend, or repeal the Bylaws, the Bylaws may be adopted, amended, or repealed by the board of directors, except that any amendment, repeal or modification of any provision of Article 6 that adversely affects any right of an indemnitee or an indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to Article 6 and existing at the time of such amendment, repeal or modification.

These Bylaws were duly adopted by the Board of Directors of NI Holdings, Inc. this 24th day of May, 2023.

/s/ Timothy J. Milius
Timothy J. Milius
Corporate Secretary

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (“Agreement”) is made as of this 8th day of August, 2023 (the “*Effective Date*”), between NI Holdings, Inc., a North Dakota business corporation, (the “*Corporation*”), NODAK Insurance Company, a North Dakota insurance company (the “*Company*”), and Seth C. Daggett, an adult individual (“*Executive*”).

WITNESSETH:

WHEREAS, the Corporation, the Company, and Executive desire to enter into an agreement providing for the terms of Executive’s continued employment with the Corporation and the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Employment**. The Corporation and the Company employ Executive and Executive hereby accepts employment with the Corporation and the Company, on the terms and conditions set forth in this Agreement.

2. **Duties of Employee**. Executive shall serve as Chief Financial Officer of the Corporation and the Company and shall report directly to the Chief Executive Officer of the Corporation and the Company. Executive shall devote his full time, attention and energies to the business of the Corporation and the Company during the Employment Period (as defined in Section 3 of this Agreement); provided, however, that this Section 2 shall not be construed as preventing Executive from (a) engaging in activities incident or necessary to personal investments, (b) acting as a member of the board of directors of any non-profit association or corporation, or (c) being involved in any other business activity with the prior approval of the Board of Directors of the Corporation (the “*Corporation Board*”). Executive shall not engage in any business or commercial activities, duties or pursuits which compete with the business or commercial activities of the Corporation or the Company, nor may Executive serve as a director or officer or in any other capacity in a company which competes with the Corporation or the Company.

3. **Term of Agreement.**

(a) Employment Period. This Agreement shall be for a period (the “*Employment Period*”) beginning on the Effective Date, and if not previously terminated pursuant to the terms of this Agreement, continuing until the second anniversary hereof; provided, however, that on a daily basis, one additional day shall be added to the term of this Agreement, so that the Employment Period shall always be two (2) years, unless either the Executive or the Corporation shall have provided the other with written notice of its intention to cease extending the term of this Agreement.

(b) Notwithstanding anything herein contained to the contrary, nothing in this Agreement shall mandate or prohibit a continuation of Executive’s employment following the expiration of the term of this Agreement upon such terms as the Corporation Board and Executive may mutually agree.

(c) Termination for Cause. Notwithstanding the provisions of Section 3(a) of this Agreement, this Agreement may be terminated by the Corporation and the Company for Cause (as defined herein). As used in this Agreement, “*Cause*” shall mean any of the following:

(i) Executive willfully fails or refuses to substantially perform the Executive's responsibilities under this Agreement, after demand for substantial performance has been given by the Corporation Board that specifically identifies how the Executive has failed to perform such responsibilities;

(ii) Executive engages in gross misconduct which is materially and demonstrably injurious to the Corporation or the Company;

(iii) Executive violates any of the Corporation's or Company's policies relating to sexual harassment;

(iv) Executive is convicted of a felony or pleads guilty or *nolo contendere* to a felony;

(v) Executive materially breaches Section 6 of this Agreement;

(vi) Executive engages in any act of fraud (including misappropriation of the Corporation's or the Company's funds or property) in connection with the business of the Corporation or the Company which is materially and demonstrably injurious to the Corporation or the Company; or

(vii) Executive is disqualified or barred by any governmental or self-regulatory authority from serving in the capacity contemplated by this Agreement.

If this Agreement is terminated for Cause, all of Executive's rights under this Agreement shall cease as of the effective date of such termination, except that:

(i) the Company shall pay to Executive the unpaid portion, if any, of his Annual Base Salary through the date of termination; and

(ii) the Company shall provide to Executive such post-employment benefits, if any, as may be provided for under the terms of the employee benefit plans of the Company then in effect.

(d) Death. Notwithstanding the provisions of Section 3(a) of this Agreement, this Agreement shall terminate automatically upon Executive's death and Executive's rights under this Agreement shall cease as of the date of such termination, except that (i) the Company shall pay to Executive's spouse, personal representative, or estate the unpaid portion, if any, of his Annual Base Salary through date of death and (ii) the Company shall provide to Executive's dependents any benefits due under the Company's employee benefit plans.

(e) Disability. Executive, the Corporation and the Company agree that if Executive becomes Disabled, within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*") and the regulations thereunder, and becomes eligible for employer-provided short-term and/or long-term disability benefits, or worker's compensation benefits, then the Company's obligation to pay Executive his Annual Base Salary shall be reduced by the amount of the disability or worker's compensation benefits received by Executive.

Executive, the Corporation and the Company agree that if, in the judgment of the Corporation Board, Executive is unable, as a result of illness or injury, to perform the essential functions of his position on a full-time basis with or without a reasonable accommodation and without posing a direct threat to himself or others for a period of six months, the Company will suffer an undue hardship in continuing Executive's employment as set forth in this Agreement. Accordingly, this Agreement shall terminate at the end of the six-month period, and all of Executive's rights under this Agreement shall cease, with the exception of any unpaid Annual Base Salary through the date of termination and those rights which Executive may have under the Company's employee benefit plans.

(f) Resignation from Other Positions. In the event Executive's employment under this Agreement is terminated for any reason, if Executive is then serving in any other capacity, such as an officer or director for any of the Corporation, the Company or any their respective affiliates or subsidiaries, such service shall also be deemed to immediately terminate and Executive shall be deemed to have resigned from all such other positions.

4. **Employment Period Compensation, Benefits and Expenses.**

(a) Annual Base Salary. For services performed by Executive under this Agreement, the Company shall pay Executive an annual base salary during the Employment Period at the rate of $375,000 per year, minus applicable withholdings and deductions, payable at the same times as salaries are payable to other executive employees of the Company (the "*Annual Base Salary*"). The Annual Base Salary shall be reviewed annually by the Board of Directors of the Company (the "*Company Board*") and the Company Board may, from time to time, increase Executive's Annual Base Salary, and any and all such increases shall be deemed to constitute amendments to this Section 4(a) to reflect the increased amounts, effective as of the date established for such increases.

(b) Bonus. The Executive shall participate in any equity incentive plan and short-term performance plan generally made available to executive officers of the Company.

(c) Vacations, Holidays, etc. During the term of this Agreement, Executive shall be entitled to paid annual vacation in accordance with the policies as established from time to time by the Company. Executive shall also be entitled to all paid holidays, sick days and personal days provided by the Company to its regular full-time employees and senior executive officers.

(d) Employee Benefit Plans. During the term of this Agreement, Executive shall be entitled to participate in or receive the benefits of any employee benefit plan currently in effect at the Company, subject to the eligibility and terms of each such plan, until such time that the Company authorizes a change in such benefits.

(e) Business Expenses. During the term of this Agreement, Executive shall be entitled to receive prompt reimbursement for all customary and usual expenses incurred by him, which are properly accounted for, in accordance with the policies and procedures established by the Company.

5. **Rights in Event of Termination of Employment.**

(a) If Executive terminates his employment with the Company without Good Reason (as defined below), Executive's rights under this Agreement shall cease as of the date of such termination, except that (i) the Company shall pay to Executive the unpaid portion, if any, of his Annual Base Salary through date of termination, and (ii) the Company shall provide to Executive's dependents any benefits due under the Company's employee benefit plans then in effect.

(b) If Executive's employment is involuntarily terminated by the Corporation and the Company without Cause (other than for death or Disability), or the Executive voluntarily terminates employment for Good Reason (as defined below), Executive shall be entitled to receive the compensation and benefits set forth below:

(i) Executive shall be entitled to receive an amount equal to (A) his Annual Base Salary plus (B) the average annual bonus for the preceding three (3) calendar years. Such annual amount shall be multiplied by the number of full calendar months remaining in the Employment Period divided by twelve (12). The resulting amount shall be paid by the Company in one lump sum following Executive's execution of the release (provided such release is not rescinded) described in Section 7.

(ii) Also, in such event, Executive shall, for the remaining Employment Period, continue to participate in any benefit plans of the Company that provide health (including medical and dental) coverage, upon terms no less favorable than the most favorable terms provided to senior executives of the Company during such period. In the event that the Company is unable to provide such coverage by reason of Executive no longer being an employee, the Company shall provide Executive an amount equal to the total after-tax cost to Employee, for each month that is then remaining in the Employment Period, of obtaining such coverage.

(c) "*Good Reason*" shall mean (i) a material diminution in salary, (ii) a material diminution in authority, duties or responsibilities, (iii) a reassignment which assigns full-time employment duties to Executive at a location more than twenty (20) miles from the Company's principal executive office on the date of this Agreement, in all cases after notice from Executive to the Company within ninety (90) days after the initial existence of any such condition that the condition constitutes Good Reason and the failure of the Company to cure such situation within thirty (30) days after said notice, or (iv) a change in Executive's title accompanied by any of the circumstances described in clauses (i), (ii) or (iii) above.

(d) Executive shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of payment or the benefit provided for in this Section 5 be reduced by any compensation earned by Executive as the result of employment by another employer or by reason of Executive's receipt of or right to receive any retirement or other benefits after the date of termination of employment or otherwise,

6. **Unauthorized Disclosure**. During the term of his employment hereunder, or at any later time, Executive shall not, without the written consent of the Company Board or a person authorized thereby (except as may be required pursuant to a subpoena or other legal process), knowingly disclose to any person, other than an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by Executive of his duties as an executive of the Company, any material confidential information obtained by him while in the employ of the Company with respect to any of the Company's, the Corporation's or any of their subsidiaries' services, products, improvements, formulas, designs or styles, processes, customers, methods of business or any business practices the disclosure of which could be or will be damaging to the Company or the Corporation; provided, however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by Executive or any person with the assistance, consent or direction of Executive) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Company or any information that must be disclosed as required by law.

7. **Requirement of Release**. Notwithstanding anything herein to the contrary, Executive's entitlement to any payments under Section 5 shall be contingent upon Executive's prior agreement with and signature to a complete release agreement in the form as mutually agreed by the parties, which release is not rescinded by Executive. Such release agreement shall be executed, if at all, and the applicable payments and benefits contingent upon the execution of such agreement shall be provided or commence being provided, if at all, within sixty (60) days following the date of termination; provided, however, that if such sixty (60) day period begins in one taxable year and ends in a second taxable year, the payments and benefits will be provided or commence being provided, if at all, in the second taxable year.

8. **Notices**. Except as otherwise provided in this Agreement, any notice required or permitted to be given under this Agreement shall be deemed properly given if in writing and if mailed by United States registered or certified mail, postage prepaid with return receipt requested, to Executive's address, in the case of

notices to Executive, and to the principal executive office of the Company, in the case of notice to the Company.

9. **Waiver**. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and an executive officer of the Corporation and the Company specifically designated by the respective Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

10 **Assignment**. This Agreement shall not be assignable by any party, except by the Company to any successor in interest to its business.

11. **Entire Agreement**. This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement and supersedes and replaces any prior written or oral agreements between them respecting the within subject matter.

12. **Successors; Binding Agreement.**

(a) The Corporation and the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Corporation or the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation and Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" and "Company" shall mean the Corporation and the Company as defined previously and any successor to their respective business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, heirs, distributees, devisees or legatees. If Executive should die following termination of Executive's employment without Cause, and any amounts would be payable to Executive under this Agreement if Executive had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or, if there is no such designee, to Executive's estate.

13. **Validity**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota, without regard to its conflict of laws principles.

15. **Headings**. The section headings of this Agreement are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

16. **Limitations on Payments.**

(a) Notwithstanding anything in this Agreement to the contrary, in the event the payments and benefits payable hereunder to or on behalf of Executive, when added to all other amounts and benefits payable to or on behalf of Executive, would result in the imposition of an excise tax under Section 4999 of the Code, the amounts and benefits payable hereunder shall be reduced to such extent as may be necessary to avoid such imposition. All calculations required to be made under this subsection will be made by the Company's independent public accountants, subject to the right of Executive's representative to review the same. The parties recognize that the actual implementation of the provisions of this subsection are complex and agree to deal with each other in good faith to resolve any questions or disagreements arising hereunder.

(b) All payments made to the Executive pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with applicable laws and any regulations promulgated thereunder.

17. **Recovery of Bonuses and Incentive Compensation**. Notwithstanding anything in this Agreement to the contrary, all bonuses and incentive compensation, but not Annual Base Salary or payments due Executive under Section 5, paid hereunder (whether in equity or in cash) shall be subject to recovery by the Company in the event that such bonuses or incentive compensation are based on materially inaccurate financial statements or other materially inaccurate performance metric criteria; provided that except as set forth in the next sentence, a determination as to the recovery of a bonus or incentive compensation shall be made within twenty-four (24) months following the date such bonus or incentive compensation was paid. Notwithstanding anything to the contrary herein, all compensation payable to Executive shall be subject to any policy adopted by the Company designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended, related rules and the listing standards of The Nasdaq Stock Market. In the event that the Company Board determines that a bonus or incentive compensation payment to Executive is recoverable, in its sole discretion, Executive shall reimburse all or a portion of such bonus or incentive compensation, to the fullest extent permitted by law, as soon as practicable following written notice to Executive by the Company of the same.

18. **Application of Code Section 409A.**

(a) Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that Executive undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if Executive is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Executive's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of Executive's death (the "*Delay Period*"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding the foregoing, to the extent that the foregoing applies to the provision of any ongoing welfare benefits to Executive that would not be required to be delayed if the premiums therefore were paid by Executive, Executive shall pay the full costs of premiums for such welfare benefits during the Delay Period and the Company shall pay Executive an amount equal to the amount of such premiums paid by Executive during the Delay Period within ten (10) days after the conclusion of such Delay Period.

(b) Except as otherwise expressly provided herein, to the extent any expense reimbursement or other in-kind benefit is determined to be subject to Code Section 409A, the amount of any such expenses eligible for reimbursement or in-kind benefits in one calendar year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year (except under any lifetime limit applicable to expenses for medical care), in no event shall any expenses be reimbursed or in-kind benefits be provided after the last day of the calendar year following the calendar year in which Executive incurred such expenses or received such benefits, and in no event shall any right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

(c) Any payments made pursuant to Section 5, to the extent of payments made from the date of termination through March 15th of the calendar year following such date, are intended to constitute separate payments for purposes of Treas. Reg. §1.409A-2(b)(2) and thus payable pursuant to the “short-term deferral” rule set forth in Treas. Reg. §1.409A-1(b)(4); to the extent such payments are made following said March 15th, they are intended to constitute separate payments for purposes of Treas. Reg. §1.409A-2(b)(2) made upon an involuntary termination from service and payable pursuant to Treas. Reg. §1.409A-1(b)(9)(iii), to the maximum extent permitted by said provision.

(d) To the extent it is determined that any benefits described in Section 5(a)(ii) are taxable to Executive, they are intended to be payable pursuant to Treas. Reg. §1.409A-1(b)(9)(v), to the maximum extent permitted by said provision.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ATTEST:	NODAK INSURANCE COMPANY
/s/ Timothy J. Milius Secretary	By: /s/ Michael J. Alexander Name: Michael J. Alexander Title: President & CEO
ATTEST:	NI HOLDINGS, INC.
/s/ Timothy J. Milius Secretary	By: /s/ Michael J. Alexander Name: Michael J. Alexander Title: President & CEO
WITNESS:	SETH C. DAGGETT
/s/ Nancy K. Knowlton	/s/ Seth C. Daggett

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Michael J. Alexander, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NI Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2023	/s/ Michael J. Alexander
	Michael J. Alexander
	President and Chief Executive Officer
	(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Seth C. Daggett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NI Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2023	/s/ Seth C. Daggett
	Seth C. Daggett
	Chief Financial Officer
	(*Principal Financial Officer*)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of NI Holdings, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael J. Alexander, President and Chief Executive Officer, and Seth C. Daggett, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 8, 2023

/s/ Michael J. Alexander
Michael J. Alexander
President and Chief Executive Officer
(*Principal Executive Officer*)

August 8, 2023

/s/ Seth C. Daggett
Seth C. Daggett
Chief Financial Officer
(*Principal Financial Officer*)