

**AMERIND Liaison Report  
To  
NWIHA Executive Committee  
And  
Quarterly Report NWIHA Meeting - 01/24/2023**

**ARMC Highlights**

AMERIND's CEO, Derek Valdo, has returned to the AMERIND office after fulfilling the cultural obligation appointed to him by his tribe. In his absence, AMERIND's COO, Robert (Bob) Dahl, was acting CEO and performed those duties very well. He has provided the report attached to my report and it gives an overview of AMERIND's performance through November 2022. Year-end financials were not available at the time of this report.

I have a scheduling conflict and will not be attending the NWIHA quarterly meeting in person but will attend virtually. Felix McGowan, AMERIND's Director of Critical Infrastructure, will be present at the NWIHA meeting to present the updated report from AMERIND and answer questions, if any.

As the report reveals, AMERIND continues to grow and is performed very well, thanks in no small part to the internal and external reinsurance AMERIND current has established. Tribes and tribal entities continue to show more interested in what AMERIND has to offer them, so the outlook for continued AMERIND growth is excellent.

AMERIND's Board is continuing its effort to address the AMERIND Cell Commission's recommendation to development alternatives to AMERIND's rating structure for good performing members of AMERIND. This will be a process that the Risk Management Committee will continue to address until completed. The Board will be meeting the week of February 6<sup>th</sup> at the Albuquerque office.

The next annual meeting of NAIHC and AMERIND is scheduled to begin May 8<sup>th</sup> at the Hilton Waikoloa Village, on the Big Island of Hawaii. I hope all can plan to attend.



# Northwest Indian Housing Association

## AMERIND Update

January 24, 2023



# Executive Report

## Objective

Provide an update on operational performance of AMERIND's Tribally Focused Programs.

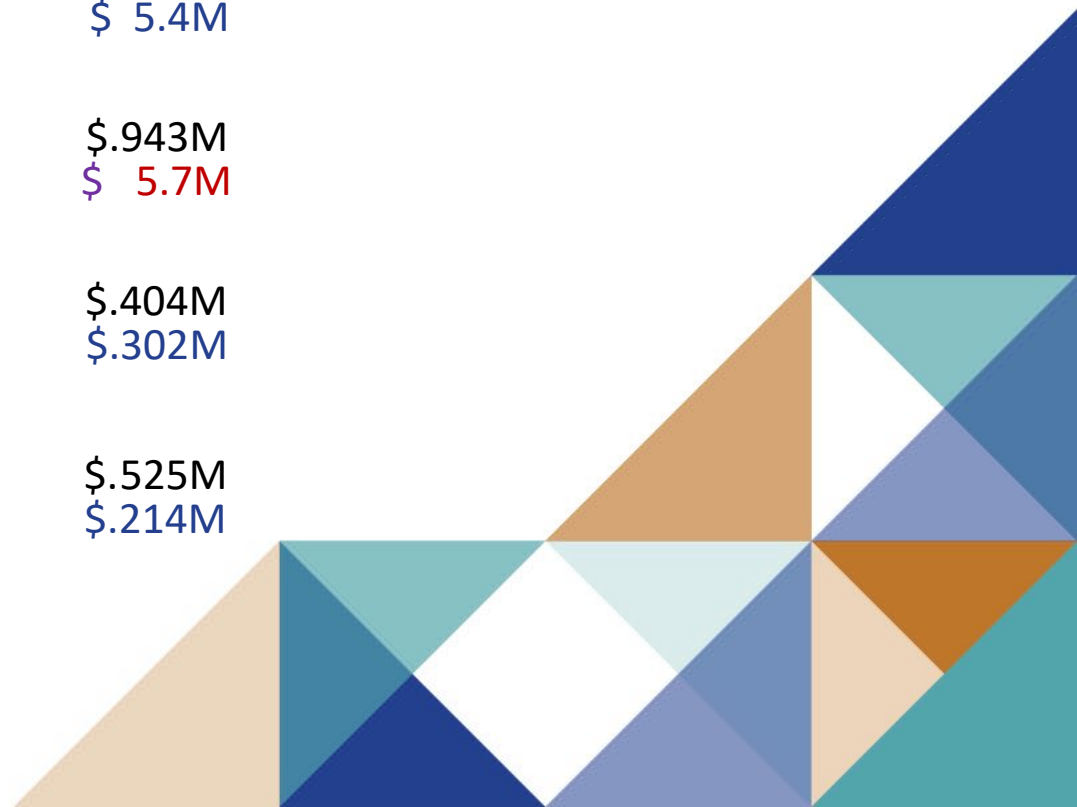
## Mission Update

- 1) Be here for as long as Tribes need us
- 2) Keep Indian money in Indian Country

Target	Sustainability Ratios			Operating Revenue	Losses & Operations
	Loss	Expense	Operating		
	65%	30%	95%		
<b>Performance</b>					
NAHASDA	38%*	13%	65%	\$16.9M	\$13.6M
2021 Nov	109%	18%	99%	\$14.6M	\$18.5M
*After reinsurance recovery of \$3.7M related to Mael v AVCP claim.					
NAHR	80%	17%	103%	\$8.8M	\$8.6M
2021 Nov	92%	17%	102%	\$7.2M	\$7.9M

# Executive Report (Continued)

Target	Loss	Sustainability Expense	Ratios Operating	Operating Revenue	Losses & Operations
	65%	30%	95%		
<b>Performance</b>					
TGB	29%	19%	54%	\$22.4M	\$10.7M
2021 Nov	60%	20%	68%	\$14.2M	\$11.3M
TWC	51%	22%	82%	\$11.7M	\$ 7.7M
2021 Nov	27%	16%	35%	\$ 9.5M	\$ 5.4M
AMERIND Re Performance		Target	Actual		
2021 Nov		100%	26%	\$ 6.5M	\$.943M
			110%	\$ 5.2M	\$ 5.7M
AMERIND Benefits Performance				\$1.07M	\$.404M
2021 Nov				\$ .544M	\$ .302M
AMERIND Critical Infrastructure Performance				\$.955M	\$.525M
2021 Nov				\$ .716M	\$ .214M



# Executive Report (Continued)

## Operational Highlights through November 30, 2022

- Core program – IHBG (NAHASDA) performing at 38% loss ratio, yielding a net income of \$3.3M before an investment income **loss** of **\$3.4M**. Resulting in a reduction in Net Position of **\$.783M**.
- Commercial lines (TWC & TGB) performing favorably and able to overcome investment losses.
- Net investment loss: **\$7M (Unrealized)**
- Net position increase: \$13.3M

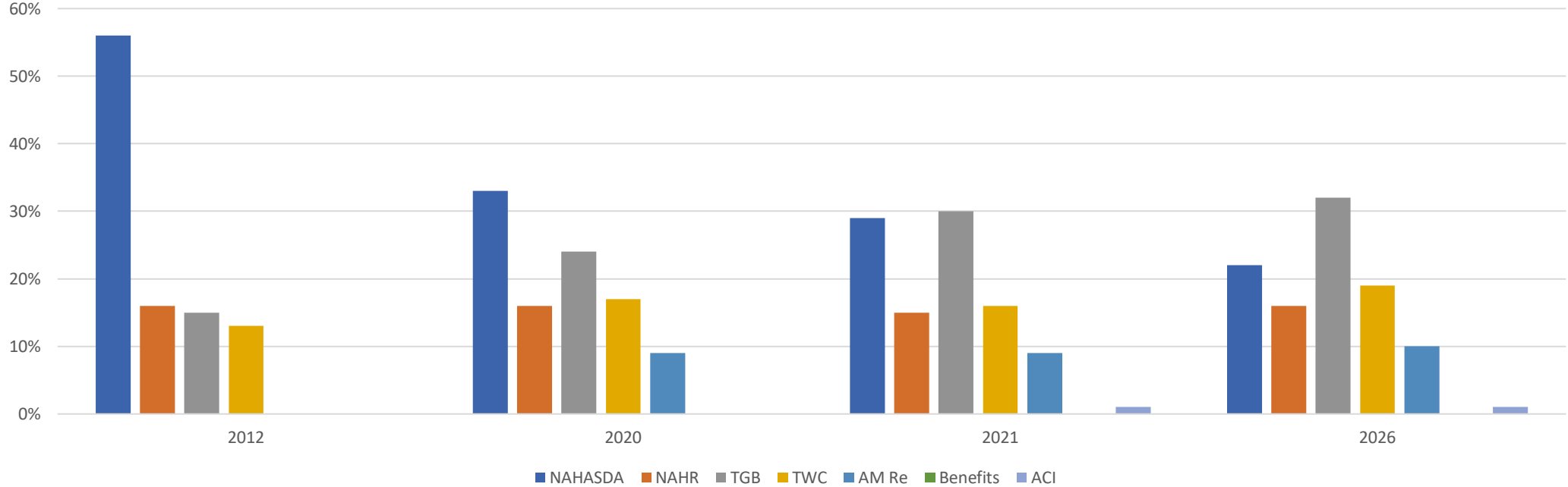
## 2022 Staffing

Jobs at AMERIND – **55%** Native American operated and **100%** of Pre-2018 hires have earned their AINS Designation and **90%** of post-2018 hires have earned their AINS Designation.

	2019 FTE	2020 FTE	2021 FTE	As of 9/30/22 2022 FTE
Total Staffing	52	54	62	69

# Diversification of Income Streams

Expense Allocation



	2012	2020	2021	2026
NAHASDA	56%	33%	29%	22%
NAHR	16%	16%	15%	16%
TGB	15%	24%	30%	32%
TWC	13%	17%	16%	19%
AMERIND Re	0%	9%	9%	10%
Benefits	0%	0%	0%	0%
ACI	0%	0%	0%	1%




# Importance of Reinsurance

## External Reinsurance:

- Without external reinsurance, NAHSDA loss ratio would have been 82% rather than 38%, and Net Position would have been (\$4.5M).

## Internal Reinsurance:

- AMERIND Re was created in 2016 with the purpose of providing Stop Loss coverage to the NAHSDA Pool.
  - Since AMERIND Re's creation in 2016, NAHSDA has paid into AMERIND Re \$15,277,618 but recovered \$22,842,652 – a \$7.6M benefit in 6 yrs.
  - Since 2018, AMERIND Re has allowed AMERIND to create additional lines of business, providing our members and Tribal communities with additional options for affordable coverage.
  - AMERIND Re has also allowed AMERIND to select retentions that offer the most competitive reinsurance premiums.
  - The creation of AMERIND Re was only made possible through diversification.
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# Management Discussion

## 4th Quarter (through 11/30/2022) Overview

- Return to more typical expected losses: \$10.1M\* compared to \$18.2M in 2021 (NAHASDA)
  - NAHASDA: \$10.1M \*(After Mael recovery)
  - NAHR: \$ 7.0M
  - TGB: \$ 6.5M
  - TWC: \$ 5.4M
  - AM Re: \$ .430M
  - Total: \$29.4M – Compared to \$39.7M in 2021
- Quarter 4 – 2022 Threats:
  - Inflation is at a 40-year high (Nov. - 7.1% / as high as 9.1% in June), leading to:
    - Increase in building material costs (30.6% between 1/1/21 and 6/30/22)
    - Increase in labor costs (5.5% between June 2021 and June 2022)
    - Lack of available building materials and contractors in certain areas (especially rural areas)
  - Wildfires and convective storms:
    - Wildfire season began earlier in NM, AZ & CA
      - At one point there were 19 states with active wildfires (currently 11)
    - On average, 1,000 tornadoes are reported annually
      - There were 1,376 reported in 2021, compared to 1,075 in 2020
      - There have been 1,075 reported thus far in 2022, of which 888 have been confirmed
      - Most tornadoes in March, on record
    - CAT reinsurers declining new wildfire risks
  - Investment market woes:
    - Poor investment performance – S & P 500 down 19.4%
  - Competition
    - Tribal First aggressively pricing business they have lost to us (either lost accounts or been forced to reduce premiums)
  - Reinsurance
    - Most challenging renewal in 30 years





THANK YOU

