

**Insurance sector case study
on good corporate practice related to disaster risk reduction**

Company

Nodak Mutual Insurance Company

1101 1st Ave N, Fargo, North Dakota 58102, USA

<http://www.nmicfb.com/>

Overview

The Norak Mutual Insurance Company provides an interesting case of how a local insurance company can address the risks of disasters. Norak Mutual was founded in 1946 specifically to insure its clients against the risks of natural disasters:

“Nodak Mutual was founded to protect farmers and ranchers from the natural disasters they faced in their business. The founders' basic objective was to offer property insurance protection and quality service at a reasonable cost to Farm Bureau members.”

Today, however, Nodak Mutual has broadened its mission to cover all the insurance needs of its clients. Its mission is “to meet the lifetime insurance needs of our North Dakota Farm Bureau member clients by providing superior products and service at competitive prices” and its vision is “to be North Dakota's choice as the single source for its insurance needs.”

Nevertheless, the company continues to provide disaster-related insurance products. For example, its offers insurance cover for harvested grain while it is stored on or transported from the farm against such natural disasters as fire, lightning, windstorm and hail. Nodak Mutual's crop-hail plan also includes coverage for losses due to non-recoverable ears that have been severed from the stalk due to wind.

Insights

The core insight from Norak Mutual case is that private insurance companies have the potential to develop disaster insurance products for specific markets, such as the farmers and ranchers of North Dakota. Clearly by focusing on a specific region and on a particular economic sector, the insurance company can develop its expertise and offer appropriate, affordable products for its clients. It is also clear from the company's website that the products it offers are compatible with standards set by the US Department of Agriculture.

Nevertheless, it would seem that Norak Mutual and other such companies could benefit from providing more guidance to its clients on how to reduce the risks of disasters. Little information in this regard is available on their website. Such companies may also benefit from collaborating with companies in the region insuring other sectors as well as from collaborating with companies in other regions insuring similar sectors.