NI Holdings, Inc.

Appraisal of the Pro Forma Market Value
on an As-converted Basis
as of June 30, 2016

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October 7, 2016

Edward Moody
North Dakota Insurance Department
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Mr. Moody:

Pursuant to your request, we have performed an appraisal of the Pro Forma Market Value on an as-converted Basis (“Subject Interest”) in NI Holdings, Inc. ("Nodak”, the "Company") as of June 30, 2016 (“Valuation Date”) as a going concern (the “Premise of Value”). Our appraisal and other analyses have been performed to assist the North Dakota Insurance Department (the “Department” or “Client”) in its evaluation of Nodak Mutual Insurance Company’s plan to convert from the mutual form to the stock form of ownership pursuant to the Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Stock Offering (the “Plan of Conversion” or the “Plan”). Your use of the appraisal and the related analyses should be restricted to and consistent with this stated purpose only. It should not be distributed or circulated, quoted from, or cited in any manner that is not consistent with this purpose.

Our appraisal and this detailed report (the “Detailed Report”) have been prepared in accordance with procedures required by Standards 9 and 10 of the Uniform Standards of Professional Appraisal Practice (“USPAP”) and the American Institute of Certified Public Accountants’ (“AICPA”) Statement on Standards for Valuation Services (“SSVS”) No. 1.

Based on the data, information, and analysis presented in this Detailed Report, it is our opinion that the Pro Forma Market Value of Nodak on an as-converted basis was approximately $217,664,000 (rounded) (“Midpoint Value”) as of June 30, 2016. Consistent with the Plan, we also assessed the valuation range (“Valuation Range”), which has a low of 15.0 percent less than the Midpoint Value (“Minimum of the Valuation Range”) and a high of 15.0 percent more than the Midpoint Value (“Maximum of the Valuation Range”). The Minimum of the Valuation Range and the Maximum of the Valuation Range were $185,000,000 and $250,000,000, respectively. The Valuation Range on which we have concluded approximately overlaps with the Valuation Range established by Feldman Financial Advisors, Inc. (“Feldman”). The Pro Forma Market Value of one subscription rate as of the Valuation Date was $0.80.

It should be noted that, even after careful consideration of all the relevant facts and information, significant variances in value estimates could be derived for an enterprise. In reconciliation of these variances in the value estimates between the Valuation Range calculated by RSM US LLP and the Valuation Range established by Feldman, it must be acknowledged that appraisal is not an exact science whereby a given formula can be applied to a set of data and a conclusive result can be determined. Rather, the informed judgment of the appraiser operating in the context of reasonableness and common sense is inherent in appraisal process, guiding the consideration of relevant facts in the determination of an estimate of value.

We are pleased to provide you with the accompanying appraisal report and appreciate the opportunity to be of service to you. If you have any questions regarding the appraisal, please contact me at 612.376.9575.

Sincerely,
RSM US LLP

Paul Siebrasse
Principal

Jagesh Shah
Director

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Valuation Summary

Report Summarized:	This section summarizes our Detailed Report issued on October 7, 2016 by RSM US LLP as contained herein. Our opinion is subject to the Assumptions and Limiting Conditions found in Section 8.
Subject of Valuation:	Pro Forma Market Value on an as-converted basis in NI Holdings, Inc.
Business Activity:	NI Holdings, Inc. was formed to hold the stock of Nodak Insurance Company, the entity into which Nodak Mutual will convert. Nodak Mutual is a mutual property and casualty insurance company headquartered in Fargo, North Dakota.
Purpose of Valuation:	We understand the appraisal will be used in connection with evaluating Nodak Mutual Insurance Company's plan to convert from a mutual-to-stock form of ownership. Your use of the appraisal should be restricted to and consistent with this stated purpose only.
Standard of Value:	Pro Forma Market Value
Level of Value:	Minority, marketable level of value
Premise of Value:	Going concern
Date of Valuation:	June 30, 2016
Value Conclusion:	The Pro Forma Market Value of Nodak on an as-converted basis ranged from a low of $185.0 million to a high of $250.0 million with a Midpoint Value of $217.7 million. The Pro Forma Market Value of one subscription right as of the Valuation Date was $0.80.

Section 1. Introduction

1.1 Valuation Assignment

Pursuant to your request, we have performed an appraisal of the Pro Forma Market Value of NI Holdings, Inc., ("Nodak", or the "Company") on an as-converted basis as of June 30, 2016 ("Valuation Date") as a going concern (the "Premise of Value"). We understand the appraisal will be used to assist the North Dakota Insurance Department (the "Department" or "Client") in its evaluation of Nodak Mutual Insurance Company's plan to convert from the mutual form to the stock form of ownership pursuant to the Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Stock Offering (the "Plan of Conversion" or the "Plan"). Your use of the appraisal should be restricted to and consistent with this stated purpose only. It should not be distributed, circulated, quoted from, or cited in any manner that is not consistent with this purpose. Per our engagement contract with the Department, we have been engaged to:

- Provide a market value range and a best estimate of the fair market value of the converting mutual insurance company using generally accepted valuation methods used within the industry which include, but are not limited to:
  - Comparable company analysis
  - Precedent transaction analysis
  - Discounted cash flow analysis
- Provide a valuation of the subscription rights to be issued to members free of charge but which may be redeemed either by specific action or by not using the rights to acquire stock of the converting mutual company. The valuation must be made in accordance with NDCC (defined below) §26.1-12.2-03(5), which requires the application of the Black Scholes option pricing model or another generally accepted option pricing model.

This Detailed Report (defined below) documents the data, information, methods, and analyses we have used in developing our opinions regarding the aforementioned.

1.2 Summary of Results

Based on the data, information, and analysis presented in this report (the "Detailed Report"), which was prepared in a manner consistent with USPAP and AICPA valuation standards, it is our opinion that the Pro Forma Market Value of Nodak on an as-converted basis was approximately $217,664,000 (rounded) ("Midpoint Value") as of June 30, 2016. Consistent with the Plan, we also assessed a valuation range ("Valuation Range"), which has a low of 15.0 percent less than the Midpoint Value ("Minimum of the Valuation Range") and a high of 15.0 percent more than the Midpoint Value ("Maximum of the Valuation Range"). The Minimum of the Valuation Range and the Maximum of the Valuation Range were $185,000,000 and $250,000,000, respectively. The Valuation Range on which we have opined approximately overlaps with the Valuation Range established by Feldman Financial Advisors, Inc. ("Feldman").

Based on the Black Scholes option pricing method as discussed above and consistent with NDCC §26.1-12.2-03(5), we have determined that the Pro Forma Market Value of one subscription right was $0.80 as of the Valuation Date.

In making the above determinations, we have employed the following scope:

- Held discussions with the Department regarding the Plan
- Interviewed the following Nodak personnel (collectively "Management") on August 15, 2016 at its principal place of business
  - Michael J. Alexander, President and CEO
  - Brian Doom, VP Finance, Secretary, Treasurer, and CFO
  - Patrick Duncan, Vice President of Operations

- Reviewed the following documents filed with the Department (collectively the "Application")
    - Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Stock Offering as Approved by the Board of Directors on January 21, 2016 (the "Plan of Conversion" or the "Plan" as defined above)
    - Application for Approval of a Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Offering filed with the Department on February 10, 2016
    - Post-conversion Organizational Chart
    - Draft Form Proxy Statement
    - Notice With Respect to Policies Issued After January 21, 2016
    - Articles of Incorporation of Nodak Insurance Company
    - Articles of Incorporation and Bylaws of Nodak Mutual Group, Inc. ("Mutual Holding Company" or "MHC")
    - Articles of Incorporation and Bylaws of NI Holdings, Inc. ("Stock Holding Company," "SHC," or "Nodak" as defined above.)
    - Roster of Directors and Officers of Nodak
    - Conversion Valuation Appraisal Report prepared by Feldman dated April 29, 2016
    - Subscription Rights Valuation Report prepared by Feldman dated April 29, 2016
- Reviewed the Company's Form S-1 filing with the Securities and Exchange Commission dated August 12, 2016
- Researched the state of and outlook for the property and casualty insurance industry, the economy of Nodak's immediate market area, and the national economy
- Reviewed statutory financial statements for the years ending December 31, 2011 through December 31, 2015 and the quarters ending March 31, 2016 and June 30, 2016
- Reviewed historical statutory financial data for the years ending December 31, 2005 through December 31, 2015
- Reviewed budgeted statutory income statements for the years ending December 31, 2016 and December 31, 2017 provided by Management
- Reviewed data pertaining to premiums to closing stock prices observed upon the announcement of a transaction in which a majority stake in an insurance company was being purchased
- Reviewed market data for companies engaged in underwriting insurance policies in the property and casualty insurance industry
- Reviewed publicly available transaction data for transactions involving target companies operating as property and casualty insurance underwriters
- Reviewed post-initial public offering stock price appreciation for insurance underwriters listing their stock on the NYSE, NASDAQ, or NYSE MKT exchanges.
- Interviewed Trent Feldman and Peter Williams of Feldman regarding Feldman's appraisal of the pro forma market value of Nodak
- Reviewed Feldman's qualifications and experience as a "qualified independent expert" consistent with the Conversion Laws (defined below).

1.3 Standard of Value

Chapters 26.1-12.1 and 26.1-12.2 (the "Conversion Laws") of the North Dakota Century Code (the "NDCC") express the rules and regulations governing property and casualty mutual insurance company reorganizations and mutual-to-stock conversions. These laws promulgate the requirements for a mutual-to-stock conversion of a mutual insurance company. One of these requirements is that the converting mutual insurer must obtain an independent appraisal from a qualified expert. The Conversion Laws also establish the standard of value for the qualified independent appraiser's appraisal analysis as Pro Forma Marker Value. Per §26.1-12.2-03(4):

The qualified independent expert may, to the extent feasible, determine the pro forma market value by reference to a peer group of stock companies and the application of generally accepted valuation techniques; state the pro forma market value of the converted stock company as a range of value; and establish the value as the value estimated to be necessary to attract a full subscription for the shares.

As delineated in the above paragraph, the standard of value that the qualified independent expert must apply is the Pro Forma Market Value standard, which the paragraph notes is the "value estimated to be necessary to attract a full subscription for the shares" using "generally accepted valuation techniques." This is the standard of value we have applied pursuant to the execution of our engagement contract with the Department.

Similar to, but slightly different than, the Pro Forma Market Value standard discussed above is the Fair Market Value standard of value. Fair Market Value is defined as:

The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.[1]

1.4 Definition of a Minority Interest

Because the Plan of Conversion provides for a limit to the amount of shares to which an eligible member can subscribe and the aggregate subscription limit falls below 50.0 percent of the total shares outstanding, the level of value we have applied under the Pro Forma Market Value standard is a minority interest level of value. Moreover and in accordance with the Pro Forma Market Value standard of value applied, we have excluded from the determination of the Pro Forma Market Value of Nodak the potentially value-enhancing benefits associated with the value of the prerogatives of control (which are listed below). The American Society of Appraisers' definition of a minority interest is an "ownership position less than 50 percent of the voting interest in an enterprise." It is well accepted that in determining the value of a minority interest, it is important to consider that the sum of the values of partial interests does not necessarily equal the value of an entity as a whole.

Minority stock interests in a closed corporation are usually worth much less than the proportionate share of the assets to which they attach.[2]

Additionally, Shannon Pratt notes in *Valuing a Business*:

"If data are available on actual sales of comparative non-controlling interests, the analyst may be able to reach a conclusion of value by direct comparison to such transactions. This analysis can be performed without ever going through the step of estimating a value for the total business enterprise. The analyst can value the subject non-controlling ownership interest using market valuation approach procedures similar to those used for valuing a total company. Such procedures include, for example, the capitalization of earnings, the capitalization of cash flow, the capitalization of dividends (or partnership withdrawals), the application of a market-derived multiple of price to book value, the application of a market-derived price to adjusted net asset value, and so on."[3]

A holder of a minority interest in a business does not enjoy certain benefits or prerogatives of control. According to *Valuing a Business*, these benefits include the ability to:

1. *Appoint or change operational management.*
2. *Appoint or change members of the board of directors.*
3. *Determine management compensation and perquisites.*
4. *Set operational and strategic policy and change the course of business.*
5. *Acquire, lease, or liquidate assets, including plant, property, and equipment.*
6. *Select suppliers, vendors, and subcontractors with whom to do business and award contracts.*

[1] Rev Rul 59-60, 1959-1 CB 237.
[2] Cravens v. Welch, 10 Fed. Supp. 94 (1935).
[3] Pratt, Shannon P., with Niculita, Alina V., *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, fifth edition, McGraw-Hill, 2008, page 409.

7. *Negotiate and consummate mergers and acquisitions.*
8. *Liquidate, dissolve, sell out, or recapitalize the company.*
9. *Sell or acquire treasury shares.*
10. *Register the company's equity securities for an initial or secondary public offering.*
11. *Register the company's debt securities for an initial or secondary public offering.*
12. *Declare and pay cash and/or stock dividends.*
13. *Change the articles of incorporation or bylaws.*
14. *Set one's own compensation (and perquisites) and the compensation (and perquisites) of related-party employees.*
15. *Select joint ventures and enter into joint venture and partnership agreements.*
16. *Decide what products and/or services to offer and how to price those products/services.*
17. *Decide what markets and locations to serve, to enter into, and to discontinue serving.*
18. *Decide what customer categories to market to and which not to market to.*
19. *Enter into inbound and outbound license or sharing agreements regarding intellectual properties.*
20. *Block any or all of the above actions.*[4]

In the selection of the valuation methodology, the appraiser must consider the position of the minority shareholder. In most circumstances, the appraiser does not utilize methodologies that are dependent on the shareholder having control of the company. For example, the value of the underlying assets is usually not considered unless the subject ownership interest is able to cause the sale of a company's assets. In addition, certain income statement adjustments that relate to the benefits of control such as reasonable owner's compensation are often not made. In performing the appraisal analysis presented herein, we have considered the level of indicated by each of the valuation approaches and methods we applied. Where a mismatch arises between the level of value indicated by the methodology and the level of value of the Subject Interest, we have utilized and incorporated generally accepted methods to remedy this mismatch.

1.5 Assumptions and Limiting Conditions

The opinions expressed herein are subject to the Assumptions and Limiting Conditions set forth in Section 8. These assumptions and limiting conditions are an integral component in understanding the value conclusion.

1.6 Appraiser's Certification and Qualifications

The appraisal has been prepared in accordance and a manner consistent with the Uniform Standards of Professional Appraisal Practice ("USPAP"), the Business Valuation Standards of the American Society of Appraisers, and the Statement on Standards for Valuation Services ("SSVS") No. 1 of the American Institute of Certified Public Accountants ("AICPA"). The appraisers' signed certifications are provided in Section 9. A summary of the appraisers' qualifications are included in Section 10.

[4] Pratt, Shannon P., with Alina V. Niculita, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, fifth edition, McGraw-Hill, 2008, page 385.

Section 2. Company Background

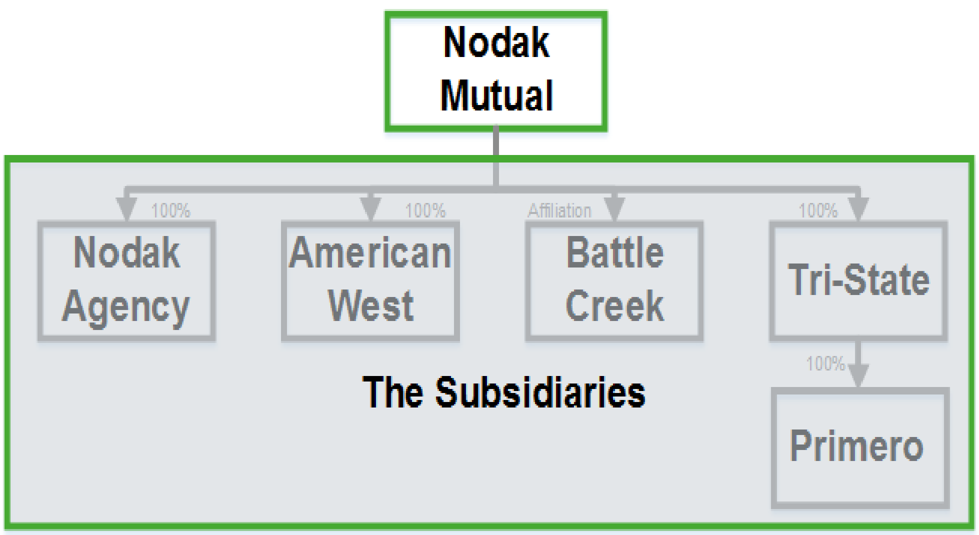
2.1 Company Overview

The Company will operate under the Articles of Incorporation and Bylaws of NI Holdings, Inc. The Company is an insurance holding company, and its principal asset immediately following the execution of the Plan will be the stock of the then-converted Nodak Insurance Company, which will have converted from Nodak Mutual Insurance Company ("Nodak Mutual") pursuant to the Plan. Throughout the Detailed Report, we refer to the consolidated group whose parent is NI Holdings, Inc. as "Nodak" or the "Company". NI Holdings, Inc. is the entity that faces the market and prospective investors, and as such, will be the entity that makes the Offering pursuant to the Plan.

Presently, Nodak Mutual has not undergone the mutual-to-stock conversion. Therefore, Nodak Mutual is still operated as a mutual insurance company whose owners are its policyholders. In addition to underwriting property and casualty insurance policies in North Dakota through Nodak Mutual, Nodak Mutual also owns (in form or substance through affiliation agreements and directly or indirectly through the subsidiaries) several property and casualty insurance company subsidiaries that operate in the United States. Specifically, Nodak Mutual owns or is the controlling affiliate of:

- Battle Creek Mutual Insurance Company in Nebraska ("Battle Creek")[5]
- Nodak Agency Inc. ("Nodak Agency")
- American West Insurance Company in North Dakota ("American West")
- Tri-State, Ltd. Corporation in South Dakota ("Tri-State")
    - Primero Insurance Company ("Primero")

Tri-State has one wholly owned subsidiary – Primero – that is located in Nevada. Collectively, we refer to the collection of subsidiaries as the "Subsidiaries." The organization chart below shows the pre-conversion entity organizational chart of Nodak Mutual.



The Company operates as a property and casualty insurance company in North Dakota, and it provides auto insurance, home, farm, and ranch insurance, and crop insurance. The Company markets its policies through a network of captive and independent agents.

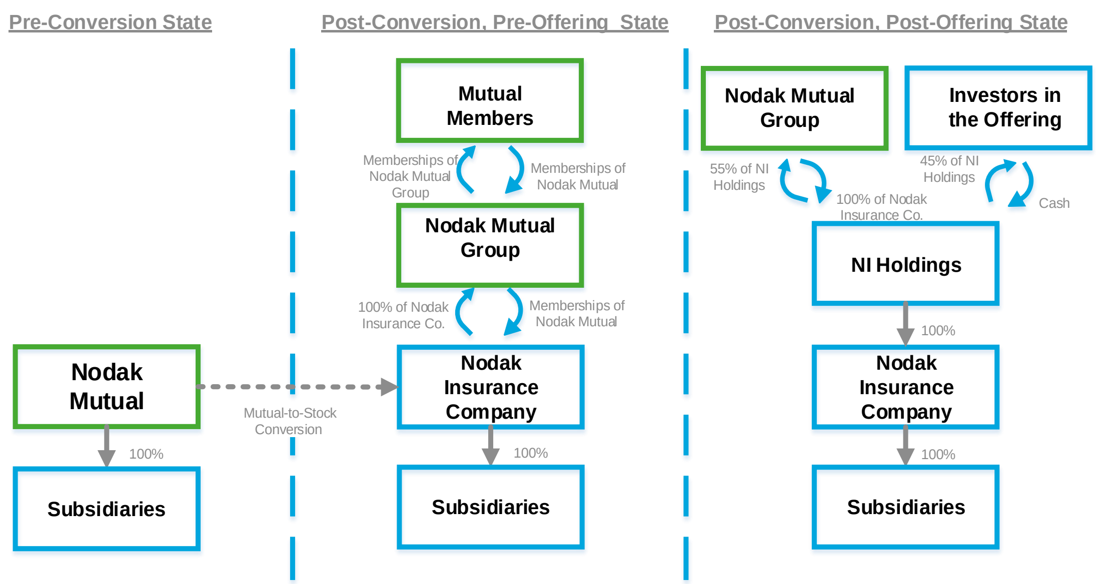
[5]Battle Creek Mutual insurance Company is organized as a mutual company. As such, its owners are its policyholders. Nodak Mutual Insurance Company holds a surplus note investment in Battle Creek and, based on our discussions with Management, has control of the Company and has taken on all of the risks and rewards of ownership through reinsurance arrangements.

2.2 The Plan of Conversion

Company Ownership and Capitalization

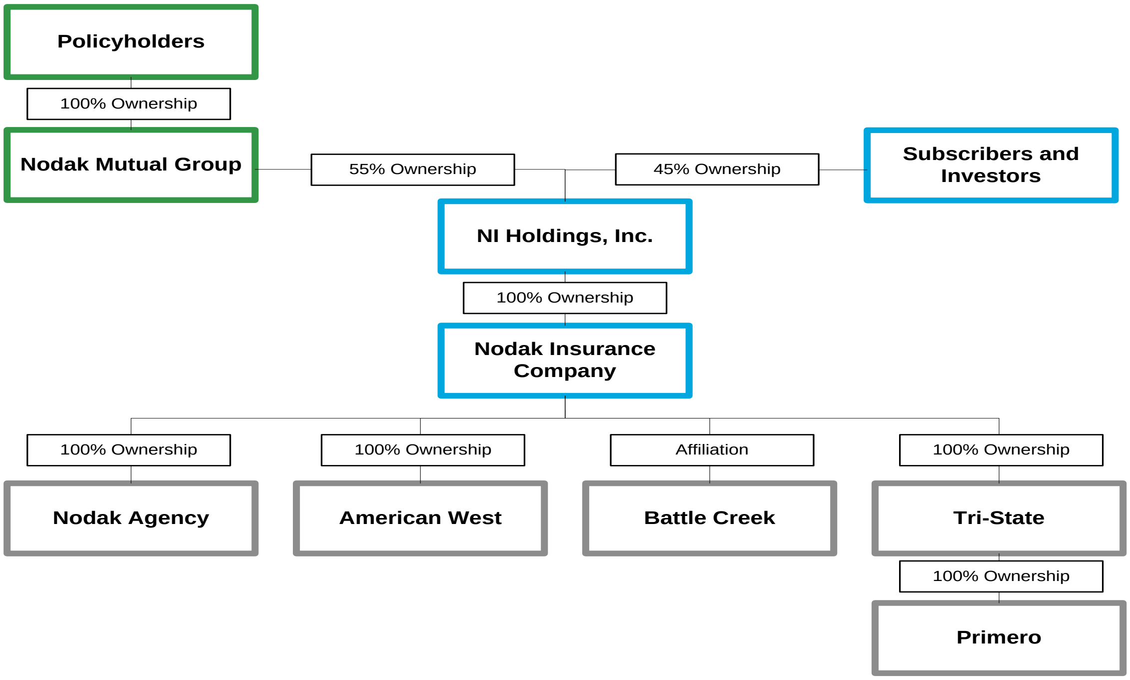
Nodak Mutual was founded by a group of North Dakota farmers and ranchers in 1946. In organizing as a mutual insurance company, Nodak Mutual's policyholders were also its owners. Although the policyholders own 100 percent of the equity of Nodak Mutual, there are no explicit, transferable ownership interests in Nodak Mutual. Although we understand that the Company has a high level of policyholder retention, each year as the Company attracts new policyholders and as policyholders do not renew coverage, individuals with ownership interests in the Company change – a policyholder's ownership interest is not permanent, salable asset.

Consistent with our understanding of the Conversion Laws and pursuant to the Plan, the Company will offer up to a maximum of 45.0 percent of the stock of the Company on an as-converted basis to investors for consideration (the "Offering"). The Plan outlines the mechanics whereby the Offering will be executed in Article 2 Section 11 of the Plan. Immediately and simultaneously upon the effectuation of the conversion, all of the common stock of the then-converted Nodak Insurance Company will be contributed to Nodak Mutual Group, Inc. ("Nodak Mutual Group"), a mutual holding company. Nodak Mutual Group will then contribute 100 percent of the shares of Nodak Insurance Company to NI Holdings, Inc., which, as consideration for the shares, will exchange 55.0 percent of its shares. Therefore, NI Holdings will have 45.0 percent of its common stock to offer in the Offering. Below, we present a diagram of the mechanics of the conversion and the post-conversion entity organization chart, which was adapted from information obtained from the Department.



The structure of the transaction indicates that the value of 100 percent of the shares of Nodak Insurance Company must equal the value of 55.0 percent of the shares of NI Holdings, Inc. Below, the organizational chart is shown in greater detail on an as converted, post-Offering basis. As the organization chart below shows, Nodak Insurance Company will continue to control the Subsidiaries directly and Primero indirectly. During our interview, Management noted that should the Company acquire any other insurance companies, such acquired companies would likely operate as "sister" organizations to Nodak Insurance Company and would therefore likely be held by NI Holdings, Inc., directly. Therefore, Nodak Mutual, based on this information, will likely not add to its present group of Subsidiaries. We understand NI Holdings, Inc., will only act as an insurance holding company and will not begin to underwrite insurance policies.

Post-Conversion Detailed Organization Chart



Based on our conversations with Management and the Department, all of the shares of the Offering will be underwritten. Per the Plan, the Company anticipates that the Offering will be traded on the NASDAQ stock exchange. On August 12, 2016, the Company filed the Form S-1 Registration Statement with the Securities and Exchange Commission, which is a filing required prior to the listing of a security on a national exchange. The Form S-1 filed includes a summary prospectus, a summary of the risk factors the Company faces, forward-looking statements, anticipated uses of the offering proceeds, management's discussion and analysis of historical results, and other data as required by the Securities and Exchange Commission.

The Plan of Conversion

On January 21, 2016, the board of directors of Nodak Mutual voted to approve the Plan of Conversion. On February 10, 2016, Nodak Mutual filed its application to convert from the mutual form of ownership to the stock form of ownership with the North Dakota Insurance Department. The application must comply with the requirements set forth in Chapter 26.1 of the NDCC. Below, we have summarized the requirements of Chapter 26.1-12.2-02 of the NDCC and the Plan of Conversion.

Per Chapter 26.1-12.2-02(1), "a plan of conversion does not become effective unless the converting mutual company seeking to become a converted stock company adopted, by the affirmative vote of not less than two-thirds of its governing body a plan of conversion" consistent with the requirements of the NDCC. We understand that Nodak Mutual has voted to adopt its plan of conversion consistent with the foregoing requirement.

The Department, per Chapter 26.1-12.2-02(4), will approve a plan of conversion if the Department determines that:

1. The plan complies with the chapter;
2. The plan is fair and equitable to the converting mutual company, the members of the converting mutual company, and the eligible members of the converting mutual company;
3. The plan's method of allocating subscription rights is fair and equitable;
4. The plan will not otherwise prejudice the interests of the members; and
5. The converted stock company will have the amount of capital and surplus deemed by the commissioner to be reasonable for its future solvency.

Chapter 26.1-12.2-03 outlines the requirements of a company's plan to undergo a mutual-to-stock conversion. The Company's Plan of Conversion maintains that the mutual-to-stock conversion will "enhance the Company's strategic and financial flexibility by creating a corporate structure that will enable it to access the capital markets that are presently unavailable to the Company as a mutual insurance company, which may thereby facilitate the growth important to the Company's goal of remaining an effective and competitive insurer in the future." During our August 15, 2016, Management reaffirmed this rationale and further noted that it is Management's opinion that adding "diversification to the book [of business]" would dampen year-over-year earnings volatility and enable the Company to more effectively manage its underwriting risk.

The Company intends to sell up to a 45.0 percent minority interest in Nodak in the Offering. The Company has determined that shares will be offered in a subscription offering (the "Subscription Offering") and that it will offer subscription rights to eligible members first, noting that "each eligible member shall receive, without payment, subscription rights to purchase up to such number of shares as is equal" to, in aggregate, 45.0 percent of the Midpoint Value divided by $10.00 per share (the "Purchase Price"). The eligible members have the first priority to buy the stock in the Offering. Second, the Employee Stock Ownership Plan ("ESOP") created pursuant to the Plan will receive subscription rights to purchase stock for the Purchase Price. Third, directors, officers, and other employees will have the ability to purchase shares at the pre-determined Purchase Price.

If there are shares of common stock to which no eligible member, the ESOP, or directors, officers, and other employees subscribe, such shares will be offered in a community offering (the "Community Offering"). Based on our discussions, Management expects that the Subscription Offering will not be fully subscribed to and that shares will be offered in the Community Offering in accordance with the Plan. If all of the shares in the Offering have not been subscribed to or purchased following the Community Offering, shares of the Company will be placed through a syndicated offering. Management speculated that roughly 20 percent of the minority offering (e.g. 9 percent of the total shares outstanding) would be subscribed to by eligible members, the ESOP, directors, officers, and employees, and the parties involved in the Community Offering.

By either positive indication that the allocated subscription rights will not be exercised or lapse of the subscription period, eligible members will receive a cash payment from the Company for the value of their subscription rights, which is to be determined in accordance with the Conversion Laws. Consistent with the NDCC, which states that the value of such subscription rights shall be calculated using the "Black-Scholes option pricing model or another generally accepted option pricing model," the Plan provides for the valuation of the subscription rights to be based on the Black Scholes option pricing model. The NDCC states that the term used to calculate shall not be shorter than 90 days; the Plan provides for a term of 90 days. The subscription rights allocated to the ESOP and to the directors, officers, and employees are not redeemable for cash consideration.

In accordance with the Plan of Conversion and the Offering, we have calculated that the Company will have 21,766,400 shares outstanding based on the Midpoint Value and that the gross Pro Forma Market Value of the Offering will be $97.9 million. The pro forma, as-converted capital table is shown below. We understand that Company anticipates that the directors, officers, and employees and the ESOP will purchase shares in the Offering, but we have presented the capital table in aggregate.

NI Holdings, Inc. Pro Forma Capital Table		
Common Stock Holdings	**Ownership %**	**Shares Outstanding**
Value of majority share held at Nodak Mutual Group	55.0%	$ 119,715,200
Divide by: Purchase price per share		$ 10.00
Common Stock Ownership - Nodak Mutual Group		**11,971,520**
Subscription Rights		
Value of minority share offering from NI Holdings, Inc.	45.0%	$ 97,948,800
Divide by: Purchase price per share		$ 10.00
Minority Offering - Investors in NI Holdings, Inc.		**9,794,880**
Fully diluted shares outstanding		**21,766,400**

In preparing the table above, we have assumed that the Company will ultimately place the maximum of 45.0 percent of its shares in the Offering and that all of the shares of the Company shown above will have been issued and will be outstanding.

Corporate Governance

The execution of the Plan will not change who has ultimate control of the Company; the policyholders will maintain controlling ownership of the Company through their membership in Nodak Mutual Group. We understand that the Conversion Laws preclude Nodak Mutual Group, Inc., from selling shares sufficient to transfer voting control from Nodak Mutual Group to outside shareholders.

Per the Plan, only policyholders of Nodak Insurance Company can be members of Nodak Mutual Group; therefore, policyholders of any of Nodak Insurance Company's subsidiaries will not be members of Nodak Mutual Group. Presently, the bylaws of Nodak Mutual require policyholders to be members of the North Dakota Farm Bureau. Per the Plan, Nodak Insurance Company will have the same requirement.

The bylaws of Nodak Mutual Group will require that one-third of the board of directors will be selected by the North Dakota Farm Bureau. This requirement is also consistent with the existing bylaws for Nodak Mutual.

Following the consummation of the mutual-to-stock conversion and the Offering, the Plan anticipates that the boards of directors will be constituted in the following manner:

- Nodak Mutual Group – The current twelve-person board of Nodak Mutual will continue to serve on the board of directors. The members of Nodak Mutual Group will elect at-large members limited by the requirement that one-third of the directors be selected by the North Dakota Farm Bureau.
- Nodak Insurance Company – The current twelve-person board of directors plus the CEO will serve as this entity's board of directors following the conversion. NI Holdings, Inc., which will own 100 percent of the stock of this entity, will elect the board annually thereafter.
- NI Holdings, Inc. – The board of directors will consist of six directors initially. Three of the directors will also be directors of Nodak Mutual Group. Two of the directors will be independent and one of these directors will satisfy the Securities and Exchange Commission's requirement that the board of directors's audit committee have a financial expert. The CEO of Nodak Insurance Company will also serve on this entity's board of directors. Annually thereafter, the board of directors will be elected by the shareholders of NI Holdings, Inc.

Use of Proceeds

Based on our interview with Management and our understanding of the Plan of Conversion, Management has not identified specific acquisition targets on which to deploy the proceeds generated by the Offering. We understand that Management intends to use the proceeds to add diversification to the Company's book of business.

2.3 Company Operations

Per the Plan of Conversion, the mutual-to-stock conversion will generally not cause any immediate changes to the Company's operations. Specifically, Nodak Insurance Company will continue to write the same policies it had written as Nodak Mutual exclusively to members of the North Dakota Farm Bureau. As discussed above, Nodak Insurance Company will continue to be the parent company to its wholly owned subsidiaries, the Subsidiaries. Per the Plan, "it is expected that the operations of American West Insurance Company and Primero Insurance Company will continue without material change for the foreseeable future." Management reaffirmed that there would likely not be material changes to the operations of Subsidiaries following the mutual-to-stock conversion during our interview.

The affiliation agreement between Battle Creek and Nodak Insurance Company will continue to be in effect following the conversion. Management anticipates that the conversion will not have an impact on the operations of Battle Creek and that the operations of Battle Creek will "continue without material change for the foreseeable future." We understand that the Company will not effect a demutualization of Battle Creek pursuant to the Plan of Conversion.

Below, we outline the operations of Nodak Mutual, which, based on the above statements, are not expected to materially change when it converts to Nodak Insurance Company. Nodak Insurance Company, immediately upon the conversion, will be the primary operating subsidiary held by the insurance holding company, NI Holdings, Inc.

Operations Overview

The Company focuses on the underwriting of personal property and casualty insurance products in North Dakota, South Dakota, Minnesota, Nebraska, Nevada, and Arizona through Nodak Mutual and its directly and indirectly wholly owned subsidiaries Nodak Agency, Battle Creek, American West, Tri-State, and Primero. Presently, a high concentration of the policies underwritten by Nodak are located in North Dakota and are sensitive to weather incidents.

The Company's flagship brand – Nodak – has a strong connection with the North Dakota Farm Bureau. Nodak will continue to emphasize this relationship because the North Dakota Farm Bureau is a key advocate for the agriculture industry's interests and has a highly favorable profile in North Dakota. Nodak is required to pay the North Dakota Farm Bureau 1.3 percent of Nodak's written premiums (with a minimum payment of $900,000 to a maximum payment of approximately $1.3 million).

Nodak has been a member of Ward's Top 50 property and casualty insurance companies list for three consecutive years. It is a goal for the Company to retain its membership on this list.

Management

Nodak's most senior managers have a combined 108 years of experience and have worked together for 10 years. We have included brief biographies for the Company's three executive officers with whom we met on August 15, 2016. The Form S-1 filed with the Securities and Exchange Commission also provides biographies of these executive officers.

- Michael J. Alexander, Executive Vice President and Chief Executive Officer. Mr. Alexander joined the Company in 2003 as the Senior Vice President of Underwriting and was subsequently promoted to Chief Operating Officer in in November of 2004. Quickly thereafter, Mr. Alexander was promoted to Chief Executive Officer in July of 2005. He has been the Chief Executive Officer since his 2005 appointment to that position. Mr. Alexander obtained a Bachelor of Arts degree in mathematics from Earlham College and a master of arts in actuarial science from Ball State University. Mr. Alexander has 25 years of experience in the property and casualty insurance industry.
- Brain R. Doom, Vice President of Finance and Chief Financial Officer. Mr. Doom began his career in the property and casualty insurance industry in 1977. Mr. Doom graduated from the University of Iowa and received a bachelor's degree in business administration and from Boston University with a Master of Science degree in insurance management. Mr. Doom has held a number of senior management positions at property and casualty insurance companies throughout his career.

- Patrick W. Duncan, Vice President of Shared Services and Chief Operating Officer. Mr. Duncan received a Bachelor of Science degree from Indiana University in actuarial science. Mr. Duncan began his insurance career in 1989 and has held a number of management positions in commercial underwriting, personal underwriting, and claims management.

We understand that the Company has a formal succession plan in place as of the Valuation Date. We have no reason to believe that the Company will not follow its succession plan if changing future circumstances call for its use.

On February 29, 2016, *AM Best* noted that “the group’s long-term favorable operating results arise from management’s conservative operating strategies and local market expertise.” We have reviewed the Company’s long-term results, which indicate that the Company is operating profitably and providing a strong and reasonably stable return on equity. The Company often appears to outperform its competitors in these regards. Based on our review of Management’s experience and record of generating favorable operating results, we do not perceive significant risk related to Management’s ability to prudently operate the Company in the future.

Products

Nodak underwrites personal and commercial property and casualty insurance, crop insurance, and nonstandard auto insurance. Personal lines include such insurance products as private passenger automobile, homeowners insurance, and farmowners policies. For the fiscal year ended 2015, personal lines accounted for 74.4 percent of the Company’s net premiums written. Nodak’s commercial net premiums written for the year ended 2015 were primarily comprised of fire and allied policy premiums and multi-peril policies; these product lines accounted for only 18.8 percent and 2.3 percent of Nodak’s net premiums written, respectively. Crop hail and multi-peril crop insurance comprised 28.8 percent of total premiums written by Nodak. Primero only writes nonstandard auto insurance policies. Of total premiums written, Primero’s nonstandard auto policies written accounted for only 6.5 percent, suggesting that it is presently a minor component of Nodak.

We understand that a primary motivation for the Application and Plan of Conversion is to provide capital sufficient for the Company to diversify its product offerings. Although no acquisition target has been identified, Management claimed that the Company’s concentration of premiums written in North Dakota and for crop hail and multi-peril crop increases the Company’s overall risk profile. Management noted that adding product diversification to the Company’s book of business would likely reduce the Company’s overall risk profile.

Employees

For the most recent fiscal year ended, the Company had 126 full-time employees. Management contends that the Company has a good relationship with its employees. None of the Company’s employees is covered by a collective bargaining agreement. We understand that the Company provides formal training to its employees to ensure that its employees utilize current best practices. We do not perceive extraordinary risk associated with the Company’s current, trained workforce.

Facilities, Equipment, and Technology

The Company’s headquarters is in Fargo, North Dakota. We understand that the Company has several claims adjusters located throughout North Dakota and South Dakota. Management indicated that it does not anticipate significant future capital expenditures related to physical facility expansion or improvement or to its technology infrastructure or software. During our interview, Management noted that the Company substantially utilizes all modern insurance tools, including geographical information systems and consumer facing claims reporting and processing applications.

Marketing and Distribution

Nodak Mutual relies on a network of 65 exclusive agents to produce its insurance policies. These exclusive agents are employed and trained by Nodak. The Subsidiaries primarily rely on a network of independent agents to produce their insurance policies. Although independent agents may sell Nodak’s competitors’ products, Management asserts that the Company has maintained a positive relationship with these insurance producers and offers sales and technical training throughout the year to them. The Company pays a commission of 5.0 percent to 15.0 percent to these agents on policies sold. We understand that the Company frequently reviews the performance of its independent agents.

Based on conversations with Management, the Company's claims management and processing philosophy also supports the Company's marketing efforts. Mangement noted that there is high policyholder retention because the Company provides prompt and efficient claims processing services. Management believes that the claims processing policies in place support independent agents selling to prospective customers and create new business opportunities for the Company through an informal word-of-mouth marketing channel. Management also notes that its affiliation with the North Dakota Farm Bureau enhances its perception and reputation in North Dakota, a state with significant farming and agricultural interests.

Claims Processing and Loss Reserves

The Company has a network of claims adjusters located throughout North Dakota to facilitate prompt and efficient claims processing. The Company works to close open claims as quickly as possible while understanding all of the facts and circumstances giving rise to the insured's loss. Based on our interview with Management, we understand that the Company will equitably settle legitimate claims but will aggressively defend itself when it believes a claim is unfounded.

In conformance with the applicable insurance laws in the states in which Nodak operates, Nodak accrues and maintains reserves for losses and for loss adjustments. The Company establishes reserves for reported claims and claims incurred but not reported ("IBNR"). We understand that insurance laws generally necessitate that the ultimate expected loss be reserved upon the underwriting of a policy. Management uses best practices and best estimates based on the facts and circumstances known as of the date the policy was written to record its best estimate of the expected loss in reserves. Based on our conversations with Management, the reserve policy in place is conservative and consistent such that the reserve levels recorded sufficiently provide for protection against adverse loss experience for the Company.

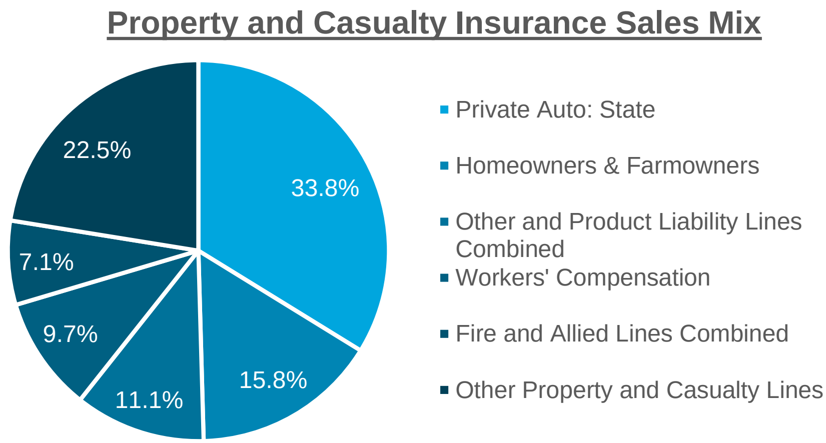
Section 3. Economic and Industry Overview

3.1 Industry Overview

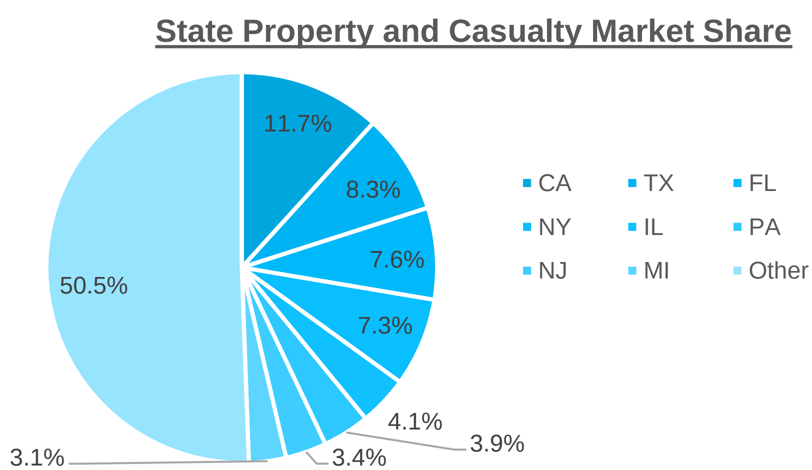
Property and Casualty Insurance in the US

Investors consider the environment in the industry as they judge the relative risks and rewards of a particular investment versus alternative investment opportunities. Consideration of industry conditions is therefore an important part of the business valuation process. The Company is an underwriter of property and casualty insurance in the United States, and as such, we have accessed industry data published by SNL Financial and IBISWorld in drafting this industry overview.

Private automobile insurance accounted for approximately 33.8 percent of total property and casualty insurance premiums written for the year ended 2015. Homeowners and Farmowners Insurance, Other and Product Liability Lines Combined, Workers' Compensation, and Fire and Allied Lines Combined, in that order, were the top 5 policies sold by direct premiums written. The pie chart below shows the product composition of the property and casualty insurance market. Nodak writes insurance policies in several of the top categories.



California, Texas, Florida, New York, and Illinois were the top five states in terms of direct premiums written. The top eight states accounted for roughly half of all premiums written. Nodak does not write policies in any of the top eight states.



IBISWorld has identified several key external drivers of industry performance. Consistent with the proportion of premiums written for private automobile insurance and homeowners insurance shown above, key drivers of industry performance are the number of motor vehicle registrations and the homeownership rate.

Increasing numbers of motor vehicle registrations indicate that there will be an increase in demand for automobile insurance. Similarly, increases in the homeownership rate correlate strongly with increases in the demand for homeowners insurance. The number of motor vehicle registrations is expected to increase in 2016, representing an opportunity for insurers; however, the homeownership rate is expected to decline, suggesting that demand will be depressed for some of the industry's product offerings.

The IBISWorld report also identified the 10-year Treasury note as a key indicator of industry performance. According to the report, "the majority of industry investment income is related to fixed-income securities, which are impacted significantly by interest rate movements." The yield on the 10-year Treasury note, as of the Valuation Date, was expected to decrease during the year 2016.

Presently, performance has been hindered by weak investment returns, but, as IBISWorld notes, the market is generally characterized by "stable demand" because "homes, cars, business, and employees must be insured regardless of general macroeconomic conditions." The industry's stable demand is evidenced by industry retention rates. The IBISWorld report notes that the level of retention is "comparable with industries in the utility sector." Given the high levels of retention, insurers will price risk aggressively during negative, soft cycles and rebuild capital and surplus during profitable, firm cycles through newly acquired insureds.

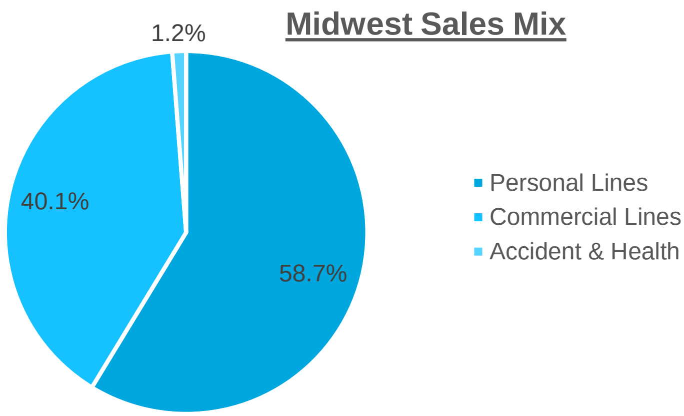
Because of the nature of the industry's products – its relatively stable demand that is analogous to the utilities industry – IBISWorld expects that the industry will grow at a rate consistent with the growth rate of the US economy. The high rate of retention for industry participants' products is a significant benefit. Nodak excels at maintaining and retaining its customers in a competitive environment, and based on discussions with Management, generally outperforms its competitors on this metric.

However, a major risk to the industry's participants is the seemingly increasing occurrence of events causing catastrophic losses. The increasing occurrence of these events is partially due to rising asset values and increased population density on the hurricane- and flood-prone coasts. We understand that this risk factor has motivated the Company to seek diversification in its book of business and has discouraged the Company from seeking diversification through the acquisition of an insurer that writes insurance on the coasts.

The intensity of industry regulation and of industry competition is heavy. Insurers must comply with reserve requirements, capital requirements, and other financial disclosure requirements. Additionally, state departments of insurance typically maintain some degree of control over certain operating activities that the Company can undertake. Property and casualty insurers seek credit ratings, generally from the rating agency *AM Best*, to demonstrate to current and prospective customers that they are financial stable, sufficiently capitalized, and have the financial capacity to service claims. The Company received an "A" rating from *AM Best* for its most recent examination as of February 29, 2016. State departments also control the licensing of companies to write insurance and control which products an insurer can offer. Given the high level of policyholder retention in the industry and the relative lack of differentiation among insurance products, the industry is extremely competitive.

Property and Casualty Insurance in the Nodak's Market Area

For the year ended 2015, Midwestern property and casualty insurance companies wrote approximately $250 billion in direct premiums. Roughly, 59 percent of the premiums were written through personal lines; 40 percent of premiums were written through commercial lines; and the remaining 1 percent was written under accident and health insurance lines. The pie chart below shows this breakdown for the calendar year ended 2015.



Total capital and surplus for the most recent year ended was approximately $400 billion. Nodak's direct premiums written for the year 2015 comprise 0.1 percent to total direct premiums written in the Midwest. In 2015, Nodak's direct personal lines premiums written were 66.7 percent of its total direct premiums written. 33.3 percent of Nodak's direct premiums written were through its commercial lines. Nodak's personal lines were a greater proportion of total premiums than the industry's sales mix in the Midwest. Management indicated that Nodak would likely pursue more diversification through the addition of commercial lines of business in the Midwest. This will likely result in the Company's sale mix trending toward the overall industry sales mix we observed for the Midwest.

Nodak Mutual and American West combined to account for approximately 59.2 percent of the $237.8 million in total direct premiums written in North Dakota in 2015 by insurers domiciled in North Dakota. Additionally, Nodak Mutual and American West together accounted for 53.4 percent of property and casualty direct premiums written through personal lines and over 70.0 percent of direct premiums written through commercial lines. No property and casualty insurer domiciled in North Dakota wrote accident and health insurance. North Dakota's overall sales mix is similar to the sales mix for the Company. This is likely the related to the Company's relatively high market share in the state. The second and third largest property and casualty insurers in North Dakota in 2015, in terms of direct premiums written, were Farmers Union Mutual Insurance Company and Center Mutual Insurance Company, respectively. The top three insurers in the state accounted for more than 93.5 percent of total direct premiums written by insurance companies domiciled in the state.

The Company's share of direct premiums written has fallen from a 2011 high of 67.1 percent of total direct premiums written by property and casualty insurance companies domiciled in North Dakota to a low of 58.9 percent in 2014. After 3 years of declines in the Company's share of North Dakota premiums written, its market share increased slightly to 59.2 percent of total premiums in 2015. Direct premiums written in the state grew at a compound annual growth rate of roughly 2.5 percent per year, increasing from $215.6 million in 2011 to $237.8 million in 2015.

3.2 Economic Overview[6]

An understanding of the economic outlook is fundamental to developing reasonable expectations about a company's prospects. The economic environment in which a business functions influences management's decisions about the operation and direction of the company. On a larger scale, trends in the industry in which the business operates are influenced by the economy, and prospects for most business enterprises depend on general economic conditions. Investors consider the economic environment as they judge the relative risks and rewards of a particular investment versus alternative investment opportunities. Consideration of economic conditions is therefore an important part of the business valuation process. Because insurers rely heavily on investment returns to buttress income and capital and offset loss adjustment expenses and unreserved for losses, we have focused on financial markets and financial market activity in assessing the economy's impact on Nodak.

[6] We obtained the economic overview from Business Valuation Resources. The data are as of June 30, 2016.

General Economy Overview

The U.S. economy—as indicated by GDP—grew at an annual rate of 1.2 percent in the second quarter of 2016. This rate was about half of economists' expectations, as GDP was dragged down as businesses reduced their inventories and held off on major business investments. The decline in inventories was the most since the third quarter of 2011. Excluding inventories, GDP rose at a 2.4 percent rate in the second quarter. Private fixed investment, which includes residential and business spending, dropped 3.2 percent in the second quarter, the largest decline in seven years. Total government spending declined in the second quarter, with federal nondefense spending being the only subcategory that rose. Consumers were resilient in the second quarter, with consumer spending growing at its fastest pace in the past six quarters, driving the second-quarter GDP into positive territory. The trade deficit narrowed and contributed somewhat to the second-quarter growth in GDP.

While job growth rose significantly in June, wage growth only improved modestly. Average hourly earnings for all private-sector employees increased only two cents in June. Regardless, the White House Council of Economic Advisers drew attention to the fact that nominal hourly earnings for all private-sector workers have increased 2.6 percent over the past 12 months while consumer prices have risen just 1.0 percent. It found that nominal hourly wages have generally been rising faster than inflation since mid-2012, translating into real wage gains for American workers.

The Federal Open Market Committee ("FOMC") made the decision to maintain the target range for the federal funds rate at 0.25 percent to 0.5 percent. In making its decision to leave the target for the federal funds rate unchanged, the FOMC stated that it wishes to maintain an accommodative policy in order to further support improvement in labor market conditions and a return to 2.0 percent inflation, which has been running low due to past declines in energy prices.

Business-owner optimism improved for middle-market businesses but was not significantly better for small businesses. The Small Business Optimism Index edged up slightly, but the National Federation of Independent Business called the increase "negligible." The component that improved the most was the one that measures whether business owners believe the economy will improve. Regardless, more owners believe the economic conditions will worsen rather than improve, with a net negative 9.0 percent of owners expecting improved conditions. The 2Q 2016 Wells Fargo/Gallup Small Business Index moved down, marking the fourth decline in the past five quarters. The report found that, while business owners remain cautious, small-business optimism over the past year has been higher than at any point since 2008. The RSM US Middle Market Business Index increased and indicated that the U.S. middle market is expanding. The results also indicated that the middle market is outperforming large corporations, which have more broad exposure to the global economy. Nodak and the guideline public companies we have selected have minimal international exposure and fall into most classifications of the middle-market. As such and given the US's relatively favorable economic climate, Nodak and the guidelines we have selected are likely to enjoy improved profitability relative to globally diversified, larger competitors.

Growth in the manufacturing sector, as measured by the Institute for Supply Management's manufacturing index, rose in June. The index showed that the manufacturing sector expanded for the fourth consecutive month, following five months of contraction. Industrial production also advanced in June, with the component that measures manufacturing advancing 0.4 percent in June and 0.4 percent over the past 12 months.

The services sector continued to expand in June, as measured by the Supply Management's services index, and the pace of expansion quickened. The comments from respondents were mostly positive about business conditions and the economy. The report also found that there was a strong rebound from the "cooling-off" that occurred in May.

Most of the major stock indexes recorded gains in the second quarter, though there was some volatility toward the end of June as a result of Britain's vote to exit the European Union. Performance among the sectors within the S&P 500 varied. A partial rebound in oil prices helped the energy sector gain nearly 12.0 percent, while the information technology and consumer discretionary segments recorded losses for the period.

Amid concerns over Britain's exit from the European Union, yields on intermediate- and long-term U.S. Treasury yields retreated as investors sought out haven debt, causing prices to rise. Britain's exit also caused yields in Japan, Germany, Switzerland, the U.K., Sweden, and Denmark to all reach record lows. This drove investors into U.S. Treasuries, which were offering more attractive yields at the time, sending U.S. yields down to near record lows. Insurance companies rely on investment returns to allay financial pressures created by claims and other covered losses and to offset unanticipated losses. The suppressed yields as a result of the observed flight to quality will put short-term pressure on insurers' bottom lines.

Housing starts and building permits both rose in June, though they remained below their levels from a year ago due to decreased activity in the multifamily home sector. Existing-home sales continued their upward trajectory in June, rising for the fourth consecutive month to their highest annual pace since February 2007. Home prices continued to climb in June, rising for the 52nd consecutive month to their highest prices on record.

The National Association of Realtors Confidence Index for current conditions improved but was unchanged for single-family homes and townhouses, though it improved slightly for condos. Regardless, it was up for all three housing types compared to a year ago. Builder confidence, as measured by the National Association of Home Builders/Wells Fargo Housing Market Index, improved in June and remained at a level indicating homebuilders continue to be positive about the housing market. As noted above, the homeownership rate is a key determinant of demand for the insurance industry. This positive outlook suggests that demand for the industry's products is increasing and that the outlook for the insurance industry, from a demand perspective, is favorable.

The National Association of Realtors' most recent Commercial Real Estate Market Survey, analyzing the first quarter of 2016, found that commercial real estate investments continued to keep a positive pace. The report found that 58.0 percent of Realtors closed a commercial sale and sales volumes rose 8.5 percent from the same period one year ago. The members surveyed were positive about the general direction of business opportunities.

Interest Rates

As previously discussed, the FOMC met twice during the second quarter of 2016, issuing a statement from each meeting. In both meetings this quarter, the FOMC made the decision to maintain the target range for the federal funds rate at 0.25 percent to 0.5 percent. The federal funds rate is the interest rate at which a commercial bank lends immediately available funds in balances at the Federal Reserve to another commercial bank. The FOMC establishes a target rate and expands or contracts the money supply with the aim that the federal funds rate, a market rate, will approximate the target rate.

The FOMC stated that it would continue to assess a wide range of information in determining the timing and size of future adjustments to the federal funds rate, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The statement also noted that, based on the Committee's expectations of economic conditions, the federal funds rate will only rise in gradual increases and will likely remain low for some time. Because the outlook regarding this critical rate benchmark suggests that it will be low for the foreseeable future, insurers can expect this factor to be a headwind in the highly competitive insurance market in which policyholders are somewhat price sensitive.

The statements from the FOMC found that the pace of improvement in the labor market conditions had slowed as of mid-June. While the unemployment rate had declined, job gains diminished. It also noted that household spending has continued to strengthen and the housing sector has continued to improve. Further, it found that the drag from net exports appears to have lessened, though business fixed investment has been soft.

To maintain accommodative financial conditions, the FOMC maintained its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities. The Committee anticipated that it would continue this policy until the federal funds rate normalizes to its longer-run level.

During the second quarter of 2016, the Board of Governors of the Federal Reserve left the discount rate unchanged, at 1.00 percent. The discount rate is the interest rate a commercial bank is charged to borrow funds, typically for a short period, directly from a Federal Reserve Bank. The board of directors of each Reserve Bank establishes the discount rate every 14 days, subject to the approval of the Board of Governors.

Stock Markets and Volatility

Most of the major stock indexes recorded gains in the second quarter, though the market experienced some volatility toward the end of June as a result of Britain's vote to exit the European Union. Performance among the sectors within the S&P 500 varied. T. Rowe Price found that a partial rebound in oil prices helped the energy sector gain nearly 12.0 percent, while the information technology and consumer discretionary segments recorded losses for the quarter.

The Dow Jones Industrial Average ("Dow") saw a 1.4 percent price return in the second quarter. Including dividends, the Dow's total return was 2.1 percent in the second quarter. So far this year, the Dow has had a total return of 4.3 percent. The Nasdaq Composite Index, consisting mainly of high-tech stocks, fell 0.6 percent in the second quarter and is down 3.3 percent year-to-date. The S&P 500 increased 1.9 percent in the second quarter. Including dividends, the S&P 500's total return was 2.5 percent in the second quarter and 3.8 percent during the first six months of 2016. The S&P 500 consists of a representative sample of 500 leading companies of the U.S. economy and is one of the most commonly used benchmarks for the overall U.S. stock market.

The S&P MidCap 400 index improved 3.6 percent in the second quarter. The total return for the S&P MidCap 400 was 4.0 percent in the second quarter and 8.0 percent so far this year. The S&P MidCap 400, which is distinct from the large-cap S&P 500, measures the performance of midsized companies and is the most widely followed midcap index. The Russell 2000 Index advanced 3.4 percent this quarter. The total return for the Russell 2000 was 3.8 percent in the second quarter and 2.2 percent year-to-date. The Russell 2000 Index serves as a benchmark for small-cap stocks in the U.S. stock market.

While there was some elevated volatility toward the end of the quarter, average market volatility eased in the second quarter. The Chicago Board Options Exchange Volatility Index ("VIX")—a popular volatility measure—averaged 15.7 in the second quarter, down from an average of 20.5 in the first quarter. The high VIX reading for the second quarter was comparable to that in the first, 25.8 compared with 28.1.

The VIX represents the implied volatility of 30-day options on the Standard & Poor's 500 stocks and has been termed by analysts and investors as the "fear gauge." Accordingly, the VIX represents the expected volatility of the market, as represented by the S&P 500. Stock market professionals use the VIX to gauge investor sentiment. Values greater than 30 are generally associated with a large amount of volatility as a result of investor fear or uncertainty, while values below 20 generally correspond to less stressful, even complacent, times in the markets.

Bond Markets

Amid concerns over Britain's exit from the European Union, yields on intermediate- and long-term U.S. Treasury yields retreated as investors sought out haven debt, causing prices to rise. Britain's exit also caused yields in Japan, Germany, Switzerland, the U.K., Sweden, and Denmark to all reach record lows. T. Rowe Price found that this drove investors into U.S. Treasuries, which were offering more attractive yields at the time, sending U.S. yields down to near record lows.

The 30-day T-bill rate was at 0.20 percent at the end of the second quarter of 2016, unchanged from the yield at the start of the quarter. The five-year Treasury ended the second quarter with a yield of 1.01 percent, down from a yield of 1.24 percent at the beginning of the quarter.

The 10-year Treasury bond yield fell from 1.79 percent at the beginning of the second quarter to 1.49 percent at the end of June. The 20-year Treasury bond yield retreated from 2.20 percent at the start of the second quarter to 1.86 percent at the end.

Moody's seasoned Aaa and Baa corporate bonds ended the second quarter with yields of 3.39 percent and 4.41 percent, respectively, compared with yields of 3.72 percent and 4.89 percent at the beginning.

The prime lending rate remained at 3.50 percent during the second quarter. The discount window (primary credit) also held steady in the second quarter, remaining at 1.00 percent.

Economic Outlook

Consensus Economics Inc., publisher of Consensus Forecasts—USA, reports that the consensus of U.S. forecasters is that real GDP will increase at a seasonally adjusted annual rate of 2.4 percent in the third quarter of 2016 and 2.5 percent in the fourth quarter. Every month, Consensus Economics surveys a panel of 30 prominent U.S. economic and financial forecasters for their predictions on a range of variables, including future growth, inflation, current account and budget balances, and interest rates. The forecasters expect GDP to grow 1.9 percent in 2016, 2.3 percent in 2017, and 2.3 percent in 2018.

They forecast consumer spending will increase at a rate of 2.8 percent in the third quarter of 2016 and 2.6 percent in the fourth quarter. They expect consumer spending to increase 2.7 percent in 2016 and 2.5 percent in 2017.

These forecasters believe unemployment will average 4.8 percent in the third quarter of 2016 before ticking down to 4.7 percent in the fourth quarter. They believe unemployment will average 4.8 percent in 2016 and 4.5 percent in 2017.

The forecasters believe the three-month Treasury bill rate will be 0.5 percent at the end of the third quarter of 2016 and 0.7 percent at the end of the fourth quarter. They forecast the three-month Treasury bill rate will rise to 1.6 percent at the end of 2017. They forecast the 10-year Treasury bond yield will be 2.0 percent at the end of the third quarter of 2016 and 2.2 percent at the end of the fourth quarter. They believe the 10-year Treasury bond yield will move up to 2.8 percent at the end of 2017.

The forecasters in the survey believe real disposable personal income will rise at a rate of 2.2 percent in the third quarter of 2016 and 2.5 percent in the fourth quarter. They believe real disposable personal income will increase 3.0 percent in 2016 and 2.4 percent in 2017.

The most recent release of The Livingston Survey (the “Survey”) predicts slightly lower growth for the second half of 2016 than had been predicted in its prior survey. The Survey, conducted by the Federal Reserve Bank of Philadelphia, is the oldest continuous survey of economists' expectations. It summarizes the forecasts of economists from industry, government, banking, and academia. The participants project real GDP to grow at an annual rate of 2.4 percent in the second half of 2016 and 2.1 percent in the first half of 2017. They believe GDP will grow 2.2 percent annually over the next 10 years.

The Survey forecasted the unemployment rate to be 4.7 percent in December 2016 and remain at 4.7 percent into June 2017.

The forecasters in the Survey expect consumer price inflation (“CPI”) to be 1.3 percent in 2016 and 2.1 percent in 2017. The Survey expects CPI to average 2.3 percent over the next 10 years. The Survey expects producer price inflation (“PPI”) to be negative 1.4 percent in 2016 and 2.3 percent in 2017.

The Survey predicts the interest rate on three-month Treasury bills will be 0.75 percent at the end of December 2016. From there, the forecasters predict that the rate will increase to 1.12 percent in June 2017 and 1.55 percent in December 2017. They predict the interest rate on 10-year Treasury bonds will reach 2.25 percent at the end of December 2016. According to the Survey, the rate will then rise to 2.45 percent in June 2017 and to 2.60 percent in December 2017. The long-run return to normalized 10-year treasury yields over the coming years will provide additional investment returns to insurers and help them to offset covered losses, generate net income, and restore desired capital positions.

Section 4. Financial Analysis

The purpose of this section is to present our analysis of the financial strength and profitability of Nodak and identify historical trends, which may be indicative of future performance. As of the Valuation Date, Nodak has operated as a mutual corporation with a fiscal year ending December 31. We obtained historical statutory financial statements for Nodak for the years ended December 31, 2011 through December 31, 2015 and for the latest twelve months ended June 30, 2016 from SNL Financial. The information presented is included solely to assist in the development of the value conclusion presented in this report and should not be used for any other purpose. We have not performed or provided any services in an assurance capacity.

In addition to reviewing the Company's historical balance sheets and income statements to assess major changes and trends longitudinally, we have also compared Nodak to the peer group of guideline public companies. In Section 6 of this report, we discuss the criteria we applied in selecting this publicly traded company peer group. Below is the list of the guideline public companies referenced throughout this analysis.

Nodak's GPC Peer Group

Ticker	Company
FAC	First Acceptance Corp.
HCI	HCI Group, Inc.
HRTG	Heritage Insurance Holdings, Inc.
IPCC	Infinity Property and Casualty Corp.
KFS	Kingsway Financial Services Inc.
SAFT	Safety Insurance Group Inc.
UIHC	United Insurance Holdings Corp.
UVE	Universal Insurance Holdings Inc.

Hereinafter, the guideline public companies will be collectively identified as the "GPCs" and individually identified as a "GPC."

4.1 Balance Sheet Analysis

In addition to analyzing historical statutory balance sheets, we have analyzed the pro forma balance sheet as of the Valuation Date based on the anticipated sale of stock in the Offering.

Statutory Accounting Considerations

Balance sheets may need to be restated to a "normalized" basis when valuing a closely-held business, in order to make the best possible estimate of the true financial position of the Company at the time of the valuation. We have not made any normalizing adjustments to the Company's statutory financial statements. Under statutory accounting guidance certain assets are considered "non-admitted" assets. We have not reviewed these assets or included them in our analysis of the Company's balance sheet. The valuation methodologies we have applied consider the value of these non-admitted assets. Such assets may provide future benefits to Nodak.

Cash and Investments

The Company's primary admitted asset is its investment portfolio, comprising 70.6 percent of statutory assets on the Valuation Date. The Company's investment portfolio has ranged from a low of 70.1 percent of statutory assets in 2012 to a high of 76.9 percent of statutory assets in 2015.

As of the Valuation Date, approximately 75 percent of the Company's investments were in bonds of various terms. Consistent with the relatively short-term nature of the Company's policies, the Company primarily invests in bonds with maturities of 1 to 10 years. 33.0 percent of the Company's bond holdings mature 1 to 5 years from the Valuation Date and 43.4 percent mature in 5 to 10 years. The second largest class of investments the Company holds is common stock, which comprises 15.7 percent of the Company's investment portfolio.

Based on data obtained from SNL Financial, the yield the Company has derived from its investment portfolio has underperformed the property and casualty insurance industry overall. The Company's investment yield percentage has ranged from a low of 2.2 percent, which it generated for the year ended 2015, to a high of 2.8 percent for the year ended 2011. As previously noted, this compares unfavorably to the industry as a whole, which generated investment yields ranging from a low of 3.18 percent to a high of 3.68 percent over years ending 2012 through 2015.

The Company's investment yields compare favorably, however, to the GPCs. For the year ended December 31, 2015, the maximum investment yield a GPC generated was 3.2 percent and the minimum was 0.7 percent. The Company's 2015 investment yield of 2.2 percent approximated the third quartile of the GPCs. Overall, the GPCs underperformed the broader property and casualty insurance industry, but the Company performed favorably relative to the GPCs.

Other Admitted Assets

The Company's other major assets as of the Valuation Date include other assets, cash and equivalents, and premiums receivable, which comprised, respectively, 15.0 percent, 8.6 percent, and 4.5 percent of statutory assets. Other assets as a percent of total assets has fluctuated from a high of 15.0 percent as of the Valuation Date to a low of 5.2 percent as of December 31, 2011. Premiums receivable's proportion of total assets has remained relatively consistent over time, ranging from a low of 8.2 in 2014 and 2015 percent to a high of 9.7 percent in 2011. Cash and equivalents as a percent of total assets increased to a high of 10.9 percent of total assets in 2013 and has subsequently trended downward to 4.5 percent of total assets as of June 30, 2016. On a pro forma basis, assuming the Offering was effected as of the Valuation Date, the Company would hold net proceeds of roughly $86 million in cash. The calculation of the net proceeds includes the gross proceeds less the redemption of 100 percent of the subscription rights, less the after-tax cost of the Offering (based on information obtained from the Plan of Conversion and a tax rate of 35.0 percent), and less the loan made to the ESOP pursuant to the Plan.

Reserves

The Company's loss and loss adjustment expense reserves trended downward fiscal year-over-fiscal year from a high of $48.0 million in 2013 to $40.2 million as of the year ended 2015. In 2013, these reserves comprised 21.6 percent of total assets, and as of the year ended 2014, these reserves accounted for 16.5 percent of total assets. As of the Valuation Date, the Company had $56.0 million in such reserves, which comprised 20.0 percent of total assets. We understand that the Company follows a relatively conservative and consistent reserve policy based on our conversations with Management.

The Company's largest statutory liability as of the Valuation Date is its unearned premium reserve. The Company's unearned premium reserve comprised 21.4 percent of total assets as of the Valuation Date. Over time, this liability has consistently comprised more than 21.0 percent of statutory assets.

Capital & Surplus and Regulatory Capital

Capital and surplus is the Statutory Accounting Principle's analog to US GAAP's shareholders' equity. It represents the book value of statutory assets less the book value of statutory liabilities. Statutory capital and surplus has increased for the December 31, 2011 to June 30, 2016 period analyzed. In 2011, capital and surplus was $83.0 million and has increased to $145.4 million as of the Valuation Date. Over the 4.5-year period, capital and surplus increased at an annual geometric growth rate of 13.3 percent.

Importantly, capital and surplus acts as a buffer against unanticipated – and thus unreserved – losses. As such, capital and surplus levels are used to assess the adequacy of an insurer's capital position. The National Association of Insurance Companies has defined various threshold levels at which insurers or their state insurance regulator must take action. Below, we have defined, in part, these levels in descending order of severity:

- Company Action Level ("CAL"), which is 2.0 times the Authorized Control Level
- Regulatory Action Level ("RCL"), which is 1.5 times the Authorized Control Level
- Authorized Control Level ("ACL"), which is the output of the statutory risk-based capital formula

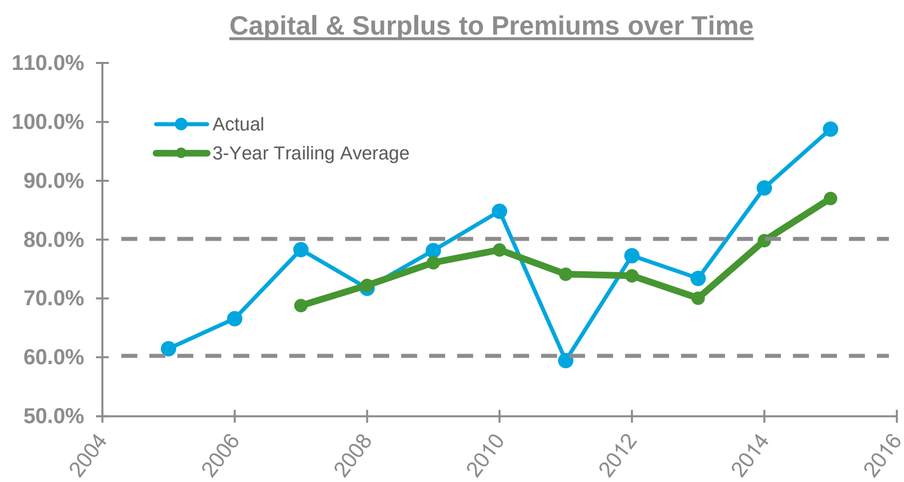
- Mandatory Control Level ("MCL"), which is 0.7 times the Authorized Control Level

The ACL formula is based primarily on asset, credit, and underwriting risk. As such, we have reviewed the Company's capital adequacy in the context of the regulatory formula, capital and surplus as a percent of the ACL, and capital and surplus as a percent of net premiums written. Over the period December 31, 2005 to December 31, 2015, the level of the Company's ACL and the level of its premiums written were very strongly correlated evidenced by a correlation coefficient of 0.92, suggesting that the two metrics co-vary strongly and in the same direction. Similar correlations were exhibited by each of the GPCs we analyzed.

Given the strong correlation between premiums written and ACL, we have quantitatively reviewed the Company's and the GPCs' capital and surplus relative to premiums to estimate normalized capital and surplus levels for the Company, for the industry, and each of the GPCs. We reviewed long-run capital and surplus to premiums levels for each of the GPCs and for the Company to establish long-run levels at which each of the companies tended to operate. We calculated summary statistics for long-run observed capital to premiums levels. These data are shown on the table below.

	For the Years Ended December 31,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GPC Median											
ACL to Premiums	11.7%	10.7%	11.8%	8.8%	11.0%	10.7%	11.5%	10.9%	10.8%	9.5%	8.5%
C&S to ACL	484.8%	566.0%	471.4%	516.2%	350.3%	423.3%	430.5%	484.3%	558.3%	569.9%	505.1%
C&S to Premiums	53.5%	52.7%	70.3%	64.4%	70.8%	63.1%	49.6%	54.0%	52.5%	52.7%	45.6%
Nodak											
ACL to Premiums	8.4%	7.0%	7.7%	6.8%	6.7%	6.2%	6.5%	7.0%	6.6%	6.7%	7.7%
C&S to ACL	731.9%	950.9%	1023.4%	1057.4%	1167.7%	1358.8%	913.2%	1100.5%	1116.7%	1327.3%	1278.0%
C&S to Premiums	61.5%	66.6%	78.3%	71.7%	78.2%	84.8%	59.5%	77.3%	73.4%	88.8%	98.8%

As shown in the table above, Nodak has consistently held capital and surplus at higher levels than the GPC median over the period reviewed. Because the ACL is based on company-specific factors pertaining to asset, credit, and underwriting risks, the Company's ACL falls below the median level observed for the GPCs over the historical period reviewed. Additionally and over the long run, the Company's level of capital and surplus to premiums exceeds the level exhibited by the GPCs. This suggests that the Company has a superior capital buffer compared to the typical GPC. We observed that the Company's capital and surplus to net premiums written levels significantly increased in 2014 and 2015 relative to historical levels. This analysis is shown on the chart below.



The chart above presents the Company's historical capital and surplus levels relative to premiums. This analysis suggests that the Company's ordinary level of capital and surplus to revenue falls between 60.0 percent and 80.0 percent. Based on this level of capital and surplus the Company presently holds relative to the ACL and to premiums, the Company appears to be in a strong capital position. The Offering will further buttress the Company's capital position. As of the Valuation Date, the Company had a capital and surplus to net premiums written ratio of 95.8 percent. On a pro forma basis assuming the Offering has been completed, the net proceeds add roughly 58.0 percent of latest twelve months net premiums written to the Company's balance of capital and surplus.

4.2 Income Statement Analysis

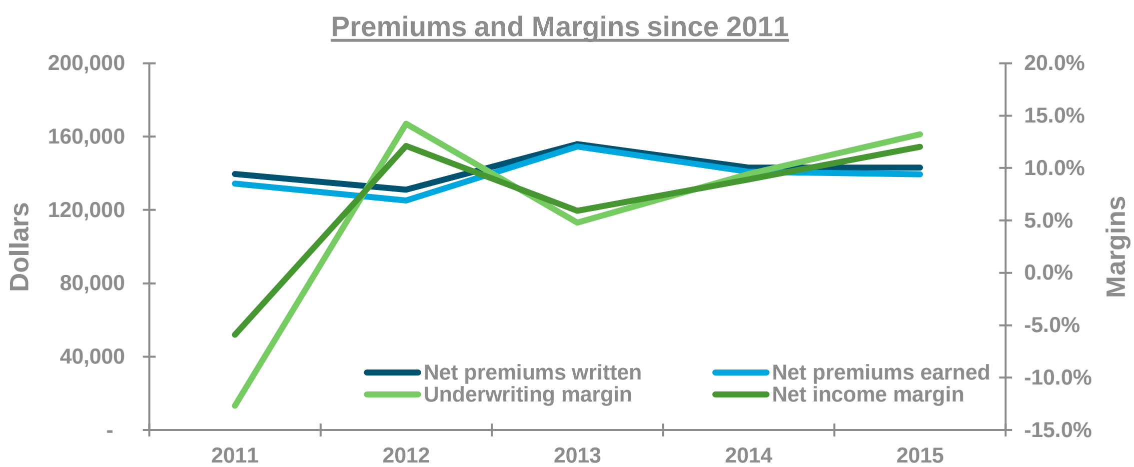
We have obtained and reviewed statutory income statements for the Company for the years ending December 31, 2011 through December 31, 2015, the quarters ended June 30, 2015 and June 30, 2016, and the last twelve months ended June 30, 2016. We obtained these financial statements from SNL Financial's regulatory financial statement database.

Statutory Accounting Considerations

The analysis below will discuss the Company's statutory income statements, which differ in certain respects from income statements prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board.

Historical Premiums and Margin Analysis

The following chart illustrates historical premiums and margin over the periods reviewed.



The figure above shows that net premiums written and net premiums earned have grown slowly since 2011. On a compound annual growth rate basis, the Company's net premiums written increased at a rate of 0.6 percent per year. Underwriting and net income margin have exhibited significant year-to-year volatility. Underwriting income as a percent of net premiums earned, for example, ranged from a low of negative 12.7 percent in 2011 to a high of 14.2 percent in 2012.

Ratio Analysis

We have obtained and analyzed data for the Company and for the GPCs regarding underwriting mix, profitability, and capital levels. The sections below discuss this analysis.

Underwriting Mix Ratios

For the year ended 2015, Nodak wrote net premiums of $143.1 million. Of these net premiums written, 74.4 percent were through personal lines and 25.6 percent were through commercial lines. The median proportion of GPCs' personal lines net premiums written to total net premiums written was 91.1 percent. The Company's level of personal lines relative to commercial lines approximated the low of the GPCs.

35.5 percent and 39.0 percent of Nodak's net premiums written were for home and farmowners and private auto policies, respectively, for the year ended 2015. The median proportions exhibited by the GPCs for home and farmowners and private auto were 49.1 percent and 34.2 percent of net premiums written, respectively. The Company has sold, as a percent of net premiums written, significantly more fire and allied insurance policies than the GPCs, selling 18.8 percent of net premiums written in 2015 and exceeding the GPC maximum of 9.9 percent. The table below presents summary statistics for the GPCs as of the fiscal year ended 2015 compared to Nodak's 2015 fiscal year.

	Underwriting Mix		Personal and Commercial Net Premiums Written								
	Personal Lines	Comm'l Lines	Home & Farm	Private Auto	Fire & Allied	Comm'l Multi-peril	Marine Lines	Other	Comm'l Auto	Fidelity & Surety	Reins.
GPC Statistics											
Max	100.0%	22.7%	92.1%	100.0%	9.9%	12.5%	0.9%	0.9%	7.8%	0.5%	0.0%
Third quartile	94.9%	10.9%	87.9%	94.8%	9.4%	0.7%	0.1%	0.4%	1.7%	0.0%	0.0%
Median	91.1%	8.9%	49.1%	34.2%	4.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
First quartile	89.0%	5.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Min	77.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mean	91.1%	8.9%	46.0%	45.1%	4.7%	1.9%	0.2%	0.2%	1.8%	0.1%	0.0%
Nodak	**74.4%**	**25.6%**	**35.5%**	**39.0%**	**18.8%**	**2.3%**	**0.0%**	**1.3%**	**0.4%**	**0.0%**	**2.6%**

Profitability Ratios

The Company's loss and loss adjustment expense ratio was 92.2 percent in 2011 and subsequently fell to 61.7 percent in 2012. Thereafter, the Company's loss and loss adjustment expense has exhibited less volatility, ranging from a high of 73.9 percent in 2013 to a low of 60.1 percent for the year ended 2015. The Company's loss and loss adjustment expense for the year ended 2015 fell below, but nearest to, the median loss and loss adjustment expense ratio of the GPCs. The Company's administrative expense ratio increased from a low of 19.7 percent to a high of 26.0 percent in 2015. The Company's administrative expense ratio fell below the first quartile of GPC administrative expense ratios, suggesting that the Company is more efficient than its GPC peers are. The table below presents summary margin and profitability data for the Company and for the GPCs.

	Nodak					GPC Summary Statistics				
	2011	2012	2013	2014	2015	Low	25th %	Median	75th %	High
Profitability Ratios										
Loss and LAE Ratio	92.2%	61.7%	73.9%	67.8%	60.1%	37.0%	41.1%	64.6%	78.3%	83.0%
Administrative Ratio	19.7%	23.0%	21.2%	22.4%	26.0%	23.5%	29.0%	33.4%	36.7%	45.0%
Combined Ratio	112.1%	84.7%	95.4%	90.2%	86.5%	75.4%	80.9%	96.4%	107.6%	111.7%
Investment Yield	2.8%	2.5%	2.2%	2.3%	2.2%	0.7%	1.2%	2.0%	2.2%	3.2%
ROAA	-4.9%	8.6%	4.8%	6.2%	7.1%	-0.8%	0.2%	3.0%	10.0%	11.9%
ROAE	-9.6%	16.5%	9.2%	11.8%	12.5%	-2.1%	1.4%	9.9%	30.0%	41.5%

Following the Company's 2011 loss and negative 9.6 percent return on equity, the Company has generated reasonably consistent and positive returns on equity ranging from a low of 9.2 percent to a high of 16.5 percent. The Company's return on equity was 16.5 percent in 2012, the maximum over the period analyzed. Moreover, since 2013 return on equity has improved year-over-year. In 2015, the Company's return on equity was 12.5 percent, which compared favorably to the median GPC's return of equity.

Financial Statement Analysis Summary

During our interview, Management noted that a key performance indicator for Nodak was return on equity. The Company's year-over-year improvement in this category since 2013 suggests that the Company is deploying its capital more and more efficiently and the Company is enjoying strong net income growth. In the context of the increase in the Company's capital and surplus levels since 2013 period, the Company's profitability appears to be even stronger. The Company's sales mix appears to be slightly more diversified than its GPC peers are, but the Company primarily produces its policies in North Dakota, indicating that the Company is not geographically diversified. Because the North Dakota market is not growing quickly and the Company's lack of geographical diversification, the Company has experienced relatively slow net premium written growth over the period reviewed. Overall, the Company appears to be outperforming the typical GPC and has a record of effectively managing risk, building capital and surplus, and generated favorable returns on equity.

Section 5. Valuation Principles and Approaches

5.1 Valuation Principles

Business valuation methodologies are based upon certain fundamental financial and valuation principles. To understand those methodologies, it is important to understand the underlying valuation principles.

Principle of Substitution

The principle of substitution states that the value of an asset tends to be determined by the cost of acquiring an equally desirable substitute. In other words, a person will not purchase a particular asset if an equally desirable asset can be purchased at a lower price.

Principle of Future Benefits

The principle of future benefits states that the economic value of an asset reflects anticipated future benefits. An individual who purchases an asset is purchasing it in order to receive the benefits it can provide in the future, not for what it has done in the past. For example, a business that has had poor earnings in the past but has bright future prospects will be worth more than a business that has been successful in the past but will not be profitable in the future.

Ownership Interest Being Valued

When valuing an ownership interest in a closely-held entity, it is important to consider the specific ownership interest being valued. There are generally two types of equity ownership interests: controlling and minority interests. A controlling interest is an interest that has the power to direct the management and policies of a business enterprise. A minority interest is an "ownership position less than 50 percent of the voting interest in a business enterprise."

Nodak is a closely-held business whose ownership interests are not yet marketable or transferable; thus, there is no observed price for the Company's shares. As such, we have considered the following factors in our appraisal:

1. *The nature of the business and the history of the enterprise.*
2. *The economic outlook in general and the condition and outlook of the specific industry in particular.*
3. *The book value of the Company and the financial condition of the business.*
4. *The earning capacity of the Company.*
5. *The dividend-paying capacity.*
6. *Whether or not the enterprise has goodwill or other intangible value.*
7. *Sales of the stock and the size of the block of stock to be valued.*
8. *The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.*[7]

In determining the Pro Forma Market Value of Nodak, the minority position of a participant in the Offering will be addressed through the selection and application of the valuation methodologies and valuation discounts as applicable. This will be discussed in greater detail in Section 6.

5.2 Valuation Approaches and Methods

These principles form the basis for the generally accepted theory of business appraisal stated in *Valuing a Business*:

[7]Treasury Reg. 20.2512-1; Treasury Reg. 20.2031-1(b); Revenue Ruling 59-60, 1959 1 C.B.237.

> *In its simplest sense, the theory surrounding the value of an interest in a business depends on the future benefits that will accrue to the owner of it. The value of the business interest, then, depends upon an estimate of the future benefits and the required rate of return at which those future benefits are discounted back to the appraisal date.*[8]

In quantifying the future benefits, it is important to consider that the future benefits of ownership in a business must come from the following sources:

1. Earnings or cash flow from operations or investments
2. Liquidation or hypothecation of the assets
3. Sale of the interest

However, no single formula can be used to determine the value of every business interest in every situation. Therefore, three different business valuation approaches have evolved over time that focus on the ability of the business interest to provide benefits to its owner from one or some combination of the above sources. These approaches are:

1. The asset approach
2. The income approach
3. The market approach

5.3 Methods Considered but not applied

Discounted Cash Flow Method

The discounted cash flow method was not applied because the Company has not yet identified an acquisition target on which to deploy the proceeds it expects to generate. As such, the projection of future income is highly speculative. During our interview, Management noted that, due to the level of speculation required, it has refrained from developing detailed projected financial information related to Nodak following the execution of the Plan. Instead, we have relied on historical financial results and objective pricing data from the public company and merger and acquisition markets to determine the Pro Forma Market Value of Nodak. We have considered the pro forma proceeds generated by the offering to add to the value of Nodak on a dollar-for-dollar basis.

Capitalized Cash Flow Method

An underlying premise of the capitalized cash flow method is that a company expects to generate a normalized level of cash flow, on average, in perpetuity. Because the Company is raising a significant amount of capital through the Offering, we anticipate that determining normalized earnings would be highly speculative and would require the use of unsupportable assumptions and inputs based on what was known or knowable as of the Valuation Date.

Rule of Thumb Method

In estimating the value of the Company using this method, we attempted to identify any defensible rules of thumb for the Company's industry. We are not aware of any such rules of thumb.

Liquidation Value Method

Since liquidation was not contemplated at Valuation Date, the liquidation value method was not used. Additionally, given the regulated nature of the industry, an orderly liquidation of the Company's assets may take significantly longer than a liquidation would take in a different industry. This methodology assumes imminent liquidation, and this assumption is inherently violated because the Company is an insurance underwriter.

[8] Pratt, Shannon P., with Alina V. Niculita, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, fifth edition, McGraw-Hill, 2008, page 56.

Adjusted Net Asset Value Method

The asset approach was not utilized in our analysis because this methodology does not generally capture the economic value of a going concern. The Company has an earnings history and plans to continue as a going concern. Typically, investors evaluate operating companies such as Nodak based on the future economic earnings capability of the Company's combined assets (which include any potential internally developed intangible assets such as the trade name or key relationships) rather than on the basis of the existing individual asset values. Therefore, the adjusted net asset method was not applied.

Past Transactions Method

In certain situations, past transactions involving the Company's securities may be a reliable measure of the value of ownership interests. The Company is presently organized as a mutual insurance company, and thus, its ownership interests are not transferable. Therefore, there are no historical transactions in the Company's stock on which to rely.

Section 6. Valuation Methods Applied

Based upon the facts and circumstances surrounding Nodak and the methods discussed in the Conversion Laws, the following methods were used:

1. Market Approach - Guideline Public Company Method
2. Market Approach - Guideline Transaction Method

In executing the scope of services discussed in Section 1 of this report, we have performed an independent appraisal analysis. Sections 6 and 7 discuss the processes and procedures we performed in making our independent assessment of the Pro Forma Market Value of Nodak.

6.1 Market Approach – Guideline Public Company Method

Guideline Public Company Method

The guideline public company method, under the market approach, requires searching for publicly traded companies that are similar to the subject company and utilizing the pricing information available on the publicly traded companies to determine the price of the subject company. The guideline company values relative to many operating measures can be used, including revenue, net income, EBITDA, book value, as well as others. Because the Company is an insurance company and such companies typically trade based on multiples of book value, and to a somewhat lesser extent, earnings, we have focused our analysis on multiples of statutory capital and surplus and statutory earnings.

Guideline Company Selection

We conducted a search of several databases and publications to identify publicly traded companies in a similar industry that could serve as guideline companies in the valuation of Nodak. We determined that eight companies, from the entire universe of publicly traded companies worldwide, qualify as guideline public companies. In selecting this group of guideline public companies, we considered the following factors:

- Industry – Property and casualty insurers
- Location – Primary operations in the United States of America
- Exchange – Traded on the NYSE, the NYSE MKT, or the NASDAQ exchanges
- Industry participation – Only participation in Property and Casualty Insurance (i.e. no life premiums)
- Policy Sales Mix – Personal lines focus (excluding, for example, workers' compensation)
- Size – Excludes large, nationally diversified companies

The entities in the following table were selected as guideline companies because their overall characteristics were most like those of Nodak. While none of these companies is exactly comparable to Nodak, it is possible to extract useful information from the public market's valuation of companies that are exposed to similar risks and opportunities. We obtained the business descriptions shown below from S&P Capital IQ.

Name	Description
First Acceptance Corp.	First Acceptance Corporation, through its subsidiaries, operates as a retailer, servicer, and underwriter of non-standard personal automobile insurance and other ancillary products in the United States. The company operates in two segments, Insurance, and Real Estate and Corporate. It issues automobile insurance policies to individuals who are categorized as non-standard based primarily on their inability or unwillingness to obtain insurance coverage from standard carriers due to various factors, including their payment history or need for monthly payment plans, failure to maintain continuous insurance coverage, or driving record. The company also offers optional products that provide ancillary reimbursements and benefits in the event of an automobile accident, such as products that provide reimbursements for medical expenses and hospital stays as a result of injuries sustained in an automobile accident, automobile towing and rental, and ambulance services; and underwrites a tenant homeowner policy that provides contents and liability coverage to customers who are renters. In addition, it engages in the disposition of real estate held for sale. The company markets its products under the Acceptance Insurance brand name. It primarily distributes its products through its retail locations, as well as through call center and the Internet. As of December 31, 2015, the company leased and operated 440 retail locations. First Acceptance Corporation was founded in 1969 and is based in Nashville, Tennessee.
HCI Group, Inc.	HCI Group, Inc., through its subsidiaries, provides property and casualty insurance products in Florida. The company provides property and casualty insurance to homeowners, condominium owners, and tenants; and reinsurance. In addition, the company offers Exzeo, a cloud application that provides automation and intelligence across multiple business processes; and Proplet, which enables agents to search property related information, such as wind mitigation reports, inspection reports, claims activity reports, or flood zone areas. Further, it provides Atlas Viewer, a cloud-based data mapping and visualization platform that allows users to upload, view, and share data feeds on a customized map; and provides information technology services. The company was formerly known as Homeowners Choice, Inc. and changed its name to HCI Group, Inc. in May 2013. HCI Group, Inc. was incorporated in 2006 and is headquartered in Tampa, Florida.
Heritage Insurance Holdings, Inc.	Heritage Insurance Holdings, Inc., a property and casualty insurance company, provides personal and commercial residential insurance products. The company, through its subsidiary, Heritage Property & Casualty Insurance Company, offers personal residential insurance for single-family homeowners and condominium owners; rental property insurance; and commercial residential insurance in the state of Florida and North Carolina. As of December 31, 2015, it had approximately 253,726 personal residential policies and 3,405 commercial residential policies in force. The company markets and writes its personal lines voluntary policies through a network of approximately 1,400 independent agents; and commercial residential voluntary policies through a network of approximately 60 independent agents. Heritage Insurance Holdings, Inc. is headquartered in Clearwater, Florida.

Name	Description
Infinity Property and Casualty Corp.	Infinity Property and Casualty Corporation, through its subsidiaries, provides personal automobile insurance with a focus on nonstandard market in the United States. It also writes standard and preferred personal auto insurance, mono-line commercial auto insurance, and classic collector automobile insurance. The company distributes its products primarily through a network of independent agencies and brokers. Infinity Property and Casualty Corporation was founded in 2002 and is headquartered in Birmingham, Alabama.
Kingsway Financial Services Inc.	Kingsway Financial Services Inc., through its subsidiaries, provides property and casualty insurance products in the United States. The company operates in two segments, Insurance Underwriting and Insurance Services. The Insurance Underwriting segment offers various automobile insurance products, including liability insurance that covers claims against its insured's responsible for automobile accidents; accident benefit policies or personal injury protection policies that provide coverage for loss of income, medical, and rehabilitation expenses for insured persons who are injured in an automobile accident; and physical damage policies, which cover damages to an insured automobile arising from a collision with another object, as well as from other risks, such as fire or theft. The Insurance Services segment markets and administers vehicle service agreements and related products for new and used automobiles. This segment also markets and distributes warranty products to manufacturers, distributors, and installers of heating, ventilation and air conditioning, standby generator, commercial LED lighting, and refrigeration equipment; and equipment breakdown and maintenance support services to companies The company offers its products and services to credit unions, consumers, and businesses through a network of independent agencies. Kingsway Financial Services Inc. was founded in 1989 and is based in Toronto, Canada.
Safety Insurance Group Inc.	Safety Insurance Group, Inc., through its subsidiaries, provides private passenger and commercial automobile insurance in Massachusetts, New Hampshire, and Maine. Its private passenger automobile policies offer coverage for bodily injury and property damage to others, no-fault personal injury coverage for the insured/insured's car occupants, and physical damage coverage for an insured's own vehicle for collision or other perils. The company also provides commercial automobile policies that offer insurance for commercial vehicles used for business purposes, including private passenger-type vehicles, trucks, tractors and trailers, insure individual vehicles, and commercial fleets; and homeowners policies, which provide coverage for homes, condominiums, and apartments for losses to a dwelling and its contents from various perils, and coverage for liability to others arising from ownership or occupancy. In addition, it offers business owners policies that cover apartments and residential condominiums, limited cooking restaurants, office condominiums, processing and services businesses, special trade contractors, and wholesaling businesses. Further, the company provides commercial package policies, which offer combination of property, general liability, crime, and inland marine insurance for business enterprises; personal umbrella policies that provide personal excess liability coverage over and above the limits of individual automobile, watercraft, and homeowner's insurance policies; and commercial umbrella policies to its clients, as well as underwrites

Name	Description
	dwelling fire insurance for non-owner occupied residences. Additionally, it offers inland marine coverage for homeowners and business owner policies; and watercraft coverage for small and medium sized pleasure crafts. The company distributes its products through independent agents. Safety Insurance Group, Inc. was founded in 1979 and is based in Boston, Massachusetts.
United Insurance Holdings Corp.	United Insurance Holdings Corp. operates as a property and casualty insurance holding company that sources, writes, and services residential and commercial property and casualty insurance policies in the United States. It offers single-family homeowners, dwelling fire, renters, condominium unit owners, and commercial residential insurance policies, as well as federal flood, equipment breakdown, and identity theft insurance policies. The company markets and distributes its products through a network of independent agencies in Connecticut, Florida, Georgia, Hawaii, Louisiana, Massachusetts, New Jersey, North Carolina, Rhode Island, South Carolina, and Texas. United Insurance Holdings Corp. is based in St. Petersburg, Florida.
Universal Insurance Holdings Inc.	Universal Insurance Holdings, Inc., through its subsidiaries, provides various property and casualty insurance products. The company primarily underwrites homeowners' insurance products; and offers reinsurance intermediary services. It offers its products through a network of independent agents in Florida, Delaware, Georgia, Hawaii, Indiana, Maryland, Massachusetts, Minnesota, North Carolina, Pennsylvania, and South Carolina, the United States. The company was formerly known as Universal Heights, Inc. and changed its name to Universal Insurance Holdings, Inc. in January 2001. Universal Insurance Holdings, Inc. was founded in 1990 and is based in Fort Lauderdale, Florida.

Guideline Company Information Sources

Recent statutory and 10-K and 10-Q filings and other public information have been obtained for each guideline company. The most recently available statutory filing for each company nearest the Valuation Date of June 30, 2016 was utilized to provide results for the latest twelve months figures on which we relied.

Market Values of the GPCs

We have obtained the most recent price per share and shares outstanding for each of the GPCs to determine each GPC's market capitalization as of the Valuation Date. The GPCs' market capitalizations ranged from a high of $933.5 million to a low of $57.5 million as of June 30, 2016.

Because each GPC's management employs varying capital and surplus retention policies, we have performed additional analyses to normalize observed market capitalizations such that the implied level of capital incorporated into each GPC's market capitalization contained a maximum amount of capital and surplus relative to each GPC's net premiums written. Based on our conversations with Management and our analysis of the capital and surplus to net premiums levels for the industry, a normalized level of capital and surplus to net premiums written appears to be 60.0 percent. Therefore, we have normalized each observed market capitalization such that each market capitalization reflects a maximum of up to a 60.0 percent capital and surplus to net premiums written ratio. We refer to the adjusted market capitalizations for the GPCs as "Adjusted Prices" in accordance with the naming convention for price-to-book and price-to-earnings multiples. The chart below presents this adjustment.

Capital & Surplus Adjustment

Company	Market Capitalization	C&S to Premiums	Excess Capital %	Excess Capital $	Adjusted Market Cap
First Acceptance Corp.	$ 57,484	NA	NA	NA	**NA**
HCI Group, Inc.	286,396	85.3%	25.3%	58,623	**227,773**
Heritage Insurance Holdings, Inc.	357,054	69.1%	9.1%	37,475	**319,579**
Infinity Property and Casualty Corp.	891,820	48.9%	0.0%	-	**891,820**
Kingsway Financial Services Inc.	105,553	34.8%	0.0%	-	**105,553**
Safety Insurance Group Inc.	933,450	77.8%	17.8%	133,706	**799,744**
United Insurance Holdings Corp.	353,725	39.4%	0.0%	-	**353,725**
Universal Insurance Holdings Inc.	657,430	48.9%	0.0%	-	**657,430**
Summary Statistics					
High	933,450	85.3%	25.3%	133,706	891,820
Third Quartile	716,028	73.5%	13.5%	48,049	728,587
Median	355,390	48.9%	0.0%	-	353,725
First Quartile	241,185	44.1%	0.0%	-	273,676
Low	57,484	34.8%	0.0%	-	105,553
Mean	455,364	57.7%	7.5%	32,829	479,375

We also note that 60.0 percent appears to fall in the normalized range of capital and surplus for the Company if the previous two fiscal years (in which capital and surplus relative to net premiums written increase substantially) are removed. This is shown in Section 4.1 above. Historically, the Company's capital and surplus to net premiums written ratio ranged between 60.0 percent and 80.0 percent, suggesting that present levels of capital and surplus to net premiums written are high relative to typical operating levels.

Selected Guideline Multiples

Consistent with the typical multiples investors apply in valuing insurance companies, we have focused on valuing the equity of the Company directly in lieu of estimating the value of the enterprise and subtracting non-equity claims on the enterprise's value. Consistent with valuing the equity of the Company directly, we have utilized pricing metrics of adjusted statutory capital and surplus and statutory net income.

Selected Market Multiples
1. Adjusted Price / LTM Earnings
2. Adjusted Price / Adjusted Statory Capital

These multiples have been calculated using the data as of latest twelve months-ended June 30, 2016.

Calculation of GPC Multiples

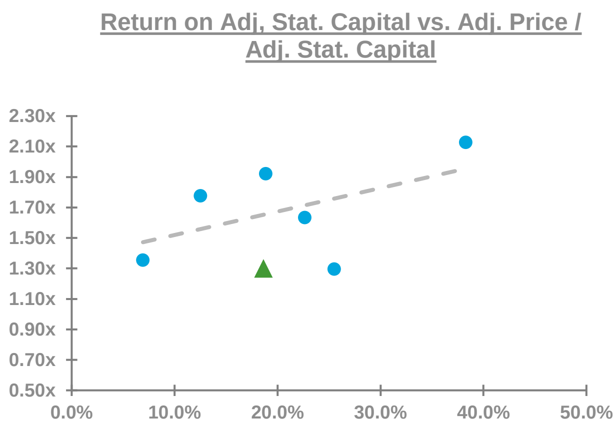
As noted previously, we obtained latest twelve-month financial information for the GPCs as of the Valuation Date. Thus, we are comparing financial metrics that are contemporaneous to the observed Adjusted Prices for the GPCs.

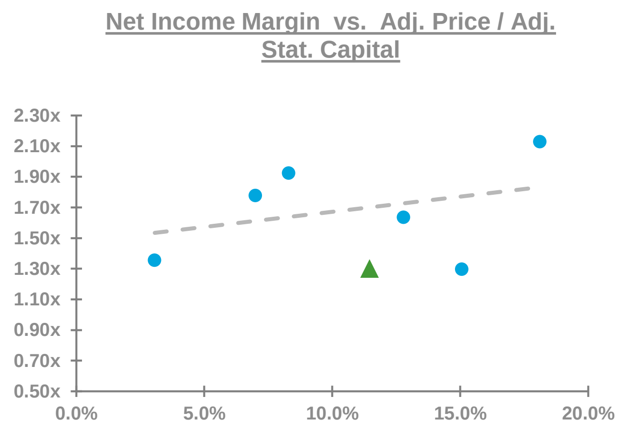
In calculating the adjusted price-to-adjusted statutory capital multiples, we have also subtracted the statutory capital deemed to be excess from reported capital and surplus figures. This adjustment results in a consistent comparison of the adjusted market capitalization with the amount of capital and surplus a GPC presently maintains.

We made no similar adjustment to latest twelve months earnings to reflect the amount of capital deemed to be excess. The normalized level of capital appears to adequately support the level statutory earnings each GPC and the Company has generated.

Quantitative Adjustment Considerations[9]

In determining the appropriate multiple to apply to the Company's LTM earnings and adjusted statutory capital, we performed simple linear regression analyses to assess the relationship between observed performance and operating metrics and observed pricing multiples. Common relationships include returns on statutory capital to price-to-statutory capital. The charts below present the simple linear regression analyses we have performed.





The positive relationship suggests that a property and casualty insurer with higher returns on statutory capital, all else being equal, will have a higher multiple relative to other property and casualty insurers. In the charts above, we present the multiples we have selected (of adjusted statutory capital) relative to return on adjusted statutory capital and historical net income margin. The relationship between adjusted returns on statutory capital and adjusted price-to-adjusted statutory capital is much stronger than the observed relationship between net income margin and adjusted price-to-adjusted statutory capital.

Because we have looked historically at capital and surplus and earnings and, per the Plan of Conversion and our conversations with Management, the Company does not have clearly identified plans for the proceeds from the sale of the stock in the Offering, we have excluded both capital and surplus deemed to be excess, which was calculated in accordance with the normalizing adjustment discussed above. This adjustment included existing excess capital as well as the net proceeds from the sale of the stock in the Offering. Therefore, the financial metrics to which we applied the selected multiples and used in calculating the return on adjusted statutory capital and surplus in the chart above excluded the excess.

Qualitative Adjustment Considerations

The quantitative analyses performed above informed the relative magnitude of the multiple for the Company relative to the multiples we calculated for each of the GPCs. However, as presented in the charts above, there is significant variability in the multiples of the GPCs – there is not a perfect quantitative relationship between the observed financial metric and the selected multiples. This variability pertains to differences among the GPCs other than differences in returns on adjusted statutory capital and surplus.

As such, we have considered other pertinent factors and differences among the companies and between the Company and the GPCs. These considerations specifically included an analysis of the Company's growth and risk.

The Company provided a 2016 budgeted income statement to us. The budgeted condensed income statement for fiscal year 2016 is shown below.

[9] We have excluded GPCs from the charts above if the data were not meaningful or not available.

		Actual		Projected
		2015		2016
Earned premiums, net	**$**	**139,472**	**$**	**162,341**
Annual growth				*16.4%*
Net losses paid		80,321		107,703
Net LAE paid		8,163		8,214
Change in reserves		(4,608)		-
Other expenses		37,169		39,257
Operating income (loss)		18,429		7,167
Investment income		4,818		4,873
Other income (expenses)		1,854		1,639
Policyholders dividends		553		-
Income before taxes		24,548		13,679
Tax expense		7,753		4,464
Net Income	**$**	**16,795**	**$**	**9,214**
Annual growth				*-45.1%*

Although net premiums earned is projected to grow 16.4 percent, the Company anticipates a significant decline in net income, which translates to declines in returns on statutory capital and net income margin. Based on this information, we have reduced the multiple applicable to the Company relative to the observed linear trend line shown in the charts above. To date, the Company has generated statutory net income of $2.8 million, suggesting that the Company must generate $6.4 million in quarters three and four of fiscal year 2016 to hit its net income budget.

There is persuasive evidence that investors demand a premium return to invest in companies with relatively small market capitalizations. All else being equal, the data show that as a company's size decreases, the premium return an investor demands increases. This relationship suggests that investors perceive additional risk in investments in smaller companies. Although the public company search criteria we applied considers size to an extent, we assessed additional differences between the Company's size and the size of a typical GPC. The median GPC in the sample of GPCs had an unadjusted market capitalization of $355.4 million. Based on our appraisal of the Company on a pro forma as-converted basis, the Pro Forma Market Value of the Company ranges from a low of $185.0 million to a high of $250.0 million. This suggests that the Company is smaller than the typical GPC in terms of market capitalization. As such, we have reduced the multiple relative to the trend lines shown in the charts above.

Guideline Public Company Valuation Conclusion

We applied an adjusted price-to-latest twelve months earnings multiple of 7.0x to the Company's latest twelve months net income, and we applied a 1.30x adjusted price-to-adjusted statutory capital multiple to the Company's adjusted statutory capital and surplus balance as of the Valuation Date. The application of these multiples resulted in a Pro Forma Market Value of the operating equity – the equity value of the Company's operating business – of $118.0 million. To this figure, we made adjustments relative to the new issue discount and we added dollar-for-dollar the pro forma excess capital of the Company. On a pro forma basis, the implied multiple of the Pro Forma Market Value of the Company determined under the guideline public company method relative to pro forma statutory capital and surplus on an as-converted basis was 1.04x after making all of the adjustments discussed above and in Section 7 below.

6.2 Market Approach – Guideline Transaction Method

The market approach employs methods of estimating market value based on the economics of transactions involving similar securities or business interests. Multiples of market prices to various earnings measurements are developed from the "comparable" transaction(s) and adjustments are made after consideration of the financial condition, operating performance and relative risk of the target companies. The adjusted multiples are then applied to the various earnings measurements of the subject company to develop an estimate of value.

We applied the guideline transaction method by searching for announced or completed transactions that involved acquisition targets that were similar to Nodak. Information concerning transactions of privately held companies can be found in various online databases available by subscription. We searched the database of mergers and acquisitions maintained by SNL Financial to obtain a sample of comparable transactions. Similar to the criteria applied above, we focused on the following factors in selecting the sample of companies on which we relied:

- Industry – Property and casualty insurers
- Location – Primary operations in the United States of America
- Percent sought – 100 percent of target
- Size – Transactions with equity values similar to Nodak
- Time – Transactions in the distant past were excluded
- Data availability – All relevant data were available

We compared the Company's financial condition and operating performance with that reported for the target companies in the guideline transactions. The Company's latest twelve months performance metrics compare favorably to the median guideline transaction target's ("GT") performance metrics. Nodak's latest twelve month net income margin of 11.5 percent exceed the GT median but fell below the third quartile GT net income margin. The Company's latest twelve month return on statutory capital and surplus approximated the third quartile of the GT's sampled. Similarly, on an adjusted basis, the Company's return on adjusted statutory capital and surplus approximated the third quartile of the GT's sampled. The Company's net premiums written growth over the latest twelve months-ended June 30, 2016, however, fell below the median GT growth rate in net premiums written.

Based on the Valuation Range on which we concluded, the Company's Pro Forma Market Value of equity falls around the median on the low end and above the third quartile on the high end.

Guideline Transactions

Target Name	Deal Value	Net Income Margin	Return on Capital & Surplus	Return on Adj. Capital & Surplus	LTM NPW Growth
Penn Millers Holding Corp.	$104,990	-0.7%	-0.7%	-1.1%	-6.7%
PGC Holdings Corp.	239,000	0.3%	0.6%	0.6%	-3.1%
Repub Cos. Inc.	233,200	4.6%	5.0%	7.6%	8.7%
Warranty solutions business	152,000	11.2%	10.1%	18.6%	3.1%
Clal U.S. Holdings Inc.	221,000	9.9%	11.1%	16.4%	17.3%
SPARTA Insurance Holdings Inc.	141,100	-24.8%	-31.4%	-41.4%	13.0%
Companion P&C Insurance Co.	218,000	-5.6%	-3.9%	-9.4%	-48.2%
SeaBright Holdings Inc.	249,639	8.0%	6.0%	13.3%	-0.1%
John Deere Ins/John Deere Risk	161,730	-21.9%	-33.6%	-36.5%	23.0%
Meadowbrook Insurance Group	433,310	1.9%	2.4%	3.2%	-8.2%
American Reliable Insurance Co	113,696	5.8%	12.0%	12.0%	-2.0%
Northern Homelands Co.	170,000	9.7%	6.9%	16.1%	3.4%
Preferred Professional Ins Co.	180,036	75.5%	16.6%	125.8%	-20.3%
Utah Medical Insurance Assn.	141,778	27.5%	14.8%	45.8%	0.4%
Century-National / Western Gen	315,000	10.0%	4.3%	16.7%	13.7%
Eastern Insurance Holdings	205,182	6.5%	8.3%	10.9%	19.5%
Medmarc Insurance Group	153,700	41.0%	7.7%	68.3%	-11.1%
AmCo Holding Co.	215,000	26.5%	25.2%	44.2%	2.5%
Flood insurance business	197,500	381.6%	18.5%	18.5%	9.2%
Allied International Hldgs Inc	105,600	11.7%	11.6%	19.6%	5.8%
Summary Statistics					
High	$433,310	381.6%	25.2%	125.8%	23.0%
Third Quartile	224,050	15.4%	11.7%	18.9%	10.2%
Median	188,768	8.8%	7.3%	14.7%	2.8%
First Quartile	149,445	1.5%	1.9%	2.6%	-4.0%
Low	104,990	-24.8%	-33.6%	-41.4%	-48.2%
Mean	197,573	28.9%	4.6%	17.5%	1.0%
Nodak	**NA**	**11.5%**	**11.7%**	**18.6%**	**0.3%**

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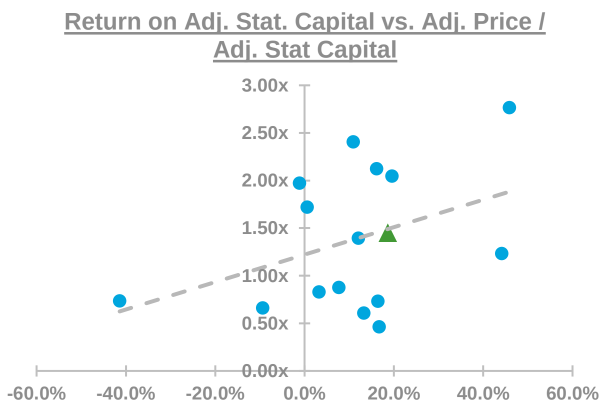
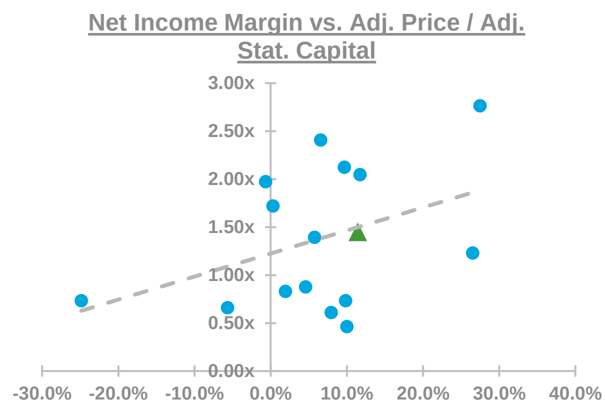
Quantitative and Qualitative Considerations[10]

As discussed in Section 6.1 above, we have performed simple linear regression analyses to inform our selection of the multiple applicable to the Company. We have developed similar scatter plot and regression analyses to what we developed in performing the Guideline Public Company Method above. We related return on adjusted statutory capital to adjusted price-to-adjusted statutory capital and net income margin to adjusted price-to-adjusted statutory capital.





Because the Company is similar to the typical GPC in terms of size and because the quantitative analysis we performed provides a persuasive indication of value, we have selected multiples approximating the multiples implied by the regression analyses with substantially no adjustment.

Guideline Transaction Control Basis Value Indication

We applied a 1.45x adjusted price-to-adjusted statutory capital and surplus to determine the Pro Forma Market Value of the operating equity of the Company on a controlling interest basis. The resulting value was $132.0 million. We have made adjustments to this concluded value to reflect the lack of control conferred to the participants in the Offering and other discounts, such as the new issue discount. Similarly, to the approach applied in the Guideline Public Company Method, we have added back dollar-for-dollar pro forma excess capital. On a pro forma basis, the implied multiple Pro Forma Market Value of the Company's equity relative to pro forma statutory capital and surplus on an as-converted basis was 0.89x after making all of the adjustments discussed above and in Section 7 below.

Discount for Lack of Control

Unlike the minority, marketable value indicated by the Guideline Public Company Method, the Guideline Transaction Method generally results in value indications that reflect the value of the interest on a controlling, marketable basis. Because we are determining the Pro Forma Market Value of Nodak on a minority interest basis in accordance with the Conversion Laws, a discount for lack of control applies to reconcile the value indication to the appropriate level of value.

In Section 1, we discuss the various prerogatives of control that a hypothetical investor in a controlling interest enjoys, and these prerogatives may provide additional value to the owner of a controlling interest. As such, purchasers of controlling interests will generally pay a premium for these prerogatives. Because an investor in a share of the common stock of Nodak will not enjoy such prerogatives, we must apply a discount to the value indication from the Guideline Transaction Method to reflect the minority interest holder's inferior position.

To estimate the discount appropriate for the Company, we obtained a sample of 35 historical insurance company transactions for which the requisite data were available. To estimate the discount, the target must have had an observable market price prior to the announcement of a change in control transaction and an

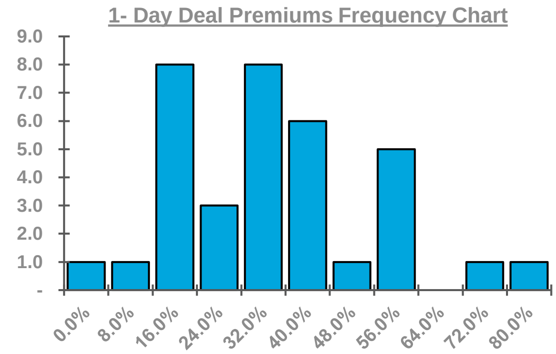
[10] We have excluded GTs from the charts above if the data were not meaningful or not available.

observable market price following the announcement of such a transaction. The difference between the per share values reflects the premium the acquirer will pay to acquire a controlling interest in the target company.

We searched SNL Financial's mergers and acquisitions database for historical transactions in insurance companies to assess the generally observed magnitude of deal (e.g. control) premiums. The table below presents summary data pertaining to the deal premiums observed in the transactions we sampled.

Deal Premium Data

	1-Day Deal Premium	6-Day Deal Premium	1-Month Deal Premium
Summary Statistics			
High	73.0%	89.8%	86.7%
Third Quartile	38.0%	37.9%	43.0%
Median	30.7%	30.3%	34.1%
First Quartile	15.8%	23.5%	17.5%
Low	-1.9%	2.0%	-3.2%
Mean	30.7%	33.1%	34.9%
Coef. of Variation	56.7%	60.1%	63.8%



The frequency chart above shows that the distribution of premiums is bimodal. It also shows that the majority of the transactions exhibit deal premiums between 16.0 percent and 40.0 percent. The discount for lack of control is calculated using the inverse of the observed control premium as the control premium implies the discount for lack of control embedded in the pre-announcement price of a stock. Based on the bimodal nature of the distribution and where the majority of the transactions fell, we have selected a control premium of 25 percent, which we converted into an implied discount for lack of control of 20.0 percent. The selected control premium falls between the first quartile and the median. The discount for lack of control is only applicable to the Guideline Transaction Method's indication of value.

Section 7. Appraisal Results and Conclusion

7.1 Valuation Discounts

In this section, we discuss the valuation discounts considered and those that are applicable in determining the Pro Forma Market Value of Nodak on an as-converted basis. The standard of value defined in the Conversion Laws is Pro Forma Market Value. Accordingly, this is the "value estimated to be necessary to attract a full subscription for the shares" offered in the Offering. Upon the execution of an initial public offering ("IPO"), the stock offered generally appreciates in value during its first day of trading as investors engage in price discovery and reach an equilibrium valuation for the stock. We anticipate that investors in the Offering will have varying opinions on the stock of the Company and such opinions will result in changes in the value of the stock throughout its first day of trading. Generally, we anticipate (based on historical data from IPOs) that such changes will be positive. However, because the opinions of subscribers and other public signals are not yet available to the investing public, subscribers to the shares have relatively less relevant pricing information. The "new issue discount" reflects the discount necessary to attract a full subscription to the shares being offered given the lack of information regarding the market's consensus opinion regarding the stock offered. Investors without this information are taking on more risk than an investor who chooses to invest in a company whose stock has a trading history. Because we have utilized pricing data from publicly traded companies with seasoned trading histories or from transactions for which the pricing data are public, a new issue discount may be appropriate.

The Company does not have a seasoned trading history, and we are not aware of any bona fide third party offers for the Company, which suggests that the publicly available market pricing information for the Company is limited. As such, we have applied a new issue discount in determining the pro forma market value of the Company because subscribers must evaluate the Company and the Offering prior to the Offering being freely traded on a public exchange and prior to having all of the concomitant market pricing data to inform their valuations of the Company.

Various other valuation discounts, except for the new issue discount, do not appear to apply in this case because we have either reflected the condition giving rise to such a discount in the valuation methodology (i.e. through the selection of the appropriate multiple) or because the level of value on which we are opining does not suggest that such a discount – for example, for a lack of marketability – is appropriate. Additionally, the new issue discount likely incorporates certain risks associated with a lack of trading volume, a lack of liquidity following the initial public offering, and a failed offering due to prevailing stock market conditions or a lack of investor interest, which indicates that further discounts for these factors independent of the new issue discount are not appropriate.

In determining the discount to apply to the Company, we obtained data pertaining to the initial public offerings of a sample of property and casualty insurance companies. We eliminated all transactions for which the relevant data were not available. In determining the applicable discount, we compared the last sale price of a stock on its first day of trading to the price at which the stock was offered. The table below presents summary appreciation data from these initial public offerings.

IPO Appreciation Data

Target Name	1-Day Appreciation	1-Week Appreciation	1-Month Appreciation
Summary Statistics			
High	17.5%	21.5%	32.6%
Third Quartile	7.2%	9.7%	15.9%
Median	2.9%	6.7%	12.9%
First Quartile	0.0%	0.4%	1.3%
Low	-5.4%	-10.7%	-9.3%
Mean	4.7%	6.2%	9.4%
Coef. of Variation	144.7%	138.6%	119.2%

We observed that there is a positive relationship between latest twelve-month net income margin and the observed one-day appreciation and latest twelve month return on equity and one-day appreciation. We also observed that there was no meaningful relationship between size (measured by latest twelve month revenue) and observed appreciation. We selected a 15.0 percent new issue discount, which was informed by the relationships we observed between return on equity and observed one-day appreciation.

7.2 Valuation Adjustments and Pro Forma "Post-Money" Value

In each of the valuation approaches we applied, we removed excess statutory capital and surplus to normalize the Company's level of capital and surplus. The removal of the excess enhanced the comparability of the Company to both the GPCs and the GTs. In reconciling to the value of the Company on a pro forma as-converted basis, we have added back the excess capital dollar-for-dollar. Additionally, we have added the pro forma net proceeds from the Offering in reconciling to the Pro Forma Market Value of Nodak.

Because the Company must redeem unexercised subscription rights distributed to mutual members upon the conversion of Nodak Mutual into Nodak Insurance Company, we have subtracted the Pro Forma Market Value of these rights from the Pro Forma Market Value of the Company. We have subtracted 100 percent of the market value of these subscription rights because such rights represent a claim on the equity value of the Company equal to 100 percent of the subscription rights distributed. Although we anticipate that a small group of recipients of these rights will subscribe and forgo their option to receive a cash payment upon redemption, on the Valuation Date 100 percent of the redeemable rights were assumed to be outstanding and were assumed to represent a claim on the Pro Forma Market Value of Nodak. See Section 7.4 below for additional detail regarding the appraisal of the subscription rights.

The addition of the net proceeds dollar-for-dollar establishes the Pro Forma Market Value of the Company following the Offering on a "post-money" basis. Subtracting these pro forma net proceeds results in the Pro Forma Market Value of Nodak immediately before it undertakes the Offering.

7.3 Pro Forma Market Value Conclusion

We have equally weighted each of the valuation approaches discussed in Section 6 of this report in reconciling to the Pro Forma Market Value of the Company. Because each approach provides persuasive evidence of the value of the Company, we have weighted each approach equally.

Based on the data, information, and analysis presented in this appraisal report, it is our opinion that, as of June 30, 2016, the Pro Forma Market Value on an as-converted basis of Nodak was $185.0 million to $250.0 million. The Midpoint Value of the Valuation Range was $217.7 million. The results of our independent appraisal corroborate the reasonableness of the methodology applied and conclusions made by Feldman in establishing the Company's Pro Forma Market Value.

On a pro forma basis, the Midpoint Value was 0.93x pro forma statutory capital and surplus, and pro forma statutory capital and surplus per expected share outstanding was $10.73.

7.4 Valuation of the Subscription Rights

As part of the Plan of Conversion, the Company will distribute to its policyholder-owners rights to subscribe to shares offered in the Offering. Pursuant to the Conversion Laws, we have applied the Black Scholes option pricing model to independently estimate the Pro Forma Market Value of the subscription rights.

Subscription Rights Allocation and Redemption

Per the Plan of Conversion's Article 4, the Company will distribute subscription rights "to purchase shares of common stock at the Purchase Price." These rights will be distributed in the following priority:

- First, eligible members will receive subscription rights without payment; and each eligible member will receive an amount of subscription rights equal to the quotient of the Midpoint Value divided by the number of eligible members. This suggests that each member will receive an equal number of subscription rights.
- Second, the ESOP will receive subscription rights to purchase up to 9.9 percent of the shares offered in the Offering.
- This, directors, officers, and employees will receive rights to subscribe to the common stock offered.

Subscription rights granted to eligible members pursuant to the Plan of Conversion are not transferable (except as noted below). Moreover, any purchaser of the common stock through the exercise of the subscription rights must represent to NI Holdings, Inc., that the purchaser is buying the stock for his or her own account and is not purchasing the stock for or on behalf of any other person. The exceptions to the above include eligible members' transfers to a spouse or child, a trust or other wealth planning entity whose beneficiary is a spouse or child, the members' retirement accounts, or the stock holding company in accordance with Section 4.17 of the Plan of Conversion.

Section 4.17 of the Plan of Conversion provides each eligible member with the "right to require the Company to redeem all, but not less than all, of the subscription rights granted to such eligible member for cash." The Plan of Conversion, in a manner consistent with the Conversion Laws, indicates that the cash redemption value for these rights must be valued by a qualified independent appraiser. The Company engaged Feldman to determine the value of the subscription rights. The Conversion Laws and the Plan of Conversion indicate that the appropriate valuation model to use is the Black Scholes option pricing model. Consistent with the Conversion Laws, Feldman utilized the peer group it had selected in determining the Pro Forma Market Value of the Company to estimate the applicable volatility. The Conversion Laws note that the minimum length of time to use as an input in the Black Scholes option pricing model is 90 days, which is the period the Company has selected in the Plan of Conversion.

The Plan of Conversion also states that "for the avoidance of doubt, no recipient of a subscription right other than an eligible member shall have the right to require the Company to redeem any of its subscription rights." This clause notes that neither the ESOP nor the directors, officers, or employees receiving subscription rights can force the Company to redeem their allocation of subscription rights for cash.

Subscription Rights Valuation

There are five critical inputs to the Black Scholes option pricing model:

- Stock price
- Exercise (or strike) price
- Volatility
- Risk-free rate
- Time to expiry

The Purchase Price is equal to both the stock price and the strike price because the eligible members have the right to purchase the stock in the offering at the Pro Forma Market Value per share, which has been set to $10.00.

Consistent with the Conversion Laws, we have valued the subscription rights utilizing the Black Scholes option pricing model and the same peer group utilized in appraising the Pro Forma Market Value of the Company to estimate the volatility factor. The volatility factor to apply in the Black Scholes option pricing model is the factor obtained by computing the annualized standard deviation of continuously compounded periodic returns. We have assumed a measurement frequency of daily in measuring continuous returns, which are used to measure volatility. We have obtained calculated daily volatilities from Capital IQ, a reputable market database, with a measurement period consistent with the time to expiry set in the Plan of Conversion.

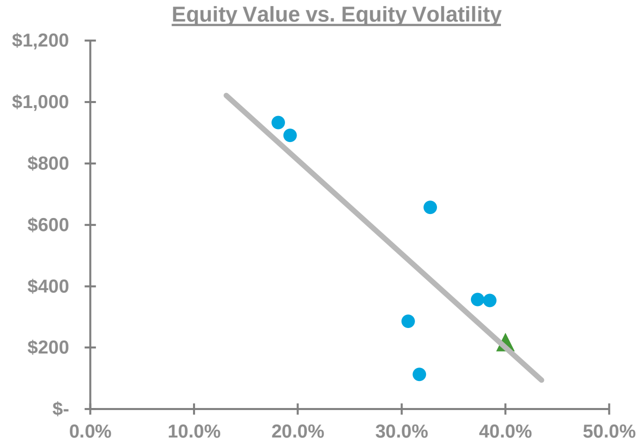
The term of a subscription right was delimited in the Plan of Conversion, which is 90 days. We have utilized the continuously compounded constant maturity Treasury security yield as of the Valuation Date as the estimated risk-free rate input. The continuously compounded yield on a 3-month Treasury security was 0.26 percent. The selected risk-free rate as of the Valuation Date was obtained from Capital IQ. The application of constant maturity Treasury security yields in the Black Scholes option pricing model is consistent with valuation convention.

Four of the five inputs outline above – the stock price, exercise price, risk-free rate, and term to expiry – are values for which there is a reasonably reliable source. The volatility input is subject to further analysis, however, as the Company has no observable trading price and thus no observable stock price volatility. Therefore, we must reference the volatilities of similar companies to estimate the expected volatility of the

Company's stock price. As noted above, we have obtained volatilities for each GPC from Capital IQ. The table below presents these observed volatilities.

Guideline Public Company Asset Volatility

Company	Ticker	3-Month Daily Volatility
First Acceptance Corp.	FAC	NM
HCI Group, Inc.	HCI	30.6%
Heritage Insurance Holdings, Inc.	HRTG	37.3%
Infinity Property and Casualty Corp.	IPCC	19.3%
Kingsway Financial Services Inc.	KFS	31.7%
Safety Insurance Group Inc.	SAFT	18.1%
United Insurance Holdings Corp.	UIHC	38.5%
Universal Insurance Holdings Inc.	UVE	32.8%
High		38.5%
Third Quartile		35.0%
Median		31.7%
First Quartile		24.9%
Low		18.1%



We have observed a moderately strong relationship between the GPCs' Valuation Date market capitalizations and observed three-month daily historical equity volatilities. The chart above demonstrates this relationship. This relationship informed our selection of the volatility applicable to the Company, which was then used to determine the redemption value of the subscription rights. Because we have previously determined the Pro Forma Market Value Midpoint Value of the Company, we were able to utilize the observed relationship to estimate the volatility applicable to the Company. We removed the GPC First Acceptance Corp. from the above analysis because we did not compute a meaningful adjusted market capitalization for that GPC as of the Valuation Date and because the Company has incurred substantial losses year-to-date.

Because the Company is smaller than the typical GPC in terms of the market value of equity, we have determined that the appropriate volatility factor exceeds the high observed volatility. Specifically, we have determined that the appropriate annual volatility factor to use in determining the value of the subscription rights is 40.0 percent. The appraisal of the subscription rights, based on the inputs discussed above is shown below. We have determined that the value of each subscription right is $0.80.

Valuation of Subscription Rights

Black Scholes Option Pricing Model		
Inputs		
Stock price	$	10.00
Strike price	$	10.00
Risk-free rate		0.26%
Volatility		40.0%
Term to expiry (in years)		0.25
Redemption value per Subscription Right	**$**	**0.80**

Section 8. Assumptions and Limiting Conditions

This Detailed Report has been made with the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to all property is assumed good and marketable unless otherwise stated. All property is further assumed free and clear of any or all liens, easements or encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable; however, no warranty is given as to the accuracy of such information.
3. It has been assumed that all facts and circumstances that would materially affect the calculation results have been disclosed to us. Any significant errors in, or omissions from, the information supplied to us will have a corresponding effect on our analyses and results.
4. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions that occur subsequent to the date hereof.
5. Full material compliance with all applicable federal, state, and local zoning, use, environmental and similar laws, and regulations is assumed. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
6. This engagement is limited to the appraisal of the Pro Forma Market Value on an as-converted basis in NI Holdings, Inc as of June 30, 2016, in connection with the Department's evaluation of the Valuation Range. Neither this report nor any portion thereof (including without limitation any calculations as to value, the identity of RSM US LLP ("RSM"), or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of RSM, with the exception of the Company's Management.
7. Nothing in the appraisal constitutes a recommendation regarding the purchase or sale of any securities or assets or the issuance of any financing. RSM expresses no opinion, guarantees, or form of assurance of any kind, express or implied, on the potential investment performance of any security or assets. Readers of the appraisal should undertake a full due diligence review of the Company and make their own independent determinations of its future prospects, financial or otherwise, and the financial prudence, tax, legal, and all other ramifications of any contemplated transaction and should retain independent and qualified advisors.
8. Neither RSM, nor any individuals signing or associated with this report shall be required because of this report to give testimony or appear in court or other legal proceedings, unless specific arrangements have been made.
9. Regarding the projections of earnings or cash flows used in the analyses herein, they have been based upon the identified assumptions. Some assumptions inevitably will not materialize, and unanticipated events may occur; therefore, the actual results achieved during the projection period will vary from the projection, and the variations may be substantial.
10. We have compiled summary financial data and ratios that are contained in the report and various appendices. The data in these appendices represent financial data extracted from the Company's historical financial statements as well as other sources. The financial information does not constitute a complete presentation of the Company's financial statements in accordance with generally accepted accounting principles. The information is included solely to assist in the development of the value conclusion presented in this report and should not be used for any other purpose.

Section 9. Appraisers' Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and our personal, impartial, and, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the entity that was the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. We have performed no services as an appraiser or in any other capacity regarding the property that is the subject of this report within the three year period immediately preceding acceptance of the assignment.
5. We have no bias with respect to the property that was the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon delivering or reporting predetermined results.
7. Our compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Business Valuation Standards of the American Society of Appraisers, and in accordance with the Statement on Standards for Valuation Services of the American Institute of Certified Public Accountants.
9. With the exception of Matt Wolf and Paul Diegnau, no one provided significant professional assistance to the people signing this report.
10. The American Society of Appraisers and the American Institute of the Certified Public Accountants have a mandatory recertification program for all of its Senior Members. The undersigned is in compliance with the professional associations sponsoring their credentials.

RSM US LLP

Paul Siebrasse
Principal

Jagesh Shah
Director

Section 10. Professional Qualifications

Paul Siebrasse

Principal, Financial Advisory Services
RSM US LLP
Minneapolis, MN
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612.376.9575

Summary of Experience

Paul Siebrasse is the principal of business valuation and litigation support services at RSM US LLP. As the group's leader, Paul directs the development of project damage calculations and business valuations for litigation. When necessary, Paul provides expert testimony. His services are in the following two practice areas of the law:

- Commercial law: breach of contract damage calculations on litigated breach, intellectual property and intangible asset valuations, business valuation for disputed claims (shareholder and transactional), business interruption damage assessment, business valuation for mergers and acquisitions, and business valuation for insurance purposes.
- Civil law: wrongful death damage assessment and lost wages, wrongful discharge damage assessment and lost wages, personal injury assessment and lost wages, discovery and lost profits, and disputed claim discovery and valuations.

Professional Affiliations and Credentials

- American Society of Appraisers
  - Accredited Senior Appraiser (ASA)
  - Former local chapter president and vice president
- Member of the National Association of Forensic Economics
- Adjunct professor at three educational institutions, where he taught microeconomics and business statistics

Education

- Montana State University, Bozeman, Montana, Bachelor of Science in Agricultural Business
- Montana State University, Bozeman, Montana, Masters of Science in Applied Economics

Authored Articles

- *Stark Laws and Fair Market Value Exceptions: An Introduction*; Journal of Medical Practice Management, July-August, 2007, pp. 57-59.

Speaking Engagements

- 2/9/16: Guest Lecturer – *Ethics, Case Law & How It Matters*: University of Minnesota, Carlson School of Management MBA Program – MBA 6315 - The Ethical Environment of Business
- 11/20/2015: National Business Institute; Small Companies – Big Problems: Legal Management of Shareholder and Partner Disputes at Closely-Held Entities, joint presenter
- 3/20/14: RSM US LLP sponsored webinar; *Health Care M&A Update*
- 1/9/14: Holland & Hart, LLP, Denver, Colorado; Daubert Challenges: Key Issues, Recent Trends and Preparing Damages Experts
- 6/13/13: RSM US LLP, Schaumburg, Illinois; ASC 958 in Healthcare Purchase Price Allocations

- 6/4/13: Patton Boggs, LLP, Dallas, Texas; *Daubert Challenges in Trade Secret Cases*
- 4/28/13: Florida Institute of CPA's Health Care Industry Conference, *Red Flags & Adding Value in Health Care M&A,*
- 6/16/12: Friedman & Feiger: Understanding Financial Statement, Risks and Red Flags
- 4/25/12: Guest Lecturer – *Ethics, Case Law & How It Matters*: University of Minnesota, Carlson School of Management MBA Program – MBA 6315 - The Ethical Environment of Business
- 5/24/11: RSM sponsored webinar: Mergers in Health Care – Making Sense of the Mayhem
- 5/18/11: RSM's 15th Annual Large Clinic Group Conference – presented *Healthcare Merger and Acquisition Integration*, also served as associated panel facilitator and co-panelist with Greg Cooper, MD, Chief Medical Officer of Mercy Medical Group and Fred Ford, Sr. VP of Sisters of Mercy Health System
- 3/4/11: Weil, Gotshal & Manges LLP: *Daubert Challenges Against Experts*
- 1/30/11: RSM sponsored webinar: Recent Developments in Reasonably Royalty Damages
- 11/30/10: RSM sponsored webinar: Common Mistakes to Avoid in Calculating Lost Profits in Breach of Contract Matters
- 9/15/10: RSM sponsored webinar: Valuing Customer Lists and Non-Compete Agreements
- 9/23/09: 2009 Upper Midwest Capital Connection, sponsored by the Association of Corporate Growth, Minneapolis, Minnesota: *Manufacturing and Wholesale Distribution Strategies For A Challenging Economy*
- 6/8/08: The American Institute of Certified Public Accountants' First Annual Fair Value Conference, Chicago, Illinois: Auditors Are From Mars, Valuation Specialists Are From Venus – How Auditors and Valuation Specialists Can Learn to Live in Harmony
- 9/16/08: RSM & Pullen, LLP, Irvine, California: *Fair Value Issues in Audits*
- 8/19/08: RSM & Pullen, LLP, Chicago, Illinois: *Fair Value Issues in Audits*
- 7/9/08: RSM & Pullen, LLP, Washington, DC: *Fair Value Issues in Audits*
- 11/3/07: The Caux Round Table Corporate Academy: Economic and Business Valuation Issues in the Corporate Board Room
- 9/27/07: Printing Industry of Minnesota: *Valuation Issues in Succession Planning*
- 9/25/07: Leonard, Street & Deinard Law Firm: *S-Corporation Valuation issues*

Jagesh Shah

Director, Financial Advisory Services
RSM US LLP
Los Angeles, California
jagesh.shah@rsmus.com
+1 213 330 4619

Summary of experience

Jagesh Shah has over 15 years of experience providing valuation and financial advisory services to firms in a wide variety of industries. His diverse valuation experience include: valuation studies of businesses, intellectual property, intangible and tangible (financial) assets for a variety of purposes, including tax and financial reporting (ASC 805, 350, 360, and 718), mergers and acquisitions, estate and gift tax planning, litigation support and strategic planning across multiple industries.

Jagesh has managed and participated in hundreds of advisory engagements in the Financial Services industry and specializes in the health insurance/managed care industry segment. He has valued numerous managed care companies (public, private, and not for profit) and their assets, and has been involved in more than half of the largest (greater than $500M) managed care transactions in the last decade.

Prior to joining RSM, Jagesh was a Director in Duff & Phelps' Valuation Advisory Services practice in Los Angeles. Prior to Duff & Phelps, Jagesh was a Vice President at Standard & Poor's Corporate Value Consulting. Prior to Standard & Poor's, Jagesh was a Senior Associate at PricewaterhouseCoopers. Jagesh's valuation experience includes, but is not limited to:

- Business enterprise valuations
- Reporting unit (RU) valuations
- Legal entity and roll-up/consolidation valuation analyses for tax purposes
- Valuations of customer lists and customer relationships
- Valuations of employment and non-compete agreements
- Valuations specific to insurance companies include valuation of: subscriber relationships, agent relationships, in-force insurance contracts, provider contracts, insurance licenses

Professional affiliations and credentials

- Certified Public Accountant (CPA) licensed in the state of California
- Member of the AICPA

Education

- Bachelor of Business Administration, accounting, California State University

Matthew Wolf

Director, Financial Advisory Services
RSM US LLP
Minneapolis, Minnesota
matt.wolf@rsmus.com
+1 612 376 9880

Summary of experience

Matt is a director with RSM's Financial Advisory Services practice. Matt has ten years of business valuation and litigation support services experience. His experience and responsibilities include valuations of:

- Physician practices for purposes of complying with Stark and anti-kickback laws, under both
  - full-employment, and
  - professional service agreement arrangements
- Hospital system joint venture arrangements
- Medical device companies (sell-side consultation)
- Intangible asset valuation for purposes of financial reporting
- Physician compensation

Matt also has experience preparing expert reports for litigation in the health care industry. The cases Matt has been involved with include matters related to lost wages and practice management disputes.

Professional affiliations

- American Society of Appraisers

Speaking engagements

- "Accounting Update for PEG Portfolio Companies" RSM Health Care Summit, January 2016
- "Not-for-Profit Mergers and Acquisitions - ASC 958 in the NFP and Health Care Sectors," McGladrey National Financial Advisory Services Conference, May 2014
- "Mergers and Acquisitions: What's Trending in Health Care M&A?," McGladrey Health Care Webinar Series, March 2014
- "Health Care M&A Market and Competitive Update," McGladrey Health Care Summit, January 2014
- "Red Flags & Adding Value in Health Care M&A," Florida Institute of Certified Public Accountants' Health Care Industry Conference, April 2013
- "Understanding Financial Statements, Risks, & Red Flags," Minnesota Paralegal Association, December 2011
- "Finding Hidden Assets," McGladrey Webinar Series, August 2011

Education

- Bachelor of Science, finance and operations management, University of Minnesota's Carlson School of Management
- Currently completing Master of Business Administration degree, Carlson School of Management

Paul Diegnau

Supervisor, Financial Advisory Services
RSM US LLP
Minneapolis, Minnesota
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612.376.9844

Summary of Experience

Paul Diegnau is a supervisor with the Financial Advisory Services practice at RSM US LLP, specializing in business valuations. Paul has experience with broad industry exposure to the middle-market and small businesses. Paul has conducted valuations for a variety of purposes, including federal gift and estate tax, estate planning, and business planning. Paul has also performed valuations for financial reporting purposes.

Education

- University of Minnesota, Bachelor of Science in Business in Finance and Accounting
- University of Denver, Master of Accountancy

Published Articles

- Diegnau, Paul, and Masten, Lari. "Back-to-Basics: The Cost of Equity and the Fama - French Three-Factor Model." The Value Examiner (2014).

Section 11. Summary of Information Used

Provided by Management

- Projected financial statements for the fiscal years ending 2016 and 2017
- Management interviews with Michael Alexander, Brian Doom, and Patrick Duncan

Provided by the Department

- Conversion Valuation Appraisal Report as of April 29, 2016 for Nodak Mutual Insurance Company prepared by Feldman Financial Advisors
- Subscription Rights Valuation Report as of April 29, 2016 for Nodak Mutual Insurance Company prepared by Feldman Financial Advisors
- Form S-1 Registration Statement for NI Holdings, Inc as submitted on August 12, 2016
- Representations and interpretive guidance regarding the Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Offering.

Obtained from the Public Domain

- Plan of Mutual Property and Casualty Insurance Company Conversion and Minority Offering as Approved by the Board of Directors of Nodak Mutual Insurance Company as of January 21, 2016.
- The Post-Conversion Organizational Chart for Nodak Insurance Company.
- Financial Statements and other Financial Filings for Nodak Mutual Insurance Company and its directly and indirectly owned subsidiaries were obtained from SNL Financial.
- Financial Statements and other Financial Filings for companies deemed to be guideline public companies were obtained from SNL Financial and S&P Capital IQ.
- Contemporaneous and historical market data were obtained from SNL Financial and S&P Capital IQ.
- Chapter 26.1-12.1 and 26.1-12.2 of the North Dakota Century Code
- IBISWorld Industry Report 52412 *Property, Casualty, and Direct Insurance in the US* dated April 2016.
- Risk-Based Capital (RBC) For Insurers Model Act as of January 2012.
- Nodak Mutual Insurance Company's Company Profile from AM Best's Credit Rating Center.

Market and Economic Data

- Economic Outlook Update™ 2Q 2016, Business Valuation Resources.
- Federal Reserve Board H.15 Release
- S&P Capital IQ

Appraisal-specific Resources

- American Society of Appraisers, ASA Business Valuation Standards, Definitions.
- Business Appraisal Standards of the Institute of Business Appraisers, Inc.
- Business Valuation Standards, American Society of Appraisers.
- Business Valuation Standards, American Institute of Certified Public Accountants.
- Cravens v. Welch, 10 Fed. Supp. 94 (1935).
- Fishman, Jay E., Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner. PPC's Guide to Business Valuations Twenty-sixth Edition. Thomson Reuters, February 2016.
- Pratt, Shannon P., with Alina V. Niculita, Valuing a Business: The Analysis and Appraisal of Closely held Companies, Fifth edition, McGraw-Hill, 2008.

- Pratt, Shannon P. and Roger Grabowski, Cost of Capital Applications and Examples, fourth edition. John Wiley & Sons, 2010.
- The Appraisal Foundation. Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition.
- Grabowski, Roger J., James P. Harrington, and Carla Nunes. "2016 Valuation Handbook: Guide to Cost of Capital." *Duff & Phelps, LLC*, 2016.
- Colantuoni, Joseph A. "Mutual-to-Stock Conversions: Problems with the Pricing of Initial Public Offerings." *FDIC Banking Review.*
- Kashian, Russ and Monaco, Kristen. "The Pricing Of Thrift Conversions" *The Journal of Applied Business Research.*

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