

**SB61 Testimony**

The bill before you came from recommendation #4 of the SB304 interim committee, which among other things studied the role and structure of Montana State Fund.

There are currently a number of statutes in existence regarding the authority of the Montana State Fund board as well as our reporting responsibilities to the legislature.

The Montana State Fund Board of Directors has specific responsibilities as provided in law (39-71-2315) including:

    Ratemaking, declaration of dividends, approving of an annual strategic business plan, retention of an independent actuarial consultant, establishing the annual operating budget, determination of appropriate surplus levels and submission of an annual financial report.

The Board also has the responsibility to hire an executive director who will be generally responsible for the operations of the state fund and must have executive level experience and knowledge of the insurance industry. (Section 39-71-2317)

In 39-71-2361 and 2362 delineate the authority of the legislative auditor with respect to the old and new funds. Each year the LAD contracts with their own independent actuary to certify or rate making procedure and financial reports. That report is presented to the audit committee each December.

In 39-71-2363, the state fund is required to submit by October 1<sup>st</sup> the annual budget approved by our board for review by the legislative finance committee. We also must provide an annual financial report to the governor and the legislature, which we do each year.

The law covering the structure of the Board lies in 2-15-1019. Our Board consists of seven members appointed by the Governor to staggered four year terms. At least 4 must represent state fund policyholders and may be employees of a state fund policyholder. Also, at least four members shall represent private, for-profit enterprises. One of the seven members may be a licensed insurance producer.

There are generally five board meetings scheduled per year, occurring in March, April, June, October, and December. Meetings are open to the public, and all materials are available for public inspection and distribution. (Examples) Board information packets are generally sent out 10-14 days before the scheduled meeting, and it is not uncommon for our executive director to have meetings with individual board members before a meeting on the agenda and topics that will be covered.

I'm happy to answer any questions the committee may have, and ask permission to refer to Nancy Butler when appropriate.