

1 SENATE BILL NO. 60

2 INTRODUCED BY R. ERICKSON

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

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5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE LEGISLATIVE AUDITOR TO PERFORM OR HAVE
6 PERFORMED ANNUAL MARKET CONDUCT EXAMINATIONS OF THE STATE FUND AND TO CONDUCT OR
7 HAVE CONDUCTED INDEPTH FINANCIAL EXAMINATIONS OF THE STATE FUND EVERY 5 YEARS; AND
8 AMENDING SECTION 39-71-2361, MCA."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 39-71-2361, MCA, is amended to read:

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14 **"39-71-2361. Legislative audit of state fund.** (1) The legislative auditor shall annually conduct or have
15 conducted a financial and compliance audit of the state fund, including its operations relating to claims for injuries
16 resulting from accidents that occurred before July 1, 1990. The audit must include evaluations of the claims
17 reservation process, the amounts reserved, and the current report of the state fund's actuary. The evaluations
18 may be conducted by persons appointed under 5-13-305.

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20 (2) (a) The legislative auditor shall annually perform or have performed a market conduct examination
21 of the state fund. The examination must include but is not limited to a review of the state fund's actions with
22 regard to sales, advertising, rating, and the handling of claims.

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24 (b) The legislative auditor shall conduct or have conducted an indepth financial examination of the state
25 fund every 5 years beginning July 1, 2010. The goals of the financial examination must include but are not limited
26 to:

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28 (i) identifying whether the state fund is experiencing current or may experience future financial problems;

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30 (ii) defining and evaluating areas of performance that are negatively affecting results or may negatively
affect results;

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32 (iii) verifying the correctness of reported economic data; and

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34 (iv) protecting the interests of employers insured by the state fund, employees of employers insured by
the state fund, members of the public, and the state of Montana.

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(c) The market conduct examinations and financial examinations provided for in this subsection (2) may

1 be conducted by persons appointed under 5-13-305.

2 (3) (a) Audit and evaluation costs are an expense of and must be paid by the state fund and must be
3 allocated between those claims for injuries resulting from accidents that occurred before July 1, 1990, and those
4 claims for injuries resulting from accidents that occur on or after that date.

5 (b) Market conduct examinations and financial examinations described in subsection (2) are an expense
6 of and must be paid by the state fund."

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