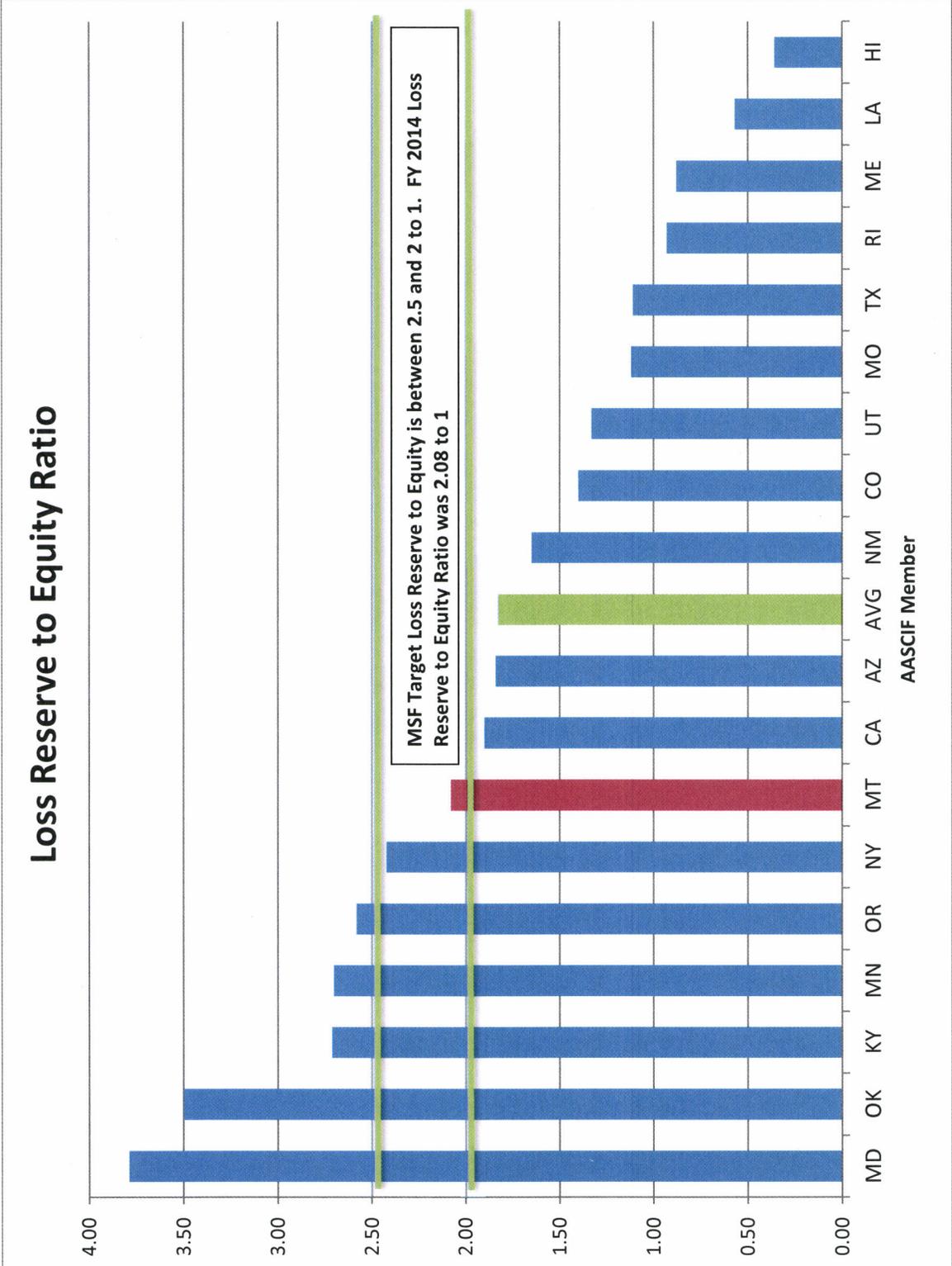


# Loss Reserve to Equity Ratio



MSF Target Loss Reserve to Equity is between 2.5 and 2 to 1. FY 2014 Loss Reserve to Equity Ratio was 2.08 to 1

# Montana Code Annotated 2014

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**39-71-2323. Surplus in state fund -- payment of dividends.** Subject to the provisions of [39-71-2316](#), if at the end of any fiscal year there exists in the state fund account created by [39-71-2321](#) for claims for injuries resulting from accidents that occur on or after July 1, 1990, an excess of assets over liabilities, including necessary reserves and an appropriate surplus as determined by the board in accordance with [39-71-2330](#), and if the excess may be refunded safely, then the board, after consultation with the independent actuary engaged pursuant to [39-71-2330](#), may declare a dividend. The rules of the state fund must prescribe the manner of payment to those employers who have paid premiums into the state fund in excess of liabilities.

**History:** En. Sec. 40, Ch. 96, L. 1915; re-en. Sec. 2998, R.C.M. 1921; re-en. Sec. 2998, R.C.M. 1935; amd. Sec. 6, Ch. 123, L. 1957; amd. Sec. 180, Ch. 147, L. 1963; amd. Sec. 72, Ch. 23, L. 1975; R.C.M. 1947, 92-1110; amd. Sec. 7, Ch. 283, L. 1983; amd. Sec. 34, Ch. 613, L. 1989; amd. Sec. 13, Ch. 4, Sp. L. May 1990; amd. Sec. 5, Ch. 630, L. 1993; amd. Sec. 3, Ch. 407, L. 1999.

*Provided by Montana Legislative Services*

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**39-71-2330. Rate setting -- surplus -- multiple rating tiers.** (1) The board has the authority to establish the rates to be charged by the state fund for insurance. The board shall engage the services of an independent actuary who is a member in good standing with the American academy of actuaries to develop and recommend actuarially sound rates. Rates must be set at amounts sufficient, when invested, to carry the estimated cost of all claims to maturity, to meet the reasonable expenses of conducting the business of the state fund, and to amass and maintain an excess of surplus over the amount produced by the national association of insurance commissioners' risk-based capital requirements for a casualty insurer.

(2) Because surplus is desirable in the insurance business, the board shall annually determine the level of surplus that must be maintained by the state fund pursuant to this section, but shall maintain a minimum surplus of 25% of annual earned premium. The state fund shall use the amount of the surplus above the risk-based capital requirements to secure the state fund against various risks inherent in or affecting the business of insurance and not accounted for or only partially measured by the risk-based capital requirements.

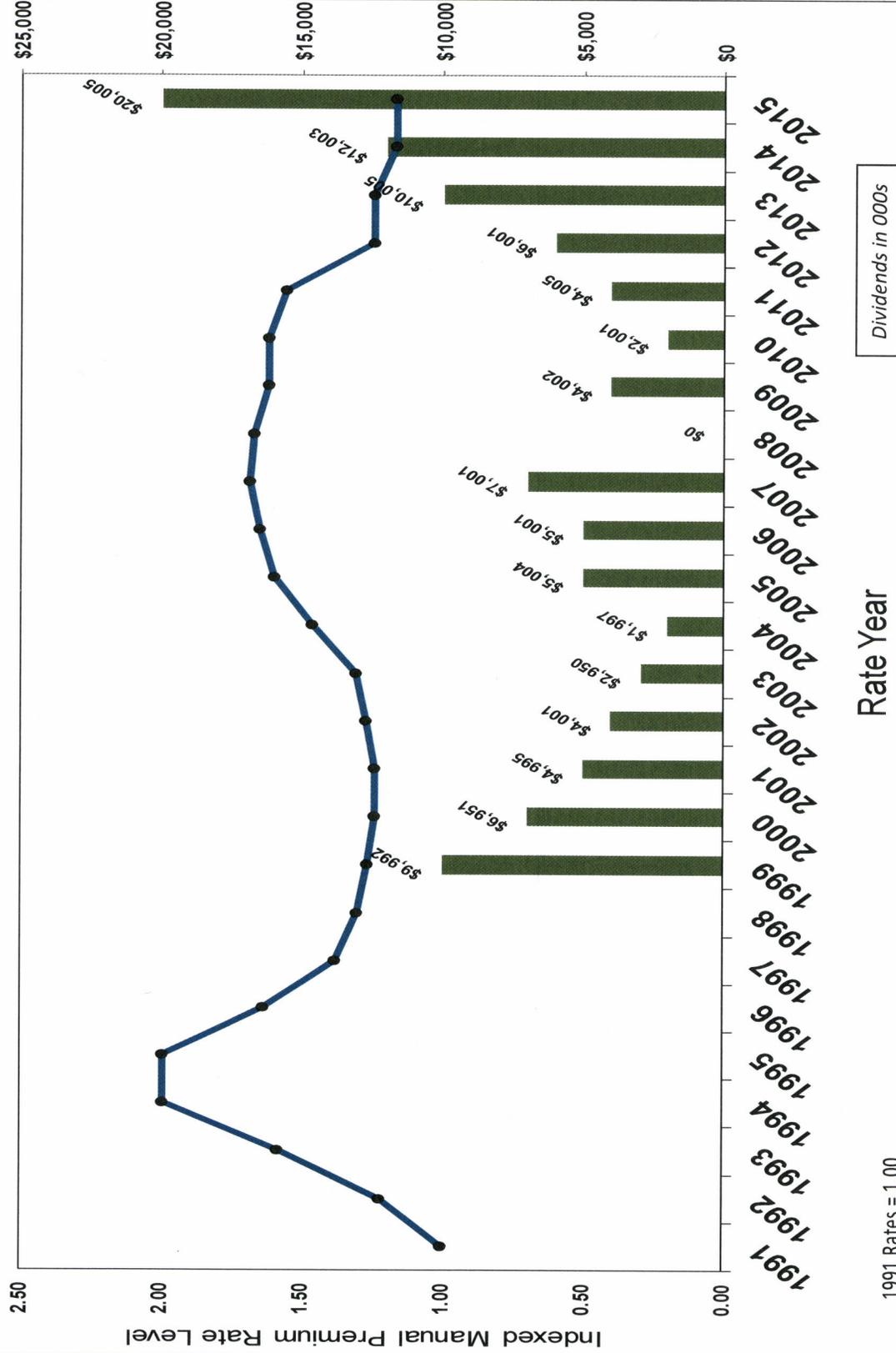
(3) The board may implement multiple rating tiers for classifications that take into consideration losses, premium size, and other factors relevant in placing an employer within a rating tier.

**History:** En. Sec. 7, Ch. 630, L. 1993; amd. Sec. 4, Ch. 407, L. 1999; amd. Sec. 9, Ch. 314, L. 2001.

*Provided by Montana Legislative Services*

# MSF Rate Level and Dividends

## Manual Rates (average of MSF rate tiers)



1991 Rates = 1.00

Dividends in 000s

Rate Year	Manual Rate Change	Base Yr
1991		
1992	22.1%	
1993	23.0%	
1994	3.0%	
1995	0.0%	
1996	-18.0%	
1997	-15.4%	
1998	-5.6%	
1999	-3.0%	
2000	-2.0%	
2001	0.0%	
2002	2.7%	
2003	2.8%	
2004	11.6%	
2005	9.5%	
2006	3.0%	
2007	2.4%	
2008	-1.0%	
2009	-3.0%	
2010	0.0%	
2011	-4.0%	
2012	-20.0%	
2013	0.0%	
2014	-6.0%	
2015	0.0%	



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www.montanastatefund.com

[REDACTED]

Policy #: [REDACTED]  
Team #: [REDACTED]  
Date: [REDACTED]  
Policy Period: [REDACTED]

### MONTANA STATE FUND POLICYHOLDER ASSET ENDORSEMENT

Applicable to policies issued or renewed on or after May 9, 2003. General Provisions, Paragraph 1 of the policy, entitled The Contract, is amended and modified by adding the following at the end of the paragraph:

As provided in section 39-71-2320, MCA, all premiums and other money paid to the Montana State Fund, all property and securities acquired through the use of money belonging to the Montana State Fund, and all interest and dividends earned upon money belonging to the Montana State Fund are the sole property of the Montana State Fund and must be used exclusively for the operations and obligations of the Montana State Fund. The money collected by the Montana State Fund for claims for injuries occurring on or after July 1, 1990, may not be used for any other purpose and may not be transferred by the legislature to other funds or used for other programs. However, Montana State Fund money must be invested by the Board of Investments provided for in section 2-15-1808, MCA, and subject to the investment agreement with the Board of Investments, the earnings on investments are the sole property of the Montana State Fund as provided in section 39-71-2320, MCA. This provision does not modify or affect the insurance coverage or the benefits provided by this policy

The purpose of this endorsement is to comply with Senate Bill 360, passed by the Montana legislature during the 2003 regular legislative session. The governor signed SB 360 on May 9, 2003, and the bill went into effect when signed by the governor. SB 360 prohibits diversion of Montana State Fund assets to other government programs or funds, and requires that the Montana State Fund incorporate language to that effect in the Montana State Fund insurance policy. This endorsement does not change the insurance coverage you have under the policy, nor does it affect benefits payable under the policy. If you have any questions about this endorsement, please contact the Montana State Fund at 1-800-332-6102.

[REDACTED]