

STATE OF MONTANA  
DEPARTMENT OF ADMINISTRATION



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**MEMORANDUM**

To: Elected Officials and Agency Directors

From: Lance Zanto, Bureau Chief

Cc: Sheila Hogan, Director  
Russ Hill, Administrator

Re: Workers' Compensation Returns on Investment

Date: December 30, 2013

I am pleased to announce good news from the Department of Administration's (DOA) Workers' Compensation Management Bureau (WCMB) this year. For the past several years, we have developed programs that provide returns on premium, reduce costs to state agencies, return our valuable state employees to work and establish effective safety programs in agencies. In 2012 we received a national award from Harvard University recognizing our program and the great work we are doing not to mention the millions in savings we have achieved.

Each fiscal year, most agencies are eligible to receive the following returns on premium from our insurer, Montana State Fund.

1. Each quarter, we receive a 5% return on premium which is to be used as a safety budget in each agency.
2. In March each year, we receive a retention return which is a return based on our efficiency in managing our losses through safety and return to work.
3. In January of each year, if the State Fund's board of directors declares a dividend, we will receive that dividend paid based upon each agencies loss ratio.

Recently Montana State Fund declared a policy holder dividend. The WCMB has been working with MSF on the calculation and distribution of this dividend. I am pleased to report that most agencies will receive a dividend again this fiscal year. Attached is a spreadsheet that breaks down the dividends being returned to agencies. This dividend is related to premiums paid in a previous fiscal year; therefore, it will be an abatement of expenses from the year in which the premiums were paid.

Please note that DOA has withheld the federal share and returned it to the federal government on behalf of state agencies. Nothing more needs to be done by agencies regarding the federal share.

If you have questions, please contact me at 444-5689.

Attachment

**State Agency Dividends for PY2011**

Premium and losses as of 6/30/2013

Dividends paid in FY2014

Policy	Business Unit	Name	Team	Premium	Losses	Loss Ratio	Factor	Dividend			Agency Dividend
								Dividend	FSR Percent	Federal Share	Net of Fed
30213003	61010	ADMINISTRATION	team5	337,783	75,877	22.5%	0.087	29,387.16	0.15%	44.08	29,343.08
30070049	62010	AGRICULTURE	team5	63,568	20,178	31.7%	0.042	2,669.87	19.58%	522.76	2,147.11
30765812	51010	BOARD OF PUBLIC EDUCATION	team5	3,224	0	0.0%	0.091	293.37	0.00%	-	293.37
30588313	32020	COMMISSIONER OF POLITICAL PRACTICES	team5	2,222	0	0.0%	0.091	202.24	0.00%	-	202.24
30488837	11120	CONSUMER COUNSEL	team5	3,929	0	0.0%	0.091	357.54	0.00%	-	357.54
30429724	41070	CRIME CONTROL	team5	8,508	0	0.0%	0.095	808.26	26.01%	210.23	598.03
30041628	53010	ENVIRONMENTAL QUALITY	team5	217,241	31,240	14.4%	0.104	22,593.04	37.84%	8,549.21	14,043.83
30076863	31010	GOVERNORS OFFICE	team5	37,239	2,288	6.1%	0.098	3,649.41	0.00%	-	3,649.41
30207153	51170	HISTORICAL SOCIETY	team5	30,849	2,784	9.0%	0.094	2,899.83	20.18%	585.19	2,314.64
30599005	21100	JUDICIARY	team5	267,076	60,689	22.7%	0.080	21,366.10	0.96%	205.11	21,160.99
30469019	21100	JUSTICE	team6	1,259,387	505,040	40.1%	0.047	59,191.19	0.96%	568.24	58,622.95
30099113	66020	LABOR & INDUSTRY	team6	609,527	235,244	38.6%	0.051	31,085.88	43.09%	13,394.91	17,690.97
30283741	11040	LEGISLATIVE BRANCH	team5	94,037	14,923	15.9%	0.081	7,617.02	0.00%	-	7,617.02
30170302	51150	LIBRARY COMMISSION	team5	15,722	1,438	9.1%	0.089	1,399.27	34.11%	477.29	921.98
30099766	56030	LIVESTOCK	team5	111,194	27,125	24.4%	0.073	8,117.17	13.95%	1,132.35	6,984.82
30070858	67010	MILITARY AFFAIRS	team5	269,750	91,755	34.0%	0.056	15,106.02	78.20%	11,812.91	3,293.11
32938649	67010	MILITARY AFFAIRS DECLARED EMERGENCY POLICY	team5	14,499	507	3.5%	0.101	1,464.35	78.20%	1,145.12	319.23
30434518	51140	MONTANA ARTS COUNCIL	team5	5,055	0	0.0%	0.092	465.08	35.41%	164.68	300.40
30078224	57060	NATURAL RESOURCES	team6	623,611	168,895	27.1%	0.075	46,770.82	4.41%	2,062.59	44,708.23
33509068	57060	NATURAL RESOURCES - FIREFIGHTER POLICY	team6	509	0	0.0%	0.089	45.32	4.41%	2.00	43.32
33086455	61080	OFFICE OF PUBLIC DEFENDER	team5	112,782	53,216	47.2%	0.013	1,466.17	0.27%	3.96	1,462.21
30070346	35010	OFFICE PUBLIC INSTRUCTION	team5	133,993	2,749	2.1%	0.121	16,213.09	46.78%	7,584.48	8,628.61
30160089	61040	PUBLIC EMPLOYEES RETIREMENT	team5	18,080	5,818	32.2%	0.032	578.55	0.00%	-	578.55
30095269	69010	PUBLIC HEALTH & HUMAN SERVICES	team5	4,304,546	2,215,637	51.5%	0.023	99,004.55	16.15%	15,989.23	83,015.32
30070981	42010	PUBLIC SERVICE COMMISSION	team5	21,231	0	0.0%	0.104	2,208.03	6.41%	141.53	2,066.50
30069942	58010	REVENUE	team6	459,509	36,922	8.0%	0.123	56,519.62	0.22%	124.34	56,395.28
30010284	51130	SCHOOL FOR DEAF & BLIND	team5	85,592	35,071	41.0%	0.021	1,797.43	0.00%	-	1,797.43
30070197	32010	SECRETARY OF STATE	team5	47,639	3,769	7.9%	0.098	4,668.63	5.65%	263.78	4,404.85
30037865	34010	STATE AUDITOR	team5	38,127	779	2.0%	0.110	4,194.01	4.68%	196.28	3,997.73
30116107	61050	TEACHERS RETIREMENT SYSTEM	team5	9,103	0	0.0%	0.097	882.95	0.00%	-	882.95
30013650	54010	TRANSPORTATION	team6	4,453,731	1,836,132	41.2%	0.047	209,325.34	11.30%	23,653.76	185,671.58
		<b>Subtotal - Agencies Receiving Dividend</b>		<b>13,659,264</b>	<b>5,428,077</b>	<b>39.7%</b>	<b>0.048</b>	<b>652,347.31</b>	<b>488.92%</b>	<b>88,834.04</b>	<b>563,513.27</b>