



# MONTANA LEGISLATIVE AUDIT DIVISION

## FINANCIAL-COMPLIANCE AUDIT

### Montana State Fund

For the Two Fiscal Years Ended June 30, 2010

NOVEMBER 2010

10-05A

REPORT SUMMARY

The Montana State Fund (MSF) is a nonprofit, independent public corporation established under Title 39, chapter 71 of the Montana Code Annotated. MSF provides Montana employers with an option for workers' compensation and occupational disease insurance and guarantees available coverage for all employers in Montana. MSF is administratively attached to the state of Montana, Department of Administration.

#### Context

MSF is governed by a seven-member board of directors appointed by the Governor. The Board has full power, authority, and jurisdiction in the administration of MSF as fully and completely as the governing body of a private mutual insurance carrier.

MSF separately presents claims incurred on or after July 1, 1990 (New Fund) and claims incurred prior to July 1, 1990 (Old Fund). In fiscal year 2010, new fund premiums were \$166 million and claims were \$153 million. At fiscal year end, approximately 25,253 active policies were insured by MSF. Old fund claims were \$1.8 million in fiscal year 2010. Adequate funding of the Old Fund is statutorily the responsibility of the state of Montana's General Fund. Based on the current actuarially estimated payout patterns for the Old Fund, the cash and invested assets are expected to be inadequate to cover the total obligations through fiscal year 2011.

#### Results

There are no recommendations to MSF in the current audit report.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail [lad@mt.gov](mailto:lad@mt.gov).