



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT

Montana State Fund

For the Two Fiscal Year Ended June 30, 2011

DECEMBER 2011

10-05B

REPORT SUMMARY

Montana State Fund (MSF) accounts for claims incurred on or after July 1, 1990, (New Fund) separately from claims incurred prior to July 1, 1990, (Old Fund). Adequate funding of the Old Fund is the responsibility of the state of Montana's General Fund. By fiscal year-end 2010-11, the Old Fund liquidated all of its assets and received a \$50,000 transfer from the General Fund to pay claims. Payment of the Old Fund liabilities in the amount of approximately \$64 million is now the responsibility of the General Fund.

Context

MSF is administratively attached to the state of Montana, Department of Administration. MSF is governed by a seven member board of directors appointed by the Governor. The 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 employees in Montana.

In fiscal year 2010-11, MSF premiums were approximately \$174 million and claims were approximately \$151 million. Active policies decreased from approximately 25,253 to 24,780 as of June 30, 2010, and 2011. MSF paid dividends to policyholders of \$4 million in fiscal year 2010-11. In addition, MSF accrued \$1.1 million at June 30, 2011, to pay its employees an incentive for meeting certain benchmarks. The incentive payments were made to employees in November 2011.

Results

There are no recommendations to the 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 (10-05B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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