



Montana State Fund Overview

President and Chief Executive Officer – Laurence Hubbard
(appointed by the MSF Board of Directors, who are appointed by the Governor)

Board of Directors: Lance Zanto, chair; Matt Mohr; Lynda Moss; Jan Van Riper; Jack Owens, Cliff Larsen, Jim Molloy, plus Laurence Hubbard as ex officio member.

Duties/Responsibilities

The Montana State Fund (MSF):

- provides a guaranteed market for workers' compensation insurance in Montana, meaning MSF must write workers' compensation policies, regardless of the risk presented, unless a requester has defaulted on a state fund obligation. MSF is also allowed to serve as an option for any employer that wants workers' compensation, a situation that allows MSF to compete with private insurers or self-insurers because MSF is not limited to taking only employers who have been turned down by other insurers. This expands market options, but has some downsides for private insurers. See "Economic Affairs Interim Committee Areas of Interest" below for other insurers' concerns.
- is a nonprofit, independent public corporation (39-71-2313, MCA), but has some privileges and obligations as a state entity. Statutorily under 39-71-2363, MCA, MSF is "subject to state laws applying to state agencies, except as otherwise provided by law...". For example, MSF employees can participate in the state health insurance pool and state pension programs. MSF also is required to participate in state purchasing, information technology, and accounting programs. But MSF can use its own compensation plan for its employees because the organization is exempt from state policies under Title 2, chapter 18, part 6. Similarly, MSF is specifically exempt from state printing contract provisions for external marketing or educational materials (18-7-101, MCA), among other exemptions.
- is subject to regulation by the State Auditor's Office under the same provisions as other insurers, except as provided in 33-1-115, MCA. That statute provides exceptions such as automatic issuance of a certificate of authority to operate as a workers' compensation insurer and exemptions, including from the tax on net premiums. In exchange for the commissioner of insurance not being able to liquidate MSF for financial insolvency, MSF is statutorily required to have higher solvency levels than a private workers' compensation insurer must have. Like rates for private insurers, MSF rates are subject to review and disapproval by the State Auditor's Office under the 33-16-1021, MCA, requirement that rates may not be inadequate, excessive, or unfairly discriminatory.
- is subject to a legislative directive to "be neither more nor less than self-supporting" (39-71-2311, MCA) and enabled under 39-71-2316, MCA, to "perform all functions and exercise all powers of a private insurance carrier that are necessary, appropriate, or convenient for the administration of the state fund".



Legislative Audits

In addition to regulatory requirements contained in Title 33, MSF is subject to legislative financial and compliance audits, as provided in 39-71-2361, MCA.

- Latest Financial Compliance Audit, June 2018, [17-05B](#). No recommendations.
- "Workers' Compensation Insurance Premium Review," January 2014, [13P-05](#). Eight recommendations. Followup January 2016, [15SP-10](#).

Economic Affairs Interim Committee’s Past Area of Interest

- Differences between private insurers and MSF. Private insurers contend that MSF has an advantage over them because MSF has a guaranteed book of business under 39-71-403, MCA, which requires MSF to provide workers’ compensation for state agencies; MSF argues that is a sometimes good, sometimes not-so-good proposition. Private insurers also argue that MSF does not pay a premium tax and federal income tax (for varied reasons); MSF counters that serving as the guaranteed market has costs and benefits and that, as a nonprofit, tax advantages flow to policyholders. Unlike private insurers, MSF also is limited to writing a single line of insurance in a single state, among other issues not faced by the private market.

Administratively Attached Entities:

None

Montana State Fund [Budget for Calendar Year 2019](#), adopted 12/2018 by the Board of Directors

Montana State Fund	2019	2018 Budget	2018 Projection	2017 Actuals	2016 Actuals
FTE Positions	307 310	307 310	307 310	307 310	306.5 309
Claim Benefit Payments	\$109,495,630	\$119,994,052	\$110,494,991	\$121,895,636	\$120,525,961
Operational Expenditures	\$68,266,353	\$88,032,882	\$80,060,477	\$72,512,036	\$52,669,883
Total MSF Expenditures	\$177,761,982	\$208,025,933	\$190,555,469	\$194,407,672	\$173,195,844

Montana State Fund Dividends* Issued, 2014-2018
(\$ in the thousands)

Montana State Fund Dividends Issued	2018	2017	2016	2015	2014
	\$40,000	\$40,002	\$35,003	\$20,005	\$12,003

*The Board of Directors determines, usually in September, whether to pay dividends and, if so, the amount, which is distributed based on a uniform distribution policy adopted by the Board.

Montana State Fund Net Earned Premiums, 2014-2018
(\$ in the thousands)

Montana State Fund Net Earned Premium	2018	2017	2016	2015	2014
	\$161,259	\$166,768	\$169,677	\$164,557	\$165,272