

OVERVIEW

President and Chief Executive Officer:	Holly O'Dell (appointed by the MSF Board of Directors)
Board of Directors: (appointed by Governor)	Richard Miltenberger (Chair), Nancy Butler, Karen Fagg, Wylie Galt, Michael Marsh, John Maxness, Dexter Thiel

DUTIES & RESPONSIBILITIES

The Montana State Fund (MSF):

- Provides one, of three potential options from which an employer may choose in securing their required workers' compensation insurance. Employers with sufficient financial resources can apply to the Department of Labor and Industry for permission to self-insure their workers' compensation liabilities (Plan No. 1). Employers may choose to insure with a private workers' compensation insurer (Plan No. 2). Or, employers can choose to insure their workers' compensation liabilities with MSF (Plan No. 3). Montana's competitive three-way system provides employers with the greatest number of options to obtain workers' compensation insurance coverage in choosing a plan that meets their needs. A distinction that sets MSF apart is it serves as 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.
- Is a nonprofit, independent public corporation that is governed by its Board of Directors (39-71-2313, 39-71-2315, MCA). Statutorily under 39-71-2363, MCA, MSF is "subject to state laws applying to state agencies, except as otherwise provided by law...". The exemptions that apply to MSF are reflective of its status as a workers' compensation insurance carrier. For example, MSF has a limited exemption from the Montana Procurement Act to procure "insurance related services" (18-4-132(3)(e), MCA). MSF is still required to participate in the state health insurance pool and state pension 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. MSF is subject to regulation by the Commissioner of Securities and Insurance, including periodic market conduct examinations and financial examinations similar to other workers' compensation insurance carriers.
- Is subject to a legislative directive to "be neither more nor less than self-supporting" (39-71-2311, MCA), and must maintain an excess of surplus over the risk-based capital requirements as determined by the Board of Directors (39-71-2330, MCA). MSF is 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.

- Financial-Compliance Audit, 22-05, August 2022. No recommendations.
- Financial-Compliance Audit, 21-05A, August 2021. No recommendations.

EAIC PAST AREAS OF INTEREST

Prior studies. MSF has been the subject of numerous studies during the interim between legislative sessions. Studies occurred in 2002, 2004, 2008, 2010, 2014, and 2018. Topics that were studied include the organizational and regulatory structure of MSF; whether to sell MSF; oversight of MSF; cost drivers, safety, and benefits in the system as well as regulation of MSF; the structure of MSF; mutualization or dissolution of MSF; and a study of the future of MSF. Some studies resulted in legislation concerning the legal structure and regulatory oversight of MSF.

MSF FINANCIALS

BUDGET FOR CALENDAR YEAR 2023, ADOPTED 12/2022 BY THE BOARD OF DIRECTORS

MSF	2023 Budget	2022	2021 Actuals	2020 Actuals
FTEs	294.50	293.50	306.00	307.00
Positions	297	296	308	309
Claim Benefit Payments	\$125,392,881	\$110,248,362	\$103,492,507	\$110,775,893
Operational Expenditures (excludes projects)	\$65,658,004	\$63,061,047	\$61,804,458	\$63,379,464
Total MSF Expenditures	\$191,05,885	\$173,309,409	\$165,296,965	\$174,155,357

MONTANA STATE FUND DIVIDENDS* ISSUED, 2016-2022

(\$ in thousands)

MSF Dividends Issued	2022	2021	2020	2019	2018	2017	2016
	\$30,000	\$60,000**	\$20,000	\$30,000	\$40,000	\$40,000	\$35,000

* 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.

**\$60M in 2021 reflects the \$40M declared in September 2021 *and* the special \$20M declared in March 2021.

MONTANA STATE FUND NET EARNED PREMIUMS, 2020-2023

(\$ in thousands)

MSF Net Earned Premium	2023 Budget	2022 Budget	2021 Actuals	2020 Actuals
	\$162,370,929	\$168,470,070	\$159,679,855	\$148,625,434