



MONTANA
STATEFUND

2014 Annual Report

[Year in Review] [Letter from the President] [2014 Financials]

LEADERSHIP



From Our President

At Montana State Fund we measure our achievements by our ability to provide high quality service to the people we serve. It is done through our collective efforts, achieving our goals in an environment of empowerment and accountability. The key to our ongoing success is in harnessing the talents and creativity of our employees to work towards a common goal and vision. Fiscal year

2014 (July 1, 2013 – June 30, 2014) was no different. It marked another year of performance and financial success for MSF and those we serve.

Investing in the Future

As more employees choose to retire, MSF faces difficult competition to recruit and retain knowledgeable employees. This reality has been an opportunity for us to create internal leadership training and development plans. One such initiative is our leadership development program. The program identifies high potential employees who are provided intensive management and organizational training that may position them for leadership roles in the future. In addition, we promoted six of our effective claims professionals to the newly created claim manager positions. This role enhances our claims management process by adding mentoring and guidance for our claims examiners to continue to provide optimum outcomes for our injured employees.

Economic Affairs Interim Committee

Leading up to the 2015 legislative session, the Economic Affairs Interim Committee (EAIC) gathered seven different times to review Montana's workers' compensation system and

the structure of Montana State Fund. During these meetings our staff provided information and identified viable options that our board of directors, governor, and the legislators would consider for appropriate Montana State Fund regulatory oversight. While these meetings were filled with lively discussion, in the end, a workable solution was achieved. At this time, legislation has been drafted that supports our key core provisions of maintaining our financial strength and continuing to serve as the guaranteed market for Montana's employers.

Dividend

Over 23,000 qualifying policyholders received a part of a \$12 million dividend in FY 2014. Our dividend program financially rewards our policyholders who have invested time, money and efforts to create a safer workplace for their employees. Our ability to return a portion of our customers' premium back to them is also testament to our commitment to operate a sound financial organization as well as partner with our policyholders to create a culture of safety across Montana.

Finally, I could not talk about our achievements in 2014 without acknowledging the guidance and partnership of our board of directors. Working with our staff, they help us shape many of the decisions we make to improve the health and safety of Montana's workforce, while ensuring Montana businesses have a stable and competitive workers' compensation insurance market. I look forward to continuing this mission in the years to come. Thank you for your support.

Sincerely,

Laurence Hubbard
President/CEO

LEADERSHIP

Chairman's Letter



In 2014 Montana State Fund affirmatively recognized the daily sacrifice of our State's workers with a Labor Day television campaign thanking Montana workers, whose labor built our State. MSF is Montana's largest workers' compensation insurance company. Montana State Fund recognizes the importance of keeping workers safe, and has taken the lead in improving workplace safety. MSF continues to invest time and resources to provide information and

education to employers and employees, so that everyone in the workplace can better understand the value of workplace safety.

MSF worked in 2014 to strengthen its partnership with employers and employees to make Montana workplaces safer and more productive. Sixty-one participants graduated from the MSF successful Worksafe Champions program in 2014. MSF specifically invited a number of employers with greater workplace injury rates to enroll representatives in the program, and many accepted the invitation. The goal of inviting historically less safe employers was to build strong relationships with them so that they would understand MSF is an important resource in helping them to improve their workplace safety practices to reduce injuries, and thereby benefit employers and employees alike.

In 2014, State Fund targeted its stay at work/return to work (SAW/RTW) communications with policyholders and medical providers. It improved the SAW/RTW section of its safety focused website, safemt.com with additional helpful information. MSF medical staff worked directly with medical

providers, giving one-on-one training focused on SAW/RTW programs.

State Fund has continued to manage its bottom line responsibly. Equity (net worth) remains strong. Loss reserves are strong enough to protect injured employees and policyholders against unforeseen but potentially costly injury events. MSF takes its fiduciary responsibility to workers seriously. It has taken appropriate steps, guided by industry standards, to make certain that it has adequate financial strength to deal with any future contingencies and pay benefits.

The MSF leadership team and employees worked hard to meet the mandates required of them by our Legislature. In addition, the volunteer board members have devoted substantial time and energy to fulfilling their fiduciary duties to Montana. Our Board takes its responsibilities seriously, and works hard to ensure that MSF continues its exceptional customer service and maintains its financial strength. This Board rigorously and thoughtfully evaluates and debates the questions it faces. It not only considers issues management presents; it raises others. We welcome and encourage public observation of, and input in, our deliberations.

This year's report reflects a commitment to excellence. With confidence, we can look forward to MSF's continued leadership and service to Montana as its top insurance provider.

Sincerely,
Elizabeth Best
Chair

Executive Team

Left to right: Julie Jenkinson, Vice President, Insurance Operations; Peter Strauss, Vice President, Insurance Operations Support; Laurence Hubbard, President/CEO; Mark Barry, Vice President, Corporate Support; Nancy Butler, General Counsel; Al Parisian, Chief Information Officer; Rick Duane, Vice President, Human Resources



Board of Directors



Elizabeth Best, Chair
Great Falls
406-452-2933
Term ending: April, 2015



Joe Brenneman
Kalispell
jcircle@montanasky.net
Term ending: April, 2015



Lynda Moss
Billings
lyndamoss@mac.com
Term ending: April, 2017



Laurence Hubbard
Ex-Officio,
Helena



Richard Miltenberger
Helena
406-459-0203
Term ending: April, 2017



Bruce Mihelish
Lolo
bruce@cedarflats.com
Term ending: April, 2017



Lance Zanto
Helena
Lzanto2@mt.gov
Term ending: April, 2017



Wayne Dykstra
Billings
wdykstra@liquidengineering.com
Term Ending: April, 2015

YEAR IN REVIEW



Workers' compensation is one of the most dynamic and challenging lines of insurance business. With that in mind, our staff continuously focuses on creating cost-effective processes and systems that improve injured employee outcomes and protect the financial health of the businesses we insure. In fiscal year 2014 (July 1, 2013 – June 30, 2014) we accomplished this through the implementation of a number of proactive projects and a continued commitment to build stronger relationships with our stakeholders.

Optimizing Employee Talents

The high number of expected retirements facing Montana State Fund in the near future is a key workforce issue. While this situation makes succession planning more critical, it will always be an important aspect of workforce management. The Leadership Development Program, developed in fiscal year 2014, is one way we plan to meet succession needs and maintain operational continuity in key positions.

In December 2013, Montana State Fund's Executive Team selected three high-potential individuals to be part of the pilot Leadership Development Program. This program kicked off in January 2014 with Lynn Mogstad, Kent Schlosser, and Chris Simonson as the first participants.

All three believe the program is worthwhile and provided significant learning opportunities – whether they were hearing more about the business during roundtable discussions with MSF leaders or understanding the details of the Family Medical Leave Act during a course from the Professional Development Center.

Chris Simonson said, "In addition to the reference material from classroom training and roundtables there are opportunities for introspection and emotional intelligence development."

The hard work and time commitment is worth it as successful graduates will be given an experience equivalency for future internal management or leadership positions.

Kent Schlosser explained, "The program is a great way to get a taste of MSF leadership in order to determine the direction you want to pursue as you continue your career. Even if completion of the program doesn't result in an immediate leadership position, you will have learned many things that contribute to success in your current position."



Rick Duane, Vice President of Human Resources kicks off the Leadership Development program

The Leadership Development Program is an excellent opportunity to grow leadership skills and competencies.

Lynn Mogstad said, "MSF is fortunate to have these sorts of opportunities. I encourage anyone who is considering a leadership tract for their career to pursue it. It is a tremendous commitment in time and energy but the benefit is undeniable when it comes to personal growth and the potential for career growth."

The program will continue in the coming year.



Legislature Studies Work Comp

The work of the Legislature continued between legislative sessions through its interim committees. A study area assigned to the Economic Affairs Interim Committee (EAIC) was the workers' compensation system. Among the study topics contained in HJR 25 included the review of "The structure of Montana State Fund and independence from state government."

The EAIC reviewed Montana State Fund's structure as well as the status of the "Old Fund". The committee received presentations and information from actuaries, insurance experts, representatives of private carriers and self-insured employers, the Commissioner of Insurance, insured employer representatives and MSF.

President Laurence Hubbard provided the EAIC a summary of MSF's recommendations. His comments included the following,

- > MSF should remain the "guaranteed market" for all employers to have an option to purchase workers' compensation coverage.
- > MSF should have oversight and be regulated by the State Auditor's Office (the state Insurance Commissioner) under the Montana Insurance Code, similar to other private insurance companies. Exceptions from the Montana insurance code should be limited and related to its status as the "guaranteed market" and its creation in Montana law.
- > There should not be duplication of oversight and regulation from both the Legislature and the Insurance Commissioner.
- > MSF should remain exempt, as it currently is, from paying federal income taxes because it serves the guaranteed market role in the state.
- > The members of the Board of Directors should continue to be appointed by the Governor.

The EAIC spent their time studying MSF's structure but did not agree on a committee bill because not all of the issues were finalized before their committee responsibilities ended. However, the committee urged the parties to continue to work to finalize the outstanding items so that a bill could be introduced during the legislative session. MSF and the Insurance Commissioner's Office worked together to complete a proposed bill with the following provisions.

Regulatory Oversight by the Insurance Commissioner under Title 33 includes.

- > Market conduct Examinations of MSF,
- > Financial Examinations MSF,
- > Solvency and Financial Monitoring,
- > Rate Review,
- > Form approval, and
- > Policyholder Complaint Reporting.

In addition, MSF will continue to serve as the Guaranteed Market for Workers' Compensation Insurance and remain governmental entity which supports exceptions to Title 33 as follows.

- > MSF is not required to pay Premium Tax,
- > MSF is authorized to use its special classification codes for Agriculture, State Agencies and Cities and Counties.
- > MSF is exempt from membership in the Guaranty Association but will be subject to more stringent financial review for policy holder equity requirements
- > However, the Insurance Commissioner cannot dissolve MSF or revoke its certificate of authority but MSF is subject to Supervision for violation of any lawful order

However, MSF will also continue as a Montana Governmental Entity, including,

- > Annual audits conducted by the Legislative Audit Division
- > Interim Reporting to the Economic Interim Affairs Committee
- > Governor appointment of the Board of Directors
- > Subject to open meeting and public document laws
- > Investments managed by the Montana Board of Investments
- > MSF employees participation in PERS and the state health program

MSF supports these proposals and will look forward to reporting the passage of the legislation in next year's annual report.

Talking Jack About Safety

The importance of spreading a positive safety message for Montana's younger workers cannot be understated. Since 2008 Montana State Fund has reached out to the younger demographic with our innovative No Jack media campaigns. In 2014 we launched a new campaign that emphasized the importance of *listening to your workplace safety voice*.

The story below originally appeared in The Missoulian – May 29, 2014.



(Photo by Tom Bauer)

Games teach Missoula teens importance of workplace safety

By Alice Miller

Big Sky student pins the tail on Jack as part of the No Jack games

Putting a golf ball while wearing drunk goggles, buttoning a shirt using only one arm and making a sandwich with no hands are all more difficult than they first appear, students said Thursday during the No Jack Games at Big Sky High School.

The Montana State Fund, the state's largest workers' compensation insurer, organized the games in advance of the launch of this year's "No Jack" safety campaign targeted at young workers.

The "listen to your workplace safety voice" theme is meant to encourage young workers to pay attention to common sense when it comes to safety at work, said Mary Boyle, a communications specialist with the company.

A new series of humorous videos featuring dolls that make safety mistakes are set to begin airing on TV, YouTube and movie theaters around the state Friday.

Although only 14 percent of Montana's workforce is 15 to 24 years old, the goal is to raise safety awareness early and prevent workplace injuries in the future as well as foster a safe workplace culture, Boyle said.

Young workers need to know that they have rights in the workplace, she said.

In 2013, 1,600 of 9,580 workers' compensation claims were made by workers 25 and younger. Workers should feel comfortable speaking up if they don't feel safe completing a task or if they need additional instruction before undertaking work, Boyle said.

Big Sky sophomore Zach Nachtigal said the irreverent games underscored the importance of being aware about safety in the workplace.

"Accidents can happen anywhere," he said after playing the Head Injury Hole-In-One game that required him to putt a golf ball while wearing drunk goggles.

"I thought it was actually going to be pretty easy but it actually was pretty hard," Nachtigal's classmate Piper Smith said of the Fingerless Food game.

The game required her to use a spoon to make a jelly sandwich – without the aid of her hands – and Smith said it highlighted the importance of preventing injuries.

Safety shouldn't be a secondary consideration, Smith said.

"It's something people should pay attention to," she said.

For more on workplace safety for both teens and employers, go to nojack.net.

TOOLS FOR EFFICIENCY Claim Analytics Project

Montana State Fund partnered with Milliman and EagleEye Analytics to implement the use of data analytics in our claim management process. This tool enables us to better target our claim management resources to injured employees.

Some injured employees with minor injuries will have only one or two medical bills and will not require time off from work. Other injured employees have seemingly minor injuries, but those injuries sometimes actually turn out to be significantly more severe than it first appears. Using sophisticated statistical modeling tools, we are better able to identify early on which injured employees need more attention and care in helping them obtain the right medical services to assist them to heal and return to work as quickly as medically appropriate.

This allows us to make better use of our claim management resources, provides a more appropriate level of service to injured employees early in the course of their recovery, and in the long run saves our policyholders money.



Moving Safety in the Right Direction

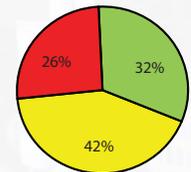
Move Your Safety Program in the Right Direction

Create a Safety Dashboard today!

*The safety dashboard will not be used as an underwriting tool

Hazard Identification

■ Excellent ■ Good ■ Opportunity



It's no surprise our policyholders hear us preach about the virtues of safety and why it's important for them to create a culture of safety at their workplace. But we also realize we need to create some helpful tools that put our words into action. In 2014 we launched our Safety Dashboard to do just that.

The Safety Dashboard is built to help our customers evaluate their current safety management system (SMS). The proactive safety resource allows a business to score itself in several areas of the SMS. While it takes some time to fill out the assessment, once completed a business is able to visualize its' strengths and weaknesses and make proactive changes that are necessary to keep their employees safe; while improving your bottom line.

This free safety assessment tool is located on our safety website safemt.com.

YEAR IN REVIEW

2014 HIGHLIGHTS



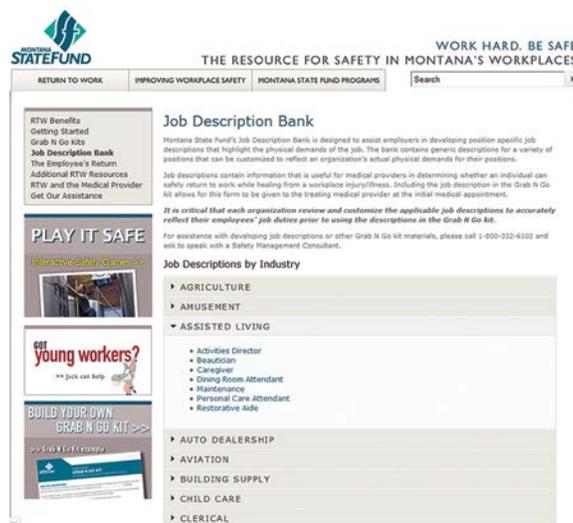
- > Over 23,000 qualifying policyholders shared a \$12 million dividend. This was equivalent to an average 8.8 percent premium reduction to those customers receiving the dividend. Since 1999, MSF has returned \$86 million in general dividend payments as a reward for workplace safety.
- > Our safety services team traveled across Montana to conduct 32 free safety workshops. Over 730 people attended.
- > Sixty-one Montanans graduated from our 12-month intensive WorkSafe Champions safety training program.
- > The Montana Economic Affairs Interim Committee (EAIC) reviewed MSF's organization and regulatory environment through the House Joint Resolution 25 (HJ 25) study bill.
- > Our employees contributed \$28,383 to the State Employee Charitable Giving Campaign (SECGC). MSF is among the highest state agency contributors.
- > Since 1993, the Special Investigations Unit has recovered more than \$57 million in savings from fraudulent claims and employer misconduct.
- > Fifty-four new job descriptions were added to the Return to Work job bank on our safety focused website safemt.com.
- > Ten non-profit organizations received a total of \$12,491 in grant monies from our ACE (Assisting Charitable Endeavors) program. ACE makes matching funds available to qualifying Montana nonprofit organizations that contribute to safety and community well-being in our state.
- > Our pilot leadership development program kicked off with three participants. In addition, six new claims manager positions were created to assist claims examiners in improving better outcomes for injured employees.
- > Over 100 medical providers and workers' compensation professionals from across Montana attended our thirteenth annual medical education conference.
- > Our scholarship program awarded a total of \$25,000 in scholarship money to 14 individuals in 2014. The scholarship assists children and spouses of workers who were fatally injured in a work-related accident. While nothing can replace the untimely loss of a loved one, our scholarship program provides an additional benefit for those who are most affected by significant loss.
- > Our new Facebook page was launched in December 2013.
- > The American Association of State Compensation Insurance Funds (AASCIF) awarded MSF with two communications awards. We received a second place award for our Salute to Workers media campaign and a third place for our Salute to Workers TV spot.

OUTREACH

Choosing the right communication tool to most effectively reach our target audience is a well thought out process. Whether it is a television commercial, Facebook post, young worker educational video, newspaper advertisement or an e-newsletter, each information vehicle we employ is intended to provide our customers the information and inspiration necessary to better understand the workers' compensation system and the importance of safety in the workplace.



MSF Facebook Page



Return to Work Job Description Bank

Safety Posters

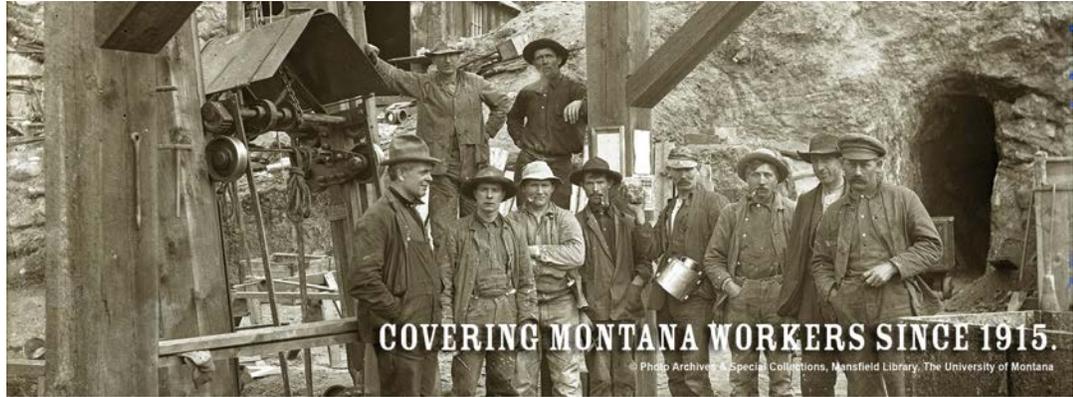


Safety Training Video

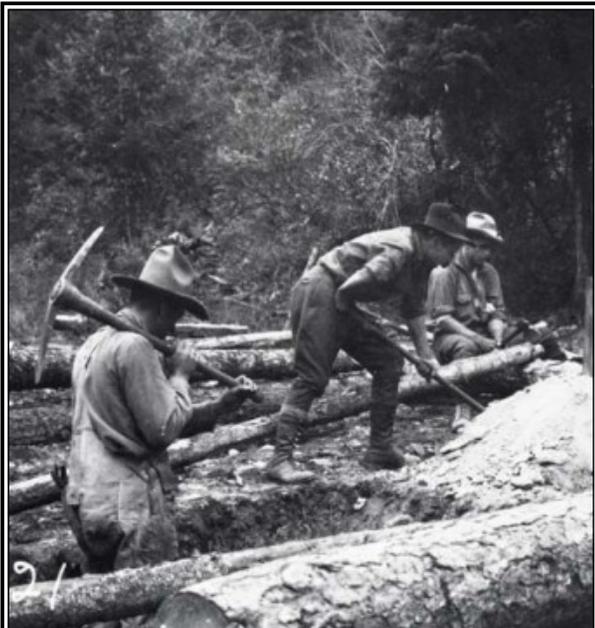
Salute to Montana Workers

Our tribute to Montana workers campaign was created to pay homage to Montana's working men and women who have made Montana what it is today. The campaign was comprised of a statewide television ad and print ads that were in placed in statewide rural newspapers, running the week prior to Labor Day and through the month of September. This campaign received two American Association of State Compensation Insurance Funds, (AASCIF) communications awards.

Television Advertisement



Rural Newspaper Advertisements



**HARD-WORKING.
AND COVERED.**

Covering Montana workers since 1915.



www.safemt.com

**MONTANA
STATEFUND**

Photo Archives & Special Collections, Mansfield Library, The University of Montana



**COMPASSIONATE.
AND COVERED.**

Covering Montana workers since 1915.



www.safemt.com

**MONTANA
STATEFUND**

Photo Archives & Special Collections, Mansfield Library, The University of Montana

OUTREACH

No Jack Young Worker

Listen to Your Safety Voice, was the theme of our fresh new No Jack young worker's safety campaign. The goal of the campaign was to humorously motivate young workers to practice safety in the workplace and give employers resources they can use to educate young workers about the importance of safety. This statewide campaign included traditional radio and television ads, but we also incorporated social media elements to target our 16-24 year old demographic.

Television and Cinema Advertisement



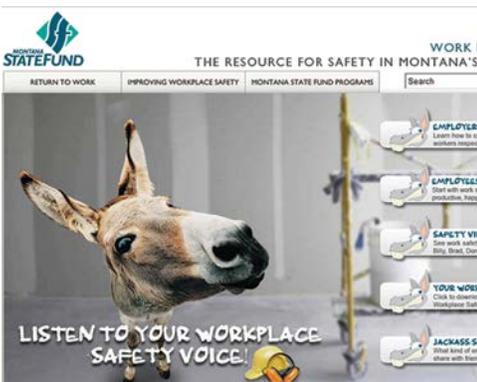
Facebook Campaign



Listen to your workplace safety voice. Watch Montana State Fund's action figure videos

NoJack.net Website

Banner Advertisements Placed on Various Search Engines



FINANCIALS

The strong financial results for 2014 continue to support MSF's vision as Montana's insurance carrier of choice for Montana businesses. After approving a 6% rate decrease effective for the 2014 year, our Board of Directors also declared a dividend of \$12 million paid to 23,176 policyholders. With these two key decisions benefiting Montana businesses, MSF achieved net income of \$41.7 million. MSF is now strongly within our key target financial range at a loss reserve to policyholder equity ratio of \$2.08 of loss reserves for every \$1 of policyholder equity. Our strong achievements for the year will continue to allow MSF to provide valuable services to Montana businesses at the most cost effective and stable price.

Report of Management

The management of Montana State Fund (MSF) is responsible for the financial statements and all other information presented in this Annual Report. MSF maintains a system of internal controls, designed to provide reasonable assurance that assets are safeguarded against loss and that transactions are executed and recorded in accordance with management's authorization. This system encompasses the organizational structure and corporate governance practices, selection and training of personnel, communication and enforcement of policies and procedures, monitoring, and ongoing internal and external audit programs. Internal controls are continually reviewed and evaluated by management.

The financial statements are presented for our fiscal years ending June 30, 2014 and 2013 and include amounts based on the best estimates and judgments of management. These financial results are presented on a statutory basis (NAIC), which is consistent with insurance industry financial statement presentation. MSF governs, operates and completes its financial reporting as an insurance company domiciled in the State of Montana, and its financial statements are presented on the basis of accounting practices prescribed or permitted by the Montana State Auditor, Commissioner of Securities and Insurance. Evaluating the financial results of MSF in comparison to other insurance companies

aids in assessing and maintaining the financial security and stability of MSF as a workers' compensation insurer. The statements included in this Annual Report should not be considered complete audited financial statements. The statements presented are representative of audited financial statements as audited by independent public accounting firm Eide Bailly, LLP for the years ending June 30, 2014 and 2013. Clean opinions were issued on MSF's statutory financial statements for the years audited. After approval, the complete audited financial statements including the accompanying notes are available on the MSF website. In addition, MSF is a component unit of the State of Montana. As required in law, the Legislative Audit Division (LAD) of the State of Montana conducts independent audits of financial statements of MSF presented in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). For the financial periods ending June 30, 2014 and 2013, MSF also received clean audit opinions from the LAD. The audited governmental financial statements and the related audit opinions are issued under separate cover. Copies of the full governmental financial statements are available on the State of Montana Legislative Audit Division website. The presentation of the statutory financial statements in this report differs from the governmental presentation basis. A financial reconciliation of equity between the audited GASB financial statements and the audited statutory financial statements is included in this report.

A COMPARISON OF STATUTORY POLICYHOLDERS' EQUITY TO GASB NET POSITION

For the Year Ended June 30, 2014

Statutory policyholder equity (NAIC)	\$443,852,594
Add:	
Non-admitted assets	5,770,526
Change in investment value of bonds to fair market value	54,300,834
Change in investment value of other invested assets to equity method	(1,306,687)
Change in allowance for doubtful accounts	(2,509,688)
GASB net position.....	\$500,107,579

FINANCIALS

QUICK FACTS AS OF JUNE 30, 2014

Total net earned premium.....	\$165,271,880
Number of policies serviced.....	27,589
Total number of new claims processed.....	9,701
Investment income earned	\$56,737,415
Net income after dividends.....	\$41,742,579
Policyholder dividends.....	\$12,003,138
Loss and LAE reserves.....	\$924,597,580
Statutory equity	\$443,852,594
Reserves to Equity Ratio (after dividend).....	2.08
Premium to Equity Ratio (after dividend).....	0.37

TRANSPARENCY IN GOVERNMENT

As part of the corporate governance practices of MSF, the following is the list of the top five compensated executives/employees in the organization as well as their compensation for the fiscal year.

Name	Position	Base Salary	Incentive*	Other Compensation**
Laurence Hubbard	President/CEO	\$280,876	\$29,797	\$16,389
Al Parisian	Chief Information Officer	\$197,555	\$23,598	\$7,508
Nancy Butler	General Counsel	\$172,186	\$16,474	\$8,792
Mark Barry	VP Corporate Support	\$172,186	\$17,940	-
Richard Duane	VP Human Resources	\$138,739	\$16,037	\$4,727

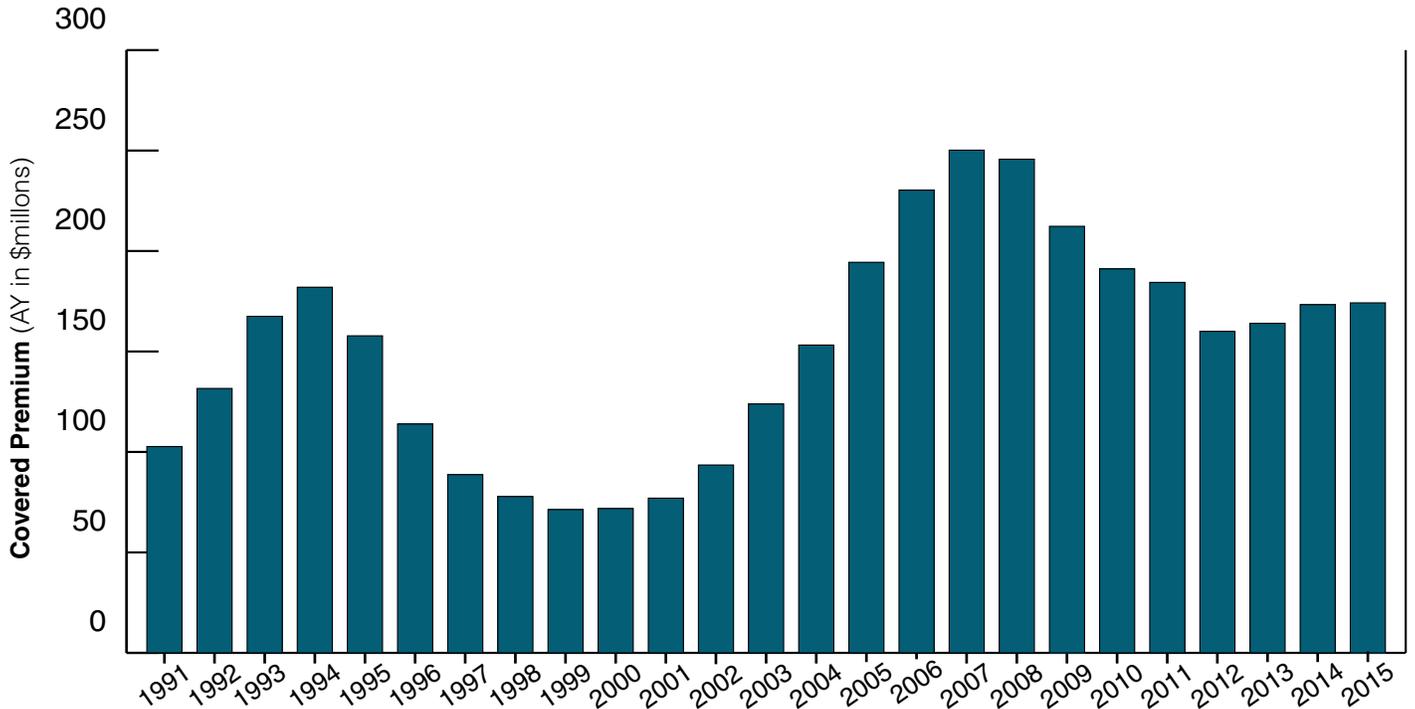
* The incentive column indicates the amount of incentive earned on the result of the fiscal year ended June 30, 2013 and paid in fiscal year 2014. The Board of Directors voted to remove the incentive program during fiscal year 2014 for fiscal year 2014 and future years.

** Other compensation is for earned excess annual leave payouts.

FINANCIALS

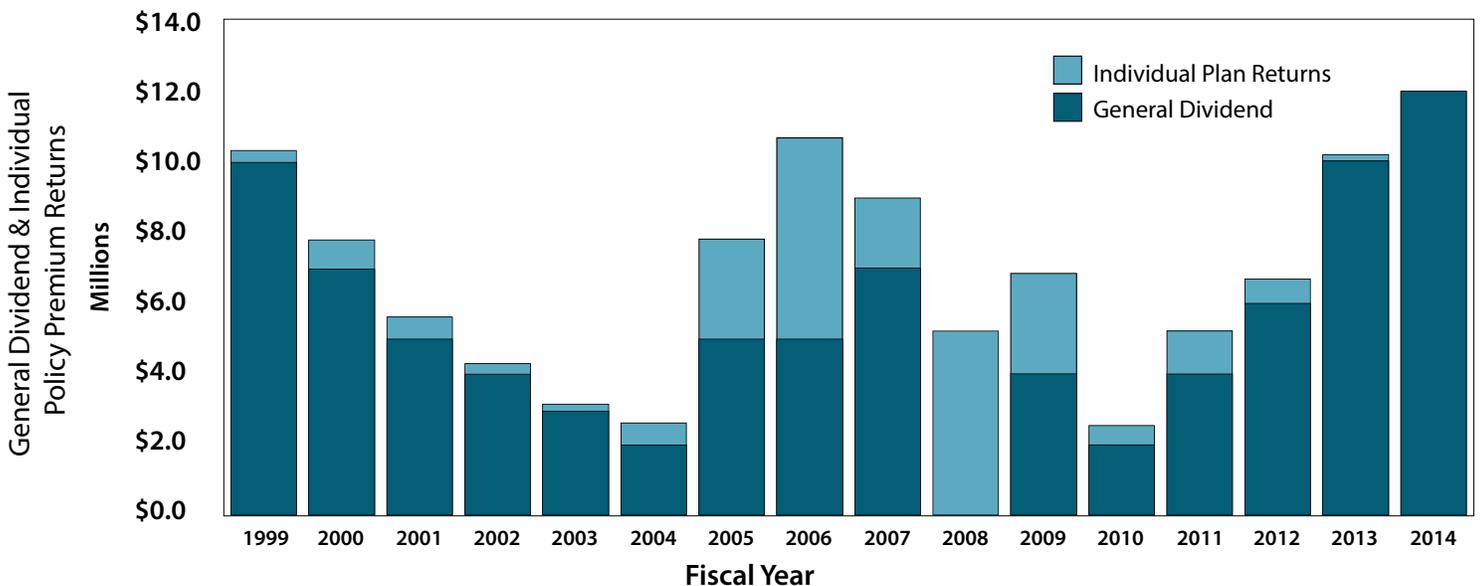
MSF COVERED PREMIUM MSF Gross Earned Premium

MSF premium volume grew rapidly in the early 1990s as private carriers withdrew from the market and MSF rates doubled. Benefit reforms in 1995 led to rate reductions and the return of private carriers. From 1999 to 2007, MSF premium increased significantly as MSF gained market share and rates increased due to rapidly rising medical costs. MSF premium fell from 2007 to 2011 due to recessionary economic conditions. In 2012, major benefit reform (HB334) led to a 20% rate reduction. Since 2012, MSF premium has grown somewhat due to a growing economic recovery despite an additional 6% rate decrease in 2014. MSF will have an estimated \$174 million in gross earned premium in 2015 (estimate subject to change as the year progresses).



DIVIDEND

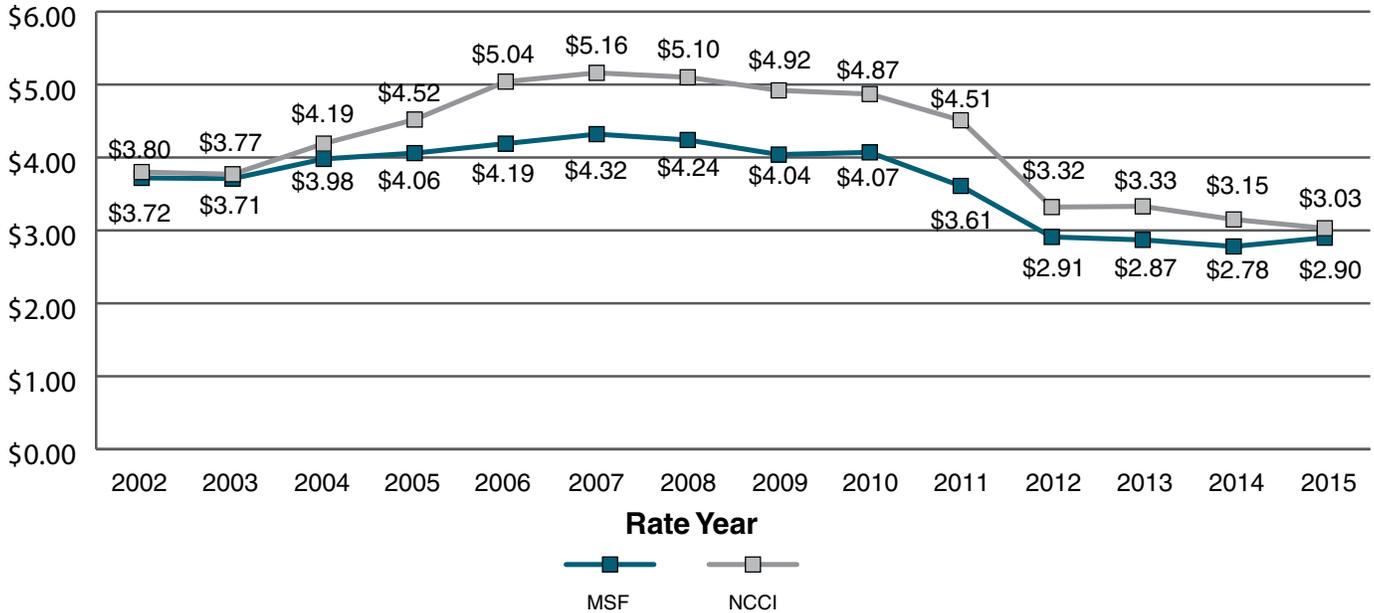
Since 1999 when MSF began returning general dividends to its policy holders, over 70% of eligible MSF customers have actually received a dividend each year. Dividends cannot be guaranteed and are contingent upon MSF maintaining a strong financial condition in future years. Also included are returns of premium to policies on individual loss sensitive premium plans who are not otherwise eligible for general dividend returns. There is generally a 1-2 year lag in recognition of individual premium plan returns.



FINANCIALS

MSF VS NCCI LOSS COSTS

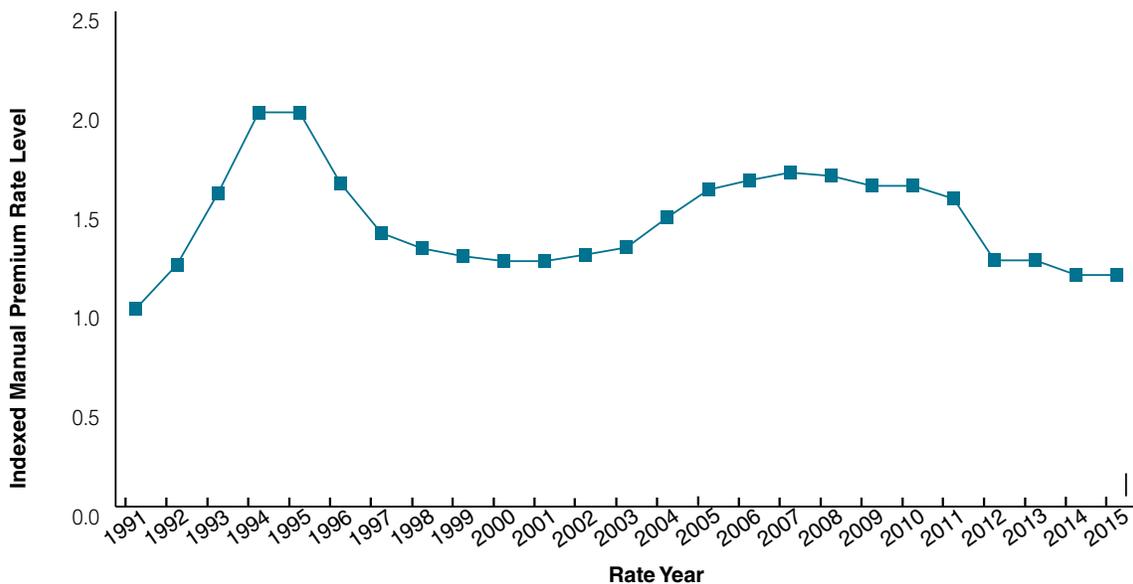
"Loss Costs" refers to the amount estimated to cover the cost of workers' compensation benefits and claim administration. Loss costs currently represent approximately 79 percent of MSF premium rates. In a competitive rating state like Montana, carriers use the NCCI loss cost as the starting point in establishing their rates but may adjust the level for the book of business they write. Throughout the mid-2000s, NCCI loss costs have been an average 21 percent higher than MSF's. MSF's independent consulting actuary determined that MSF does not need to charge as much as estimated by NCCI. NCCI's loss costs have been coming down to the level assumed in MSF rates over the past four rate years, narrowing the gap.



MSF RATE LEVEL

Manual Rates (average of MSF rate tiers)

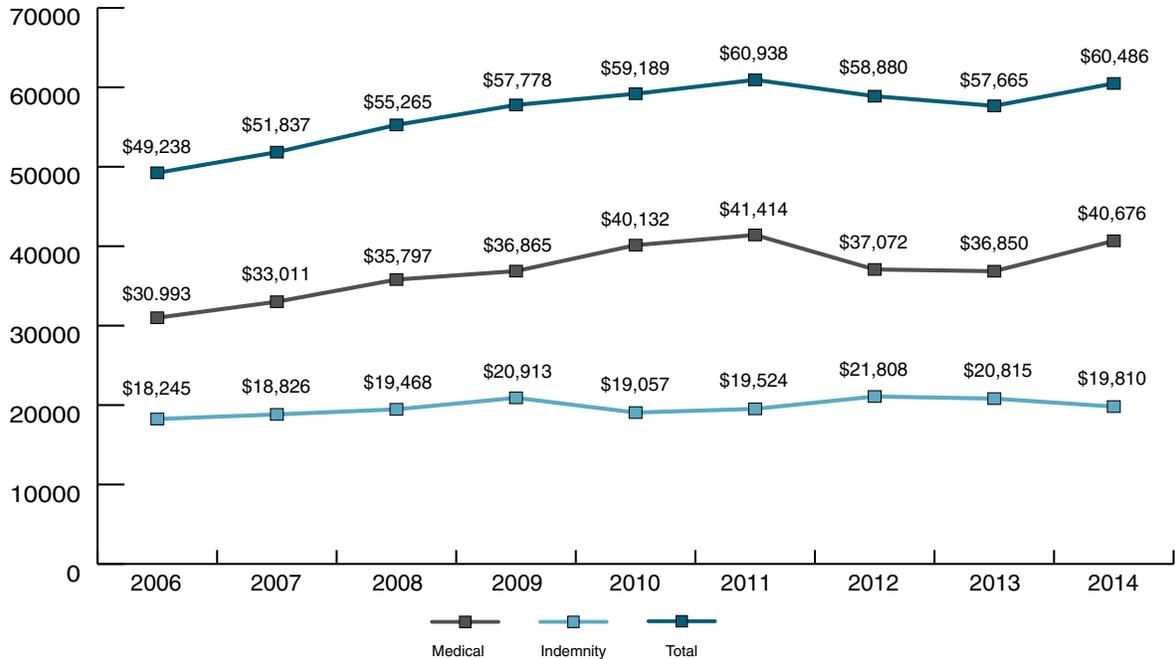
MSF manual rate levels doubled in the early 1990s but then decreased from 1994 to 2000 due to improved conditions in the workers' compensation arena including lower medical inflation, declining claim frequency, and statutory benefit changes enacted in 1995. MSF manual rate levels rose through 2007 due to increasing medical costs and statutory and judicial benefit expansions. Net rate levels have decreased since 2007, in large measure due to legislative benefit level decreases in HB 334. MSF 2015 rates are 41 percent below the peak 1994 rates.



FINANCIALS

AVERAGE COST PER WAGE-LOSS CLAIM

The average wage-loss claim costs about \$60,000, although the most catastrophic of claims can cost several millions of dollars. About 70% of workers' compensation claim costs are for medical services, which is a fast growing driver of Montana claim costs. Wage replacement (indemnity) costs have been relatively constant over the past 10 years. However, workers' compensation medical costs are rising 6% per year. The average cost per claim dropped beginning in 2012 due to benefit reforms enacted in HB334.



MSF BOOK BY ACCOUNT SIZE

MSF predominantly serves small businesses in Montana. However, the premium volume from larger employers enables MSF to maintain lower and more stable rates as well as a high level of customer service for all policyholders.

