



2023 Annual Business Plan



January 1 – December 31, 2023
Business Plan

Montana 
State Fund
montanastatefund.com

Mission

We partner with employers and their employees to care for those injured on the job and we champion a culture of workplace safety for our fellow Montanans.

Vision

To be an indispensable partner in achieving a safer, healthier and more prosperous Montana.

Guiding Values

Focus on what matters.



We make sure our work delivers an exceptional customer experience, adds value for all stakeholders and raises awareness of workplace safety.

Deliver with heart.



It isn't only what we do, but how we do it. We are empathetic and compassionate about the needs and circumstances of every individual with whom we interact.

Succeed together.



As a team, we work collaboratively and take all MSF departments and roles into account. We are responsible for delivering a consistent and exceptional customer experience together.

Do what's right.



We operate with the highest levels of professionalism and integrity in all of our dealings with colleagues, customers and stakeholders.

Find a better way.



We innovate and improve our services to create better experiences and outcomes for our customers, colleagues and fellow Montanans. We are adept at both leading and adapting to change.

Take the long view.



We are all in it for the long haul. Our financial strength and the stability of Montana's workers' compensation insurance market is critical for our state and its people.

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From the President

Montana State Fund's vision is to partner with employers to help prevent on-the-job injuries. If a person is hurt, it is our mission and passion to help provide care. As a not-for-profit insurer, we work to lower premium costs, even for companies that no one else will insure, knowing that this allows Montana to prosper. We are stable, focusing on the long term to be there for injuries which may need decades of care.

In 2022, MSF delivered exceptional customer service. Recent injured worker surveys indicate increased satisfaction and continued delivery of compassionate service. We prioritize timely delivery of benefits and this, too, was improved from previous years. To support our Claims Examiners, we streamlined processes and improved resourcing. Policyholder retention continues to outpace the industry and is well above 90 percent. Our financial stability and commitment to policyholders was supported by a \$30M dividend, contributing to the \$396M which we have returned to policyholders in the past 23 years. MSF completed IT projects to support our customers, including improved digital experiences for our employers and agents.

For 2023, MSF will be focused on building core strengths including further streamlining our work processes, upgrading our claim center software, and strengthening our use of data in decision-making. We will continue to focus on providing exceptional service and will be adding new digital customer solutions to facilitate communication with MSF. We are also actively exploring options for increasing the agility of our work by decreasing non-value adding system barriers. In an increasingly competitive insurance environment, MSF will also focus on strengthening our competitive position.

With a clear focus to advance our customer experience, people, and work, MSF looks forward to a strong and successful 2023.

Sincerely,



Holly O'Dell
President / CEO



"Montana State Fund has a unique, important role to care for Montana injured workers, partner with employers, and strengthen the overall workers' compensation system."



Organizational Profile

The mission and vision of Montana State Fund describes what we are, but there is so much involved in how we bring our mission and vision to life.

Employers

We provide a quality worker's compensation option for Montana employers. Our product is affordable and attainable for any Montana business that needs it, and we provide excellent customer service for those that choose us as a partner. We are a self-sustaining, not for profit workers' compensation insurance carrier in a competitive marketplace, and also fulfill our critical role as the guaranteed workers' compensation market for all Montana employers.

Injured Employees

When an injury occurs on the job, we have resources to assist with appointments and understand medical issues and treatment processes, and we work with provider offices to ensure ease of documentation. We are committed to delivering on our promise with compassionate care and fair treatment for injured employees.

Financial Strength and Stability

The financial strength and stability of Montana's workers' compensation insurance market is critical for our state. In the last 16 years MSF has held rates steady or implemented an overall decrease. And, today, average rates for our customers are 40% lower than when MSF was reorganized in 1990. Through responsible management, operational improvements, and positive investment outcomes we have distributed dividends to Montana businesses 23 years in a row. This fiscal responsibility helps ensure MSF can weather uncertainty and remain a stable partner with Montana businesses and their employees.

Partnering to Build a Strong Safety Culture

Montana State Fund is committed to making a positive impact on Montana's workplace safety culture. We believe workers deserve a safe and healthy workplace so they can safely return home to their families at the end of each day in the same condition as when they arrived. Therefore, we work diligently with Montana employers to develop accident prevention programs help support building a strong safety culture.

Our People

Our mission and vision would not be possible without the amazing team of people who work for Montana State Fund. We are committed to building and maintaining a culture that supports learning and growth, empowerment, and engagement amongst our team members.



Key Success Measures and Goals

Financial Goals

The following objectives represent the corporate level measures that allow us to gauge our financial performance for the fiscal year.

- Total Net Earned Premium exceeds \$160 M
- Loss Ratio does not exceed 67%
- Expense Ratio does not exceed 43%
- Premium to Policyholder Equity Ratio does not exceed 28%

Operational Goals

The following objectives represent the corporate level measures that allow us to gauge our operational performance for 2023. Additional measures and targets will be developed as part of an Enterprise Scorecard.

- Policyholder retention greater than 90%
- Voluntary employee turnover less than 10%
- Employee engagement higher than 3.9
- Timely first benefits payment greater than 84%

** MSF performance standard system for senior management, underwriting, and claims supports the accomplishment of these Key Success Measures and financial goals.*

2023 Financial Projections (in 000's)

	Prior Year Actuals	Current Year Projection	Tactical Horizon		Strategic Horizon		
	2021	2022	2023	2024	2025	2026	2027
Balance Sheet							
Total Assets	1,747,871	1,679,631	1,675,509	1,708,967	1,720,690	1,717,318	1,730,926
Loss & LAE Reserves	935,977	926,696	928,376	930,869	935,646	942,009	952,594
Other Liabilities	165,469	153,223	153,962	159,430	139,271	116,256	110,410
Total Liabilities	1,101,446	1,079,919	1,082,337	1,090,299	1,074,918	1,058,265	1,063,004
Policyholder Equity	646,425	599,711	593,172	618,668	645,772	659,053	667,922
Income Statement							
Net Earned Premium	159,680	164,544	162,371	169,910	173,046	176,243	179,501
Losses Incurred	92,835	99,168	108,046	111,013	114,227	117,441	123,481
Loss Expenses Incurred	28,555	26,444	28,637	29,059	30,012	30,906	32,225
Underwriting Expenses Incurred	26,531	39,831	40,371	41,030	41,997	43,894	45,786
Underwriting Expenses Gain / (Loss)	11,759	(900)	(14,683)	(11,192)	(13,190)	(15,998)	(21,992)
Investment Income	34,742	35,610	37,982	40,395	40,796	38,749	39,237
Realized Gain / (Loss)	38,363	(8,581)	(5,000)	(2,500)	-	7,000	7,000
Other Income / (Expenses)	(3,286)	(3,250)	(3,111)	(3,180)	(3,221)	(2,354)	(1,512)
Net Income Before Dividends	81,578	22,879	15,188	23,523	24,385	27,397	22,733
Policyholder Dividends	(60,002)	(30,014)	TBD	TBD	TBD	TBD	TBD
Ratios							
Loss Ratio	58.1%	60.3%	66.5%	65.3%	66.0%	66.6%	68.8%
Combined Ratio	92.6%	100.5%	109.0%	106.6%	107.6%	109.1%	112.3%
Premium-to-Equity Ratio	24.7%	27.4%	27.4%	27.5%	26.8%	26.7%	26.9%
Reserve-to-Equity Ratio	1.45 : 1	1.55 : 1	1.57 : 1	1.50 : 1	1.45 : 1	1.43 : 1	1.43 : 1

FOCUS ON WHAT
MATTERS

TAKE THE
LONG VIEW

EVERYTHING YOU DO,
DOES MORE.



