

Montana State Fund



Fiscal Year 2006
Strategic Business Plan
Performance Results

Fiscal Year 2006
Strategic Business Plan
Performance Results



Key Success Measures

- Generate Total Net Earned Premium of \$191.8 Million
- Achieve Fiscal Year Loss Ratio of 84.7%
- Achieve Expense Ratio of 26.4% or Less
- Attain Net Investment Income of \$32.0 Million
- Generate Net Operating Income of \$8.5 Million
- Achieve Enterprise-Wide Initiatives

Enterprise-Wide Initiatives

- Improve Employee Satisfaction
 - Tony Johnson, Vice President – Human Resources
- Develop the Leaders of Tomorrow
 - Tony Johnson, Vice President – Human Resources
- Improve Customer Satisfaction
 - Layne Kertamus, Vice President – Insurance Operations

Enterprise-Wide Initiatives

- Successfully Implement New Claims System
 - Layne Kertamus, Vice President – Insurance Operations
 - Al Parisian, Chief Information Officer
- Capitalize on Organizational Efficiencies
 - All Leaders

Generate Total Net Earned Premium of \$191.8 Million

- Actual = \$211.9 Million
 - Achieved

Achieve Fiscal Year Loss Ratio of 84.7%

- Actual = 85.2%
- Did Not Achieve

Achieve Expense Ratio of 26.4%

- Actual = 21.0%
- Achieved

Achieve Investment Income of \$32.0 Million

- Actual = \$ 32.2 Million
 - Achieved

Achieve Net Operating Income of \$8.5 Million

- Actual = \$ 10.1 Million
 - Achieved

Improve Employee Satisfaction

(Substantially Complete)

- Employee Opinion Survey Response
 - Developed Opinion Survey Action Plan
 - Rolled out Flexible Work Schedule
 - Rolled out New Employee Appraisal Form/Procedures
 - Posted Fiscal Year Pay Matrix on Website
 - Developed “Know Your Company” Communication Program
 - Developed MSF Basics Training Program



Improve Employee Satisfaction

(Substantially Complete)

- Employee Opinion Survey Response
 - Developed Frequently Asked Questions Brochure
 - Held Internal Career Fair
 - Contributed Human Resources Related Articles to Employee Newsletter
 - Introduced Wall Charts to Monitor Progress Toward Goals

Improve Employee Satisfaction

(Substantially Complete)

- Employer of Choice
 - Reviewed All Position Profiles
 - Developed Career Progression Plans
 - Designed Recruitment Brochure
 - Met With Local High Schools and Vo-Tech Institution Regarding Recruitment

Improve Employee Satisfaction

(Substantially Complete)

- Human Resources Business Process Model
 - Developed and Implemented Family Medical Leave Act Process and Procedures
 - Developed and Implemented Resignation Process and Procedures
 - Developed and Implemented Relocation Process and Procedures
 - Developed and Implemented Probation Process and Procedures

Improve Employee Satisfaction

(Substantially Complete)

- Information Technology Employee Development
 - Developed and Implemented Information Technology Position Profiles, Career Ladders, Training Matrix, and Succession Planning
 - Developed and Implemented Tracking Mechanisms for Recruitment and Training
 - Developed and Implemented Applicant Screening Process, New Employee Orientation Program, and Environment/Culture Questions

Develop the Leaders of Tomorrow

(Substantially Complete)

- Leadership Training
 - Conducted Mosaic Leadership Training
- Succession Planning
 - Created Succession Plan

Improve Customer Satisfaction

(Substantially Complete)

- Policyholder/Injured Employee Survey Response
 - Conducted Follow-Up Survey of Selected Customer Segments to Expand Upon Initial Survey Responses
- One More Touch
 - Developed and Implemented Customer Service Awareness Program

Improve Customer Satisfaction

(Substantially Complete)

- Young Workers (safetyrocks.us)
 - Developed and Implemented Safety Awareness Campaign Targeting Young Workers in an Effort to Reduce Accident Frequency Among this Age Group

Successfully Implement New Claims System

(Completed)

- Claim Center
 - Implemented New Claim Processing System
- Storage Area Network Upgrade
 - Upgraded Storage Area Network

Capitalize on Organizational Efficiencies

(Substantially Complete)

- Claim Guide Consolidation
 - Consolidated Claim Guide Information
- Records Management
 - Established Electronic Records Management System
- Widows Upgrade
 - Upgraded Windows Operating System

Capitalize on Organizational Efficiencies

(Substantially Complete)

- Necessary Systems Upgrades
 - Identity Synchronization
 - Established Single Sign-On Capability
 - Intrusion Detection/Prevention
 - Installed System Security Device
 - Information Technology Quality Management
 - Implemented Quality Testing Procedures
 - Optical Storage and Retrieval Upgrade
 - Installed Hardware to Increase Optical Storage Capabilities
 - Real Application Clusters Failover
 - Installed Hardware to Minimize System Downtime



Fiscal Year 2006

Financial Results

	<u>Original Estimate</u>	<u>Actual</u>
Premium	\$191.8 Million	\$211.9 Million
Loss & Loss Adjustment Expense	\$184.7 Million	\$205.8 Million
Underwriting Expense	\$28.4 Million	\$19.3 Million
Investment Income	\$32.0 Million	\$32.2 Million
Other Income/ (Expense)	(\$2.3 Million)	(\$3.8 Million)
Policyholder Dividend	NA	\$5.0 Million
Net Income	\$8.5 Million	\$10.1 Million
Premium /Surplus Ratio	1.28	1.34

