

Montana State Fund May 20, 2011



Montana State Fund Rates



Topic Overview

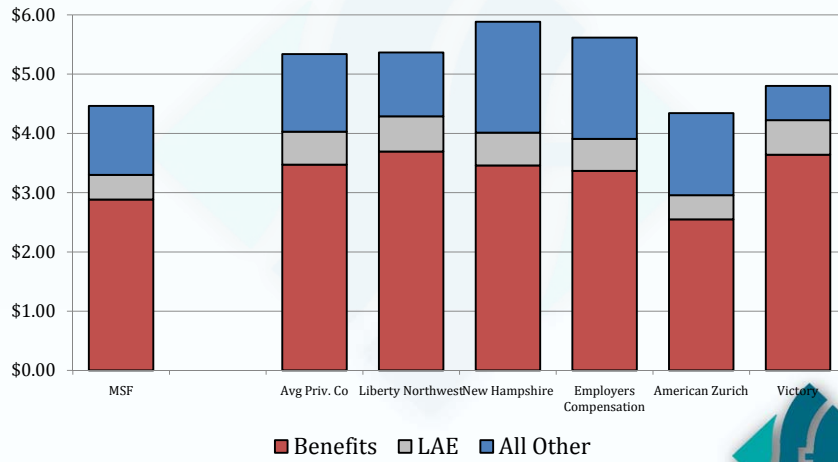
- MSF Rate Structure (current rates)
- How MSF Rates Compare to Market (current rates)
- Actuarial Implications of HB334
- Key Board Decisions in Setting MSF Rates



MSF Rate Structure



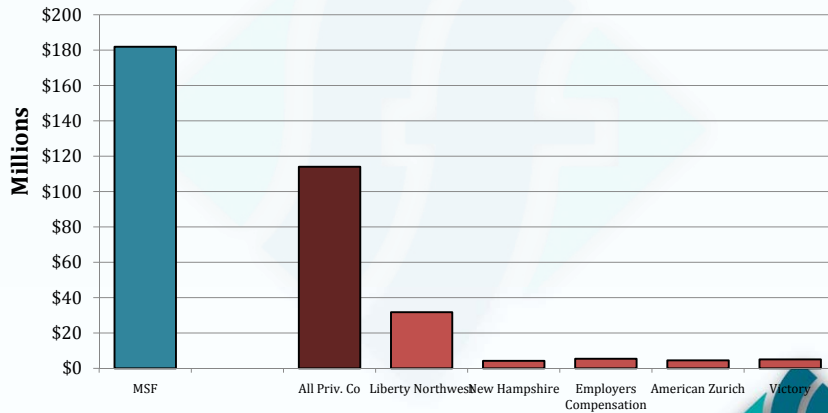
MSF Rate Compared to Market



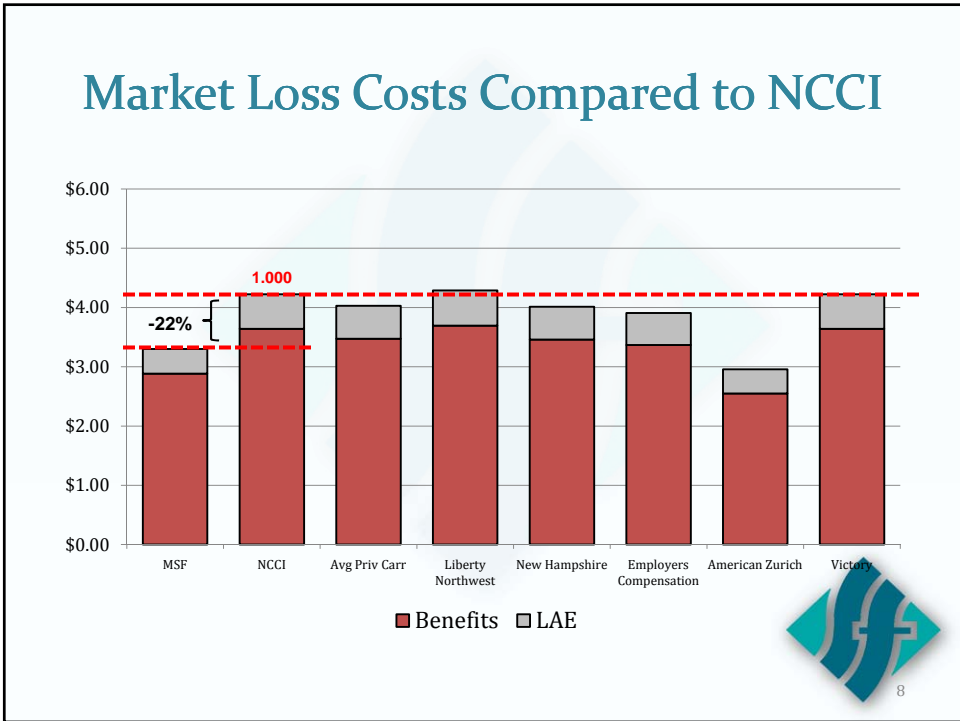
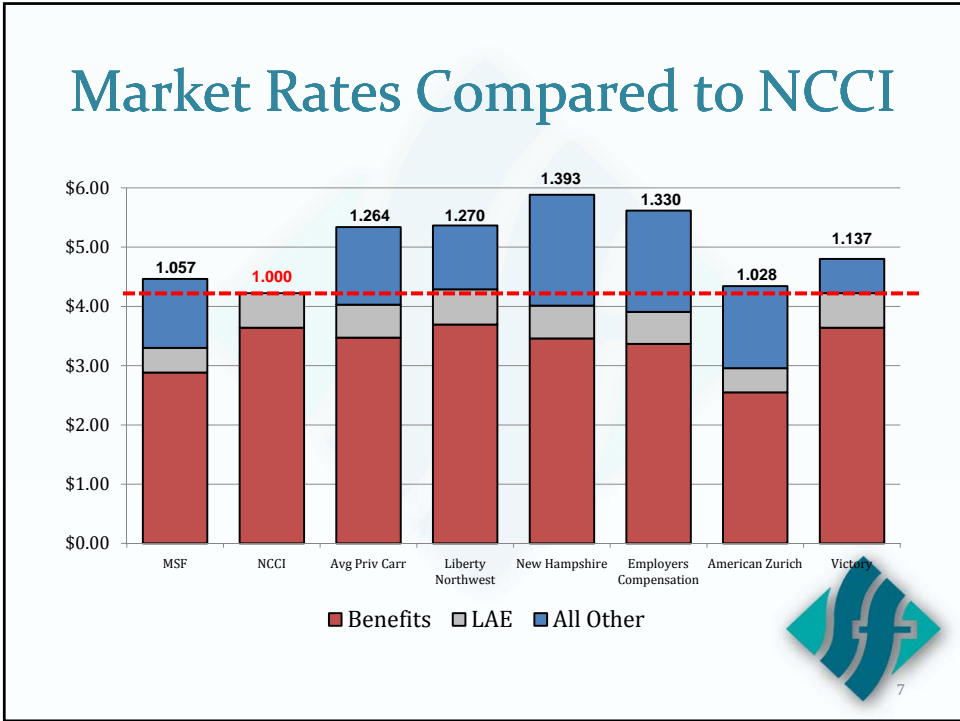
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MT Market Premium Volumes

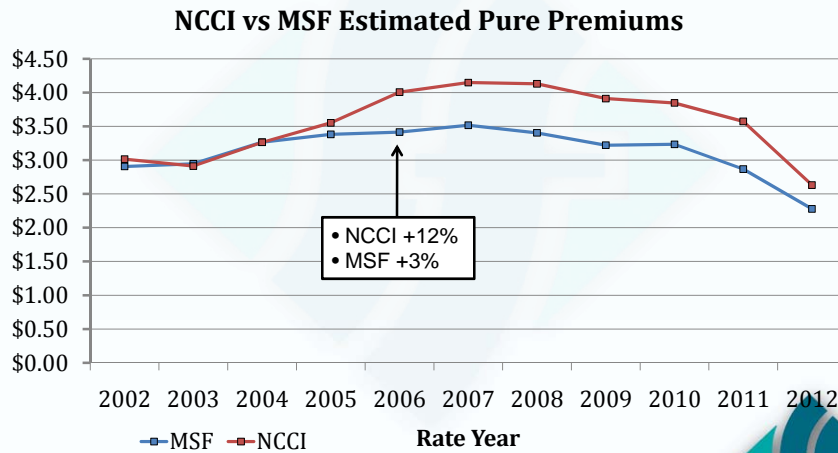
2010 Direct Written Premium



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MSF Est. Loss Compared to NCCI



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Actuarial Implications of HB334

- Increased Pricing Risk
- %Change Benefit Costs \neq %Change Rates



10

Actuarial Implications of HB334

EXHIBIT I-A
Law Memorandum

NCCI estimates the enactment of House Bill (HB) 334 will change overall Montana workers compensation (WC) system costs according to the table below:

Bill Section	Provision (Statute Section §39-71-)	Percentage Impact
9	Permanent Partial Awards (703)	-1.7%
10 / 29	Termination of Medical Benefits at 60 months (704) Reopening Provisions (new)	-12.1%
10	Medical Fee Schedule (704)	-2.3%
13	Retroactive Period (736)	+0.5%
24-26	Choice of Healthcare Provider (1101)	-8.5%
	Overall Impact on Montana WC System Costs	-22.4%

+/- 10 pts

At current business volumes:

- \$17 million per year
- \$170 million over 10 years



%Change Loss Costs VS %Change Rates

