

Subject: Management Costs Per Claim Old Fund as Compared to MSF (New Fund)

During the Economic Affairs Interim Committee (EAIC) meeting of January 28, 2013, a question was raised as the average cost of managing an Old Fund claim (claims that occurred before July 1, 1990) as compared to the average cost to manage a Montana State Fund claim (claims occurring on or after July 1, 1990). Montana State Fund (MSF) is providing this information from the last two completed fiscal years as shown in the following table.

Fiscal Year	Old Fund Claims			Montana State Fund Claims		
	Claims	MSF Expenses (LAE)	Per Claim LAE*	Claims	MSF Expenses (LAE)	Per Claim LAE*
2012	925	\$847,379	\$916	14,623	\$13,356,563	\$913
2013	891	\$848,435	\$952	14,746	\$14,028,327	\$951
2 Year Total	1,816	\$1,695,814	\$934	29,369	\$27,384,890	\$932
*LAE is Loss Adjustment or claim management expenses						
Cost per claim is based on the number of claims payment activity in the fiscal year						

As shown in the table the costs per claim are essentially the same, whether it is an Old Fund claim or a Montana State Fund claim. If there additional questions the committee may have related to these costs, please feel free to contact us.

Mark C. Barry
Vice President Corporate Support
Montana State Fund
mbarry@mt.gov
406-495-5109
Fax: 406-495-5025