

**Unofficial Draft Copy**

As of: August 17, 2018 (11:04am)

LCMSF3

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the Economic Affairs Interim Committee

A Bill for an Act entitled: "An Act revising the selection process for the state compensation insurance fund board of directors; providing for a transition; amending section 2-15-1019, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

**Section 1.** Section 2-15-1019, MCA, is amended to read:

**"2-15-1019. Board of directors of state compensation insurance fund -- legislative liaisons.** (1) There is a board of directors of the state compensation insurance fund.

(2) The board is allocated to the department for administrative purposes only as prescribed in 2-15-121. However, the board ~~may~~ shall elect board leadership, name an executive director as provided in 39-71-2317, and employ its own staff.

(3) The board may provide for its own office space and the office space of the state fund.

(4) The board consists of:

(a) ~~seven voting members appointed by the governor, of~~ which:

(i) three members are to be elected by policyholders of the state compensation insurance fund; and

(ii) four members are to be appointed by the governor and

**Unofficial Draft Copy**

As of: August 17, 2018 (11:04am)

LCMSF3

confirmed by the senate. The four members appointed by the governor must meet one or more of the requirements under subsection (5)(a).

(b) ~~The~~ the executive director of the state fund, who is an ex officio nonvoting member.

(5) (a) At least ~~four of the seven~~ three members appointed by the governor shall represent state fund policyholders and may be employees of state fund policyholders. At least ~~four~~ three members of the board shall represent private enterprises. One of the ~~seven~~ four members may be a licensed insurance producer. One of the ~~seven~~ four members must be a person with executive management experience in an insurance company or executive level experience in insurance financial accounting.

(b) A member of the board may not:

(i) except for the licensed insurance producer member, represent or be an employee of an insurance company that is licensed to transact workers' compensation insurance under compensation plan No. 2; or

(ii) be an employee of a self-insured employer under compensation plan No. 1.

(6) (a) A member is appointed for a term of 4 years. The terms of board members must be staggered. A member of the board may serve no more than two 4-year terms. A member ~~shall~~ may hold office until the governor appoints a successor ~~is appointed and qualified or policyholders elect a replacement.~~

(b) The governor shall notify the state compensation insurance fund executive director when the first three vacancies

**Unofficial Draft Copy**

As of: August 17, 2018 (11:04am)

LCMSF3

become open unless the governor does not reappoint the board members whose terms end in April 2019, in which case those positions may be considered vacant for the purposes of this subsection until filled by election of the policyholders.

(7) The members must be appointed and compensated in the same manner as members of a quasi-judicial board as provided in 2-15-124, except that the requirement that at least one member be an attorney does not apply.

(8) There must be two legislative liaisons to the board consisting of members of the economic affairs interim committee provided for in 5-5-223. Subject to 5-5-234, the presiding officer of the economic affairs interim committee shall appoint the liaisons from the majority party and the minority party at the first interim committee meeting.

(9) Legislative liaisons shall serve from appointment through each even-numbered calendar year.

(10) A legislative liaison may:

(a) attend board meetings; and

(b) receive board meeting agendas and information relating to agenda items from the staff of the state fund.

(11) Legislative liaisons appointed pursuant to subsection (8) are entitled to compensation and expenses, as provided in 5-2-302, to be paid by the economic affairs interim committee."

{*Internal References to 2-15-1019:*  
5-5-223x 5-5-228x 39-71-2312x}

NEW SECTION. **Section 2. {standard} Effective date -- board**

**Unofficial Draft Copy**

As of: August 17, 2018 (11:04am)

LCMSF3

**member replacement.** (1) [This act] is effective on passage and approval.

(2) The first three vacancies on the board are to be filled by election by the policyholders of the state compensation insurance fund.

- END -

{Name : Pat Murdo  
Title : Research Analyst  
Agency: Legislative Services Division  
Phone : 406-444-3594  
E-Mail: pmurdo@mt.gov}