



# COMMISSIONER OF SECURITIES AND INSURANCE

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## **MONTANA REINSURANCE ASSOCIATION (MRA) KEY CHARACTERISTICS**

### **Could an association assist with daycare insurance premiums?**

**MRA OVERVIEW:** The MRA (Association) is a statutory association formed to benefit all Montanans who purchase individual health insurance policies by providing reinsurance reimbursement of large dollar claims. The Association is dually governed by a board of directors and the Montana Commissioner of Securities and Insurance (CSI).

**FUNDING SOURCES:** Funding for the reinsurance program comes from federal grant monies and health insurance premium assessments. The CSI is the recipient of the federal grant. Premium assessments are prescribed by Montana statute at 1.2% of eligible premium, which is largely defined as comprehensive health coverage premium.

**MANDATORY MEMBERSHIP:** One of the key features of the Montana Reinsurance Program is that membership in the Association is required if an insurer reports comprehensive health insurance premium that is written in the state of Montana. Mandatory members must then pay the 1.2% assessment on their eligible premium charged to Montanans. In this way, assessments are collected from health insurers who are not based in Montana but sell insurance here, including small and large group health insurance.

**USE OF FUNDS:** Funds are used to provide partial reimbursement of high dollar claims incurred by insurance carriers that offer qualified individual health insurance policies to Montanans. The terms of reimbursement are established on an annual basis in consideration of total estimated claims expense compared to total estimated funding. Eligible insurers must annually submit claims for reimbursement to the Board in accordance with Board instructions. As part of their oversight responsibilities, the CSI completes a validation review of submitted claims prior to payment.

In addition, a small percentage of funding (less than 1.5%) is used for program operations.

Health insurers must consider the benefits of the reinsurance program when filing their premium rates with the CSI. To date, the impacts of the Montana Reinsurance Program have resulted in average premium rate decreases of 9% - 10%. These reduced rates are available to all Montanans who purchase individual health insurance policies.

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