

Regulation of State Funds in Comparator States

Ann Clayton
 Consultant to ERD
 781-402-0012
annclayton@aol.com

Type of State Funds in Comparator States

State	Type of State Fund
Alaska	None
Idaho	Competitive State Fund
Montana	Competitive State Fund
New Mexico	Competitive State Fund
North Dakota	Monopolistic State Fund
Oregon	Competitive State Fund
South Dakota	None
Washington	Monopolistic State Fund
Wyoming	Monopolistic State Fun

Regulatory Authority Over State Funds

State	Regulatory Authority
Idaho	Department of Insurance -subject to same regulation as private insurers
Montana	Governor appoints board; management and control vested solely in the Board
New Mexico	Sup. of Ins.-subject to same regulation as private insurers
North Dakota	Separate state agency; Governor appoints Board and head of agency; subject to biennial performance audit by State Auditor
Oregon	Governor appoints board/approval of Senate; subject to annual audit /reporting to the Secretary of State
Washington	Division of Department of Labor and Industry; Annual Audit of financial statements by State Auditor
Wyoming	Division of the Department of Employment

Idaho

- Statutorily created independent mutual insurer
- Shall be administered without liability on the part of the state
- Are subject to all provisions of the insurance regulatory code just as any other private insurer
- The State Treasurer is custodian of the state insurance fund; the endowment fund investment board is the custodian of all securities and investments for the fund

Montana

- Statutorily created nonprofit, independent public corporation
- Is required to insure any employer who requests coverage
- Management and control of the state fund is vested solely in the Board; Board appoints executive director
- Annual public meeting and report required to report performance compared to business plan
- Legislative auditor shall annually review the rates to ensure they are not excessive, inadequate or unfairly discriminatory; and conduct a financial and compliance audit (only requirement is to report to Gov. and Legislature)
- Board required to report approved budget to the Governor and Legislature; and an annual financial report

New Mexico

- Statutorily created non-profit, independent, public corporation; organized as a domestic mutual insurer; not to be considered a state agency for any purpose
- Governor appoints Board with confirmation of the Senate; Board sets the policies and procedures as that for the governing body of private insurers; Board appoints the President
- State shall not be liable for any obligations incurred by the fund
- Regulated by the superintendent of insurance
— similar to any private insurer —

North Dakota

- Statutorily created agency to provide WC insurance to all ND employers
- Governor appoints 11 member Board and Director; must submit annual budget and appropriations request to Legislature but has continuing appropriations authority for many accounts;
- Director shall request the state auditor to complete a performance evaluation every two years; Report presented to the Legislature and Governor with recommendations for improvement

Oregon

- Statutorily created as a not-for-profit, independent public corporation
- Members of the Board are appointed by the Governor; subject to approval by the Senate
- Shall file with the Legislature and Governor an annual report each year
- Manager is appointed by the Board
- Secretary of State shall conduct an annual audit and determines the scope of review; reports go to the Governor and Legislature and must be available to the public

Washington

- Executive branch state agency within the Department of Labor and Industry
- Department Director has authority for operation
- Premium is invested by the State Investment Board
- State Auditor annually audits financial condition of the Fund
- Based on State Auditor report, WCAC reviews and makes recommendations to the Dept.

Wyoming

- Executive branch state agency within the Department of Employment
- Governor to provide written approval of the rate making provisions; annual report of projections of income, expenditure and account balances submitted to the governor and legislature
- Annual evaluation by qualified actuary

Competitive State Funds As Insurer's of Last Resort

States That Use Competitive State Fund as Market of Lat Resort	States That Use Domestic Rating Bureau to Handle Market of Last Resort	States Whose Market of Last Resort is Managed by the NCCI	States That Use Another Method
CA, CO, KY, LA, MD, ME, MT, NY, OK, PA, RI, TX	MN, NJ	AZ, ID, NV, NM, OR	FL, MO

Source: WC Laws 2009, WCRI

Who Pays Benefits If State Fund Is Insolvent in Comparator States?

All Employers With Policies Written By State Fund	Insurance Guaranty Fund	Citizens of the State
Idaho New Mexico Washington Wyoming	New Mexico Washington Wyoming	Montana

Oregon (?); North Dakota (?)

Questions?

Ann Clayton
Consultant to MT ERD
Ann Clayton and Associates
Lexington, MA
781-402-0012
annclayton@aol.com
