



ADMINISTRATIVE RULES OF MONTANA



24.29.618 INITIAL ELECTION--EMPLOYER GROUPS

- (1) An employer group applicant shall provide the following:
 - (a) a completed application on forms provided by the department;
 - (b) a list of individual employers making up the employer group;
 - (c) a signed copy of the by-laws adopted by the employer group, and all documents pertaining to formation, operation and contractual arrangements, including amendments and addenda;
 - (d) a copy of an agreement signed by each individual employer showing:
 - (i) each employer's agreement to accept joint and several liability for all workers' compensation and occupational disease liabilities incurred by the employer group;
 - (ii) provisions for addition of a new member to the self-insured employer group;
 - (iii) provisions for withdrawal and expulsion of a member from the self-insured employer group;
 - (iv) provision for power of attorney between the individual employers and the self-insured employer group;
 - (v) agreement to be bound by the by-laws and by the employer group's decisions; and
 - (vi) provisions for assessment for deficits;
 - (e) a copy of at least the most recent year's audited financial statements, or reviewed financial statements, if audited statements are not prepared as part of the employer's normal business practice, from each member of the employer group. The total premiums payable to the group from employers having reviewed financial statements shall not constitute more than 10 percent of the group's total premium. The department or the guaranty fund may require copies of additional years' audited or reviewed financial statements from the applicant.
 - (f) evidence that each private employer in the group has been in business for a period of not less than three years;
 - (g) a claims summary from insurance carriers who provided coverage for claims incurred in Montana for each member of the employer group for the preceding three years;
 - (h) evidence of specific excess and if required, aggregate excess insurance with policy limits and retention amounts acceptable to the department and guaranty fund;

- (i) a security deposit in an amount as required by the department, with the concurrence of the guaranty fund;
- (j) evidence of its internal or contracted claims adjustment service in compliance with 39-71-107, MCA;
- (k) identification of the financial institution the employer group will use to deposit and withdraw funds for purposes of paying workers' compensation and occupational disease liabilities;
- (l) an explanation of how claims reserves will be established on each case and the method of review to assure accuracy and adequacy of the amount of the reserves;
- (m) the estimated annual premium to be paid by each member of the employer group;
- (n) a projection of annual administrative expenses;
- (o) evidence that the employer group has an effective written safety and loss control program;
- (p) evidence that internal policies and procedures are satisfactory to operate a group self-insurance program;
- (q) resolution by each member authorizing participation in the program;
- (r) resolution designating authorized signatures for participation in the program;
- (s) a feasibility study conducted by a certified actuary to include an actuarial forecasting of losses and recommended premium levels;
- (t) a business plan for the employer group;
- (u) pro forma financial statements for each of the first five years of the employer group's operation, to include any assumptions made; and
- (v) copies of any contracts including, but not limited to, contracts with an administrative service company, claims examiner, and fiscal agent.

Authorizing statute(s): 39-71-203, MCA

Implementing statute(s): 39-71-403, 39-71-2101, 39-71-2102, 39-71-2103, 39-71-2106, MCA

History: NEW, 1996 MAR p. 1151, Eff. 5/1/96; AMD, 2012 MAR p. 1666, Eff. 8/24/12; AMD, 2024 MAR p. 1066, Eff. 5/11/24; AMD, 2025 MAR, Notice No. 2025-30, Eff. 7/1/25.