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Workers' Compensation Wind-Down Resources

Options to Secure Workers' Compensation Coverage Effective 07/01/2026

As previously announced, the MMIA will no longer offer workers' compensation coverage effective 07/01/2026. That means each city and town that is currently a member of the MMIA Workers' Compensation Program will need to secure workers' compensation coverage from the commercial market. This guide is meant to assist members in navigating the transition to the commercial market to secure coverage.

What options do cities/towns have for workers' compensation in the commercial market?

There are numerous commercial carriers (called Plan 2 carriers) that provide workers' compensation coverage in Montana. A list of the Plan 2 Authorized Carriers can be found on the [*Department of Labor & Industries website*](#). Montana also has a State Fund that is required to provide workers' compensation coverage to all that apply for coverage.

How do cities/towns get quotes for workers' compensation coverage?

Cities and towns that want to receive multiple quotes for comparison will need to work with a licensed insurance agent as many of the Plan 2 carriers only work through agents. It's important when selecting an agent to ask how many markets they have access to for workers' compensation to ensure your city/town has the opportunity to receive as many quotes as possible. A list of licensed agents that are part of the Montana Independent Insurance Agents Association (MTIIAA) is included on the [*MMIA Workers' Compensation Wind-Down webpage*](#) for reference. Please note this is not an all-inclusive list of every agent in Montana. Currently, a comprehensive list of all agents in Montana is not available, so the list from the MTIIAA is the best resource we can provide at this time. There may be agents in your local community that have access to workers' compensation markets that are not on the list.

Cities and towns that want to pursue coverage only with the State Fund may choose to work with an agent as noted above, or they may choose to complete the application for coverage and submit directly to the State Fund. An agent is not required to secure a quote or policy from the State Fund. The coverage application can be found on the [*State Fund's website*](#) at the bottom of the page under "Self-Service". Using an agent should not impact the cost of the coverage.

What information will cities/towns need to provide to secure a quote?

Loss Information

Because your city/town has been part of a self-funded pool, the city/town's loss experience is not available to the Plan 2 carriers or the State Fund through the National Council on Compensation Insurance (NCCI). NCCI serves as a national repository for workers' compensation data. Most Plan 2 and State Funds in the country report data to NCCI. Self-insured groups, like MMIA, do not report to NCCI.

Prior to applying for coverage, your city/town may want to secure an experience modification factor (MOD) from NCCI. Benefits of securing a MOD from NCCI before applying for coverage may include:

- Accurate MOD based on actual payroll and losses (protects against future volatility in your MOD)
- Cities/towns with good performance and a low MOD may qualify for scheduled rating (credits)



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There are also potential negative impacts for securing a MOD from NCCI before applying for coverage including:

- Cities/towns with poor performance and a high MOD may have higher premiums
- Cities/towns with poor performance and a high MOD may qualify for scheduled rating (debits)

To get your MOD you must complete and submit an ERM 6 form to NCCI. The form is located on [***NCCI's website***](#) and includes payroll and loss data that will allow NCCI to calculate a MOD for your city/town. If your city/town chooses to work with an agent, the agent may be able to assist with this process.

MMIA will automatically provide loss reports for the last ten (10) years to each city/town to assist with completing any applications and/or the ERM 6 form. MMIA will run this report as of 03/31/2026 and send it to members on 04/01/2026. If a member would like the report prior to that date, they can run it from the Origami portal or contact MMIA. For cities/towns that have been part of the MMIA Workers' Compensation Program for less than ten (10) years, MMIA will automatically provide loss runs that correspond to the length of time your city/town has participated in the Program.

Cities/towns may submit their 10-year loss report, along with their MOD from NCCI if they chose to pursue it, as part of the application process.

Payroll Information

In addition to loss information, each city/town will need to provide payroll information, specific to each class code, as part of the application process.

What factors should cities/towns consider when reviewing quotes?

Factors for consideration may include available services from the carrier (i.e., risk management, safety support, dedicated claim staff, online claim reporting, after-hours access for first-fill prescriptions for new injuries, etc.) and the overall cost of the policy.

When should cities/towns begin the process to secure workers' compensation coverage?

Cities and towns may want to begin the process as early as possible to ensure coverage is secured by 07/01/2026. Most Plan 2 Carriers and State Fund will not have their rates established and approved by the Montana Commissioner of Securities and Insurance until late spring (~April 2026). However, that doesn't prevent cities/towns from deciding whether to work with an agent and secure a relationship and/or if they want to pursue securing a MOD from NCCI. These two actions can be done before rates are available.

Do cities/towns need to give formal notice of withdrawal of the Workers' Compensation Program to MMIA?

Although the MMIA will no longer offer workers' compensation coverage effective 07/01/2026, the Program Agreement is silent as it relates to the wind-down of the Program. The Program Agreement includes specifics on voluntary withdrawal from the Program and suspension/expulsion for member entities for default but did not contemplate the Program winding-down.



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The Program will still legally exist until all claims are resolved, even though it will not provide coverage for future coverage years. Given the ambiguity in the Program Agreement, MMIA encourages cities/towns to independently evaluate and decide whether to formally withdraw from the Program.

Voluntary withdrawal from the Program would initiate Section 5 of the Program Agreement. That section outlines that a member may be eligible for a schedule of disbursements of Unencumbered Reserves if the member has a positive account balance at the time that the calculations are performed. If a member has a negative account balance, no distributions would be given. Additionally, any payments would ultimately be subject to review to ensure the Program has an adequate fund balance. A voluntarily withdrawn member would no longer have active membership of the Program but is still jointly and severally liable for Program liabilities, as outlined in Section 3.3.c of the Program Agreement. A member that chooses not to withdraw from the Program would maintain membership until they decide to withdraw at a later date or the Program terminates.

If the decision is to formally withdraw as of 07/01/2026, written notice of withdrawal should be given to MMIA no later than 05/01/2026 to ensure that the provisions for individual member entity account settlement upon withdrawal may be executed in accordance with Section 5 of the Program Agreement, beginning in calendar year 2027. Cities/towns that choose not to provide notice of withdrawal by 05/01/2026 may choose to provide notice at a later date; however, the delay in execution of the provisions for individual member entity account settlement upon withdrawal will correspond to the date of their withdrawal from the Program.

Cities/towns may complete the withdrawal notice form on the [***MMIA Workers' Compensation Wind-Down***](#) webpage, or provide their own written notice of withdrawal, for submission to MMIA. Submitting notice of withdrawal does not change the coverage provided by MMIA in effect through 06/30/2026, nor does it impact those claims that are currently being adjusted by the MMIA.

Transition Support

MMIA understands this process is new to cities/towns and we are committed to providing support and guidance throughout this transition. For additional resources regarding the Workers' Compensation Program Wind-Down, visit [***our website***](#). Please contact MMIA with questions at 800-635-3089.