

EAIC Subcommittee on Rural Volunteer Firefighter Workers' Compensation
Information from Montana State Fund
For March 23, 2012 Meeting

1. How many volunteer firefighters are covered by Montana State Fund (MSF)?

MSF does not have this information. As required by law, employers are required to report payroll, therefore, the number of employees is not data collected from employers. *See 39-71-118 (7)(b),MCA below.

1. (a) How many volunteer firefighters are covered by MSF and have other jobs?

MSF is unable to ascertain this information.

1. (b)How many volunteer firefighters are covered by MSF and are self employed sole proprietors or partners?

MSF is unable to ascertain this information.

2. How many volunteer firefighters use volunteer hours and how many volunteer hours are reported for payroll/weekly benefit purposes (39-71-118 (7)(b))?

As required by statute, (*see 39-71-118 (7)(b), MCA below) the employer reports payroll to MSF for covered volunteer firefighters based on volunteer hours. Volunteer hours are defined as "all the time spent by a volunteer firefighter ... including but not limited to training time, response time, and time spent at the employer's premises", (*see 39-71-118, (4)(c), MCA below). MSF does not have the hours that the employer records to derive the volunteer payroll.

3. How much have you paid in medical and indemnity benefits to volunteer firefighters? Please provide for years 2005 to most current.

Please note that all firefighters, paid and volunteer are assigned classification code 7704. For more information on classification of firefighters see ** below. MSF is not able definitively segregate the benefits information for only volunteer firefighters. However, the following information is for businesses that appear to have volunteer firefighting exposure and includes all losses for those businesses.

The results vary significantly from year to year so information is provided for the past 10 years:

Accident Year	Policy Count	Indemnity Claim Count	Medical-Only Claim Count	Incurred Losses
2001	70	7	29	\$198,614
2002	80	5	20	\$613,778
2003	102	1	16	\$32,581
2004	105	4	16	\$470,502
2005	111	6	23	\$604,056
2006	117	2	20	\$50,452
2007	123	8	32	\$189,062
2008	126	7	24	\$405,207
2009	124	6	25	\$952,862
2010	134	4	29	\$89,274
2011	140	6	28	\$116,011
Grand Total	1232	56	262	\$3,722,399

4. How do you calculate for weekly benefit/premium purposes the wages of other volunteers who are covered as allowed under 39-71-118(3)(a)?

Montana law in 39-71-118, MCA provides as follows:

(3) (a) With the approval of the insurer, an employer may elect to include as an employee under the provisions of this chapter any volunteer as defined in subsection (2)(b).

Subsection (2) (b) provides that a volunteer providing services for an employer but not receiving wages, is not defined as an employee. However, if an election is made and approved to cover a volunteer (not volunteer firefighters) the following generally describes the method for premium and benefit calculations.

Premium calculation: If coverage is elected for volunteers, the employer is required to report payroll (in the appropriate classification codes) for covered volunteers by multiplying the number of hours worked by the volunteer times the rate of pay that would be paid to a regular, paid employee doing the same or similar work.

Benefit calculation: A volunteer is not paid wages, therefore no wage loss benefit is due, only medical benefits, unless the worker is eligible for benefits for concurrent employment benefits under 39-71-123, MCA.

5. What is your projected cost per \$100 of payroll for volunteer firefighters?

The National Council on Compensation Insurance (NCCI) publishes recommended loss costs for use by workers' compensation insurance carriers in Montana. Loss Costs are intended to cover the indemnity and medical benefits provided under the workers' compensation system, as well as the expenses associated with providing the benefits (loss adjustment expense). Loss costs do not contemplate any other costs associated with providing workers' compensation coverage.

Each insurance company adopts loss cost multiplier(s) to be applied to the NCCI loss costs in order to cover the other costs associated with providing workers' compensation insurance.

The following table provides the loss costs filed by NCCI for the past two years:

Effective date	NCCI Loss Cost
07/01/2012	\$9.87
07/01/2011	\$10.96

MSF rates, (loss cost plus insurer expenses) effective July 1, 2011 are as follows:

- Tier 1- \$11.10
- Tier 2- \$11.86
- Tier 3- \$12.69
- Tier 4- \$15.22
- Tier 5- \$20.30

*** 39-71-118. Employee, worker, volunteer, volunteer firefighter, and volunteer emergency medical technician**

defined. (1) As used in this chapter, the term "employee" or "worker" means:

(g) a volunteer firefighter as described 7-33-4109 or a person who provides ambulance services under Title 7, chapter 34, part 1;

(3) (a) With the approval of the insurer, an employer may elect to include as an employee under the provisions of this chapter any volunteer as defined in subsection (2)(b).

(b) A fire district, fire service area, or volunteer fire department formed under Title 7, chapter 33, an ambulance service not otherwise covered by subsection (1)(g), or a paid or volunteer nontransporting medical unit, as defined in [50-6-302](#), in service to a town, city, or county may elect to include as an employee under the provisions of this chapter a volunteer firefighter or a volunteer emergency medical technician.

(4) (a) The term "volunteer emergency medical technician" means a person who has received a certificate issued by the board of medical examiners as provided in Title 50, chapter 6, part 2, and who serves the public through an ambulance service not otherwise covered by subsection (1)(g) or a paid or volunteer nontransporting medical unit, as defined in [50-6-302](#), in service to a town, city, or county.

(b) The term "volunteer firefighter" means a firefighter who is an enrolled and active member of a governmental fire agency organized under Title 7, chapter 33, except [7-33-4109](#).

(c) The term "volunteer hours" means all the time spent by a volunteer firefighter or a volunteer emergency medical technician in the service of an employer or as a volunteer for a town, city, or county, including but not limited to training time, response time, and time spent at the employer's premises.

(7) (a) The trustees of a rural fire district, a county governing body providing rural fire protection, or the county commissioners or trustees for a fire service area **may elect to include as an employee within the provisions of this chapter any volunteer firefighter**. A volunteer firefighter who receives workers' compensation coverage under this section may not receive disability benefits under Title 19, chapter 17.

(b) In the event of an election, the employer **shall report payroll** for all volunteer firefighters for premium and weekly benefit purposes based on the number of volunteer hours of each firefighter, but no more than 60 hours, times the state's average weekly wage divided by 40 hours.

(c) A self-employed sole proprietor or partner who has elected not to be covered under this chapter, but who is covered as a volunteer firefighter pursuant to subsection (7)(a), and when injured in the course and scope of employment as a volunteer firefighter may in addition to the benefits described in subsection (7)(b) be eligible for benefits at an assumed wage of the minimum wage established under Title 39, chapter 3, part 4, for 2,080 hours a year. The trustees of a rural fire district, a county governing body providing rural fire protection, or the county commissioners or trustees for a fire service area may make an election for benefits. If an election is made, payrolls must be reported and premiums must be assessed on the assumed wage. (emphasis added)

****HOW IS WORKERS' COMPENSATION ESTABLISHED FOR VOLUNTEER FIRE DEPARTMENTS?**

MSF follows the National Council on Compensation Insurance (NCCI) published classification system for Montana. The purpose of the classification system is to group employers into classifications so that the rate for each classification reflects exposures common to those employers. It is the business which is classified, not the separate employments, occupations or operations within the business.

Classification code #7704, Firefighters & Drivers is assigned to all businesses engaged in firefighting. There is no distinction in classification between businesses that employ paid and/or volunteer firefighters. MSF is aware that some firefighting organizations employ paid employees and volunteers.