



Montana Stockgrowers Association

Here to Champion Montana Ranching

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November 7, 2003

Senator Royal Johnson, Chairman, Senate Bill 304 Study Committee
State Capitol
Helena, MT 59620

Dear Senator Johnson,

On behalf of the members of the Montana Stockgrowers Association I want to thank you and the other members of the study committee for your time and effort to study the role of the State Compensation Insurance Fund and to determine the appropriateness of privatization of all or a portion of this program. Since our members are required to provide workers' compensation coverage, it is important that we ensure such coverage is available and at a reasonable cost to the policyholder. Historically, a significant number of agricultural producers, especially the smaller operations have obtain coverage through State Fund as existing private companies have expressed little interest in the more than 4,000 policies for which the annual insurance premium is just over \$2,000 each. If the option of obtaining coverage through the State Fund were no longer available, we are quite concerned as to the ability of the majority of our members to obtain comparable coverage at comparable premiums.

While there are numerous examples of increases in efficiencies with the transfer of selected functions to the private sector and we certainly encourage privatization wherever such transfers can be shown to provide better service in a more efficient manner, we feel each situation should be evaluated on its own merits. As such we would hope the study committee is able to develop the information necessary for groups such as ours to evaluate the impacts to small agricultural producers and take a position on the proposal. We could only support such a transfer if it were demonstrated that, as previously stated, policyholders were able to obtain comparable coverage at similar or reduced rates.

Again, we support the approach that is being taken to evaluate the ramifications of such a transfer and appreciate the committee's dedication to provide a better understanding of the impacts. Thank you for the opportunity to share these thoughts.

Sincerely,

Steven L. Pilcher
Executive Vice President

Cc: Study Committee members