OFFICE OF THE COMPTROLLER
ONE ASHBURTON PLACE, 9TH FLOOR
BOSTON, MASSACHUSETTS 02108
(617) 727-5000
MACOMPTROLLER.ORG

Liability Management and Reduction Fund – Tort Claim Policy

Effective: July 1, 2004
Last Updated: February 23, 2026

Executive Summary

This policy provides departments with information regarding the Liability Management and Reduction Fund (LMRF) and the related Intranet based application used to manage the Fund. The LMRF is used to pay costs that departments incur as a result of tort claims under M.G.L. c. 258. Tort claims are claims for damages or loss of property, personal injury or death caused by the negligence, wrongful act or omission of a state or special employee(s) acting within the scope of their authority. The LMRF, funded through department charge-backs (referred to here as premiums), became effective in Fiscal Year 1999 in M.G.L. c. 7A § 16.

Considerations

In accordance with M.G.L. c. 258, an individual with a tort claim against the Commonwealth must present that claim to either the executive office of the public employee who is alleged to have caused the injury or to the Attorney General's Office (AGO) within two years after the cause of action occurred. During the six months after the claim is presented, the executive office or AGO can settle the claim in what is referred to as the **presentment stage**. If a tort is not successfully settled after six months, the aggrieved party can file a civil action in court.

Policy

The Office of the Comptroller (CTR) is authorized to make payments certified by the responsible department for settlements and judgments, investigations, and litigation costs incurred in connection with tort claims under Chapter 258. All departments processing Chapter 258 tort claims are subject to M.G.L. c. 7A § 16, 815 CMR 5.00 and the LMRF program.

Department Premiums

Each fiscal year CTR assesses departments for premiums based on the department's five-year average of claims presented to CTR for payment under M.G.L. c. 258, combined with litigation costs paid by the AGO related to defending a department's tort claims. CTR charges these premiums to departments through an Internal Encumbrance (IENC) (which requires departments to encumber sufficient fund to cover the charges) and complete a transfer of the fund through an Internal Transaction Indicator (ITI) and an Internal Transaction Agreement (ITA) in the statewide enterprise accounting and financial reporting system ("Mosaic"). Departments that are assessed a premium receive a report with a list of all claims paid in the past five years used to calculate the premium.

It is very important that departments continue to work with their Executive Office for Administration and Finance (A&F) budget analysts, to ensure adequate appropriation to cover ANNUAL LMRF premiums.

Intranet Application

All departments must enter new Chapter 258 tort claims onto the LMRF Intranet application at: http://www.osc.state.ma.us/lmrfpro/lmrflogin.asp. Departments and executive offices should manage and monitor claims on the Intranet site rather than through other internal databases. CTR and A&F need the information to be current and complete for budgeting purposes and use this database for tracking purposes. Departments should contact the CTR Statewide Payments and Tax Reporting Team for assistance with obtaining security access to the database or if the department does not have access to the intranet to use the database.

Information Sources

Related Policy

- CTR Settlements and Judgements Policy

Legal Authority

- M.G.L. c. 258
- M.G.L. c. 7A § 16
- M.G.L. c. 7A
- 815 CMR 4.00
- www.irs.gov

Links

- LMRF Intranet Website

Contacts

- CTR Solution Desk