

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 716, L.D. 980, Bill, "An Act to Amend Provisions Applicable to Property Casualty Insurers and Reporting Requirements to the Bureau of Insurance"

Amend the bill by striking out all of section 3 and inserting in its place the following:

'Sec. 3. 24-A MRSA § 2382-F is enacted to read:

§2382-F. Report required

In order to comply with Title 26, section 61, subsection 1-A, on or before March 1st of each year, every workers' compensation insurer shall file a report with the superintendent showing the amount of total actual paid workers' compensation losses and the total actual paid workers' compensation medical payments for the previous calendar year.'

Further amend the bill by striking out all of sections 9, 10 and 11 and inserting in their place the following:

'Sec. 9. 39-A MRSA §403, sub-§17 is enacted to read:

17. Report required. In order to comply with Title 26, section 61, subsection 1-A, on or before March 1st of each year, every individual workers' compensation self-insurer and workers' compensation group self-insurer shall file a report with the superintendent showing the amount of total actual paid workers' compensation losses and the total actual paid workers' compensation medical payments for the previous calendar year.

COMMITTEE AMENDMENT

2 **Sec. 10. 39-A MRSA §404, sub-§2**, as amended by PL 1995, c.
394, §7, is further amended by amending the first paragraph to
4 read:

6 **2. Membership required.** All self-insurers, as defined in
7 under this Title, must be members of the association as a
8 condition of authority to self-insure in this State, except that
9 all public employers that are individual self-insurers, ~~with a~~
10 ~~state-assessed valuation equal to or in excess of \$300,000,000~~
11 ~~and have either a net worth equal to or in excess of \$25,000,000~~
12 ~~or a bond rating equal to or in excess of the 2nd highest~~
13 ~~standard as set by a national bond rating organization, are not~~
14 ~~subject to this subsection.~~ Public employers that are and qualify
15 for the alternative security requirements of section 403,
16 subsection 3, paragraph D and group self-insurers with whose
17 membership consists exclusively of public employers and whose
18 members have in the aggregate a state-assessed valuation equal to
19 or in excess of \$5,000,000,000 are not subject to this
20 subsection. However, ~~if a self-insurer relying on a bond rating~~
21 ~~is a county, city or town, it shall value or cause to be valued~~
22 ~~its unpaid workers' compensation claims pursuant to sound~~
23 ~~accepted actuarial principles. This value must be incorporated~~
24 ~~in the annual audit of the county, city or town together with~~
25 ~~disclosure of funds appropriated to discharge incurred claims~~
26 ~~expenses.~~ The association shall perform its functions under a
27 plan of operation established or amended, or both, and approved
28 by the superintendent and shall exercise its powers through the
board of directors established in this section.

30 **Sec. 11. 39-A MRSA §404, sub-§4, ¶A**, as amended by PL 1995, c.
394, §8, is further amended by repealing subparagraph (1).

32 **Sec. 12. 39-A MRSA §404, sub-§7, ¶D** is enacted to read:

34 D. On or before May 15th of each year, the Bureau of
35 Insurance shall provide to the Maine Self-Insurance
36 Guarantee Association the annual standard workers'
37 compensation premium for each individual and group workers'
38 compensation self-insurer and each individual and group
39 workers' compensation self-insurer's payroll by class and
40 experience modification factor for the previous calendar
41 year. For the purposes of this paragraph, the definitions
42 of annual standard premium in subsection 4 apply. The Maine
43 Self-Insurance Guarantee Association may request additional
44 information from workers' compensation self-insurers to
45 verify the accuracy of the amounts reported.

46 **Sec. 13. 39-A MRSA §409, first ¶**, as amended by PL 1993, c.
47 313, §40, is further amended to read:

The Superintendent of Insurance shall annually assess make an assessment on self-insuring employers approved pursuant to section 403, respecting the operations of each self-insurer conducted in the State to defray the cost of administration of the Bureau of Insurance. On or before March 1st of each year, every individual workers' compensation self-insurer and group workers' compensation self-insurer shall report to the superintendent the self-insurer's experience modification factor for the previous calendar year. The superintendent shall calculate the amount of annual standard premium that would have been paid during the previous calendar year for every individual workers' compensation self-insurer and group workers' compensation self-insurer. The annual assessment upon approved self-insuring employers must be calculated using the imputed annual standard premium relating to business operations in the State that each self-insurer would have paid during the previous calendar year pursuant to manual rates established by the principal rating organization in the State and using the experience rating procedure approved by the Superintendent of Insurance for that self-insurer. For the purposes of this section, the definitions of annual standard premium in section 404, subsection 4 apply. The assessment must be applied to the budget of the bureau for the fiscal year commencing July 1st. The assessment must be in an amount not exceeding 11/100 of 1% of the imputed annual standard premium. When the superintendent calculates the amount of the annual assessment, the superintendent may consider, among other things, the staffing level required to administer workers' compensation self-insurance oversight responsibilities of the bureau. All information filed by self-insurers in compliance with this section is confidential in accordance with section 403, subsection 15.

Sec. 14. 39-A MRSA §409, sub-§1 as enacted by PL 1991, c. 885, Pt. A, §8 and affected by §§9 to 11, is amended to read:

1. Annual standard premium. The superintendent shall utilize the annual standard premium for each approved self-insurer as ~~reported to~~ calculated by the Bureau of Insurance ~~by the Maine Self-Insurance Guarantee Association~~ pursuant to ~~this section 404, subsection 4~~ in determining the amount of the assessment.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

The Bureau of Insurance within the Department of Professional and Financial Regulation will incur some minor additional costs to administer certain requirements pertaining to

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property casualty insurers. These costs can be absorbed within
the bureau's existing budgeted resources.

The Department of Administrative and Financial Services will
realize some minor savings from reduced reporting requirements.'

SUMMARY

This amendment allows workers' compensation self-insurers to
report payrolls by class and experience modification factors for
each calendar year to the Superintendent of Insurance instead of
requiring the reporting of annual standard premium. Under the
amendment, the superintendent determines annual standard premium
based on the report filed by the self-insurer.

The amendment changes the date required for submission of
information to the Maine Self-Insurance Guarantee Association to
May 15th and removes the amendment to Maine Revised Statutes,
Title 24-A, section 237.

The amendment also adds a fiscal note to the bill.