

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

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Legislative Document

No. 1779

H. P. 1345

House of Representatives, April 3, 1973

Referred to the Committee on Labor. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Smith of Dover-Foxcroft.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT to Allow Group Self-Insurance Under Maine's Workmen's  
Compensation Law.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. R. S., T. 39, § 23, sub-§ 2, amended.** The last sentence of subsection 2 of section 23 of Title 39 of the Revised Statutes is amended to read as follows:

The commission may ~~at any time in its discretion~~ for good cause deny to an assenting employer or group of assenting employers the right to continue in the exercise of the option granted by this section.

**Sec. 2. R. S., T. 39, § 23, sub-§ 2-A, additional.** Section 23 of Title 39 of the Revised Statutes is amended by adding a new subsection 2-A to read as follows:

**2-A.** Subsection 2, which applies to individual self-insurer, shall be equally applicable in all respects to group self-insurers. Group self-insurers shall be those individuals or corporations associated together having similar business objectives, similar types of employment or employees engaged in the same type of work. Such group desiring to become a self-insurer shall submit to the Chairman of the Industrial Accident Commission, with an application for self-insurance, in a form prescribed by the chairman, the following:

**A.** A payroll report for each participating employer of the group for 3 preceding annual fiscal periods;

**B.** A report of compensation losses incurred, payments plus reserves by each participating employer of the group for the corresponding 3 annual periods;

C. A sworn itemized statement of the group's assets and liabilities; satisfactory proof of financial ability to pay compensation for the employers participating in the group plan; the group's reserves, their source and assurance of continuance;

D. A description of the safety organization maintained by the employer or group for the prevention of accidents;

E. A statement showing the kind of operations performed or to be performed; and,

F. Any and all agreements, contracts or other pertinent documents relating to the organization of the employers in the group.

If, upon examination of the sworn financial statement and other data submitted, the chairman is satisfied as to the ability of the employer or group to make current compensation payments and that the employer's or group's tangible assets make reasonably certain the payment of all obligations that may arise under the Workmen's Compensation Law, the application shall be granted subject to the terms and conditions setting out the exposure of cash deposits or securities or an acceptable surety bond, all as required by the Chairman of the Industrial Accident Commission. Security against shock or catastrophe loss shall be provided either by depositing securities in such amount as the chairman may determine, or by filing with the chairman an insurance carrier's certificate of a standard self-insurer's excess contract issued to the self-insurer or group in form approved by the chairman, providing reinsurance coverage against losses arising out of one accident in such amounts as the chairman may determine, or a combination of the foregoing, satisfactory to the chairman.

Yearly reports in a form prescribed by the chairman shall be filed by each self-insurer or group. Said reports shall be filed within 30 days after the chairman's request, or at such time as the chairman shall otherwise set.

Sec. 3. Effective date of assent. The effective date of the assent of an employer shall be the date of the insurance policy filed or in the case of a self-insurer or group the date of the bond or the receipt of the securities required.

#### STATEMENT OF FACT

This bill would allow employers to group together and petition the Industrial Accident Commission to be allowed to be self-insurers in lieu of providing workmen's compensation insurance through a carrier.