

# MAINE STATE LEGISLATURE

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(Governor's Bill)  
SECOND REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1863**

H. P. 1747

House of Representatives, January 24, 1980

On Motion of Mr. Tierney of Lisbon, referred to the Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk of the House

Presented by Mr. Wyman of Pittsfield.

Cosponsors: Mr. Gwadosky of Fairfield, Miss Aloupis of Bangor and Miss K. Brown of Bethel.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

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**AN ACT Relating to Group Self-insurers under the Workers' Compensation Act.**

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

**Sec. 1. 24-A MRSA § 601, sub-§ 16, is enacted to read:**

**16. Group self-insurance authorization**

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|--|--------------|
| <b>A. For filing application for initial authorization, including all documents submitted as part of the application</b> | <b>\$300</b> |
| <b>B. Authorization and each annual continuation</b>   | <b>100</b>   |
| <b>C. Filing yearly report of group self-insurer</b>   | <b>50</b>    |

**Sec. 2. 24-A MRSA § 2323, sub-§ 5, is enacted to read:**

**5. Group self-insurer. As used in this section, "insurer" shall include:**

- A. Insurer as defined in section 4; and**
- B. Group self-insurer as defined in Title 39, section 23.**

**Sec. 3. 24-A MRSA § 4435, sub-§ 6, as enacted by PL 1969, c. 561, is amended to read:**

**6. Member insurer.** "Member insurer" means any authorized insurer which writes any kind of insurance to which this subchapter applies and any group self-insurer as defined in Title 39, section 23.

Sec. 4. 24-A MRSA § 4435, sub-§ 8, is enacted to read:

**8. Insurer.** "Insurer" means any insurer as defined in Title 24-A, section 4, and any group self-insurer as defined by Title 39, section 23.

Sec. 5. 39 MRSA § 23, sub-§ 4, ¶¶ H - L are enacted to read:

**H.** Fee schedules applicable to group self-insurers are those set forth in Title 24-A, section 601.

**I.** All group self-insurers shall be subject to the provisions of Title 24-A, chapter 57, subchapter III.

**J.** Each group self-insurer shall record its loss expense and experience in accordance with Title 24-A, section 2323.

**K. Special study of the Superintendent of Insurance.**

(1) The Superintendent of Insurance is directed to conduct a study to determine the effect of group self-insurers authorized pursuant to this chapter upon the workers' compensation insurance plan. The superintendent is directed to form a special committee to assist in this study.

(2) The special committee shall consist of 2 members representing each of the following groups who shall be appointed by the superintendent:

- (a) Workers' compensation insurers;
- (b) Group self-insurers;
- (c) Labor; and
- (d) The public.

(3) The study of a group self-insurer by the superintendent may not commence until 2 years following initial authorization pursuant to this chapter.

(4) Each insurer and group self-insurer providing workers' compensation coverage during the calendar year in which the study commences shall be assessed a fee not to exceed \$100. These assessments shall be used for the purpose of conducting the study.

(5) Following completion of the study, the superintendent shall report to the Governor and the Legislature. The report shall contain his findings as to the impact of group self-insurance on the workers' compensation insurance plan and his recommendations for additional legislation.

**L.** Annual examinations of each group self-insurer, as required by the superintendent, shall be performed by public accountants acceptable to the

**superintendent and reports rendered to the superintendent within a reasonable period, as determined by the superintendent subsequent to the group self-insurers elected fiscal year. The examinations shall be conducted pursuant to generally accepted accounting principles, as they are consistent with precepts prescribed by the superintendent, which place sound values on assets and liabilities of group self-insurers. Other examinations of the affairs, transactions, accounts, records and assets of each group self-insurer and of any person as to any matter relevant to the financial affairs of the group self-insurer shall be conducted as often as the superintendent deems advisable. The expense of examination of a group self-insurer shall be borne by the person examined.**

#### STATEMENT OF FACT

This bill is to further establish the statutory framework within which group self-insurers under the Workers' Compensation Act function.

Group self-insurers do not provide for the support of the Bureau of Insurance which is required to administer the group self-insurance statutes for the protection of the public. The bill will establish a fee schedule for group self-insurers which is the same as that applicable to insurance companies.

The bill requires "group self-insurers" to participate in the Maine Insurance Guaranty Association. This association was established by the Legislature in 1969. Its purpose is to provide a mechanism for the payment of covered claims under certain insurance policies to avoid excessive delay in payment and to avoid financial loss to claimants or policyholders because of the insolvency of an insurer, to assist in the detection and prevention of insurer insolvencies and to provide an association to assess the cost of that protection among insurers. This will afford the benefits of the association to employees of group self-insurers on the same basis as those afforded employees of employers with coverage with other participants in the association.

The bill also requires the recording and reporting of workers' compensation loss and expense experience from group self-insurers to provide greater credibility on an intrastate basis.

The impact of group self-insurers, as authorized by the Legislature, upon the Workers' Compensation Assigned Risk Plan is unknown at this time. Further, the bill authorizes a study to closely monitor this impact.

The bill also requires periodic examinations of group self-insurers and requires those examined to bear the cost of that examination.