

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

FIRST REGULAR SESSION

---

ONE HUNDRED AND TENTH LEGISLATURE

---

**Legislative Document**

**No. 553**

H. P. 502

House of Representatives, February 2, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Dexter of Kingfield.

---

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

---

**AN ACT Concerning Workers' Compensation Cost Containment.**

---

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

**Sec. 1. 24-A MRSA § 2302, sub-§ 3, as enacted by PL 1969, c. 132, § 1, is amended to read:**

**3. Workmen's compensation shall first be subject to Title 39, but any parts of this chapter not inconsistent with such Title shall also apply. The filings required by Title 39, section 22 may be made on behalf of any workmen's compensation insurer by a rating organization licensed in accordance with section 2310, provided that the rating organization presents evidence to the superintendent that:**

**A. It collects data from its subscribers, at least annually, indicating the extent of individual company efforts to contain costs;**

**B. It has established a feedback reporting mechanism from it to the individual companies providing a basis for comparison of effort by companies; and**

**C. Each of its subscribers has initiated an maintained a cost containment program.**

**Sec. 2. 39 MRSA § 22, sub-§ 3, ¶B, sub-§§ (1) and (2), as enacted by PL 1979, c. 211, are further amended to read:**

**(1) That any profit factor used in the filing will produce only a just and**

reasonable return on the investment allocable to the coverage of risks in this State; and

(2) That the loss reserves, including the discount rates applied to those reserves, are reasonable; and

**Sec. 3. 39 MRSA § 22, sub-§ 3, ¶ B, sub-¶ (3) is enacted to read:**

**(3) That a reasonable cost containment program has been established and maintained.**

#### STATEMENT OF FACT

Workers' compensation insurance rates are staggering. In a time when all of us are concerned with costs, it is only reasonable to require insurers to maintain cost containment programs. This bill will require such programs by providing that a rating organization can act for member companies in regard to workers' compensation rate filings only if those member companies have cost containment programs.