

1	(After Deadline)
2 3	FIRST REGULAR SESSION
4 5	ONE HUNDRED AND ELEVENTH LEGISLATURE
6 7	Legislative Document No. 1647
8 9 10 11	H.P. 1238 House of Representatives, May 20, 1983 Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27. Received by the Clerk of the House on May 20, 1983. Referred to the Committee on Business Legislation and printed pursuant to Joint Rule 14. EDWIN H. PERT, Clerk Presented by Speaker Martin of Eagle Lake. Cosponsors: Senator Pray of Penobscot, Representative Brannigan of Portland and Senator Clark of Cumberland.
13 14 15	STATE OF MAINE
16 17 18 19 20	NINETEEN HUNDRED AND EIGHTY-THREE AN ACT to Encourage Competition in Workers' Compensation Insurance Rates.
21 22	Be it enacted by the People of the State of Maine as follows:
23 24	Sec. 1. 24-A MRSA §2303, sub-§1, ¶F is enacted to read:
25 26 27	F. In the case of workers' compensation insur- ance, maximum premiums and rates shall be estab- lished.
28 29	<pre>Sec. 2. 24-A MRSA §2317, sub-§5 is enacted to read:</pre>
30 31 32	5. This section or section 2316 shall not apply to a workers' compensation insurance member or sub- scriber making or issuing a contract or policy at a

premium or rate below the approved maximum premium or rate.

3 Sec. 3. 39 MRSA §22, sub-§1, as enacted by PL 4 1979, c. 211, is amended to read:

1. <u>Approval required</u>. Every insurance company issuing workers' compensation insurance policies cov-5 6 7 ering the payment of compensation and benefits pro-8 vided for in this Act shall file with the Superinten-9 dent of Insurance a copy of the form of the policies 10 and no policy shall may be issued until he has approved the form. It shall file its classification 11 12 of risks and maximum premium rates relating thereto, 13 and any subsequent proposed classification thereof, none of which shall take effect until the Superinten-14 15 dent of Insurance has approved the same as adequate for the risks to which they respectively apply. He 16 may require the filing of specific maximum rates for 17 18 workers' compensation insurance, including classifi-19 cations of risks, experience or any other rating 20 information from insurance companies authorized to 21 transact insurance in Maine and may make or cause to 22 be made such investigations as may be deemed neces-23 sary to satisfy himself that the maximum rates are correct and proper before giving his approval and 24 permitting the rates to be promulgated for the use of 25 26 those companies. The Superintendent of Insurance may at any time withdraw his approval of any classifica-27 28 tion of risks or maximum premium rates relating 29 thereto and approve a revised classification thereof.

30 Sec. 4. 39 MRSA §22, sub-§3-B is enacted to 31 read:

32	<u>3-B.</u> Maximum premium rates. In determining t	he
33	premium rates, the superintendent shall establi	sh
34	maximum premium rates which shall not be excessi	ve
35	for the classification and risks insured by all t	he
36	insurers doing business in this State.	

37 STATEMENT OF FACT

38 The purpose of this bill is to require that work-39 ers' compensation insurance premium rates be estab-40 lished as maximum rates rather than the present fixed

rates. This intent is to allow price competition on 1 workers' compensation insurance, while establishing a 2 3 maximum rate that is not excessive for the risks 4 insured. The maximum rate established under this bill will be established in the same manner and sub-ject to the same considerations as the present fixed 5 6 7 rate, thus assuring that the maximum rate will adequately, but not excessively, meet the costs of the 8 9 insured risk, while allowing companies that are unusually efficient or responsive to reduction of risks, to charge lower premium rates. 10 11

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