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)

1	L.D. 829
2	(Filing No. H-123)
3 4	STATE OF MAINE HOUSE OF REPRESENTATIVES
5	112TH LEGISLATURE
6	FIRST REGULAR SESSION
7 8 9	COMMITTEE AMENDMENT " \hat{H} " to H.P. 557, L.D. 829, Bill, "AN ACT Permitting Retention of Loss in Excess of Loss Fund by Group Self-insurers."
10 11	Amend the bill by inserting after the title and before the enacting clause the following:
12 13 14	'Emergency preamble. Whereas, Acts of the Legis- lature do not become effective until 90 days after adjournment unless enacted as emergencies; and
15 16 17 18	Whereas, it is essential that group workers' compensation self-insurers remain financially sound in order to protect the group's ability to pay the claims of insured workers; and
19 20 21 22 23	Whereas, an integral part of securing the group's financial soundness is the ability to obtain affordable excess insurance coverage to compensate claims in excess of the group's own financial resources; and
24 25 26	Whereas, current conditions in the insurance market are leading insurers to raise prices for excess coverage to group self-insurers; and
27	Whereas, these conditions make it difficult for a
28 29	group to afford this coverage unless a mechanism is available to enable the group self-insurer to dedi-
30	cate a portion of its unimpaired surplus to increase
31 32	its self-insured retention level under such a policy; and
33 34	Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of

the Constitution of Maine and require the following legislation as immediately necessary for the preser-

COMMITTEE AMENDMENT " A" to H.P. 557, L.D. 829

1 vation of the public peace, health and safety; therefore, ' 3 Further amend the bill in subsection 4 by striking out the last 2 paragraphs (page 6, lines 26 to 41 4 5 in L.D.) and inserting in their place the following: 6 'M. In any fiscal year, no group self-insurer 7 may be required to obtain aggregate excess insurance with a policy limit that exceeds a multiple 8 9 of 1.5 of its annual standard workers' compensa-10 tion premium for that fiscal year. The superin-11 tendent may set lower policy limits for aggregate excess insurance where, in his judgment, lower 12 13 limits may be prudent. 14 Upon approval by the superintendent, a group 15 self-insurer may dedicate a portion of its unim-16 paired surplus to increase its self-insured re-17 tention level under the aggregate excess insur-18 ance policy by an amount equal to the amount of 19 surplus so dedicated. The superintendent before granting his approval shall consider among other 20 21 factors: 22 (1) The level of alternate revenues availato the group self-insurer to cover the 23 24 further assumed costs; and 25 The adequacy of the fund's surplus to 26 meet obligations of the group self-insurer. At the expiration of a period of 10 calendar days 27 28 after the superintendent has received a plan for 29 the dedication of a portion of the unimpaired 30 surplus of a group self-insurer to increase its self-insured retention level and any additional 31 information the superintendent has deemed neces-32 sary, the plan shall be deemed approved unless 33 prior to the expiration of that time period it 34 35 has been affirmatively approved or disapproved by 36 the superintendent.

COMMITTEE AMENDMENT " $\hat{m{\theta}}$ " to H.P. 557, L.D. 829

O. In addition, upon the filing of a plan which meets the approval of the superintendent, group self-insurers may be authorized to issue subordi-3 nated loan certificates, the proceeds of which 4 5 shall be made part of the group self-insurer's 6 surplus account and available as other surplus 7 funds for dedication to increase the self-insured 8 retention level. To the extent that the proceeds of these loan certificates are utilized by a group self-insurer to increase its self-insured retention in any fiscal year, the aggregate proceeds of the loan certificates so utilized shall in no event exceed 25% of the annual standard premium for that fiscal year. The obligation to 9 10 11 12 13 14 15 redeem these loan certificates after the proceeds of the loan certificates have been dedicated to 16 17 increase the aggregate excess self-insured reten-18 tion level of the group self-insurer shall be 19 subordinate to covered claims and shall not be 20 redeemed after the dedication without the approv-21 al of the superintendent.

Further amend the bill by inserting before the Statement of Fact the following:

'Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.'

27 STATEMENT OF FACT

22

23

28

29

30

31

32 33

34

This amendment adds an emergency preamble and clause to the bill and makes changes in the formulas for determining how much aggregate excess insurance may be required and the circumstances in which a group self-insurer may use the proceeds of the sale of subordinated loan certificates to increase the group self-insurer's retention level.

COMMITTEE AMENDMENT " $\boldsymbol{\theta}$ " to H.P. 557, L.D. 829

- This amendment limits the amount of aggregate excess insurance that may be required of group self-insurers. It also authorizes the use of the proceeds of the sale of subordinated loan certificates to increase a group self-insurer's self-insured retention level.
- 7 3450050285

Reported by the Committee on Business and Commerce Reproduced and distributed under the direction of the Clerk of the House

5/8/85

(Filing No. H-123)