

MAINE STATE LEGISLATURE

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L.D. 829

(Filing No. H-123)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
112TH LEGISLATURE
FIRST REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 557, L.D. 829,
Bill, "AN ACT Permitting Retention of Loss in Excess
of Loss Fund by Group Self-insurers."

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Amend the bill by inserting after the title and
before the enacting clause the following:

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'Emergency preamble. Whereas, Acts of the Legis-
lature do not become effective until 90 days after
adjournment unless enacted as emergencies; and

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Whereas, it is essential that group workers' com-
pensation self-insurers remain financially sound in
order to protect the group's ability to pay the
claims of insured workers; and

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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 re-
sources; and

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Whereas, current conditions in the insurance mar-
ket are leading insurers to raise prices for excess
coverage to group self-insurers; and

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Whereas, these conditions make it difficult for a
group to afford this coverage unless a mechanism is
available to enable the group self-insurer to dedi-
cate a portion of its unimpaired surplus to increase
its self-insured retention level under such a policy;
and

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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; now,
2 therefore,'

3 Further amend the bill in subsection 4 by strik-
4 ing out the last 2 paragraphs (page 6, lines 26 to 41
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 insur-
8 ance with a policy limit that exceeds a multiple
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
12 excess insurance where, in his judgment, lower
13 limits may be prudent.

14 N. 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 retention level under the aggregate excess insur-
18 ance policy by an amount equal to the amount of
19 surplus so dedicated. The superintendent before
20 granting his approval shall consider among other
21 factors:

22 (1) The level of alternate revenues availa-
23 ble to the group self-insurer to cover the
24 further assumed costs; and

25 (2) The adequacy of the fund's surplus to
26 meet obligations of the group self-insurer.

27 At the expiration of a period of 10 calendar days
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
31 self-insured retention level and any additional
32 information the superintendent has deemed neces-
33 sary, the plan shall be deemed approved unless
34 prior to the expiration of that time period it
35 has been affirmatively approved or disapproved by
36 the superintendent.

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

1 This amendment limits the amount of aggregate ex-
2 cess insurance that may be required of group
3 self-insurers. It also authorizes the use of the pro-
4 ceeds of the sale of subordinated loan certificates
5 to increase a group self-insurer's self-insured re-
6 tention level.

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