

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1501

6
7 S.P. 555

In Senate, May 9, 1985

8 Reference to the Committee on Business and Commerce suggested and
9 ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Clark of Cumberland.

11 Cosponsored by Representative Brannigan of Portland and Representative
Armstrong of Wilton.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT Establishing Assessments to Defray the
18 Expense of Maintaining the Bureau of
19 Insurance.
20

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

23 Sec. 1. 24 MRSA §2332 is enacted to read:

24 §2332. Assessment for the recoupment of expenses re-
25 lated to the regulation of nonprofit hospital
26 or medical service organizations and nonprof-
27 it health care plans

28 There shall be an assessment levied annually by
29 the Superintendent of Insurance upon nonprofit hospi-
30 tal or medical service organizations and nonprofit
31 health care plans licensed to do business in this
32 State in proportion to their respective subscription
33 income derived from business operations in this State
34 during the year ending December 31st immediately pre-
35 ceding the fiscal year for which assessment is made.

1 The annual assessment upon all hospital or medical
2 service organizations and health care plans shall be
3 applied to the budget of the bureau for the fiscal
4 year commencing July 1st. The assessment shall be in
5 an amount not exceeding .00015 of subscription in-
6 come. When the superintendent calculates the amount
7 of the annual assessment, he shall consider, among
8 other factors, the staffing level required to admin-
9 ister the nonprofit health care regulatory program of
10 the bureau.

11 1. Expense of examination. The expense of exam-
12 ination of any corporation described in section 2301
13 shall continue to be borne by the corporation exam-
14 ined. The expense of examination consistent with
15 section 2307 shall not be considered when determining
16 the assessment for the recoupment of expenses related
17 to the nonprofit health care regulatory program of
18 the bureau.

19 2. Subscription income. Based on the annual
20 statement filed by each nonprofit hospital or medical
21 service organization or health care plan pursuant to
22 section 2306, the superintendent shall ascertain the
23 amount of subscription income received in that year.
24 For the purpose of this section only, "subscription
25 income" means and includes subscription premium and
26 other considerations received by hospital or medical
27 service organizations and health care plans, on ac-
28 count of certificates or contracts covering risks lo-
29 cated, resident or to be performed in this State, af-
30 ter deducting subscription or other contract consid-
31 eration returns.

32 3. Minimum assessment. In any year in which a
33 nonprofit hospital or medical service organization or
34 health care plan has no subscription income derived
35 from business operations in this State, or in which
36 subscription income is not sufficient to produce at
37 the rate prescribed an amount equal to or in excess
38 of \$100, the minimum assessment payable shall be
39 \$100.

40 4. Notification of assessment. On or before
41 April 30th of each year, the superintendent shall no-
42 tify each nonprofit hospital or medical service orga-
43 nization and health care plan of the assessment due.

1 5. Time of payment. Payment shall be made on or
2 before June 1st.

3 6. Revocation or suspension. If the assessment
4 is not paid to the superintendent on or before the
5 prescribed date, the certificate of authority of any
6 nonprofit hospital or medical service organization or
7 health care plan to transact business in this State
8 may be revoked or suspended by the superintendent af-
9 ter a hearing thereon or upon waiver of hearing by
10 the nonprofit hospital or medical service organiza-
11 tion or health care plan until the assessment is
12 paid.

13 7. Recalculation of assessment. Immediately
14 following the close of the fiscal year ending June
15 30, 1987, and at the close of each 2nd succeeding
16 fiscal year, the superintendent shall recalculate the
17 assessment made against each party assessed after
18 giving recognition to actual expenditures for the
19 nonprofit health care regulatory program of the bu-
20 reau during the preceding biennial period. On or be-
21 fore October 1st, the superintendent shall render to
22 each party assessed a statement showing the differ-
23 ence between their respective recalculated assessment
24 and the amount they had paid with respect to the pre-
25 ceding biennium. Any overpayment of annual assess-
26 ment resulting from complying with the requirements
27 of this section shall be refunded or, at the option
28 of the assessed party, applied as a credit against
29 the assessment for the succeeding fiscal year. Any
30 overpayment of \$100 or less shall be applied as a
31 credit against the assessment for the succeeding fis-
32 cal year.

33 8. Deposit with Treasurer of State. The super-
34 intendent shall deposit all payments made pursuant to
35 this section with the Treasurer of State. The money
36 shall be used for the sole purpose of recouping the
37 expenses related to the nonprofit health care regula-
38 tory program of the Bureau of Insurance.

39 9. Applicability. This section applies with re-
40 spect to fiscal years commencing on or after July 1,
41 1986.

42 Sec. 2. 24-A MRS §237 is enacted to read:

1 §237. Assessment for expense of maintaining the Bu-
2 reau of Insurance

3 The expense of maintaining the Bureau of Insur-
4 ance shall be assessed annually by the Superintendent
5 of Insurance against all insurers licensed to do
6 business in this State in proportion to their respec-
7 tive direct gross premium written on business in this
8 State during the year ending December 31st immediate-
9 ly preceding the fiscal year for which assessment is
10 made. The annual assessment upon all insurers shall
11 be applied to the budget of the bureau for the fiscal
12 year commencing July 1st. The assessment shall be in
13 an amount not exceeding .0015 of total direct premi-
14 ums written. When the superintendent calculates the
15 amount of the annual assessment, he shall consider,
16 among other factors, the staffing level required to
17 administer the responsibilities of the bureau.

18 1. Expense of examination. The expense of exam-
19 ination of an insurer or of any person regulated by
20 section 222 shall continue to be borne by the person
21 examined. The expense of examination consistent with
22 section 228 shall not be considered when determining
23 the assessment for maintaining the Bureau of Insur-
24 ance.

25 2. Direct gross premium. Based on the annual
26 statement filed by each insurer pursuant to section
27 423 the superintendent shall ascertain the amount of
28 direct gross premium it received in that year. For
29 the purpose of this section only, "direct gross pre-
30 miums" means and includes policy, membership, annuity
31 considerations and other fees, policy dividends ap-
32 plied in payment for insurance and other considera-
33 tions for insurance received by insurers, on account
34 of policies or contracts covering subjects of insur-
35 ance, or risks located, resident or to be performed
36 in this State, after deducting return premiums or
37 dividends actually returned or credited to policy-
38 holders.

39 3. Minimum assessment. In any year in which an
40 insurer has no direct gross premium writings in this
41 State, or in which direct gross premium written is
42 not sufficient to produce at the rate prescribed an
43 amount equal to or in excess of \$100, the minimum as-
44 essment payable by any insurer shall be \$100.

1 4. Notification of assessment. On or before
2 April 20th of each year, the superintendent shall no-
3 tify each insurer of the assessment due. When an ex-
4 ension of the time of filing an annual statement is
5 granted for good cause by the superintendent pursuant
6 to section 423, subsection 1, the insurer shall be
7 assessed a provisional amount of \$100. Upon receipt
8 of the insurer's annual statement the provisional as-
9 essment shall be adjusted to effect a final assess-
10 ment for the fiscal year at the same rate utilized by
11 the superintendent and which was levied upon all in-
12 surers by the general assessment of April 20th.

13 5. Time of payment. Payment shall be made on or
14 before June 1st.

15 6. Revocation or suspension. If the assessment
16 is not paid to the superintendent on or before the
17 prescribed date, the license or certificate of au-
18 thority of any insurer to transact business in this
19 State may be revoked or suspended by the superintend-
20 ent after a hearing thereon or upon waiver of hearing
21 by the insurer until the assessment is paid. There
22 shall be no reinstatement of certificate of authority
23 prior to payment of the balance of the assessment.

24 7. Recalculation of assessment. Immediately
25 following the close of the fiscal year ending June
26 30, 1987, and at the close of each 2nd succeeding
27 fiscal year, the superintendent shall recalculate the
28 assessment made against each party assessed after
29 giving recognition to actual expenditures of the bu-
30 reau during the preceding biennial period. On or be-
31 fore October 1st, the superintendent shall render to
32 each party assessed a statement showing the differ-
33 ence between their respective recalculated assessment
34 and the amount they had paid with respect to the pre-
35 ceding biennium. Any overpayment of annual assess-
36 ment resulting from complying with the requirements
37 of this section shall be refunded or, at the option
38 of the assessed party, applied as a credit against
39 the assessment for the succeeding fiscal year. Any
40 overpayment of \$100 or less shall be applied as a
41 credit against the assessment for the succeeding fis-
42 cal year.

1 8. Deposit with Treasurer of State. The super-
2 intendent shall deposit all payments made pursuant to
3 this section with the Treasurer of State. The money
4 shall be used for the sole purpose of paying the ex-
5 penditures of the Bureau of Insurance.

6 9. Exclusions. This section does not apply to
7 fraternal benefit societies, as defined in section
8 4101; assessment mutual insurance companies, as de-
9 defined in section 3603; joint underwriting associa-
10 tions, subject to section 2322; and health mainte-
11 nance organizations, as defined in section 4203.

12 10. Applicability. This section applies with
13 respect to fiscal years commencing on or after July
14 1, 1986.

15 Sec. 3. 24-A MRSA §604, sub-§2, as amended by PL
16 1973, c. 625, §136, is further amended to read:

17 2. The Treasurer of State shall credit the fol-
18 lowing funds to the Insurance Regulatory Fund:

19 A. The balance, if any, remaining on January 1,
20 1970 of funds allocated to the bureau pursuant to
21 Title 24, section 372;

22 B. Fees, licenses and other charges collected
23 and remitted by the superintendent under section
24 601 (fee schedule), or as increased pursuant to
25 section 428 (retaliatory provision); and

26 C. Amounts collected for investigation reports
27 under section 1519; and

28 D. ~~Such other amounts as may be expressly re-~~
29 ~~quired by law to be so credited.~~ Amounts assessed
30 by the superintendent under Title 24, section
31 2332;

32 E. Amounts assessed by the superintendent under
33 section 237;

34 F. Amounts assessed by the superintendent under
35 Title 39, section 29; and

36 G. ~~Such other amounts as may be expressly re-~~
37 ~~quired by law to be so credited.~~

1 Sec. 4. 39 MRSA §29 is enacted to read:

2 §29. Assessment for the expenses of administering
3 the self-insurer's Workers' Compensation Pro-
4 gram

5 There shall be an assessment levied annually by
6 the Superintendent of Insurance upon self-insuring
7 employers approved pursuant to section 23, respecting
8 the operations of each self-insurer conducted in this
9 State to defray the cost of administration of the Bu-
10 reau of Insurance. The annual assessment upon ap-
11 proved self-insuring employers shall be calculated
12 using imputed annual standard premium relating to
13 business operations in this State which each self-
14 insurer would have paid during the previous calendar
15 year pursuant to manual rates established by the
16 principal rating organization in this State and using
17 the experience rating procedure approved by the Su-
18 perintendent of Insurance for that self-insurer. The
19 assessment shall be applied to the budget of the bu-
20 reau for the fiscal year commencing July 1st. The
21 assessment shall be in an amount not exceeding 1/10
22 of 1% of imputed annual standard premium. When the
23 superintendent calculates the amount of the annual
24 assessment, he shall consider, among other things,
25 the staffing level required to administer workers'
26 compensation self-insurance oversight responsibili-
27 ties of the bureau.

28 1. Annual standard premium. The superintendent
29 shall utilize annual standard premium for each ap-
30 proved self-insurer as reported to the Bureau of In-
31 surance by the Maine Self-Insurance Guarantee Associ-
32 ation pursuant to section 23-A, subsection 4, in de-
33 termining the amount of the assessment.

34 2. Expense of examination. The expense of exam-
35 ination of group self-insurers subject to section 23,
36 subsection 4, paragraph L shall continue to be borne
37 by the person examined.

38 3. Minimum assessment. In any year in which a
39 self-insurer has no annual standard premium in this
40 State or in which the annual standard premium is not
41 sufficient to produce at the rate prescribed by law
42 an amount equal to or in excess of \$100, the minimum

1 assessment payable by any self-insurer shall be \$100.

2 4. Notification of assessment. On or before
3 April 1st, next following receipt of the report from
4 the Maine Self-Insurance Guarantee Association, the
5 Superintendent of Insurance shall notify each self-
6 insurer of the assessment due.

7 5. Time of payment. Payment shall be made on or
8 before June 1st.

9 6. Revocation or termination. If the assessment
10 is not paid on or before June 1st, the right of any
11 individual or group to continue the option of self-
12 insurance may be revoked or terminated by the Super-
13 intendent of Insurance.

14 7. Recalculation of assessment. Immediately
15 following the close of the fiscal year ending June
16 30, 1987, and at the close of each fiscal year there-
17 after, the Superintendent of Insurance shall
18 recalculate the assessment upon each self-insurer
19 subject to this section. If, in any instance, any
20 assessment paid under this section is based in whole
21 or in part upon annual standard premium estimated in
22 the calendar year utilized for assessment purposes,
23 the recalculation shall recognize actual audited an-
24 ual standard premium, as available, for each af-
25 ected self-insurer. Actual expenditures of the Bu-
26 reau of Insurance during the preceding fiscal year
27 shall also be recognized. On or before October 1st,
28 the Superintendent of Insurance shall render to each
29 self-insurer a statement showing the difference be-
30 tween their respective recalculated assessment and
31 the amount they paid during the preceding fiscal
32 year. Any overpayment of annual assessment resulting
33 from complying with the requirements of this section
34 shall be refunded or, at the option of the assessed
35 party, applied as a credit against the assessment for
36 the succeeding fiscal year. Any overpayment of \$100
37 or less shall be applied as a credit against the as-
38 essment for the succeeding fiscal year.

39 8. Deposit with Treasurer of State. The Super-
40 intendent of Insurance shall deposit all payments
41 made pursuant to this section with the Treasurer of
42 State. The money shall be used for the sole purpose

1 of paying the expenses of the Bureau of Insurance for
2 administration of the Self-insurer's Workers' Compen-
3 sation Program.

4 9. Exclusions. This section does not apply to
5 the State or the University of Maine.

6 10. Applicability. This section applies with
7 respect to fiscal years commencing on or after July
8 1, 1986.

9 STATEMENT OF FACT

10 This bill provides dedicated funding for the Bu-
11 reau of Insurance by the application of an annual as-
12 sessment upon those insurers, self-insurers and non-
13 profit service organizations doing business in the
14 State. Assessments will track consistently with the
15 approved budget for the Bureau of Insurance. Recogn-
16 izing actual expenditures of the bureau,
17 recalculations of the assessments will be performed
18 by the superintendent and any overpayment will be re-
19 funded or credited against future assessments.

20 Section 1 provides for an assessment upon non-
21 profit hospital or medical service organizations and
22 health care plans in an amount not in excess of
23 .00015 of subscription income derived from business
24 operations in this State during the preceding calendar
25 year for the recoupment of expenses related to
26 the nonprofit health care regulatory program of the
27 Bureau of Insurance.

28 Section 2 provides for an assessment not in ex-
29 cess of .0015 of total direct premiums written on
30 business in this State during the preceding calendar
31 year. This distribution of the costs of operation of
32 the Bureau of Insurance is apportioned ratably to
33 those insurers requiring the most attention or re-
34 ceiving the most services from the bureau.

35 Section 3 authorizes the funds to be credited to
36 the Insurance Regulatory Fund.

37 Section 4 provides for an assessment upon ap-
38 proved workers' compensation self-insurers to defray

1 the costs of administering the workers' compensation
2 self-insurance oversight responsibilities of the bu-
3 reau.

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