

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1364

H.P. 1011 House of Representatives, April 28, 1987
Reference to the Committee on Banking and Insurance
suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Speaker MARTIN of Eagle Lake.

Cosponsored by Representatives RUHLIN of Brewer, RYDELL
of Brunswick, and Senator DUTREMBLE of York.

STATE OF MAINE

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

**AN ACT to Require Safety Engineering and Loss
Control in Workers' Compensation Insurance
Rate-making Proceedings.**

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

7 Sec. 1. 39 MRSA §22-C, sub-§6, ¶B, as reallo-
8 cated by PL 1983, c. 816, Pt. B, §23, is amended to
9 read:

10 B. In determining if the proposed rates are just
11 and reasonable, the superintendent shall consid-
12 er:

13 (1) The profit factor used in establishing
14 the rate requested and its relationship to
15 the return on the investment allocable to
16 the coverage of risks in this State;

1 (2) The reported investment income earned
2 or realized from funds generated from busi-
3 ness in this State;

4 (3) The reported loss reserves, including
5 the methods and the interest rates used in
6 determining the present value for reported
7 reserves;

8 (4) Reported annual losses and loss adjust-
9 ment expenses;

10 (5) The adequacy and effect of measures
11 taken to contain costs, including loss con-
12 trol, loss adjustment and employee safety
13 engineering programs;

14 (6) The relationship of the aggregate
15 amount of operating expenses reported by all
16 companies to the annual operating expenses
17 reported in the filing and the annual insur-
18 ance expense exhibits filed by each company
19 with the bureau; and

20 (7) The operating and management efficiency
21 of the companies.

22 **Sec. 2. 39 MRSA §22-D, sub-§7, ¶B, as enacted by**
23 **PL 1985, c. 372, Pt. B, §8, is amended to read:**

24 **B. In establishing just and reasonable rates,**
25 **the superintendent shall consider:**

26 (1) The reasonableness of any return on
27 capital and surplus allocable to the cover-
28 age of risks in this State;

29 (2) The reasonableness of the amounts of
30 capital and surplus allocable to the cover-
31 age of risks in this State;

32 (3) The reported investment income earned
33 or realized from funds generated from busi-
34 ness in this State;

35 (4) The reported loss reserves, including
36 the methods and the interest rates used in

1 determining the present value for reported
2 reserves;

3 (5) The reported annual losses and loss ad-
4 justment expenses;

5 (6) The adequacy and effect of measures
6 taken to contain costs, including loss con-
7 trol, loss adjustment and employee safety
8 engineering programs;

9 (7) The relationship of the aggregate
10 amount of operating expenses reported by all
11 companies to the annual operating expenses
12 reported in the filing and the annual insur-
13 ance expense exhibits filed by each company
14 with the bureau; and

15 (8) The operating and management efficiency
16 of the companies.

17 **STATEMENT OF FACT**

18 The purpose of this bill is to strengthen the
19 provision of loss control and safety engineering in
20 workers' compensation insurance rate-making proceed-
21 ings.

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