

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1365

H.P. 1012 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 Senators CLARK of Cumberland, BUSTIN of
Kennebec, and Representative RYDELL of Brunswick.

STATE OF MAINE

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

1 AN ACT to Strengthen Rate-making Provisions
2 for Workers' Compensation Insurance.
3

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

6 Sec. 1. 24-A MRSA §2335, sub-§5, as enacted by
7 PL 1985, c. 372, Pt. B, §5, is amended to read:

8 5. Report. The superintendent bureau's actuary
9 shall issue a report annually, beginning in 1987, on
10 or before September 1, detailing the state of compe-
11 tition in the market on a statewide basis and identi-
12 fying specific markets in which competition may not
13 exist or may be threatened. The report shall be based
14 on the criteria of subsection 3, with appropriate
15 weight given to all factors and shall be supported
16 with specific evidence. The report shall be sent to

1 the Governor, the President of the Senate and the
2 Speaker of the House of Representatives, any advisory
3 organization requesting it and the Public Advocate.

4 Sec. 2. 24-A MRSA §2335, sub-§6 is enacted to
5 read:

6 6. Hearing. At the request of an advisory orga-
7 nization or the Public Advocate, the superintendent
8 shall hold a hearing to review the annual report and
9 its conclusion. After that hearing, he shall issue a
10 decision on the competition existing in the specified
11 markets.

12 Sec. 3. 24-A MRSA §2336, sub-§2, ¶B, as enacted
13 by PL 1985, c. 372, Pt. B, §5, is amended to read:

14 B. Rates are excessive if:

15 (1) The rate is likely to produce a profit
16 or a return on capital and surplus allocable
17 to risks in this State that is unreasonably
18 high for the insurance provided;

19 (2) Expenses included in the rate are un-
20 reasonably high in relation to services ren-
21 dered; or

22 (3) The rate-----includes-----excessive
23 subsidization--of--Safety--Pool--loss--experi-
24 ence- reserves on which the rates are based
25 are unreasonably high in relation to prior
26 years of experience; or

27 (4) The rates are substantially in excess
28 of competitive market rates for similar cov-
29 erage in this State, without substantial
30 reasons.

31 Sec. 4. 39 MRSA §22-D, sub-§4, ¶C-1 is enacted
32 to read:

33 C-1. A report of the number of claims under this
34 chapter closed in the previous calendar year,
35 specifically identifying any such claims wherein
36 a reserve had at any time been established in ex-
37 cess of \$10,000 and reporting the difference be-
38 tween the total loss paid and that reserve.

STATEMENT OF FACT

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2 The purpose of this bill is to strengthen the
3 rate-making provisions for Workers' Compensation In-
4 surance.

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