

MAINE STATE LEGISLATURE

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L.D. 2556

(Filing No. S-397)

STATE OF MAINE
SENATE
113TH LEGISLATURE
SECOND REGULAR SESSION

7 COMMITTEE AMENDMENT " A " to S.P. 964, L.D. 2556,
8 Bill, "AN ACT to Authorize the Maine Self-Insurance
9 Guaranty Association to Act as a Statistical Advisory
10 Organization."

11 Amend the bill by inserting after the enacting
12 clause the following:

13 'Sec. 1. 24-A MRSA §2367, first ¶, as enacted
14 by PL 1987, c. 559, §4, is amended to read:

15 Beginning in 1990, the superintendent shall
16 annually determine, after hearing but on or before
17 February March 15th of each year, whether premiums
18 collected from risks in the residual market and
19 investment income allocable to those premiums are
20 greater or less than the incurred losses and expenses
21 associated with that market. In establishing
22 surcharges under this section, the superintendent may
23 approve application of surcharges to policies issued
24 on or after January 1st, but prior to the date of
25 his the superintendent's order, provided that the
26 policies contain language approved by the
27 superintendent which is sufficient to notify
28 policyholders that they may be subject to surcharges
29 approved after the effective date of their policies.
30 For purposes of this section, the residual market
31 shall be the Accident Prevention Account and the
32 Safety Pool. For purposes of this section, "deficit"
33 means the amount by which incurred losses and expenses

10.

COMMITTEE AMENDMENT " A " to S.P. 964, L.D. 2556

1 associated with the residual market exceed premiums
2 collected from risks in that market and investment
3 income allocable to those premiums. The
4 superintendent shall also determine whether insurers
5 have in good faith made their best efforts to maximize
6 the number of risks in the voluntary market for
7 workers' compensation insurance in the State. The
8 superintendent may make timely and appropriate
9 requests for any data deemed necessary by the
10 superintendent to make these determinations.

11 Sec. 2. 24-A MRSA §2367, sub-§2, ¶C, as enacted
12 by PL 1987, c. 559, §4, is amended to read:

13 C. Beginning in 1991, the superintendent, after
14 hearing and only if the rates in the entire
15 workers' compensation market are inadequate to
16 produce a reasonable rate of return, shall
17 determine as of ~~November~~ March 15th of each
18 year whether insurers have in good faith made
19 their best efforts to maximize the number of risks
20 in the voluntary market. If the superintendent's
21 determination is affirmative, the surcharge in
22 paragraph A shall be applied.

23 If the determination is negative, then the
24 superintendent shall determine the percentage of
25 workers' compensation insurance, by premium
26 volume, that has been written voluntarily
27 statewide. If the premium volume in the voluntary
28 market is greater than or equal to the amount
29 specified in the table below, then the surcharge
30 in paragraph A shall be applied.

31	Policy Year	Premium Volume
32	1989	50%
33	1990	60%
34	1991 and later	70%'

35 Further amend the bill in the first line after the
36 enacting clause (page 2, line 16 in L.D.) by inserting
37 at the beginning of the line the following:
38 'Sec. 3.'

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COMMITTEE AMENDMENT " A " to S.P. 964, L.D. 2556

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STATEMENT OF FACT

2 This amendment corrects errors in timing for rate
3 filings and determining surcharges. After a rate
4 filing the Superintendent of Insurance has 30 days to
5 determine whether the filing is complete. A hearing
6 must be held within 30 to 60 days after the filing is
7 deemed to be complete. The superintendent then has 90
8 days to issue an order. After the filing, the
9 superintendent can extend the time to request
10 additional information. Therefore, it is possible
11 that an order may not be issued until approximately 6
12 months after a filing. After a rate increase or
13 decrease, a person may not make another filing for 180
14 days. The new workers' compensation law was passed
15 late last year and a filing was made in January of
16 1988. Future filings will probably take place early
17 in a given year. A February 15th or November 15th
18 determination of deficits and surcharges following a
19 hearing would not be possible under this sequence of
20 events.

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Reported by Senator Bustin for the Committee on Banking
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