MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document	No. 1165

H.P. 833	House of Representatives, April 12, 1989

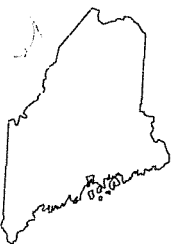Reference to the Committee on Banking and Insurance suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative FARNSWORTH of Hallowell.
Cosponsored by Representative GWADOSKY of Fairfield.

STATE OF MAINE

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

An Act Regarding Physician Insurance Rates.

1 **Be it enacted by the People of the State of Maine as follows:**

3 **24 MRSA c. 21, sub-c. IX** is enacted to read:

5   SUBCHAPTER IX

7   INSURANCE PREMIUMS

9 §2971. Loss-based premiums

11   1. Merit rating plan. The Bureau of Insurance shall, by
October 15, 1989, promulgate rules establishing a professional
13 liability insurance merit rating plan which gives consideration
to individual physicians' experience with respect to incidents or
15 occurrences of alleged medical malpractice. The rules shall
establish standards and limitations intended to ensure that merit
17 rating plans are reasonable and are not unreasonably
discriminatory, inequitable, violative of public policy or
19 otherwise contrary to the best interests of the people of this
State. The rules shall provide:
21
        A. Reasonable standards to be applied in arriving at
23   premium rates, surcharges and discounts based upon an
        evaluation of the hazards of the insured, specialities of
25   practice, past and prospective loss and expense experience
        for medical malpractice insurance written and to be written
27   in this State, trends in frequency and severity of losses,
        and the limited nature, if any, of the practice of the
29   insured; and

31   B. Any other factors deemed relevant in a system of merit
        rating for the purpose of establishing equitable merit rates.
33
        2. Special situations. The bureau shall also consider, in
35 establishing rules, whether premium rates unfairly burden
physicians who are initiating their practice, those who are in
37 transition to retirement or those who practice on a part-time
basis or hold academic positions.
39
        3. Existing plans. Insurers shall review merit rating
41 plans in use prior to the effective date of rules promulgated
pursuant to this section and shall, no later than January 1,
43 1990, file with the bureau statements that their merit rating
plans conform with the regulations, or file an appropriate plan
45 for amendments to their existing plans which will affect
compliance with the rules. Any amendments shall become effective
47 upon approval by the bureau.

49   4. Penalty. Each insurer who fails to comply with the
provisions of this section is subject to a civil penalty of
51 $10,000 and an additional $200 daily until such insurer complies
with this section.

1

§2972. Number of risk pools

3

     In calculating the risk of malpractice for individual
5 specialties in the medical field, no insurer may establish more
than 4 risk pools for determining medical malpractice premiums.
7 Rates in the class with the highest rates shall not be more than
5 times greater than those in the class with the lowest rates.
9 In revising the present risk pools to meet the requirements of
this section, no revision may result in an increase in total
11 premiums solely as a result of the reclassification process.

13

STATEMENT OF FACT

15

     This bill requires the Bureau of Insurance to establish a
17 physicians' insurance merit rating plan which gives consideration
to the malpractice history of individual physicians.

19

     The bill also limits to 4 the number of risk pools that an
21 insurer can establish for calculating the risk of malpractice for
individual specialities and requires that the highest category
23 rate not exceed the lowest by more than a factor of 5.