

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1652

S.P. 590

In Senate, May 12, 1989

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BUSTIN of Kennebec.

Cosponsored by Senator ANDREWS of Cumberland, Representative RAND of Portland and Representative LUTHER of Mexico.

STATE OF MAINE

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

An Act To Protect Maine Businesses against Workers' Compensation Insurer Rate Gouging.



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

3 Sec. 1. 24-A MRSA §2363, sub-§2-A is enacted to read:

5 2-A. Petition for rate reduction. A petition for rate
7 reduction may be filed by representatives of business or labor or
9 by the Public Advocate if there is reasonable cause to believe
11 that the rates in effect are unreasonably high.

13 A. Upon the good faith submission of a petition for rate
15 reduction, the rating organization shall promptly submit a
17 rate filing in accordance with subsection 4.

19 B. Upon the good faith submission of a petition for rate
21 reduction, a rating organization shall pay to the
23 superintendent the filing fee of \$50,000. The fee shall be
25 segregated and expended for the purpose of employing outside
27 consultants. Any portion of the fee not so expended shall
29 be returned to the rating organization.

31 C. A petition for rate reduction shall be resolved in
33 accordance with the procedures established for the
35 resolution of an insurer's rate filing.

37 Sec. 2. 24-A MRSA §2363, sub-§7-A is enacted to read:

39 7-A. Fee for servicing involuntary market. In every case
41 in which a rate increase is granted, the superintendent shall
43 determine, after notice and hearing, whether the fee for
45 servicing the involuntary market is reasonable.

47 Sec. 3. 24-A MRSA §2366, sub-§8, as amended by PL 1987, c.
49 769, Pt. A, §97, is further amended to read:

51 8. Contracts; consultants. The superintendent may, in the
53 superintendent's discretion, enter into contracts for the
55 provision of any services necessary or appropriate to the
57 operation of the residual market mechanism and, provided that
59 servicing carriers shall receive as a fee an amount no greater
61 than 20% of the total written premium plus producer fees paid on
63 policies. The superintendent may retain consultants to provide
65 such other technical and professional services as the
67 superintendent may require for the discharge of the
69 superintendent's duties.

STATEMENT OF FACT

Under current law, petitions for workers' compensation insurance rate changes may be filed only by representatives of insurance companies. This bill provides that petitions for rate

1 reductions may be filed by the Public Advocate and by
2 organizations representing business and labor in the State. The
3 bill provides that, in the event that a petition for rate
4 reduction is filed under this provision, the National Council on
5 Compensation Insurance will submit a rate filing and pay the
6 filing fee.

7

8 The bill also requires that each rate case include an
9 inquiry into and findings regarding the reasonableness of rates
10 charged for servicing in the involuntary market.

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