

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## SECOND REGULAR SESSION - 1990

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Legislative Document

No. 2050

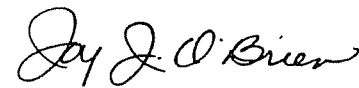
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S.P. 802

In Senate, December 29, 1989

Submitted by the Public Advocate pursuant to Joint Rule 24.

Received by the Secretary of the Senate on December 29, 1989. Referred to the Committee on Banking and Insurance and 1,600 ordered printed pursuant to Joint Rule 14.

  
JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator COLLINS of Aroostook.

Cosponsored by Representative RYDELL of Brunswick, Representative GARLAND of Bangor and Senator THERIAULT of Aroostook.

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STATE OF MAINE

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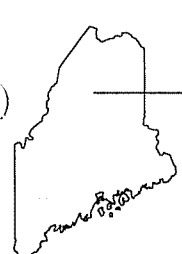
IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY

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An Act Authorizing Further Assessments for Public Advocate Participation in  
Workers' Compensation Insurance Rate Proceedings.

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(EMERGENCY)



2           **Emergency preamble.** Whereas, Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
as emergencies; and

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6           Whereas, the Public Advocate is presently authorized to  
participate in workers' compensation insurance rate proceedings  
before the Superintendent of Insurance; and

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10          Whereas, the present fee paid by insurance carriers upon  
filing for a rate change covers only the costs of hiring expert  
witnesses and not the costs of Public Advocate staff; and

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14          Whereas, the workers' compensation insurance carriers filed  
a proposed rate change at the end of November 1989; and

16          Whereas, the Legislature seeks to have the costs of the  
Public Advocate staff time paid by the policyholders and  
ratepayers who benefit by the work of the Public Advocate; and

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20          Whereas, the Legislature has not explicitly authorized the  
Public Advocate to participate in the hearing required under the  
"fresh start" provision for the residual market; and

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24          Whereas, in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
Maine and require the following legislation as immediately  
necessary for the preservation of the public peace, health and  
safety; now, therefore,

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

32           **Sec. 1. 24-A MRSA §2363, sub-§9, ¶B,** as enacted by PL 1987, c.  
559, Pt. A, §4, is amended to read:

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36           B. A party filing for a rate change under this section  
shall pay to the superintendent at the time of filing a  
filing fee of \$50,000, which the superintendent shall  
38 immediately credit to the Public Advocate. The fee shall is  
to be segregated and expended for the purpose of employing  
40 outside consultants and of paying other expenses to fulfill  
the requirements of this subsection. Any portion of the fee  
42 not so expended shall is to be returned to the filer. In  
addition, the party filing for a rate change shall pay to  
44 the superintendent at the time of filing an additional fee  
of \$15,000, which the superintendent shall also credit to  
46 the Public Advocate. The 2nd fee is to be entered into the  
Personal Services account of the Public Advocate and is to  
48 be used solely to pay the salaries of Public Advocate staff  
for the purpose and period of the staff involvement in the  
50 rate proceeding.

2                   **Sec. 2. 24-A MRSA §2367, sub-§7** is enacted to read:

4                   **7. Public Advocate participation.** The Public Advocate may participate as follows.

6                   A. The Public Advocate, as appointed under Title 35-A, section 1701, may participate as a party in the hearing in which the superintendent makes the determinations required by this section. The Public Advocate may make timely and appropriate requests for data necessary to participate in those determinations.

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12                   B. At the time the superintendent begins the proceeding required by this subsection, the insurance carriers participating in the proceeding shall pay to the superintendent a fee of \$20,000, which the superintendent shall immediately credit to the Public Advocate. If the insurance carriers file the data necessary for the superintendent's determination under this section at the same time as the carriers file for a rate change under section 2363, the carriers shall be required to pay a fee of only \$7,500. The fee is to be segregated and expended for the purpose of employing outside consultants and paying other expenses, including staff salaries, to fulfill the requirements of this subsection. Any portion of the fee not so expended is to be returned to the insurance carrier.

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20                   **Sec. 3. Retroactivity.** These sections are to apply to any rate change proceeding under the Maine Revised Statutes, Title 24-A, section 2363, or any surcharge proceeding under section 2367 that is pending at the time of enactment.

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26                   **Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect when approved.

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38                   **STATEMENT OF FACT**

40                   Under current law, each time that insurers request a change in workers' compensation insurance rates in this State, they are obligated to pay \$50,000 into a dedicated account to support the costs of expert witnesses hired by the Public Advocate. The funds can also be used to pay for office operating expenses. However, the insurers do not presently reimburse the Public Advocate for the staff time spent in its participation in the rate proceedings. This bill will authorize the Public Advocate to collect an additional \$15,000 to cover the costs of staff time allocated to the proceedings, thereby eliminating a subsidy of the Public Advocate's efforts in insurance rate cases by utility ratepayers.

2 This bill enables the Public Advocate to participate on  
behalf of insurance policyholders in the hearing in which the  
4 superintendent determines whether to levy a surcharge or credit  
on insurance policyholders for losses or gains experienced in the  
residual market. This bill also contains a provision for an  
6 assessment from insurers to cover the costs of participation of  
the Public Advocate in the hearing.