

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1401

S.P. 523

In Senate, April 1, 1991

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator CONLEY of Cumberland  
Cosponsored by Representative RAND of Portland and Senator BUSTIN of Kennebec.

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STATE OF MAINE

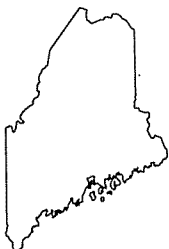
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Base Workers' Compensation Insurance Surcharge on  
Preventable Injuries.**

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

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24-A MRSA §2366, sub-§4, ¶B, as repealed and replaced by PL 1989, c. 780, §1 and affected by §9, is amended to read:

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B. The plan provides for premium surcharges for employers in the Accident Prevention Account based on their specific loss experience within a specified period or other factors which are reasonably related to their risk of loss.

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(1) No premium surcharge may be applied to a risk whose threshold loss ratio is less than 1.00. The threshold loss ratio is based on the ratio of "L" to "P" where:

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(a) "L" is the actual incurred losses of a risk during the previous 3-year experience period as reported, except that the largest single loss during the 3-year period is limited to the amount of premium charged for the year in which the loss occurred; and

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(b) "P" is the premium charged to a risk during that 3-year period.

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(2) Premium surcharges apply to a premium that is experience or merit rating modified.

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(3) Premium surcharges are based on an insured's adverse deviation from expected incurred losses in this State. The surcharge is based on the ratio of "A" to "B" where:

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(a) "A" is the actual incurred losses of a risk during the previous 3-year experience period as reported; and

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(b) "B" is the expected incurred losses of a risk during that period as calculated under the uniform experience or merit rating plan multiplied by the risk's current experience or merit rating modification factor.

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(4) The premium surcharge is as follows:

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Ratio of "A" to "B"	Surcharge
Less than 1.20	None
1.20 or greater, but less than 1.30	5% <u>10%</u>

2 1.30 or greater, but  
less than 1.40 10% 20%  
4 1.40 or greater, but  
less than 1.50 15% 30%  
6 1.50 or greater, but less than 2.0 20% 40%  
2.0 or greater 50%

8 (5) The loss surcharges must be considered by  
10 determining whether the injury was preventable by the  
12 employer or its supervisors. In determining whether  
14 the injury was preventable, the agency shall consider  
16 whether there was a violation or failure to comply with  
18 known safety principles and rules. If the insurer  
20 considers an accident preventable, it shall notify the  
insured and the insured has the right to a  
determination by the superintendent as to whether the  
injury was preventable. Losses from preventable  
injuries must be weighted double and losses from  
nonpreventable injuries must be weighted at a 50% ratio.

22 **STATEMENT OF FACT**

24 This bill amends the laws governing the workers'  
26 compensation Safety Pool and Accident Prevention Account. The  
bill requires that loss surcharges be considered by determining  
whether an injury was preventable by the employer or its  
28 supervisors.