

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

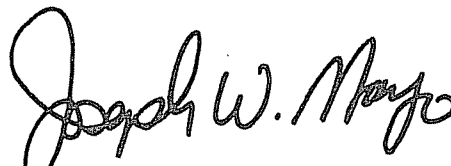
Legislative Document

No. 66

H.P. 50

House of Representatives, January 19, 1993

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


JOSEPH W. MAYO, Clerk

Presented by Representative MITCHELL of Vassalboro.

STATE OF MAINE

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

**An Act to Preserve the Public Advocate's Participation in Residual
Market Deficit Proceedings at the Bureau of Insurance.**

(EMERGENCY)

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

4 Whereas, the Superintendent of Insurance may commence an
6 examination of fresh start deficits in the State's residual
market for workers' compensation for past policy years early in
8 1993; and

10 Whereas, the Public Advocate requires additional funds to
participate effectively in such a proceeding; and

12 Whereas, these funds must be assessed promptly to be
14 available for any fresh start proceeding commenced in the first
half of 1993; and

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

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

24 **Sec. 1. 24-A MRSA §2386-A, sub-§6, ¶B,** as enacted by PL 1991,
26 c. 885, Pt. B, §12 and affected by §13, is amended to read:

28 B. At the time the superintendent begins the proceeding
required by this subsection, the insurance carriers
30 participating in the proceeding shall pay to the
superintendent a filing fee of \$20,000 \$50,000, which the
32 superintendent shall immediately credit to the Public
Advocate. The fee is to be segregated and expended for the
34 purpose of employing outside consultants and paying other
expenses, including staff salaries, to fulfill the
36 requirements of this subsection. Any portion of the fee not
so expended is to be returned to the insurance carriers. In
38 addition, the insurance carriers participating in the
proceeding shall pay to the superintendent an additional fee
40 of \$15,000 to cover the salaries of Public Advocate staff
for the purpose and period of the staff involvement in this
42 proceeding. The superintendent shall transfer this fee and
any other fees received for staff salaries to the Public
44 Advocate Regulatory Fund established pursuant to Title 35-A,
section 116, subsection 8.

46 **Emergency clause.** In view of the emergency cited in the
48 preamble, this Act takes effect when approved.

2

STATEMENT OF FACT

4 Under provisions of law that were repealed and replaced by
6 the 1992 workers' compensation reforms, the Public Advocate's
8 office received \$75,000 in funding from insurance carriers each
10 time that a workers' compensation premium increase request was
12 filed. This total consisted of \$50,000 for premium increases,
14 \$10,000 for expert assistance in evaluating fresh start deficits
16 and \$15,000 to cover salary and personnel costs. The current
provisions authorize the Public Advocate to participate in all
proceedings at the Bureau of Insurance on the size of any fresh
start deficit but limit funding to no more than \$20,000. This
bill sets the total level of funding for the Public Advocate at
\$65,000, recognizing the importance of regulatory scrutiny of
future fresh start deficits.