

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

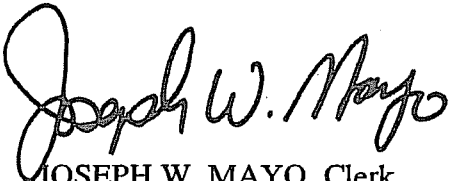
No. 1017

H.P. 750

House of Representatives, March 25, 1993

An Act to Amend Self-insurance Investment Standards.

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


JOSEPH W. MAYO, Clerk

Presented by Representative ERWIN of Rumford.

Cosponsored by Representatives: KUTASI of Bridgton, PINEAU of Jay, Senator: CAREY of Kennebec.

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

Sec. 1. 39-A MRSA §403, sub-§9, as enacted by PL 1991, c. 885, Pt. A, §8 and as affected by §§9 to 11, is amended to read:

9. **Acceptable deposit funds or surety bonds; letters of credit.** In addition to cash, the deposit funds acceptable to the Superintendent of Insurance as a security deposit include United States Government bonds, notes or bills, issued or guaranteed by the United States of America; bonds secured by the full faith, credit and taxing power of political subdivisions of the United States rated in the 3 highest grades by a national rating agency such as Moody's Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, Inc. as of the foregoing year-end; bonds and other obligations issued or guaranteed by this State or issued by any instrumentality or agency of this State or any political subdivision of this State that is not in default on any of its outstanding funded obligations; money market funds invested only in United States Government or government agency obligations with a maturity not exceeding one year; high grade commercial paper rated as either A-1 or P-1 by a nationally recognized bond rating service such as Moody's Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, Inc., or money market funds invested in such paper; certificates of deposit issued by a duly chartered commercial bank or thrift institution in the State protected by the Federal Deposit Insurance Corporation if such a bank or institution possesses assets of at least \$100,000,000 and maintains a ratio of capital to assets equal to or greater than 6 1/2%; savings certificates issued by any savings and loan association in the State protected by the Federal Savings and Loan Insurance Corporation if such an association possesses assets of at least \$100,000,000 and maintains a ratio of capital to assets equal to or greater than 6 1/2%; surety bonds in a form prescribed by the superintendent issued by any corporate surety that meets the qualifications prescribed by rule of the superintendent; irrevocable standby letters of credit issued to the Treasurer of State by financial institutions with long-term unsecured debt ratings of at least A by either Moody's Investors Service, Inc. or Standard and Poor's Corporation or with commercial paper within the 3 highest short-term rating categories established by Moody's Investors Service, Inc. or Standard and Poor's Corporation; and such other investments approved by the superintendent.

STATEMENT OF FACT

This bill amends the Maine Workers' Compensation Act of 1992 to broaden the scope of acceptable investments for self-insurers

2 to include bonds and other obligations issued by the State and
its subdivisions. The language is taken from the definition of
4 governmental unit bonds in the Maine Revised Statutes, Title
30-A, section 5712.