

MAINE STATE LEGISLATURE

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L.D. 1726

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1278, L.D. 1726, Bill, "An Act to Modify the Workers' Compensation Board Assessment"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

Sec. 1. 5 MRSA §1737, sub-§4, as enacted by PL 1993, c. 470, §9, is amended to read:

4. Directed services. Notwithstanding the provisions of subsection 2, the director may provide insurance advice or services for family foster homes as defined in Title 22, section 8101, subsection 3; respite care providers as defined in Title 34-B, section 6201, subsection 2-A; the Casco Bay Island Transit District created by Private and Special Law 1981, chapter 22; the University of Maine System; the Maine Technical College System; and the Maine Maritime Academy; and the State's service delivery areas designated under the federal Job Training Partnership Act, Public Law 97-300, as amended.

Sec. 2. 39-A MRSA §154, sub-§-3, as enacted by PL 1991, c. 885, Pt. A, §8 and affected by §§9 to 11, is repealed and the following enacted in its place:

3. Assessment on workers' compensation insurance. The following provisions apply regarding the Workers' Compensation Board assessment on workers' compensation insurance.

COMMITTEE AMENDMENT

A. of A

2 A. Every insurance company or association that writes
3 workers' compensation insurance in the State and that does
4 business or collects premiums or assessments in the State
5 shall pay to the board the assessment determined pursuant to
6 this section for the purpose of providing partial support
7 and maintenance of the board.

8 B. The assessment must be a percentage of gross direct
9 premiums written, whether in cash or in notes absolutely
10 payable on contracts written on risks located or resident in
11 the State for workers' compensation insurance, less the
12 amount of the direct return premiums on the gross direct
13 premiums written and all dividends paid to policyholders on
14 direct workers' compensation premiums. In determining the
15 assessment, consideration must be given to the balance in
16 the Workers' Compensation Board Administrative Fund.

17 C. The assessment must be determined by the board by May
18 1st of each year. Insurance companies or associations must
19 begin collecting the assessment from all employers on July
20 1st of each year.

21 D. Every insurance company or association subject to the
22 assessment imposed by this section with an annual assessment
23 of over \$5,000 must on or before the last day of each
24 January, each April, the 25th day of each June and the last
25 day of each October file with the board on forms prescribed
26 by the board a return for the quarter ending the last day of
27 the preceding month, except the month of June, which is for
28 the quarter ending June 30th and remit payment of the
29 assessment based upon the results for the quarter reported.
30 A final reconciled annual return must be filed on or before
31 September 15th covering the prior fiscal year in which the
32 previous assessment was levied. Insurance companies or
33 associations with an annual assessment of under \$5,000 shall
34 pay the assessment on or before June 1st.

35 **Sec. 3. 39-A MRSA §154, sub-§§5 and 6, as amended by PL 1993,**
36 **c. 145, §4, are further amended to read:**

37 **5. Amounts of premiums and losses; distribution of**
38 **assessment.** The Bureau of Insurance shall provide to the board
39 the amounts of gross direct workers' compensation premiums
40 written by each insurance carrier and the amounts of aggregate
41 benefits paid by each self-insurer and group self-insurer on or
42 before April 1st of each year. For the fiscal year beginning
43 July 1, 1994, the total assessment must be distributed between
44 insurance companies or associations and self-insured employers in
45 direct proportion to the pro rata share of disabling cases
46 attributable to each group for calendar year 1993. This
47 assessment shall be paid to the Workers' Compensation Board
48 Administrative Fund.

1 distribution of the assessment must be determined on a basis
2 consistent with the Five-Year Comparison, Disabling Cases, Number
3 and Percent by Insurer Type, Maine, 1991-1992 reported by the
4 Department of Labor, Bureau of Labor Standards, Research and
5 Statistics Division in its October 1993 edition of
6 Characteristics of Work-Related Injuries and Illnesses in Maine,
7 1992, provided that the segment of the market identified as
8 "not-insured" must be excluded from the calculation of
9 proportionate shares.

10
11 **6. Assessment levied.** The assessments levied under this
12 section may not produce more than \$6,000,000 in revenues annually
13 beginning in the 1993-94 fiscal year. The board shall determine
14 the assessments prior to May 1st and shall assess each insurance
15 company or association and self-insured employer its pro rata
16 share for expenditures during the fiscal year beginning July
17 1st. Each ~~insurance company or association~~ and self-insured
18 employer shall pay the assessment on or before June 1st. Each
19 insurance company or association shall pay the assessment in
20 accordance with subsection 3.

21 **Sec. 4. Equitable pro rata distribution of assessment.** The
22 Executive Director of the Workers' Compensation Board and the
23 Superintendent of Insurance shall study methods of equitably
24 distributing the costs of the Workers' Compensation Board
25 assessment between insurance companies or associations and
26 self-insured employers. The executive director and the
27 superintendent shall make a recommendation, including any
28 necessary legislation, on an equitable distribution method by
29 January 15, 1995 to the joint standing committee of the
30 Legislature having jurisdiction over labor matters.'

31
32 Further amend the bill by inserting at the end before the
33 statement of fact the following:

34
35
36 **FISCAL NOTE**

37
38 The Workers' Compensation Board will incur some minor
39 additional costs to process quarterly assessments from those
40 insurance carriers whose annual assessment is greater than
41 \$5,000. These costs can be absorbed within the board's existing
42 budgeted resources.

43
44 The Bureau of Insurance and the Workers' Compensation Board
45 will incur some minor additional costs to conduct the required
46 study and submit a report to the Legislature. These costs can be
47 absorbed within the agencies' existing budgeted resources.

A of S

2 The additional costs to provide insurance advice or services
3 to the State's service delivery areas designated under the
4 federal Job Training Partnership Act can be absorbed by the Risk
5 Management Division of the Department of Administrative and
6 Financial Services utilizing existing budgeted resources.'

8 **STATEMENT OF FACT**

10 This amendment clarifies the dates on which insurers are
11 required to pay the Workers' Compensation Board assessments and
12 limits the use of quarterly payments to those insurance companies
13 or associations with an annual assessment of more than \$5,000.
14 The amendment removes a reference to the cap on the assessment
15 expressed as 1.7% of premiums but does not alter the statutory
16 limit on the dollar amount that may be collected through this
17 assessment. The amendment provides that for the fiscal year
18 beginning July 1, 1994, the distribution of the total assessment
19 between insurance companies and self-insured employers must be
20 based on the share of disabling cases attributable to each
21 group. The Executive Director of the Workers' Compensation Board
22 and the Superintendent of Insurance are directed to study
23 alternative methods of equitably distributing the assessment
24 between insurance companies and self-insured employers and to
25 make a recommendation by January 15, 1995. The amendment also
26 provides that the Risk Management Division is authorized to
27 insure service delivery areas designated under the Jobs Training
28 Partnership Act. The amendment also adds a fiscal note.