

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1726

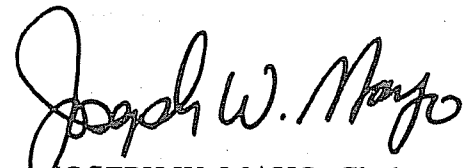
H.P. 1278

House of Representatives, January 13, 1994

An Act to Modify the Workers' Compensation Board Assessment.

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Reference to the Committee on Labor suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative RUHLIN of Brewer.
Cosponsored by Senator HANDY of Androscoggin and
Representatives: AIKMAN of Poland, CARLETON of Wells, PINEAU of Jay, ST. ONGE of
Greene, Senator: BEGLEY of Lincoln.

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

4
Whereas, the Maine Revised Statutes, Title 39-A, section
6 154, requires an assessment on workers' compensation insurers to
fund the operations of the Workers' Compensation Board; and

8
Whereas, the Legislature intended that the assessment be a
10 direct pass through to state employers such that insurers would
suffer no financial loss as a result of the assessment; and

12
Whereas, the implementation of the assessment by the
14 Workers' Compensation Board has caused workers' compensation
insurers to suffer financial loss; and

16
Whereas, the next assessment is due to be levied by May 1,
18 1994 and paid by June 1, 1994, prior to the effective date of
nonemergency legislation enacted in the Second Regular Session;
20 and

22
Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
24 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
26 safety; now, therefore,

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

30 **Sec. 1. 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
32 following enacted in its place:

34 **3. Assessment on workers' compensation insurance.** Every
insurance company or association that writes workers'
36 compensation insurance in the State and that does business or
collects premiums or assessments in the State shall pay to the
38 Treasurer of State, in addition to the taxes now imposed by law
to be paid by those companies or associations, no more than 1.7%
40 of the gross direct premiums written, whether in cash or in notes
absolutely payable on contracts written on risks located or
42 resident in the State for workers' compensation insurance, less
the amount of all direct return premiums on the gross direct
44 premiums written and all dividends paid to policyholders on
direct workers' compensation premiums. That assessment must be
46 paid as provided for insurance premium taxes as specified in
Title 36, section 2521-A, except that the assessment prescribed
48 by this section must be paid on an estimated basis at the end of
each quarter, starting with the 3rd quarter of 1994, with each
50 installment equal to at least 25% of the estimated total tax to

2 be paid for the current calendar year. Of these funds, 100% must
3 be used to defray the expenses incurred by the board in
4 administering its duties. The board may reduce this assessment
5 if a surplus is generated as described in subsection 9.

6 **Sec. 2. 39-A MRSA §154, sub-§§5 and 6, as amended by PL 1993,**
7 **c. 145, §4, are repealed and the following enacted in their place:**

8 **5. Amounts of losses.** The Bureau of Insurance shall
9 provide to the board the amounts of aggregate benefits paid by
10 each self-insurer and group self-insurer on or before April 1st
11 of each year.

12 **6. Assessment levied.** The board shall determine the
13 assessment on self-insured employers prior to May 1st and ensure
14 that a pro rata distribution between insurance companies or
15 associations and self-insured employers is maintained on the
16 basis of estimated market share. Each self-insured employer
17 shall pay the assessment on or before June 1st. The board may
18 not expend more than \$6,000,000 in revenues annually beginning in
19 fiscal year 1993-94.

20 **Sec. 3. 39-A MRSA §154, sub-§9, as enacted by PL 1991, c. 885,**
21 **Pt. A, §8 and affected by §§9 to 11, is amended to read:**

22 **9. Deposit of funds; investment.** All revenues derived from
23 assessments levied against insurance companies, associations and
24 self-insured employers described in this section must be reported
25 and paid to the Treasurer of State and credited to the Workers'
26 Compensation Board Administrative Fund. The Treasurer of State
27 may invest the funds in accordance with state law. All interest
28 must be paid to the fund. Whenever there accumulates in the
29 Workers' Compensation Board Administrative Fund a surplus \$50,000
30 beyond the need for the authorized limit of available funds, as
31 described in subsection 6, the board shall reduce the percentage
32 of the assessment to be levied.

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

40 **STATEMENT OF FACT**

41 **This bill amends the procedure for assessing and collecting**
42 **the assessment on state employers for funding the operations of**
43 **the Workers' Compensation Board.**

44 **Under this bill, insurers collect up to 1.7% of a workers'**
45 **compensation premium from insureds and remit it on a quarterly**

2 basis. The assessment will continue to be a separate charge on
3 premium notices. The Workers' Compensation Board may fluctuate
4 the assessment up to 1.7% in order to ensure that it collects no
5 more than \$50,000 over the \$6,000,000 cap currently imposed under
6 the law. Self-insured employers continue to be assessed, as they
7 are currently, and pay a calculated assessment by June 1st of
8 each year. The Workers' Compensation Board is charged with
9 calculating the assessment so that it appropriately reflects the
10 market share of the insured and self-insured markets.

12
14
16 **This document has not yet been reviewed to determine the
need for cross-reference, stylistic and other technical
amendments to conform existing law to current drafting standards.**