

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 183

H.P. 135

House of Representatives, January 20, 1995

**An Act to Clarify Fresh Start Charges under the Workers' Compensation Laws.**

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

A handwritten signature in black ink, reading "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative PLOWMAN of Hampden.

Cosponsored by Representatives: DiPIETRO of South Portland, DUNN of Gray, HARTNETT of Freeport, JOYCE of Biddeford, MARVIN of Cape Elizabeth, TUFTS of Stockton Springs, VIGUE of Winslow, WINSOR of Norway, Senators: BERUBE of Androscoggin, CARPENTER of York, CASSIDY of Washington.

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

Sec. 1. 24-A MRSA §2386-A, sub-§3, as enacted by PL 1991, c. 885, Pt. B, §12 and affected by §13, is amended to read:

**3. Application of credit or surcharge.** Credits or surcharges ordered by the superintendent apply to policies issued or renewed during the calendar year after the order of the superintendent is issued or for such other period as the superintendent may order. In the case of an employer who was insured during the policy year for which the surplus or deficit has been determined but who is self-insured in the year in which the surcharge or credit is ordered, individually or as part of a group, the surcharge must be applied to the lowest of the:

A. Discounted standard premium applicable to the employer for the period during which the employer was insured in the policy year the deficit was created;

B. Manual premium applicable to the employer for the year prior to the year to which the surcharge is applied, multiplied by a fraction, the numerator of which is the number of days the employer was insured in the policy year the deficit was created and the denominator of which is 365; or

C. Discounted standard premium applicable to the employer for the year prior to the year to which the surcharge is applied, multiplied by a fraction, the numerator of which is the number of days the employer was insured in the policy year the deficit was created and the denominator of which is 365.

In the case of an employer who was not in business during the policy year for which the deficit has been determined but who is insured or self-insured in the year in which the surcharge is ordered, the surcharge may not exceed 2% of the employer's premium or imputed premium for the policy year in which the surcharge is ordered.

The superintendent shall adopt rules to determine the method of collecting any surcharge or paying any credit ordered with respect to self-insured employers subject to surcharge or credit.

#### STATEMENT OF FACT

This bill limits the amount of the workers' compensation insurance Fresh Start surcharge for employers who were not in business in the year of any deficit to 2% of their premium or imputed premium in the year that the surcharge is ordered.