

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1650

H.P. 1200

House of Representatives, January 8, 1996

**An Act Enabling the Maine Employers' Mutual Insurance Company to  
Better Serve the Needs of Small Business.**

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker GWADOSKY of Fairfield.

Cosponsored by Representatives: CAMPBELL of Holden, CARLETON of Wells, CHASE of China, GATES of Rockport, GUERRETTE of Pittston, LEMAIRE of Lewiston, MAYO of Bath, MITCHELL of Vassalboro, PAUL of Sanford, SAXL of Portland, VIGUE of Winslow, Senators: ABROMSON of Cumberland, CIANCHETTE of Somerset, KIEFFER of Aroostook, LAWRENCE of York, McCORMICK of Kennebec, SMALL of Sagadahoc.

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

Sec. 1. 24-A MRSA §3702, sub-§3-A is enacted to read:

3-A. Maine-based employer. "Maine-based employer" means an employer with a principal place of business located in this State.

Sec. 2. 24-A MRSA §3703, sub-§1, as amended by PL 1991, c. 885, Pt. C, §3, is further amended to read:

1. **Workers' compensation.** The company shall provide workers' compensation insurance and employers' liability insurance incidental to and written in connection with workers' compensation coverage to employees employers in this State. The company may not write other lines of insurance. The company may not write reinsurance or excess insurance. For the purpose of providing insurance to Maine-based employers operating in other states, the company may apply to appropriate regulatory authorities in those states for authority to write workers' compensation and employers' liability insurance for Maine-based employers' operations in those states.

Sec. 3. 24-A MRSA §3710, sub-§2, ¶¶A and B, as enacted by PL 1991, c. 885, Pt. C, §8, are amended to read:

A. Shall collect from each applicant an advance premium of 25% of the estimated annual premium and shall bill subsequent premiums with advance notice to insureds to ensure that if periodic premiums are not paid by insureds in a timely manner, that adequate time is available to give proper notice of cancellation prior to previously collected premium being fully earned; and

B. May assess its policyholders for additional funds to meet operating needs or as required by law; and

Sec. 4. 24-A MRSA §3710, sub-§2, ¶C is enacted to read:

C. May provide premium payment plans and premium financing programs providing payment terms other than those specified in paragraph A and section 2385-A, subsection 3, if the premium payment plans and premium finance programs receive prior approval from the superintendent.

## STATEMENT OF FACT

This bill makes 2 changes in Maine Employers' Mutual Insurance Company's enabling legislation. Under the current statutory framework, the company has no authority to provide

2 premium payment plans and to extend coverage to Maine-based  
employers with out-of-state operations. This bill enables the  
4 company to provide alternative premium payment plans with the  
Superintendent of Insurance's prior approval and to apply for  
6 authority to write workers' compensation insurance covering  
employees of Maine-based employers operating out of this State.