

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1047

H.P. 757

House of Representatives, February 9, 1999

**An Act to Increase the Penalty for Failure to Secure Workers'
Compensation Insurance.**

Reference to the Committee on Labor suggested and ordered printed.

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

JOSEPH W. MAYO, Clerk

Presented by Representative HATCH of Skowhegan.

Cosponsored by Representatives: BERRY of Livermore, COTE of Lewiston, DUPLESSIE of Westbrook, SAMSON of Jay, STANLEY of Medway, Senator: RUHLIN of Penobscot.

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

Sec. 1. 39-A MRSA §324, sub-§3, as enacted by PL 1991, c. 885, Pt. A, §8 and affected by §§9 to 11, is amended to read:

3. Failure to secure payment. If any employer who is required to secure the payment to that employer's employees of the compensation provided for by this Act fails to do so, the employer is subject to the penalties set out in paragraphs A, B and C and D. The failure of any employer to procure insurance coverage for the payment of compensation and other benefits to the employer's employees in compliance with sections 401 and 403 constitutes a failure to secure payment of compensation within the meaning of this subsection.

A. The employer is guilty of a Class D crime.

B. The employer is liable to pay a civil penalty of up to \$10,000, payable to the Employment Rehabilitation Fund.

C. The employer, if organized as a corporation, is subject to revocation or suspension of its authority to do business in this State as provided in Title 13-A, section 1302. The employer, if licensed, certified, registered or regulated by any board authorized by Title 5, section 12004-A or whose license may be revoked or suspended by proceedings in the Administrative Court or by the Secretary of State, is subject to revocation or suspension of the license, certification or registration.

D. The employer is liable to pay a civil penalty, payable to the Employment Rehabilitation Fund, of an amount that is double what the cost would have been of procuring insurance coverage for the payment of compensation and other benefits to that employer's employees in compliance with sections 401 and 403.

Prosecution under paragraph A does not preclude action under paragraph B, C or D.

If the employer is a corporation, any agent of the corporation having primary responsibility for obtaining insurance coverage is liable for punishment under this section. Criminal liability must be determined in conformity with Title 17-A, sections 60 and 61.

SUMMARY

This bill amends the workers' compensation laws to add a penalty, in addition to others already provided, for an employer

2 who fails to secure the payment of compensation to injured
employees by failing to procure workers' compensation insurance.
4 The new provision subjects such an employer to a civil penalty of
double the amount it would have cost the employer to procure the
6 insurance. This penalty would be paid to the Employment
Rehabilitation Fund.