## MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

### FIRST REGULAR SESSION-1999

Legislative Document

No. 1546

H.P. 1099

House of Representatives, February 25, 1999

An Act to Encourage Payment of Certain Workers' Compensation Premiums Owed to a Previous Insurer.

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

OSEPH W. MAYO, Clerk

Presented by Representative SAXL of Bangor.

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

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Sec. 1. 24-A MRSA §2385-F, as enacted by PL 1995, c. 398, §1, is amended to read:

#### §2385-F. Coverage denial

Workers' compensation coverage may not be issued to an employer or continued if it has been issued until the employer pays any undisputed premiums or assessments to a previous workers' compensation insurer, including a domestic mutual insurer established section 3703. pursuant to group self-insurer approved pursuant to Title 39-A, section 403, subsection 4, or the workers' compensation residual market mechanism. If a premium or assessment is subject to a good faith dispute at the time of termination of a policy or if such a dispute becomes known as a result of a post-termination audit review or other reason after replacement coverage has been issued and if the premium or assessment remains unpaid upon resolution of the dispute by the bureau, this replacement coverage must be cancelled.

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#### SUMMARY

This bill provides that workers' compensation insurance coverage issued to an employer may not be continued unless the employer pays any undisputed premiums or assessments to a workers' compensation insurer. If a premium or assessment is subject to a good faith dispute at the time of termination of a policy or if such a dispute becomes known as a result of a post-termination audit review or other reason after replacement coverage has been issued and if the premium or assessment remains unpaid upon resolution of the dispute by the replacement coverage Bureau of Insurance, this must cancelled. Current law requires that a new policy not be issued if an undisputed premium is owed to a prior carrier.