



119th MAINE LEGISLATURE

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Legislative Document

No. 2138

H.P. 1494

House of Representatives, April 5, 1999

An Act to Permit the Transfer of Liabilities by a Member of a Workers' Compensation Group Self-insurer.

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

OSEPH W. MAYO, Clerk

Presented by Representative SAXL of Portland. Cosponsored by Representatives: MAYO of Bath, McDONOUGH of Portland, Senator: ABROMSON of Cumberland.

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

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Sec. 1. 39-A MRSA §403, sub-§3, \P C, as amended by PL 1995, c. 619, §7, is further amended by amending sub- $\P(2)$ to read:

6 (2) A group self-insurer may elect to fund at a higher confidence level through the use of cash, marketable 8 securities or reinsurance. If a member of a group self-insurer terminates membership in the group for any 10 reason, that member shall fund the member's proportionate share of the liabilities and obligations 12 of the trust to the 95% confidence level. If for any reason the departing member fails to fund the member's 14 proportionate share of the trust's exposure to the 95% level of confidence, the remaining members of the group 16 shall make the additional contribution no later than the anniversary date of the program as required to fund 18 the departing member's exposure in accordance with this provision. As an alternative to funding the departing 20 member's proportionate share of the group's liabilities and obligations and only with the approval of the 22 group, the departing member may instead withdraw from the group all liabilities, past and future, whether or 24 not reported, that arise from injuries or exposures of the departing member's own employees. The departing 26 member shall fund those liabilities with a policy of insurance in a form approved by the superintendent. If 28 the departing member withdraws its employees from the group by this method, the group has no further 30 liability for the departing member's employees. The actuarial review required by subparagraph (1) must 32 reflect the withdrawal of these liabilities. The joint and several liability of the departing member to the 34 group under subsection 5, paragraph B is not affected by the withdrawal except that the joint and several 36 liability ceases with respect to injuries or death sustained after the effective date of the withdrawal.

SUMMARY

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42 This bill enables a member of a workers' compensation self-insured group to withdraw from the group with the approval 44 of the group by insuring the departing member's own liabilities arising from that member's own claims that would otherwise remain 46 the responsibility of the group. It further authorizes the Superintendent of Insurance to approve insurance policy 48 endorsements that would accomplish this.