

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 64

DATE: **3-25-03**

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INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "**A**" to H.P. 72, L.D. 64, Bill, "An Act to Reduce Workers' Compensation Costs for Self-insured Public Utilities"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 39-A MRSA §403, sub-§8, ¶A, as repealed and replaced by PL 2001, c. 224, §1, is amended by enacting a new subparagraph (3-A) to read:

(3-A) An individual self-insurer that is a transmission and distribution utility as defined in Title 35-A, section 102, subsection 20-B with an investment grade credit rating may reduce its required security level by up to \$10,000,000, as long as:

(a) The self-insured transmission and distribution utility has a tangible net worth equal to or in excess of \$200,000,000;

(b) The self-insured transmission and distribution utility has had positive net earnings demonstrated by certified statements of financial condition audited by a certified public accountant for at least 3 of the 5 latest fiscal years, including one of the 2 most recent years, and its

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2 mean annual earnings for the 5 latest fiscal years
3 are at least equal to the normal annual premium
4 for the prospective fiscal coverage period, or it
5 was eligible to make an alternative election,
6 under Statement of Financial Accounting Standard
7 No. 106, Employers' Accounting for Postretirement
8 Benefits Other Than Pensions, that would have
9 otherwise satisfied these earnings requirements;

10 (c) The self-insured transmission and
11 distribution utility has credit facility equal to
12 or in excess of twice its outstanding workers'
13 compensation liabilities; and

14 (d) The reduction does not exceed \$10,000,000 and
15 does not reduce the minimum required security
16 level below \$100,000.'

20 **SUMMARY**

22 This amendment replaces the bill. The amendment clarifies
23 that only a transmission and distribution utility may reduce its
24 security for self-insuring its workers' compensation obligations
25 by up to \$10,000,000 in a manner similar to that used by other
26 self-insured companies. In order to qualify for the working
27 capital offset, the transmission and distribution utility must
28 have a tangible net worth of \$200,000,000 and an investment grade
29 credit rating with available credit equal to twice its
30 outstanding workers' compensation liabilities.

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