

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 840

H.P. 639

House of Representatives, February 23, 2007

**An Act To Update the Authority of the Maine Employers' Mutual
Insurance Company To Better Serve the Needs of Maine Employers**

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BRAUTIGAM of Falmouth.
Cosponsored by Senator SULLIVAN of York and
Representatives: HOLMAN of Fayette, PRIEST of Brunswick.

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

2 **Sec. 1. 24-A MRSA §3703, sub-§1**, as amended by PL 1997, c. 661, §3, is
3 further amended to read:

4 **1. Workers' compensation.** The company shall provide workers' compensation
5 insurance and employers' liability insurance incidental to and written in connection with
6 workers' compensation coverage to employers in this State. The company may provide
7 employment practices liability insurance incidental to and written in connection with
8 workers' compensation coverage on a form approved by the superintendent and under
9 terms and conditions, including reinsurance protection, approved by the superintendent.
10 Rates for employment practices liability insurance are subject to chapter 25. The
11 company may not write other lines of insurance. The company may reinsure workers'
12 compensation and employers' liability insurance written by other insurers that are
13 covering out-of-state employees of Maine-based employers that are insured by the
14 company. For the purpose of providing insurance to Maine-based employers operating in
15 other states, the company may apply to appropriate regulatory authorities in those states
16 for authority to write workers' compensation ~~and~~, employers' liability and employment
17 practices liability insurance for Maine-based employers' operations in those states. The
18 company may form or acquire subsidiary insurers in other states that are authorized to
19 write only workers' compensation insurance ~~and~~, employers' liability insurance and
20 employment practices liability insurance. The superintendent may authorize a subsidiary
21 insurer formed or acquired by the company to write workers' compensation, employers'
22 liability and employment practices liability insurance in this State as long as such
23 coverage is incidental to and written in connection with coverage in the state in which the
24 insured's principal place of business is located. The superintendent may not authorize a
25 subsidiary insurer formed or acquired by the company to write any other line of insurance
26 in this State.

27

SUMMARY

28 This bill permits the Superintendent of Insurance to determine whether, and on what
29 conditions, the Maine Employers' Mutual Insurance Company, or "MEMIC," may offer
30 employment practices liability insurance as part of the workers' compensation policy it
31 issues to Maine employers. The terms and conditions of the coverage, including terms of
32 reinsurance necessary to protect MEMIC and its policyholders, must be approved by the
33 superintendent.