

# MAINE STATE LEGISLATURE

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SMG  
R. 008

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L.D. 768

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Date: 4/14/11

(Filing No. H-103)

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**INSURANCE AND FINANCIAL SERVICES**

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**STATE OF MAINE**

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**HOUSE OF REPRESENTATIVES**

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**125TH LEGISLATURE**

8

**FIRST REGULAR SESSION**

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COMMITTEE AMENDMENT "A" to H.P. 575, L.D. 768, Bill, "An Act To Amend the Laws Relating to Group Trusts Established by Group Self-insurers of Workers' Compensation Benefits"

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Amend the bill in section 1 in paragraph C by striking out all of subparagraph (2) (page 2, lines 14 to 29 in L.D.) and inserting the following:

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'(2) A group self-insurer may elect to fund at a higher confidence level through the use of cash, marketable securities or reinsurance. If a member of a group self-insurer terminates membership in the group for any reason, that member shall fund the member's proportionate share of the liabilities and obligations of the trust to the 95% confidence level. If for any reason the departing member fails to fund the member's proportionate share of the trust's exposure to the 95% level of confidence, the remaining members of the group shall make the additional contribution no later than the anniversary date of the program as required to fund the departing member's exposure in accordance with this provision trust is responsible for that member's liabilities and obligations to the trust. If the superintendent finds that a material risk to the trust's ability to satisfy its liabilities and obligations in full exists due to the failure of one or more departing members to fund the departing members' proportionate share of those liabilities and obligations to the 95% confidence level or due to the failure of the group trust to enforce the funding requirement, the superintendent shall consider the unfunded share of the trust's exposure when approving a determination of a surplus or deficit in the trust.'

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**SUMMARY**

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This amendment clarifies that while a trust is responsible for payment of a departing member's liabilities, the trust is not required to set aside additional trust assets for that exposure. The amendment requires that, if the Superintendent of Insurance finds there is a material risk to the trust's ability to satisfy its liabilities and obligations due to the failure of one or more departing members to fund their proportionate share of exposure or to the

**COMMITTEE AMENDMENT**

H. of S.

COMMITTEE AMENDMENT "A" to H.P. 575, L.D. 768

1 failure of the group trust to enforce the funding requirement, the superintendent shall  
2 consider any unfunded amount when approving a determination of a group trust's surplus  
3 or deficit.

**COMMITTEE AMENDMENT**