

MAINE STATE LEGISLATURE

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E I G H T Y - N I N T H L E G I S L A T U R E

Legislative Document

No. 125

S. P. 143

In Senate, January 26, 1939.

Referred to Committee on Judiciary and sent down for concurrence. 500 copies ordered printed.

ROYDEN V. BROWN, Secretary.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-NINE

January the eleventh,
Nineteen hundred thirty-nine.

To the Honorable Senate and House of Representatives
of the Eighty-ninth Legislature:

The Committee appointed to consider the advisability of the establishment of a state fund for workmen's compensation insurance respectfully submits the following report:

The committee, in addition to meetings for organization and discussion, has held two public meetings, one of which held September fifteenth, nineteen hundred thirty-eight, was widely advertised. At that hearing, two opponents of state workmen's compensation insurance were heard at length. Present at the hearing were the State Commissioner of Labor, J. W. Taylor, and Deputy Commissioner, Clarence Burgess. Each of the two latter gentlemen stated that the leaders of the State Federation of Labor favored the establishment of a state fund and competitive system of state insurance, but presented no arguments therefor. Subsequent to the hearing a group of representatives of the State Federation of Labor held a conference with the Chairman of the Committee, and stated that through a misunderstanding no proponents of the state fund had been present at the committee hearing on September fifteenth, and asked for permission to file a brief in support thereof. They were assured that the Committee would be glad to have such a brief and would welcome any and all information bearing upon the question under consideration. No brief, however, has ever been filed.

Eighteen states have some form of state insurance for workmen's compensation. In seven of these the state insurance is monopolistic, and state insurance is prohibited to private insurance companies. It was stated, both by Mr. Burgess at the hearing on September fifteenth, and by the labor representatives who had the conference above referred to with the Chairman of the Committee, that none of the sponsors of a state fund for workmen's compensation favored a monopoly system, so that system may be dismissed from consideration in this report, except for the statement that evidence at hand is to the effect that such systems have been inefficient and costly both to the state and to the insurers.

Eleven states have competitive state insurance for workmen's compensation, that is, a system under which both the state and private companies write such insurance. In the other states there is no state system of workmen's compensation insurance. No state has adopted a state fund system of workmen' compensation insurance of any kind since nineteen hundred seventeen.

The states having a competitive system of state insurance for workmen's compensation are:

Arizona	Maryland	Oklahoma
California	Michigan	Pennsylvania
Colorado	Montana	Utah
Idaho	New York	

All of these state funds, with the exception of Arizona and California, are exempt from all taxation, so that to that extent the general public pays for the benefit to those insured. Arizona and California funds pay taxes to the state but not to the federal government. Of these, the system in effect in California appears to be the most efficient. It is self-supporting, and, as stated above, pays taxes to the state, so that financially the state is not a loser, but even though it has a monopoly of the insurance of state employees, it writes only about thirty per cent (twenty-nine and six tenths in nineteen hundred thirty-six) of the workmen's compensation insurance of the state. The remaining seventy per cent of insurance is written by stock and mutual companies. This seems to be irrefutable evidence that it offers no advantage over insurance by private companies. There has been a minimum of complaints of political influence and favoritism in regard to the administration of the California fund, though there have been some. In respect to other state funds, both monopolistic and competitive, the charge of political favoritism is apparently more wide-spread and seems to be substantiated. Some members of the Committee believe that there should be

some changes in the Workmen's Compensation Law, but any recommendations in that respect are beyond the province of this Committee.

The undersigned members of the Committee are convinced:

1. That there is no substantial demand for the establishment in Maine of a state fund for workmen's compensation insurance;

2. That there appears to be no unreasonable delay in the handling of claims or other undue hardships suffered by claimants in this state under the present system of insurance by private insurance companies;

3. That, as stated in the conclusion of a special legislative committee in Minnesota appointed to investigate the opposition to state insurance for workmen's compensation, "The fundamental purposes of the compensation law may be better accomplished **** without providing for a monopolistic or competitive state fund.";

4. That the undersigned members of the Committee are opposed to the state's engaging in any form of business which can be adequately and efficiently handled through private enterprise;

5. That the State of Maine would not be justified in appropriating money for the establishment of a state fund for workmen's compensation.

Therefore, the undersigned members of your Committee recommend that legislation providing for the establishment of a state fund for workmen's compensation is inexpedient.

GAIL LAUGHLIN, Chairman
CLARENCE H. CROSBY
H. C. MARDEN
HARRY W. CHURCHILL
CLIFFORD G. CHASE
THOMAS P. PACKARD
EDWIN M. HAMLIN