

MAINE STATE LEGISLATURE

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ACTS, RESOLVES AND CONSTITUTIONAL RESOLUTIONS

AS PASSED BY THE

One Hundred and Sixth Legislature

OF THE

STATE OF MAINE

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THE KNOWLTON AND McLEARY COMPANY
FARMINGTON, MAINE
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PUBLIC LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE
One Hundred and Sixth Legislature

1973

constitute a fund, which shall be a continuous carrying account for the payment of the compensation and expenses of the members, the expenses of the board and for executing the law relating to each board respectively, and so much thereof as may be required is appropriated for said purposes.

Effective October 3, 1973

CHAPTER 559

AN ACT to Allow Group Self-Insurance Under Maine's Workmen's Compensation Law.

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

Sec. 1. R. S., T. 39, § 22-A, additional. Title 39 of the Revised Statutes is amended by adding a new section 22-A, to read as follows:

§ 22-A. Prepayment of premium

No insurance company issuing industrial accident insurance policies shall require prepayment of premium more than $\frac{1}{4}$ year in advance.

Sec. 2. R. S., T. 39, § 23, sub-§ 2-A, additional. Section 23 of Title 39 of the Revised Statutes is amended by adding a new subsection 2-A to read as follows:

2-A. Subsection 2, which applies to individual self-insurer, shall be equally applicable in all respects to group self-insurers. Group self-insurers shall be those individuals or corporations associated together having similar business objectives, similar types of employment or employees engaged in the same type of work. Such group desiring to become a self-insurer shall submit to the Chairman of the Industrial Accident Commission, with an application for self-insurance, in a form prescribed by the chairman, the following:

A. A payroll report for each participating employer of the group for 3 preceding annual fiscal periods;

B. A report of compensation losses incurred, payments plus reserves, by each participating employer of the group for the corresponding 3 annual periods;

C. A sworn itemized statement of the group's assets and liabilities; satisfactory proof of financial ability to pay compensation for the employers participating in the group plan; the group's reserves, their source and assurance of continuance;

D. A description of the safety organization maintained by the employer or group for the prevention of accidents;

E. A statement showing the kind of operations performed or to be performed; and,

F. Any and all agreements, contracts or other pertinent documents relating to the organization of the employers in the group.

If, upon examination of the sworn financial statement and other data submitted, the chairman is satisfied as to the ability of the employer or group to make current compensation payments and that the employer's or group's tangible assets make reasonably certain the payment of all obligations that may arise under the Workmen's Compensation Law, the application shall be granted subject to the terms and conditions setting out the exposure of cash deposits or securities or an acceptable surety bond, all as required by the Chairman of the Industrial Accident Commission. Security against shock or catastrophe loss shall be provided either by depositing securities in such amount as the chairman may determine, or by filing with the chairman an insurance carrier's certificate of a standard self-insurer's excess contract issued to the self-insurer or group in form approved by the chairman, providing reinsurance coverage against losses arising out of one accident in such amounts as the chairman may determine, or a combination of the foregoing, satisfactory to the chairman.

Yearly reports in a form prescribed by the chairman shall be filed by each self-insurer or group. Said reports shall be filed within 30 days after the chairman's request, or at such time as the chairman shall otherwise set.

Sec. 3. R. S., T. 39, § 23, sub-§§ 4 and 5, additional. Section 23 of Title 39 of the Revised Statutes is amended by adding 2 new subsections, 4 and 5, to read as follows:

4. Group self-insurance.

A. Definitions. As used in this section the term "employers" shall include:

- (1) Employers with related activity in a given industry employing persons who perform work in connection with the given industry;
- (2) An incorporated or unincorporated association or associations consisting exclusively of such employers provided they employ persons who perform such related work in the given industry;
- (3) A combination of employers as described in subparagraph (1) and an association or associations of employers as described in subparagraph (2).

B. Any group consisting exclusively of such employers may adopt a plan for self-insurance, as a group, for the payment of compensation under this chapter to their employees. Under such plan the group shall assume the liability of all the employers within the group and pay all compensation for which the said employers are liable under this chapter. Where such plan is adopted the group shall furnish satisfactory proof to the chairman of its financial ability to pay such compensation for the employers in the industry covered by it, its revenues, their source and assurance of continuance. The chairman shall require the deposit with the chairman of such securities as may be deemed necessary of the kind prescribed in paragraphs A to E or the filing of a bond of a surety company authorized to transact business

in this State, in an amount to be determined to secure its liability to pay the compensation of each employer as above provided in accordance with paragraph E. Such surety bond must be approved as to form by the chairman. The chairman may also require that any and all agreements, contracts and other pertinent documents relating to the organization of the employers in the group shall be filed with him at the time the application for group self-insurance is made. Such application shall be on a form prescribed by the chairman. The chairman shall have the authority to deny the application of the group to pay such compensation or to revoke his consent furnished under this section at any time for good cause shown. The group qualifying under this paragraph shall be known as a self-insurer.

C. An employer participating in group self-insurance shall not be relieved from the liability for compensation prescribed by this chapter except by the payment thereof by the group self-insurer or by himself. As between the employee and the group self-insurer, notice to or knowledge of the occurrence of the injury on the part of the employer shall be deemed notice or knowledge, as the case may be, on the part of the group self-insurer; jurisdiction of the employer shall, for the purpose of this chapter, be jurisdiction of the group self-insurer and such group self-insurer shall in all things be bound by and subject to the orders, findings, decisions or awards rendered against the participating employer for the payment of compensation under this chapter. The insolvency or bankruptcy of a participating employer shall not relieve the group self-insurer from the payment of compensation for injuries or death sustained by an employee during the time the employer was a participant in such group self-insurance. The group self-insurer shall promptly notify the chairman, on a prescribed form, of the addition of any participating employer or employers. Notice of termination of a participating employer shall not be effective until at least 10 days after notice of such termination, on a prescribed form, has been either filed in the office of the chairman or sent by registered mail, and also served in like manner upon the employer.

D. Each group self-insurer, in its application for self-insurance, shall set forth the names and addresses of each of its officers, directors, trustees and general manager. Notice of any change in the officers, directors, trustees or general manager shall be given to the chairman within 10 days thereof. No officer, director, trustee or employee of the group self-insurer may represent or participate directly or indirectly on behalf of an injured worker or his dependents in any workmen's compensation proceeding. All employees of employers participating in group self-insurance shall be and are deemed to be included under the group self-insurance plan.

E. If for any reason, the status of a group self-insurer under this paragraph is terminated, the securities or the surety bond on deposit referred to herein shall remain in the custody of the chairman for a period of at least 26 months. At the expiration of such time or such further period as the chairman may deem proper and warranted, he may accept in lieu thereof, and for the additional purpose of securing such further and future contingent liability as may arise from prior injuries to workers and be incurred by reason of any change in the condition of such workers warranting the board making subsequent awards for payment of additional compensation, a policy of insurance furnished by the group self-insurer, its successor or assigns or other carrying on or liquidating such self-insurance group. Such policy shall be in a form approved by the superintendent of insurance and issued by the state fund or any insurance company

licensed to issue this class of insurance in this State. It shall only be issued for a single complete premium payment in advance by the group self-insurer. It shall be given in an amount to be determined by the chairman and when issued shall be noncancellable for any cause during the continuance of the liability secured and so covered.

F. All the provisions of this chapter relating to self-insurance and the rules and regulations promulgated thereunder shall be deemed applicable to group self-insurance.

5. Self-insurance.

A. "Self-insurance," as used herein, shall be deemed to be the system of securing compensation as provided in subsection 4.

For the purposes only of subsection 4 concerning group self-insurance plans, the amount of deposit of securities or the amount of a bond to be filed pursuant to subsection 4 shall be jointly determined by the chairman and the Insurance Commissioner. The chairman may from time to time request the Insurance Commissioner for such other assistance, and the Insurance Commissioner is hereby authorized to render such assistance upon request of the chairman, as may be necessary to insure the financial ability of such groups to pay compensation for the employers in the industries covered by such plans.

Sec. 4. **Effective date of assent.** The effective date of the assent of an employer shall be the date of the insurance policy filed or in the case of a self-insurer or group the date of the bond or the receipt of the securities required.

Effective October 3, 1973

CHAPTER 560

AN ACT to Revise the Maine Insurance Code as Related to Separate Accounts Established by Insurance Companies.

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

Sec. 1. R. S., T. 24-A, § 1128, repealed and replaced. Section 1128 of Title 24-A of the Revised Statutes, as enacted by section 1 of chapter 132 of the public laws of 1969, is repealed and the following enacted in place thereof:

§ 1128. Special investments; separate accounts

1. Except as may be provided with respect to reserves for guaranteed benefits and funds referred to in subsection 2:

A. Amounts allocated to any separate account established by the insurer pursuant to section 2537 (separate accounts) and accumulations thereon may be invested and reinvested without regard to any requirements or limitations prescribed by this chapter; and