

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**  
**ONE HUNDRED AND TWENTIETH LEGISLATURE**  
**FIRST REGULAR SESSION**  
**December 6, 2000 to June 22, 2001**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**SEPTEMBER 21, 2001**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

---

---

**J.S. McCarthy Company**  
**Augusta, Maine**  
**2001**

## CHAPTER 350

## H.P. 471 - L.D. 599

**An Act to Eliminate Maine  
Employers' Mutual Insurance  
Company Industry and Geographic  
Divisions and Related Advisory  
Boards and Other Outdated  
Provisions**

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

**Sec. 1. 24-A MRS §3701**, as amended by PL 1997, c. 661, §1, is further amended to read:

**§3701. Purpose**

The Maine Employers' Mutual Insurance Company is established for the purposes of providing workers' compensation insurance and employers' liability insurance incidental to and written in connection with workers' compensation coverage to employers of this State at the highest level of service and savings consistent with reasonable applicable actuarial standards and the sound financial integrity of the company. It is also the purpose of the company to encourage employer involvement and to be responsive to each division's employer experience; and advice; practice and operating effectiveness.

**Sec. 2. 24-A MRS §3702, sub-§3**, as amended by PL 1997, c. 661, §2, is repealed.

**Sec. 3. 24-A MRS §3702, sub-§6**, as enacted by PL 1991, c. 885, Pt. C, §2, is amended to read:

**6. Workers' compensation residual market mechanism.** "Workers' compensation residual market mechanism" means the instrument to provide coverage to employers not able to obtain coverage in the voluntary market that immediately preceded the Maine ~~Workers' Compensation~~ Employers' Mutual Insurance Company.

**Sec. 4. 24-A MRS §3710**, as amended by PL 1997, c. 661, §9, is further amended to read:

**§3710. Funding; surplus**

**2. Ongoing funding.** The company:

~~A. Shall collect from each applicant an advance premium of 25% of the estimated annual premium and shall bill subsequent premiums with advance notice to insureds to ensure that, if periodic premiums are not paid by insureds in a timely manner, adequate time is available to give~~

~~proper notice of cancellation prior to a previously collected premium being fully earned;~~

~~B. May assess its policyholders for additional funds to meet operating needs or as required by law; and~~

~~C. May provide premium payment plans and premium financing programs providing payment terms other than those specified in paragraph A. Until the company has obtained the surplus otherwise required under this Title for casualty insurance companies, the company must receive approval from the superintendent before implementing these programs.~~

~~**3. Transition surplus, premium levels.** Notwithstanding other provisions of this Title, the company is permitted to operate for a period of up to 10 years with a level of surplus less than that otherwise required for a mutual insurer authorized to write casualty insurance if the following conditions are met.~~

~~A. The superintendent shall set the confidence level, which is the probability that the provision of actual costs will be less than the actual costs by a certain percentage, for the company. The company shall establish its rates at a level to cover its anticipated overhead expenses and to cover, on a discounted basis, the actuarially determined incurred claims and claim settlement costs at not less than the confidence level set by the superintendent.~~

~~B. The company shall annually file with the superintendent an actuarial analysis of its reserves and its proposed rate level. The company shall establish its reserves, including provisions for incurred but not reported reserves, at not less than the confidence level set by the superintendent.~~

~~C. Any surpluses from any fund year must be retained by the company and credited toward its surplus account. No surplus may be returned to policyholders or credited to other fund years until the superintendent has certified that the company has achieved the surplus level required of an assessable domestic mutual insurance company authorized to write casualty insurance.~~

~~D. Not later than 10 years from January 1, 1993, the company, through premiums, retained dividends, sale of bonds, assessments or any other legally authorized means, shall accumulate surplus and obtain certification from the superintendent that the company has obtained the surplus otherwise required under this Title. If the superintendent finds, after hearing, that inadequate surplus exists and the 10 year transition period has expired, the superintendent~~

~~shall declare the company impaired and take appropriate action to rehabilitate or liquidate the company. If the superintendent finds that surplus is not being accumulated at an adequate rate consistent with its premium volume during the 10-year period, the superintendent shall so inform the board.~~

~~E. If the superintendent finds at the expiration of 10 years of company operations, or earlier, that the company has accumulated or otherwise obtained surplus as required pursuant to this Title for casualty insurance companies operating on the cash plan, the requirements contained in paragraphs A to C terminate. The company shall at that point be subject to the standards of section 410 and other sections of this Title applicable to a mutual casualty insurer writing workers' compensation insurance.~~

**Sec. 5. 24-A MRSA §3712-A**, as enacted by PL 1997, c. 661, §11, is repealed.

**Sec. 6. 24-A MRSA §3714, first ¶**, as enacted by PL 1991, c. 885, Pt. C, §8, is amended to read:

The following provisions apply to the financial operation of the company ~~and the divisions~~.

**Sec. 7. 24-A MRSA §3714, sub-§1**, as amended by PL 1997, c. 661, §13, is repealed.

**Sec. 8. 24-A MRSA §3714, sub-§3**, as enacted by PL 1991, c. 885, Pt. C, §8, is repealed.

**Sec. 9. 24-A MRSA §3714, sub-§6**, as corrected by RR 1993, c. 1, §66, is repealed.

**Sec. 10. 24-A MRSA §3714, sub-§7** is enacted to read:

**7. High-risk program.** The company shall maintain a high-risk program subject to the following provisions.

A. An employer must be placed in the high-risk program if the employer has at least 2 lost-time claims, each greater than \$10,000 of incurred loss, and a loss ratio greater than 1.0 during the previous 3-year experience rating period. Notwithstanding paragraph C, an employer may also be placed in the high-risk program during the term of a policy for noncompliance with reasonable safety standards.

B. The board, with the approval of the superintendent, may modify the eligibility standards for the high-risk program if those standards limit those in the program to employers who have measurably adverse loss experience, have a rela-

tively high claim frequency record or have demonstrated an attitude or practice of noncompliance with reasonable safety requirements or claims management standards.

C. Eligibility requirements must be applied annually at the policy renewal date or, if the necessary claim history is not available at that time, 30 days after notice to the insured.

D. Deductibles in the high-risk program are subject to this paragraph.

(1) A deductible applies to all coverage for policyholders in the high-risk program that meet the following qualifications:

(a) A net annual premium of \$20,000 or more, subject to adjustment pursuant to this paragraph, in the State;

(b) A premium not subject to retrospective rating; and

(c) The policyholder's threshold loss ratio is 1.0 or greater.

The deductible is \$1,000 a claim but applies only to wage loss benefits paid on injuries occurring during the year of coverage. The sum of all deductibles in one year of coverage may not exceed the lesser of 15% of net annual payment for coverage or \$25,000. Each loss to which a deductible applies must be paid in full by the company. After the year of coverage has expired, the policyholder shall reimburse the company the amount of the deductibles. This reimbursement is considered as payment for coverage for purposes of cancellation or nonrenewal.

The board shall adjust annually the \$20,000 payment-of-coverage level established in this subparagraph to reflect any change in rates for the high-risk program and any change in wage levels in the preceding calendar year. Changes in wage levels are determined by reference to changes in the state average weekly wage, as computed by the Department of Labor. Any adjustment is rounded off to the nearest \$1,000 increment.

(2) The board may modify, with the approval of the superintendent, the mandatory deductible elements. Any modification or elimination of this rating feature must consider the incentive impact on an employer, the reasonableness of the retained cost relative to the claim history, safety record or

claims management practices of affected employers and the ability of all employers to absorb these costs.

E. The board may file with the superintendent retrospective rating plans that, after hearing, may be imposed on an employer with a demonstrated record of repeated serious violations of workplace health and safety rules and regulations such as those adopted under Title 26, chapter 6 or 29 United States Code, Chapter 15, whichever is applicable.

F. The board shall develop and file with the superintendent and, if not disapproved by the superintendent, make available to policyholders on a voluntary basis retrospective rating plans.

G. Not more than 30 days after assignment to the high-risk program, a policyholder may appeal the assignment in writing to the bureau.

H. The board, with the approval of the superintendent, shall implement a plan for surcharges for policyholders in the high-risk program based on the policyholder's specific loss experience beyond the uniform experience rating plan approved by the superintendent. Any plan of surcharges must consider the actual claims experience of the employer and must provide for rate adjustments reasonably related to the employer's risk of loss.

See title page for effective date.

---



---

## CHAPTER 351

### H.P. 579 - L.D. 734

#### An Act Concerning Lifetime Licenses and Complimentary Licenses for Residents over 70 Years of Age

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

**Sec. 1. 12 MRSA §7076, sub-§1**, as repealed and replaced by PL 1999, c. 790, Pt. A, §14, is amended to read:

**1. Residents over 70 years of age.** A complimentary license to hunt, trap or fish, including an archery license under section 7102-A or 7102-B, a pheasant hunting permit under section 7106-B, a muzzle-loading hunting license under section 7107-A, a migratory waterfowl permit under section 7109 and a bear hunting permit under section 7110 must be issued to any resident of Maine who is 70 years of age or older upon application to the commissioner. These complimentary licenses, upon issuance, remain valid

for the remainder of the life of the license holder, provided the license holder continues to satisfy the residency requirements set out in section 7001, subsection 32 and provided the license is not revoked or suspended. Residents who apply for these complimentary licenses at any time during the calendar year of their 70th birthday must be issued a license upon application, regardless of the actual date during that calendar year in which they attain age 70. A guide license may be renewed without charge for any resident of Maine who is 70 years of age or older upon application to the commissioner. The application must be accompanied by a birth certificate or other certified evidence of the applicant's date of birth and residency. When the holder of a license issued under this subsection no longer satisfies the residency requirements set out in section 7001, subsection 32, the license is no longer valid and further use of the license for purposes of hunting, fishing or trapping constitutes a license violation under section 7371, subsection 3.

Beginning January 1, 2006, the department may not issue a complimentary license to a resident over 70 years of age. A complimentary license issued to a resident over 70 years of age prior to January 1, 2006 is valid as long as the holder of the license satisfies the residency requirements set out in section 7001, subsection 32.

**Sec. 2. 12 MRSA §7161, sub-§1, ¶¶C and D**, as amended by PL 2001, c. 37, §1, are further amended to read:

C. For a resident from 6 to 15 years of age:

- (1) A junior resident lifetime fishing license. The fee for a junior resident lifetime fishing license is \$300;
- (2) A junior resident lifetime hunting license. The fee for a junior resident lifetime hunting license is \$300;
- (2-A) A junior resident lifetime archery hunting license. The fee for a junior resident lifetime archery hunting license is \$300;
- (3) A junior resident combination of any 2 lifetime licenses. The fee for a junior resident combination of any 2 lifetime licenses is \$500; and
- (4) A junior resident combination of all 3 lifetime licenses. The fee for a junior resident combination of all 3 lifetime licenses is \$800.

A license under this paragraph may only be purchased on or after January 1, 2001; ~~and~~