

MAINE STATE LEGISLATURE

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STATE OF MAINE
ONE HUNDRED AND TWELFTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON BUSINESS AND COMMERCE
BILL SUMMARIES



JULY 1985

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This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the First Regular Session of the 112th Legislature. The summaries are arranged by LD number and indexed separately by committee.

2nd mortgage requires a consumer to borrow advances of over \$1,000 each time he wants to borrow on that line of credit, LD 1301 exempts substantial lines of credit from this prohibition. The bill requires that advances of over \$1,000 must have been made at some time in order for a lender to foreclose upon default.

LD: 1312 AN ACT TO PROHIBIT DISCRIMINATION AGAINST HANDICAPPED PEOPLE IN INSURANCE ANDREWS RYDELL BRANNIGAN MURRAY

OTP-AM HOUSE Enacted SENATE Enacted GOV SIGNED PUBLIC C. # 445

S-305 CA H S

SUMMARY:

LD 1312 would have prohibited insurers from refusing coverage or increasing premiums for an insured for the sole reason that the person is physically or mentally handicapped. This protection was already in effect for the blind, deaf and developmentally disabled. As amended by the Committee, an insurer cannot refuse coverage or charge higher rates for coverage to a person solely because of the person's blindness. In the case of other handicaps, as defined in the Human Rights Act, an insurer cannot refuse coverage or charge higher rates solely because of the person's handicaps, unless the basis for that action is clearly demonstrated through sound actuarial evidence.

LD: 1343 AN ACT TO ESTABLISH COMPETITIVE INSURANCE RATING UNDER THE MAINE WORKERS COMPENSATION SYSTEM MARTIN J PRAY DUTREMBLE MURRAY

OTP-AM HOUSE Indef. PP SENATE Indef. PP GOV

H-373 CA H

SUMMARY:

The bill eliminates the present prior approval system for setting workers' compensation insurance rates where insurers must obtain approval from the Superintendent of Insurance through a highly technical rate filing before using rates. The new system emphasizes open competition by allowing each insurer to use its own rates after filing them with the superintendent, encouraging insurers to compete for business by offering lower premium rates.

The Superintendent will monitor competition and rates and may disapprove or require prefiling of rates. He may also determine that a competitive market does not exist, in which case insurers must return to a prior approval system.

In the event that some employers are unable to obtain insurance in the open market through ordinary methods, 2 residual market mechanisms are created. The Accident Prevention Account is for employers with poor loss records who have been refused coverage by at least 2 insurers. Surcharges are established as an incentive for employers to improve their safety records. The Safety Pool is an alternative source of insurance for employers with good safety records. Primarily, it will serve as an option for small employers who may find it difficult to obtain coverage on the voluntary market because of their small premiums or number of employees. All insurers writing workers' compensation insurance must share in writing coverage for both pools.

In a competitive, voluntary market rates must be filed with the Superintendent not more than 5 days after their effective date. Experience rating, merit rating and scheduled rating modifications are available to reflect an individual employer's loss record in rates.

In the Accident Prevention Account and Safety Pool there must be a prior approval rate filing with the public advocate participating in the filing. The rating modifications are available on a more limited basis.

In a market found to be noncompetitive, prior approval of rates is required; the public advocate participates only if the entire state as a market is found noncompetitive. Rating modifications are available.

There is a gradual phase-in of the new system to avoid "rate shock". From 7/1/85-12/31/86, rates are fixed at their current level. From 1/1/87-12/31/87, rates may increase up to 10% and from 1/1/88-12/31/88, rates may increase up to 10% further. After 1/1/89, rates will be set through the open market.

Savings derived from changes in workers' compensation benefits laws will be passed along to employers by an 8% reduction in premium rates.

Contents of LD incorporated in LD 1634 (AN ACT to Improve the Workers Comp. System, reported by the Labor Committee and emergency enacted as PL C. 372) by House Amendment "C".