

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
114TH LEGISLATURE  
SECOND REGULAR SESSION**



**BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE**

**JUNE 1990**

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**One Hundred and Fourteenth Legislature  
Second Regular Session**

**Joint Standing Committee  
Bill Summaries**

**June 1990**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number for each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. Committee Reports and Floor Action are abbreviated as follows:

OTP  
OTP-ND  
OTP-ND-NT  
OTP-A  
ONTP  
LVWD  
INDEF PP

Ought to Pass  
Ought to Pass in New Draft  
Ought to Pass in New Draft, New Title  
Ought to Pass as Amended  
Ought Not to Pass  
Leave to Withdraw  
Indefinitely Postponed

Each individual summary was prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

Insurance Committee. The resolution proposes a constitutional amendment to prevent the State from seizing funds belonging to the proposed Maine State Insurance Fund. The amendment would ensure that money held by the proposed Maine State Insurance Fund is used solely for its proper purposes.

**LD 2171**      **An Act to Amend the Workers' Compensation Insurance Laws**      **PUBLIC 780**  
**(Reported Pursuant to a Study Authorized by the Legislative**      **EMERGENCY**  
**Council)**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP-AM	H-904
		H-914    TAMMARO

**SUMMARY**

This is one of four bills submitted as a result of the study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Banking & Insurance Committee. This bill makes changes to the workers' compensation laws relating to the residual market and to "fresh start."

The bill changes the law so that employers in the Accident Prevention Account will not become subject to premium surcharge penalties or mandatory deductibles as a result of a single large loss. The bill also increases from \$12,000 to \$20,000 the threshold premium level at which the mandatory deductible will be applied, and requires the Superintendent to adjust the threshold to take into account changes in rates.

The bill also clarifies that employers who were in the insurance market in the year for which a deficit or surplus is determined in a "fresh start" proceeding, but who later became self-insured or join an approved group self-insurance plan, are subject to any surcharge for deficits arising in the years they were insured. Finally, the bill requires a workers' compensation insurance carrier to provide an employer with at least 30 days' notice of any impending increase in premium.

The Committee Amendment (H-904) changes the deadline for the Superintendent of Insurance to make a determination in the "fresh start" proceedings from the current statutory requirement of March 15th to the earlier of June 1st or the date the Superintendent issues a decision in any filing of a rate change request pending before the Superintendent on January 1. The amendment also clarifies the calculation of the surcharge for employers who were insured in the policy year that creates a deficit but who are self-insured in the year a surcharge is ordered, and exempts self-insureds from any surcharge ordered in 1990.

The House Amendment (H-914) makes a technical correction.

**LD 2178**      **An Act to Extend the Sunset and to Evaluate the Motor**      **PUBLIC 824**  
**Vehicle Insurance Laws (Reported Pursuant to a Study**      **EMERGENCY**  
**Authorized by the Legislative Council)**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP-AM	S-588
		S-598    THERIAULT

**SUMMARY**

This bill was a result of a study of compensation of victims of uninsured motorists by a subcommittee of the Joint Standing Committee on Banking and Insurance.

Prior to 1988, Maine law did not require motor vehicle liability insurance except when persons were involved in reportable accidents or convicted of moving violations. On January 1, 1988, a more stringent law took effect, requiring every operator or owner to maintain motor vehicle liability insurance. If an