

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 scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

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



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

JUNE 1990

MEMBERS:

***Sen. Raynold Theriault
Sen. Beverly Miner Bustin
Sen. Donald F. Collins**

***Rep. Charlene B. Rydell
Rep. Phyllis R. Erwin
Rep. Richard H. C. Tracy
Rep. Carol M. Allen
Rep. Harriet A. Ketover
Rep. Ruth Joseph
Rep. Anne M. Rand
Rep. Philip E. Curran
Rep. Joseph A. Garland
Rep. Harvey C. Donald**

Staff:

**Deborah C. Friedman, Legislative Analyst
Haven Whiteside, Legislative Analyst**

**Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207) 289-1670**

***Denotes Chair**

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
GILBERT W. BREWER
TODD R. BURROWES
GRO FLATEBO
DEBORAH C. FRIEDMAN
JOHN B. KNOX



STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

PATRICK NORTON
HARTLEY PALLESCHI
MARGARET J. REINSCH
PAUL J. SAUCIER
JOHN R. SELSER
HAVEN WHITESIDE
JILL IPPOLITI, RES. ASST.
BARBARA A. MCGINN, RES. ASST.
BRET A. PRESTON, RES. ASST.

**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.

differential between commissions paid on new and renewal business. The bill also extends the rule-making authority of the Superintendent of Insurance regarding the establishment of minimum standards under Medicare supplement policies and contracts.

The Committee Amendment (H-1017) strikes the sections of the bill that limit the commissions payable on the sale and renewal of Medicare supplement policies. Instead, the Bureau of Insurance will address this issue in rules. The amendment also repeals the current provision in the Maine Insurance Code limiting commissions on replacement policies to avoid duplication of or inconsistency between the laws and rules to be adopted by the Bureau. Finally, the amendment adds an emergency preamble and an emergency clause.

LD 2378

**An Act to Amend the Fresh Start Provision of the Workers'
Compensation Insurance Laws**

PUBLIC 854

SPONSOR(S)

THERIAULT

RYDELL

KETOVER

JOSEPH

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

S-638

S-651 BUSTIN

SUMMARY

The bill would have repealed the "fresh start" process with respect to workers' compensation insurance policies issued after July 1, 1990, but would have permitted surcharges and credits to continue for deficits or surpluses created by policies issued before July 1, 1990. The Superintendent would make a final determination in 1997 as to the amount of the deficit or surplus for all pre-July 1, 1990 policies and would establish a 10-year schedule for surcharges to be imposed to reimburse insurers or credit employers. The bill also would require the Superintendent to order a surcharge to recover at least part of any calculated deficit each year until 1997, in an amount at least sufficient to cover the investment income that would be earned by insurers on any part of the deficit not recovered by surcharge that year.

The Committee Amendment (S-638) replaces the original bill. The amendment clarifies the definition and application of the minimum annual surcharge described in the bill and establishes the circumstances under which the "fresh start" process will terminate and Maine employers will no longer be responsible for residual market deficits or obtain rights to residual market surpluses. The process will terminate for policies issued on or after January 1 following the superintendent's determination, in any "fresh start" proceeding, that there is at least one prior policy year for which there is no deficit in the residual market or that the rate of return for the entire workers' compensation market is just and reasonable. The amendment authorizes the Superintendent to adopt rules to allocate residual market surpluses and deficits not subject to the "fresh start" process among workers' compensation insurers. The amendment also allows the Superintendent to spread the surcharge over a period not to exceed 10 years. The amendment calls for a final determination of the deficit for any policy year after losses from that policy year have been developed for 7 full years. Finally, the amendment deletes the emergency preamble, the emergency clause and the application section.

The Senate Amendment (S-651) to the Committee Amendment corrects a technical error.