

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND FIFTEEN

S.P. 338 - L.D. 958

An Act To Amend the Laws Relating to Group Trusts Established by Self-insurers of Workers' Compensation Benefits

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

Sec. 1. 39-A MRSA §403, sub-§9, as amended by PL 2013, c. 172, §2, is repealed and the following enacted in its place:

9. Acceptable deposit funds or investments for trust funds. The following requirements apply to assets deposited or held in trust as security for an individual or group self-insurer under this section.

A. In addition to cash, the deposit funds or permissible investments for trust funds acceptable to the Superintendent of Insurance as a security deposit are:

- (1) Bonds, notes and bills that are issued by and are the direct obligation of the United States Treasury;
- (2) Bonds issued or guaranteed by United States government agencies;
- (3) Commercial paper rated as "P-1" by Moody's Investors Service, Inc. or "A-1" or better by Standard and Poor's Corporation or the rating equivalent of either by any other nationally recognized statistical rating agency;
- (4) Money market funds rated "AAm" or "AAm-G" or better by Standard and Poor's Corporation or the rating equivalent of any other nationally recognized statistical rating agency;
- (5) Certificates of deposit issued by a duly chartered commercial bank or thrift institution in the State protected by the Federal Deposit Insurance Corporation if the bank or institution possesses assets of at least \$100,000,000 and maintains a Tier 1 capital ratio equal to or greater than 6%;
- (6) Bonds that are issued by corporations or municipalities and that are rated "A2" or better by Moody's Investors Service, Inc. or "A" or better by Standard and Poor's Corporation or the rating equivalent of either by any other nationally recognized statistical rating agency; and

(7) Other investments specifically approved by the superintendent.

B. Investments must be diversified in a prudent manner to ensure that funds are maintained at a sufficient level to discharge workers' compensation obligations incurred by the employer pursuant to this Title as those obligations become due and payable. At least 30% of the portfolio, as measured at market value, must consist of cash, direct obligations of the United States Treasury, commercial paper, money market funds or certificates of deposit. No more than 40% of the portfolio, as measured at market value, may be invested in bonds issued or generated by United States government agencies, with no more than 10% of the portfolio invested in a single issuer. No more than 50% of the portfolio, as measured at market value, may be invested in corporate or municipal bonds, with no more than 5% of the portfolio invested in a single issuer. No more than 25% of the corporate bond portion of the portfolio, as measured at market value, may be invested in a single industry, as defined by the North American Industry Classification System of the United States Department of Commerce, United States Census Bureau.

C. If the portfolio no longer meets the requirements of this subsection as a result of a rating downgrade or a change in financial condition or market value, the value may not be considered in determining whether a deposit or trust has surplus available for distribution, and the superintendent has discretion to discount or disallow the value of the investment for purposes of determining whether additional security is required. In the case of a portfolio that no longer meets the diversification requirements of paragraph B, the self-insurer may designate the specific assets to be disallowed, as long as the remaining assets meet the requirements of paragraph B.