

128th MAINE LEGISLATURE

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Legislative Document

No. 913

H.P. 641

House of Representatives, March 7, 2017

An Act Regarding Workers' Compensation Insurance Rates for Small Businesses

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

ROBERT B. HUNT Clerk

R(+ B. Hunt

Presented by Representative GINZLER of Bridgton.

Cosponsored by Senator HAMPER of Oxford and

Representatives: HYMANSON of York, KINNEY of Knox, PARKER of South Berwick, SEAVEY of Kennebunkport, TUELL of East Machias, TURNER of Burlington, VACHON of Scarborough, WINSOR of Norway.

2	Sec. 1. 24-A MRSA §2381-C, sub-§9-A is enacted to read:
3	9-A. Small business employer. "Small business employer" means an employer with
4	fewer than 50 employees.
5 6	Sec. 2. 24-A MRSA §2382, sub-§2, ¶A, as enacted by PL 1991, c. 885, Pt. B, §12 and affected by §13, is amended to read:
7 8	A. Rates Except as provided in subsection 6, rates in the voluntary market are not excessive.
9	Sec. 3. 24-A MRSA §2382, sub-§6 is enacted to read:
10 11 12	<u>6. Excessive rates for small business employers.</u> Rates for small business employers are excessive if they do not include a modification factor determined pursuant to section 2382-G.
13	Sec. 4. 24-A MRSA §2382-G is enacted to read:
14	§2382-G. Small business employers
15 16	The following provisions govern the rate modification applicable to small business employers.
17 18 19 20 21 22	1. Rate review. The superintendent shall develop and implement a process of heightened scrutiny review for rates applicable to small business employers. This review must include, at a minimum, a comparison of the risk to insurers applicable to this class of employers and the workers' compensation insurance costs to such employers. The rate review required by this subsection must be conducted periodically, but no less than annually.
23 24 25 26 27 28 29 30	2. Modification factor; rate adjustment. Based on the information gathered through the rate review conducted pursuant to subsection 1, and taking into account the standards in section 2382, the superintendent shall develop a modification factor applicable to small business employers for the purpose of adjusting rates applicable to such employers downward to better match the relative risk to insurers to the relative cost burden of workers' compensation insurance costs to such employers. The superintendent shall ensure that all rates of insurers applicable to a small business employer include the appropriate modification factor determined according to this section.
31 32 33 34 35	3. Annual report. The superintendent and the Workers' Compensation Board shall review claims applicable to small business employers and compare the claims data to the claims data for the classification as a whole and report their findings to the joint standing committee of the Legislature having jurisdiction over labor matters by November 1st of each year.

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

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4. Rules. The superintendent may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 5. Application. The requirements of this Act apply to all policies, contracts and certificates executed, delivered, issued for delivery, continued or renewed in this State on or after January 1, 2018. For purposes of this Act, all contracts are deemed to be renewed no later than the next yearly anniversary of the contract date.

8 SUMMARY

This bill charges the Superintendent of Insurance with developing a modification factor to reduce the workers' compensation insurance rates for employers with fewer than 50 employees based on an assessment of the relative risk to the insurer and the relative cost burden of the insurance on such small business employers. The small business employer modification factor applies to workers' compensation insurance policies issued or renewed on or after January 1, 2018.