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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.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

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.

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

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 **Sec. 2. 24-A MRSA §2382, sub-§2, ¶A,** as enacted by PL 1991, c. 885, Pt. B,
6 §12 and affected by §13, is amended to read:

7 A. Rates Except as provided in subsection 6, rates in the voluntary market are not
8 excessive.

9 **Sec. 3. 24-A MRSA §2382, sub-§6** is enacted to read:

10 **6. Excessive rates for small business employers.** Rates for small business
11 employers are excessive if they do not include a modification factor determined pursuant
12 to section 2382-G.

13 **Sec. 4. 24-A MRSA §2382-G** is enacted to read:

14 **§2382-G. Small business employers**

15 The following provisions govern the rate modification applicable to small business
16 employers.

17 **1. Rate review.** The superintendent shall develop and implement a process of
18 heightened scrutiny review for rates applicable to small business employers. This review
19 must include, at a minimum, a comparison of the risk to insurers applicable to this class
20 of employers and the workers' compensation insurance costs to such employers. The rate
21 review required by this subsection must be conducted periodically, but no less than
22 annually.

23 **2. Modification factor; rate adjustment.** Based on the information gathered
24 through the rate review conducted pursuant to subsection 1, and taking into account the
25 standards in section 2382, the superintendent shall develop a modification factor
26 applicable to small business employers for the purpose of adjusting rates applicable to
27 such employers downward to better match the relative risk to insurers to the relative cost
28 burden of workers' compensation insurance costs to such employers. The superintendent
29 shall ensure that all rates of insurers applicable to a small business employer include the
30 appropriate modification factor determined according to this section.

31 **3. Annual report.** The superintendent and the Workers' Compensation Board shall
32 review claims applicable to small business employers and compare the claims data to the
33 claims data for the classification as a whole and report their findings to the joint standing
34 committee of the Legislature having jurisdiction over labor matters by November 1st of
35 each year.

