

**§2392. Definitions**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [PL 1995, c. 289, §11 (NEW).]

**1. Association.** "Association" means the Maine Insurance Guaranty Association.  
[PL 1995, c. 289, §11 (NEW).]

**2. Board.** "Board" means the governing board of the Maine Workers' Compensation Residual Market Pool.  
[PL 1995, c. 289, §11 (NEW).]

**3. Chapter 250.** "Chapter 250" means Bureau of Insurance Rules, Chapter 250, "Requirements for Eligibility to Self-Insurer Workers' Compensation Benefits," as amended and as in existence prior to the effective date of this chapter.  
[PL 1995, c. 289, §11 (NEW).]

**4. Chapter 440.** "Chapter 440" means Bureau of Insurance Rules, Chapter 440, "Plan of Operation for the Workers' Compensation Residual Market Mechanism," as amended, as in existence prior to the effective date of this chapter and as modified in this chapter.  
[PL 1995, c. 289, §11 (NEW).]

**5. Delinquent insurer.** "Delinquent insurer" means an insurer that has not timely paid in full that insurer's allocated share pursuant to section 2393, subsection 1, paragraph A, subparagraphs (1) or (2) or section 2393, subsection 1, paragraph B, subparagraphs (1) to (5), except as provided in section 2393, subsection 1, paragraph A, subparagraph (3), division (d) and section 2393, subsection 1, paragraph B, subparagraph (6), division (d).  
[PL 1995, c. 289, §11 (NEW).]

**6. Employer.** "Employer" means any employer in the State that, at any time relevant under this chapter, is required under the Workers' Compensation Act to secure workers' compensation benefits for its employees.  
[PL 1995, c. 289, §11 (NEW).]

**7. Expense constant.** "Expense constant" means a premium charge approved by the superintendent that applies to every policy, in addition to other premium charges, covering expenses such as those for issuing, recording and auditing that are common to all workers' compensation policies regardless of premium size.  
[PL 1995, c. 289, §11 (NEW).]

**8. Fresh start period.** "Fresh start period" means the period from January 1, 1988 to December 31, 1992.  
[PL 1995, c. 289, §11 (NEW).]

**9. Initial surcharge period.** "Initial surcharge period" means the period from July 1, 1995 to June 30, 2003.  
[PL 1995, c. 289, §11 (NEW).]

**10. Insured employer.** "Insured employer" means an employer in the State that, on or after July 1, 1995, secures or continues to secure workers' compensation benefits under the Workers' Compensation Act for its employees through the purchase of an insurance policy.  
[PL 1995, c. 289, §11 (NEW).]

**11. Insurer.** "Insurer" means every insurer or group of affiliated insurers authorized to provide workers' compensation insurance in the State at any time during the fresh start period. For purposes of this chapter, a group of affiliated companies under common ownership, management or control is treated as one entity.  
[PL 1995, c. 289, §11 (NEW).]

**12. Large deductible policy.** "Large deductible policy" means a workers' compensation policy written with a per occurrence deductible in excess of \$5,000 or a medical deductible in excess of \$500. [PL 1995, c. 289, §11 (NEW).]

**13. Major insurer.** "Major insurer" means any insurer that was designated by the superintendent as a servicing carrier in the workers' compensation residual market in the State as of October 1, 1986. [PL 1995, c. 289, §11 (NEW).]

**14. Minor insurer.** "Minor insurer" means any insurer other than a major insurer. [PL 1995, c. 289, §11 (NEW).]

**15. Net direct written premium.** "Net direct written premium" means the Maine direct gross premiums charged less all return premiums, except dividends and savings refunded under participating policies, returned to policyholders for all Workers' Compensation and Occupational Disease Insurance written in this State. Excess workers' compensation insurance is not considered "net direct written premium." [PL 1995, c. 289, §11 (NEW).]

**16. Net present value.** "Net present value" is the sum of future payments, discounted to a specified valuation date at the discount rate provided. [PL 1995, c. 289, §11 (NEW).]

**17. Plan year.** "Plan year" means, for an employer, the period beginning on the self-insured employer's plan approval or renewal date and ending the day before the next plan renewal or anniversary date. The plan renewal date for a member of a group self-insurer is the group's plan renewal date; the plan approval date for a new member joining an established group is the effective date of group membership. The plan year may be less than 12 months as a result of changes in plan accounting periods, midyear entry into a group self-insurance plan or termination of self-insurance authorization. [PL 1995, c. 289, §11 (NEW).]

**18. Policy year.** "Policy year" means the following:

A. With respect to a particular calendar year, all policies issued or renewed in that calendar year and all subsequent events occurring in later years relating to those policies, including premium adjustments, audit results and claims experience under those policies; and [PL 1995, c. 289, §11 (NEW).]

B. With respect to a particular employer, the 12-month period beginning upon the date of issuance or renewal of a policy and ending the day before the next renewal date and all subsequent events occurring in later years relating to those policies, including premium adjustments, audit results and claims experience under that policy. [PL 1995, c. 289, §11 (NEW).]  
[PL 1995, c. 289, §11 (NEW).]

**19. Pool.** "Pool" means the Maine Workers' Compensation Residual Market Pool described in and governed by chapter 440. [PL 1995, c. 289, §11 (NEW).]

**20. Residual market.** "Residual market" means the instrument to provide coverage to employers not able to obtain coverage in the voluntary market. [PL 1995, c. 289, §11 (NEW).]

**21. Self-insured employer.** "Self-insured employer" means an employer that, on or after July 1, 1995, secures or continues to secure workers' compensation through a self-insured program under the Workers' Compensation Act as approved by the superintendent pursuant to the provisions of Title 39-A, section 403, subsection 3. [PL 1995, c. 289, §11 (NEW).]

**22. Self-insured group or groups.** "Self-insured group or groups" means a self-insured group approved by the superintendent pursuant to chapter 250, section 3.

[PL 1995, c. 289, §11 (NEW).]

**22-A. Succession transaction.** "Succession transaction" means an asset sale, merger, consolidation, reorganization or restructuring that creates a successor self-insured employer.

[PL 1995, c. 619, §1 (NEW); PL 1995, c. 619, §8 (AFF).]

**22-B. Successor self-insured employer.** "Successor self-insured employer" means any self-insured employer that is a successor entity to another employer or employers doing business in this State. A successor self-insured employer includes any entity that purchases all or a portion of the assets of an employer or the surviving entity in any other merger, consolidation, reorganization or restructuring.

[PL 1995, c. 619, §1 (NEW); PL 1995, c. 619, §8 (AFF).]

**23. Superintendent.** "Superintendent" means the Superintendent of Insurance.

[PL 1995, c. 289, §11 (NEW).]

**24. Surchargeable premium.** "Surchargeable premium" means:

A. For insured employers, the manual workers' compensation premium applicable to the insured employer, as adjusted by any applicable experience modification factor, premium discount, expense constant and any other debits or credits to a lawfully received premium. In calculating the surchargeable premium for retrospectively rated policies and large deductible policies, "surchargeable premium" means the discounted workers' compensation standard premium, which is the manual premium that would apply to the insured employer absent the retrospectively rated or large deductible nature of the policy, as adjusted by any applicable experience modification factor, premium discount and expense constant. For retrospectively rated and large deductible policies, the insurer shall calculate a discounted standard premium amount utilizing estimated payrolls at policy inception, subject to the final determination upon audit, applying the insurer's manual rates, the insured's experience modification factor, any premium discount, expense constant and other debits or credits to a lawfully received premium. When calculating the discounted standard premium for policies with large deductibles, the maximum credit for the deductible option may not be greater than the amount approved by the superintendent in the most recent advisory loss cost filing for a \$5,000 indemnity deductible. [PL 1995, c. 289, §11 (NEW).]

B. For self-insured employers, the manual workers' compensation premium adjusted by the experience modification factor applicable to the self-insured employer, and any applicable premium discount and expense constant. For purposes of this definition, "manual premium" means the workers' compensation premium that would have been applicable to the individual self-insured employer if calculated using the advisory loss costs in effect at the time the surcharge is due multiplied by 1.2, applying the rating rules, excluding any premium discount, and experience rating procedure approved by the superintendent for the designated workers' compensation advisory organization pursuant to section 2382-B, to the exposure and experience of the individual self-insured employer. For a self-insured employer who is a member of a self-insurance group, "surchargeable premium" means the actual amount of workers' compensation premium that is paid to the self-insurance group including experience modification, premium discount and expense constant in accordance with the requirements of chapter 250, but excluding any surplus distributions credited against or applied to reduce premiums. [PL 1995, c. 289, §11 (NEW).]

[PL 1995, c. 289, §11 (NEW).]

**25. Timely pay; timely paid; timely payment.** "Timely pay," "timely paid" or "timely payment" means payment by the party responsible for the payments on or before the due date specified in this chapter.

[PL 1995, c. 289, §11 (NEW).]

**26. Voluntary market.** "Voluntary market" means the workers' compensation insurance market in which insurance companies voluntarily offer coverage to applicants who meet the insurers' underwriting standards or guidelines.

[PL 1995, c. 289, §11 (NEW).]

**27. Workers' Compensation Act.** "Workers' Compensation Act" means and refers to the Maine Workers' Compensation Act of 1992, as amended.

[PL 1995, c. 289, §11 (NEW).]

**28. Worker's compensation residual market mechanism.** "Worker's compensation residual market mechanism" or "residual market mechanism" means the workers' compensation residual market mechanism described in and governed by Chapter 440.

[PL 1995, c. 289, §11 (NEW).]

#### SECTION HISTORY

PL 1995, c. 289, §11 (NEW). PL 1995, c. 619, §1 (AMD). PL 1995, c. 619, §8 (AFF).

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