

Bulletin 166

Disclosure of workers' compensation reserving policy

January 30, 1990

Public Law Chapter 434 enacted in 1989, effective October 1, 1989, amended Title 39 Section 107 and revised the reporting requirements of insurers licensed to write workers' compensation insurance in the state of Maine. This bulletin revises the guidelines previously established in Bureau of Insurance BULLETIN 129, dated October 30, 1981.

1. Insurance companies are required to file an explanation of its Maine workers' compensation reserving policy not later than 30 days after filing its annual statement.
2. An explanation shall be filed each year. Statements to the effect that the report is unchanged from a prior year's report will not be considered in compliance with Section 107.
3. If an explanation covers more than one company in a group, the report should list the names of all the companies covered by the report.
4. The explanation of reserving policy should be detailed and complete. The explanation should include at a minimum the following:
 - a. initial reserve procedure;
 - b. frequency of review;
 - c. escalation factor assumed for death, total incapacity, and partial incapacity claims;
 - d. interest discount factor(s) used;
 - e. treatment of various injury and disease classes under the Maine Workers' Compensation Act;
 - f. description of reserve procedure for incurred but not reported (IBNR) reserves, bulk reserve adjustments, and any other adjustments not associated with a specific case;
 - g. identification of mortality, morbidity, remarriage, and other tables used; and
 - h. identification if an average reserving procedure is used and, if so, the categories of claims for which average values are applied, the time period when average values are converted to case-based values, and the latest data the Maine average values were revised.
5. Reports shall include the name, address and telephone number of a claims officer, actuary, or other person knowledgeable on the company's reserving practices and able to respond to questions regarding items in the report.
6. Please note that paragraphs 2 and 3 of Title 39 Section 107 have been repealed and the workers' compensation insurer is no longer required to provide a listing of claims with a reserve in excess of \$50,000 and a listing a closed claims which had been reserved for in excess of \$10,000.

This bulletin supersedes BULLETIN 129 dated October 30, 1981. Questions regarding this bulletin should be addressed to the casualty actuary at the Maine Bureau of Insurance.

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Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.