

Winter 2008

MAE News: Newsletter from the Office of Monitoring, Audit and Enforcement, Winter 2008

Maine Workers' Compensation Board

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MAE News

Newsletter from the Office of Monitoring, Audit and Enforcement Maine Workers' Compensation Board

Winter 2008

Volume 3, Number 4



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The Hartford, the Maine Bureau of Insurance and the Office of the Maine Attorney General Sign Consent Agreement

The Maine Bureau of Insurance recently posted a Consent Agreement signed by The Hartford, the Office of the Maine Attorney General and the Bureau to its website.

The Board's December 2004 Hartford Audit Report established "a pattern of questionable claims-handling techniques." Pursuant to Section 359(2) of the Act, the Board filed a certificate of its findings to the Superintendent of Insurance. The parties reached a Consent Agreement to resolve non-compliance issues identified by the Bureau during a recent Market Conduct Audit.

The Board's 2004 Audit Report and subsequent referral can be found at the following links on the Board's website:

<http://www.maine.gov/wcb/departments/mae/Audit/auditreports.htm>

<http://www.maine.gov/wcb/departments/mae/mae/359/359.htm>

The Consent Agreement can be found at the following link on the Maine Bureau of Insurance website:

http://www.maine.gov/pfr/insurance/consent_agreements/07221.htm

Following are excerpts from the Consent Agreement:

- During the course of the Examination, Bureau staff found that, as to its claims-handling practices in Maine, The Hartford had improved its compliance with form filing and indemnity payment requirements but that its compliance ratios remained unacceptably low for the period of the Examination. Further, staff at The Hartford failed to respond to Bureau inquiries within three working days, as the National Association of Insurance Commissioners (NAIC) Market Conduct Examiners' Handbook and Guidelines (the "Handbook") requires.
- Notwithstanding the findings of the Report, the consent decrees entered into with the WCB, and the findings of the Examination, The Hartford has not conducted a formal review for accuracy of indemnity claims paid since January 1, 2002.
- Each Company violated 39-A M.R.S.A. § 359(2) by failing to bring to a halt the pattern of questionable claims-handling techniques through the Examination period.



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Spring Training Session

Our next "Open" training sessions will take place April 24th, 25th and May 9th, 2008 in our Portland Regional Office at 62 Elm Street. The April 24th session will present the Board's "Basic Compliance" program that provides forms compliance and accuracy training as well as basic wage and compensation rate calculation training. The April 25th and May 9th sessions will present the Board's "Advanced Compliance" training that focuses on partial rate calculations and advanced wage calculation issues.

Room is available for the "Basic" session on April 24th and the "Advanced" session on May 9th.

If your company is in need of training on form filing and compliance issues, please contact Anne Poulin at (207) 287-7067 or send her an e-mail at Anne.Poulin@maine.gov. We can design our training to suit your needs.

Auditor's Corner

Box 28 (First Day Of Compensability After Waiting Period Is Met) of the WCB-3, Memorandum of Payment (MOP)

Complete this box with the first compensable date that follows the completion of the seven-day waiting period (if the current incapacity is subject to the seven-day waiting period provided by Section 204).

In the case of ongoing total incapacity, the seven-day waiting period is met when the employee is incapacitated for seven consecutive calendar days. The Monitoring, Audit & Enforcement Program Protocols offer two reasonable methods to calculate the seven-day waiting period in all other cases:

- (1) AWW Method – Where an employee loses wages which cumulatively equal or exceed their pre-injury AWW.
- (2) Comp Rate Method – Where an employee loses wages that would otherwise require the insurer to pay one week of benefits.

The seven-day waiting period only applies to the first period of incapacity (first MOP filing). If the current incapacity period is not subject to the seven-day waiting period, do not complete this box; it can be left blank on subsequent MOP filings.

PLEASE HELP PROTECT THE TAX-EXEMPT STATUS OF WORKERS' COMPENSATION BENEFITS

If you are aware that any of your insureds are using workers' compensation benefits to recover/restore money previously paid to injured employees as taxable income (sick pay, vacation pay, salary continuation, etc.), please remind them that they must maintain the tax-exempt status of that money.