

## Chapter 534

**(House Bill 1500)**

AN ACT concerning

**Workers' Compensation – Third-Party Actions – Subsequent Injury Fund**

FOR the purpose of ~~repealing the authorization for the Subsequent Injury Fund to bring an action for damages against a third party under certain circumstances; repealing the requirement that a covered employee or dependents of a covered employee reimburse the Fund under certain circumstances; repealing the requirement that the Fund pay certain court costs and attorney's fees under certain circumstances; making certain conforming changes;~~ requiring that, if a self-insured employer, insurer, or the Uninsured Employers' Fund has not waived third-party reimbursement, the Subsequent Injury Fund be reimbursed after the self-insured employer, insurer, or Uninsured Employers' Fund in a certain third-party action; providing for the application of this Act; and generally relating to third-party actions involving the Subsequent Injury Fund.

BY repealing and reenacting, with amendments,  
 Article – Labor and Employment  
 Section 9–902  
 Annotated Code of Maryland  
 (2016 Replacement Volume and 2017 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 That the Laws of Maryland read as follows:

**Article – Labor and Employment**

9–902.

(a) If a claim is filed and compensation is awarded or paid under this title, a self-insured employer, an insurer, ~~the Subsequent Injury Fund,~~ or the Uninsured Employers' Fund may bring an action for damages against the third party who is liable for the injury or death of the covered employee.

(b) If the self-insured employer, insurer, ~~Subsequent Injury Fund,~~ or Uninsured Employers' Fund recovers damages exceeding the amount of compensation paid or awarded and the amount of payments for medical services, funeral expenses, or any other purpose under Subtitle 6 of this title, the self-insured employer, insurer, ~~Subsequent Injury Fund,~~ or Uninsured Employers' Fund shall:

(1) deduct from the excess amount its costs and expenses for the action;  
 and

(2) pay the balance of the excess amount to the covered employee or, in case of death, the dependents of the covered employee.

(c) If the self-insured employer, insurer, ~~the~~ Subsequent Injury Fund, or Uninsured Employers' Fund does not bring an action against the third party within 2 months after the Commission makes an award, the covered employee or, in case of death, the dependents of the covered employee may bring an action for damages against the third party.

(d) The period of limitations for the right of action of a covered employee or the dependents of the covered employee against the third party does not begin to run until 2 months after the first award of compensation made to the covered employee or the dependents under this title.

(e) If the covered employee or the dependents of the covered employee recover damages, the covered employee or dependents:

(1) first, may deduct the costs and expenses of the covered employee or dependents for the action;

(2) next, SUBJECT TO SUBSECTION (G) OF THIS SECTION, shall reimburse the self-insured employer, insurer, ~~the~~ Subsequent Injury Fund, or Uninsured Employers' Fund for:

(i) the compensation already paid or awarded; and

(ii) any amounts paid for medical services, funeral expenses, or any other purpose under Subtitle 6 of this title; and

(3) finally, may keep the balance of the damages recovered.

(f) In an action brought by a covered employee or the dependents of the covered employee under subsection (c) of this section, the covered employee or the dependents of the covered employee, the self-insured employer, the insurer, ~~the~~ Subsequent Injury Fund, and the Uninsured Employers' Fund shall pay court costs and attorney's fees in the proportion that the amount received by each bears to the whole amount paid in settlement of any claim or satisfaction of any judgment obtained in the case.

**(G) IN DETERMINING REIMBURSEMENT UNDER SUBSECTION (E)(2) OF THIS SECTION, IF THE SELF-INSURED EMPLOYER, INSURER, OR UNINSURED EMPLOYERS' FUND HAS NOT WAIVED THIRD-PARTY REIMBURSEMENT:**

**(1) FIRST, THE SELF-INSURED EMPLOYER, INSURER, OR UNINSURED EMPLOYERS' FUND SHALL BE REIMBURSED; AND**

**(2) NEXT, THE SUBSEQUENT INJURY FUND SHALL BE REIMBURSED.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any action filed before the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2018.

**Approved by the Governor, May 8, 2018.**