

WES MOORE
GOVERNOR

STATE OF MARYLAND

MARTIN E. LEWIS
CHAIR

MICHAEL W. BURNS
Director
michael.burns1@maryland.gov



CASEY BRYANT
DONCELLA S. WILSON
MEMBERS

STATE OF MARYLAND
UNINSURED EMPLOYERS' FUND

300 East Joppa Road, Suite 402
Towson, MD 21286
PHONE - (410) 321-4136
FAX - (410) 321-3975

Uninsured Employers' Fund
Testimony
House Economic Matters Committee
SB0695 – Labor and Employment – Uninsured Employers' Fund Board – Membership
and Reserves
Position – **UNFAVORABLE**

Please accept the following as the written testimony of the Maryland Uninsured Employers' Fund (UEF/Fund/Agency) requesting an **Unfavorable Report** on SB0695 – Labor and Employment – Uninsured Employers' Fund Board – Membership and Reserves:

Senate Bill 0695 will replace the Board structure of the Uninsured Employers' Fund (UEF) Board which has functioned successfully since 1983 with a totally new structure. Membership will change from a balanced three members – including a labor representative – and change it to a Board dominated by persons with ties to the insurance industry.

The current Board has three members who represent management, labor and the general public. It was set-up so all stakeholders would be represented and the interests of injured workers and their families be the focus of the Board and agency.

SB0695 radically changes the Board composition and alters the representation to favor insurance interests. The proposed Board would consist of five members, including: two representing the insurance industry - "experience as officer or employees of a property and casualty insurance company"; one who pays premiums as a policyholder of workers compensation insurance; one with "experience in the field of accounting or finance: and, one representing "the general public."

This new Board would have no labor member and no one representing the interests of injured workers as a member.

Three of the Board members would have direct ties to the insurance industry. This opens the door for conflicts of interest not only in overseeing the agency, but setting the insurance assessment payment amount that funds much the agency.

The UEF is funded approximately 80-90% by an assessment set by the Board on the insurance industry. SB0695 would give the insurance industry control over the Board, including setting that assessment. The appearance of impropriety of this set-up is clear.

SB0695 would result in a radical new direction for the UEF, away from focusing in on the rights and care of injured workers.

Also, there has never been any suggestion that the UEF Board should be changed. The recent workgroup ordered by this Legislature to consider options for both funding and the **operations of the agency**. The Legislature did not see any need to discuss the Board or consider changes to the structure of the Board.

Additionally, a review of the Office of Legislative Audits' numerous audits over the past decades indicates no evidence it considered the Board structure required review and potential changes. The UEF is currently undergoing another. There has been no discussion of the Board structure or the need for changes in that structure.

The current Board functions smoothly and efficiently. More importantly, it focuses on injured workers and their needs. It has one member – of three - dedicated to protecting the interests of the injured workers and their families. As a group, it has historically always put the injured worker first. That focus would be lost under SB0695. That is where the focus should remain.

SB0695 is not needed and will hurt injured uninsured workers. If it passes injured workers will lose their historic representation and a special interest will be in command of the agency.

The UEF opposes SB0695 and respectfully requests an Unfavorable Report from this Honorable Committee.

Thank you.

Sincerely,

Michael W. Burns

Michael W. Burns, Esquire

Director

Uninsured Employers' Fund