



Testimony of

American Property Casualty Insurance Association (APCIA)

House Economic Matters Committee

Senate Bill 219 - Uninsured Employers' Fund - Additional Assessment on Awards and Special Monitoring

March 26, 2025.

Unfavorable

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 67% of the U.S. property and casualty insurance market, including 90% percent of Maryland's workers' compensation market. APCIA appreciates the opportunity to provide written comments in opposition to Senate Bill 219. We support the Workers' Compensation Commission designation of a special monitor to assess the financial condition of the UEF including its reserves and third-party administrator practices, and the reports that will be provided.

However, we oppose the language that would alter from 1% to 1.5% the additional percentage the Uninsured Employers' Fund Board may direct the Workers' Compensation Commission to assess on awards and settlements if the Board determines that the Fund reserves are inadequate to meet anticipated losses. Assessing insurers on all settlements and benefit payments to fund uninsured employers is problematic. Insurers are being hurt two times: first, by the employer who refuses to obtain workers compensation coverage and 2) by being assessed on all awards and settlements to fund the employer's lack of compliance with workers compensation coverage requirements. SB 219 proposes doubling this unfair assessment on insurers. A better alternative would be to increase penalties and fines on employers who refuse to purchase the necessary coverage and better examination of the UEF operations as to why it is operating at a loss.

For these reasons, APCIA urges the Committee to provide an unfavorable report on Senate Bill 219.

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