

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 805 (Senator Ruben, et al.)
(Public Safety, Transportation, Economic Development, and
Department of Natural Resources Subcommittee)
Finance

**Injured Workers' Insurance Fund - Appointments with Independent Insurance
Agents**

This emergency bill requires the Board of the Injured Workers' Insurance Fund (IWIF) to appoint and contract with any independent agent that applies for an appointment and is licensed to sell workers' compensation insurance, if the board offers a direct contracted appointment with an independent agent.

Fiscal Summary

State Effect: None. IWIF is an off-budget agency that provides workers' compensation coverage to public and private employers and administers the State's workers' compensation plan. The bill would not impact IWIF's costs for administering the State's plan. Therefore, State revenues and expenditures would not be affected.

Local Effect: None.

Fiscal Analysis

Additional Comments: IWIF advises that it intends to contract with 25 to 75 independent agents who will be serviced by existing staff and facilities. This bill requires IWIF to appoint each agent licensed to sell workers' compensation insurance who applies for an appointment. IWIF estimates that 1,000 agents licensed to sell workers' compensation insurance would apply for an appointment.

Since the bill requires IWIF to appoint each such agent, IWIF's administrative costs for servicing agents would increase substantially. To service 1,000 agents, IWIF would need to hire six employees at a cost of \$325,000 annually, including \$288,000 in salaries and benefits and \$37,000 in ongoing operating costs.

Since IWIF is an off-budget agency, these additional expenditures would not directly impact State finances. However, the bill could increase workers' compensation premiums for private employers who purchase coverage through IWIF. Any impact on premiums for these private employers cannot be reliably estimated at this time.

Information Source(s): Injured Workers' Insurance Fund, Department of Fiscal Services

Fiscal Note History: First Reader - March 15, 1996

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Analysis by: Tina Bjarekull
Reviewed by: John Rixey
(410) 841-3710
(301) 858-3710

Direct Inquiries to:
John Rixey, Coordinating Analyst