

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE**Revised**

House Bill 998

(Delegates Mitchell and Fulton)

Economic Matters

Finance

Workers' Compensation - Self-Insurance Groups

This bill requires a self-insurance group to pay all workers' compensation benefits for which each member incurs liability during its period of membership. Each member is jointly and severally liable for the workers' compensation obligations of the group and its members that are incurred during its membership period. The insolvency or bankruptcy of a member does not relieve the self-insurance group or any other of its members from liability for paying workers' compensation benefits incurred during the insolvent or bankrupt member's period of membership.

The bill requires the Workers' Compensation Benefit and Insurance Oversight Committee to study and make recommendations regarding the payment of claims of an insolvent self-insurance group to the Senate Finance Committee and the House Economic Matters Committee on or before December 1, 2001.

The bill also requires the Maryland Insurance Administration to report to the Finance Committee and the Economic Matters Committee by December 1, 2001 on: (1) the name of each workers' compensation self-insurance group, the types of businesses in each group, the number of employers belonging to each group, and the total number of employees served by each group; (2) the status of the regulation and operation of the workers' compensation self-insurance groups; and (3) any recommendation for changing laws relating to workers' compensation self-insurance groups.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Before a self-insurance group may operate, the group must obtain the approval of the Insurance Commissioner, including approval of its self-insurance agreement. Each self-insurance group must have combined net assets of at least \$1,000,000.

Each self-insurance group must pay an assessment into the State's Self-Insurers' Guaranty Fund at the same level assessed against other workers' compensation insurers by the Property and Casualty Guaranty Corporation. The fund pays any outstanding obligations of a self-insurance group that becomes insolvent. If the fund becomes insolvent, any outstanding obligations of an insolvent self-insurance group are a joint and several liability of each member of that group.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Injured Workers' Insurance Fund, Subsequent Injury Fund, Uninsured Employers' Fund, Department of Legislative Services

Fiscal Note History: First Reader – March 3, 2001
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