
By: **Delegate Simmons**

Introduced and read first time: February 4, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Workers' Compensation - Uninsured Employers - Penalties**

3 FOR the purpose of increasing certain penalties for an employer who fails to pay, or
4 secure payment of, certain compensation under workers' compensation law;
5 requiring the Uninsured Employers' Fund to file a statement of charges in
6 District Court against an employer for an allegation of certain violations; and
7 generally relating to uninsured employers under workers' compensation law.

8 BY repealing and reenacting, with amendments,
9 Article - Labor and Employment
10 Section 9-1107 and 9-1108
11 Annotated Code of Maryland
12 (1999 Replacement Volume and 2003 Supplement)

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

15 **Article - Labor and Employment**

16 9-1107.

17 (a) An employer who self insures under § 9-405 of this title or participates in
18 a governmental self-insurance group under § 9-404 of this subtitle and fails to apply
19 to the Commission for approval of the self-insurance plan of the employer or
20 governmental self-insurance group in accordance with § 9-403 of this subtitle is
21 guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$5,000 or
22 imprisonment not exceeding 1 year or both.

23 (b) An employer who is subject to this title and fails to secure payment of
24 compensation in accordance with § 9-402 of this title or fails to pay an award of
25 compensation is guilty of a misdemeanor and on conviction is subject to a fine not
26 exceeding [~~\$5,000~~] \$10,000 or imprisonment not exceeding [1 year] 5 YEARS or both.

1 (C) THE UNINSURED EMPLOYERS' FUND SHALL FILE A STATEMENT OF
2 CHARGES IN DISTRICT COURT AGAINST AN EMPLOYER WHO IS ALLEGED TO HAVE
3 COMMITTED A VIOLATION UNDER SUBSECTION (B) OF THIS SECTION.

4 [(c)] (D) If the employer is a corporation, the officer of the corporation who has
5 responsibility for the general management of the corporation in the State is subject to
6 the fine and imprisonment specified in subsection (a) or (b) of this section.

7 [(d)] (E) (1) A fine imposed on an employer under this section shall be:

8 (i) paid to the State Treasury and credited to the Commission; and

9 (ii) used to pay, wholly or partly, an award made against the
10 employer by the Commission.

11 (2) A disbursement under this subsection shall be made in the same
12 manner as a disbursement of other money of the Commission.

13 (3) Any part of the fine that is not required to pay an award shall be
14 transferred to the General Fund of the State.

15 [(e)] (F) A court may remit a penalty only if the employer who is in default:

16 (1) secures payment of compensation in accordance with § 9-402 of this
17 title; and

18 (2) pays or secures payment of all compensation and other benefits
19 awarded against the employer under this title.

20 9-1108.

21 (a) An employer who fails to secure payment of compensation in accordance
22 with § 9-402 of this title that will be in force on the date a cancellation of a contract
23 of workers' compensation insurance becomes effective is guilty of a misdemeanor and
24 on conviction is subject to a fine not exceeding [\$5,000] \$10,000 or imprisonment not
25 exceeding [1 year] 5 YEARS or both.

26 (b) If the employer is a corporation, the officer of the corporation who has
27 responsibility for the general management of the corporation in the State is subject to
28 the fine and imprisonment specified in subsection (a) of this section.

29 (c) A fine imposed against and collected from an employer under this section
30 shall be paid into the Uninsured Employers' Fund.

31 (D) THE UNINSURED EMPLOYERS' FUND SHALL FILE A STATEMENT OF
32 CHARGES IN DISTRICT COURT AGAINST AN EMPLOYER WHO IS ALLEGED TO HAVE
33 COMMITTED A VIOLATION UNDER THIS SECTION.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2004.