

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 454
Economic Matters

(Delegate Glassman, *et al.*)

Finance

Workers' Compensation Insurance - Volunteer Fire and Rescue Companies

This bill requires that all members of a volunteer company be covered, while on duty, by a workers' compensation policy.

The bill is effective October 1, 2007.

Fiscal Summary

State Effect: None. The bill would not materially affect State government operations.

Local Effect: Potential significant increase in workers' compensation claims for self-insured counties and premiums for counties with third-party insurance in which volunteer fire and rescue companies are not currently covered by worker's compensation while on duty. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Members of volunteer fire and rescue companies in 16 counties are covered employees for the purposes of workers' compensation. Statute provides some county commissions the authority to set guidelines for coverage. Volunteer fire and rescue companies in eight counties (Allegany, Carroll, Charles, Garrett, St. Mary's, Somerset, Washington, and Worcester) are not covered employees unless the county commission elects coverage, as provided by commission resolution.

Local Fiscal Effect: Local government expenditures could increase if a county has to provide workers' compensation for volunteer company members who are currently not

covered. The bill, however, does not specify the party responsible for providing workers' compensation coverage. As noted below, some volunteer companies purchase coverage on their own. This bill would not impact any of the counties in which volunteer fire and rescue company members are already considered covered employees while on duty. The Department of Legislative Services surveyed three of the eight jurisdictions where coverage is optional on the part of the county. One of those jurisdictions (St. Mary's) has elected to cover volunteer fire and rescue company members when on duty using direct county revenues.

Carroll and Charles counties indicated that volunteer fire and rescue companies currently purchase third-party workers' compensation coverage. In Carroll County, the county provides funding for the companies, and part of that funding is used to pay for workers' compensation insurance. There are currently 1,000 volunteer fire and rescue employees in the county and it is estimated that workers' compensation costs would at least double.

Charles County includes an assessment on its local property tax to fund volunteer fire and rescue companies and these revenues are used by the volunteer companies to purchase coverage. Charles County also noted that rates for fire and rescue company members are significantly higher than for clerical and nonclerical workers currently covered under the county's policy with the Injured Workers' Insurance Fund. The county has 12 volunteer fire companies and approximately six volunteer rescue companies. The county estimates that overall workers' compensation rates could increase by 2.5 times.

Additional Information

Prior Introductions: An identical bill, HB 1127 of 2004, was heard in the House Economic Matters Committee and no further action was taken.

Cross File: None.

Information Source(s): National Council on Compensation Insurance, Uninsured Employers' Fund, Workers' Compensation Commission, Injured Workers' Insurance Fund, Subsequent Injury Fund, Carroll County, Charles County, St. Mary's County, Department of Legislative Services

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