

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 950 (Senator Exum)
Finance and Education, Health, and Environmental Affairs

**Injured Workers' Insurance Fund - Minority Business Enterprise Procurement
Activities**

This bill requires the Board of the Injured Workers' Insurance Fund to conduct procurement activities identical to and consistent with minority business enterprise purchasing standards applicable to State government agencies under the State Finance and Procurement Article. The IWIF Board's annual report must include additional information pertaining to MBEs and all proposed and budgeted contracts.

Fiscal Summary

State Effect: The bill is not expected to materially impact State finances.

Injured Workers' Insurance Fund: Potential minimal increase in expenditures to ensure compliance.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Workers' Compensation Commission requires all employers in Maryland to provide workers' compensation coverage for their employees. Employers may obtain coverage for their employees in one of three ways:

- insure with any company that is authorized by the State of Maryland to write this type of coverage;
- insure with the Injured Workers' Insurance Fund – a State-created nonprofit self-supporting agency; or
- become a “self-insurer” by applying to the Maryland Workers' Compensation Commission.

The Maryland Insurance Administration ensures that premium rates are adequate to cover the risks applicable to a workers' compensation insurance policy. The Injured Workers' Insurance Fund, a nonbudgeted independent State agency, is primarily regulated by MIA with respect to solvency. IWIF is subject to laws regarding access to public records and staff immunity and liability, as well as the Maryland Public Ethics Law and Maryland Whistleblower Law.

Background:

Injured Workers' Insurance Fund

IWIF administers workers' compensation for the State and provides workers' compensation insurance to firms unable to procure insurance in the private market. IWIF was established as the State Accident Fund, part of the State Industrial Accident Commission. In 1941, it became a separate agency and took its current name in 1990. IWIF only writes policies in Maryland and is the exclusive residual workers' compensation insurer in the State. IWIF cannot decline businesses that seek coverage and must adjust rates in response to changing market conditions.

The Governor's Office of Minority Affairs is a subcabinet agency within the Executive Department whose purpose is to strengthen and advocate on behalf of Maryland's minority- and women-owned businesses. It oversees the State's Minority Business Enterprise Program and provides technical assistance to MBEs and procurement officers. The Maryland Department of Transportation oversees the certification of MBE and disadvantaged business enterprises.

A minority business enterprise is a legal entity, other than a joint venture, that is:

- organized to engage in commercial transactions;
- at least 51% owned and controlled by one or more individuals who are socially and economically disadvantaged; and
- managed by, and the daily business operations of which are controlled by, one or more of the socially and economically disadvantaged individuals who own it.

MBEs include not-for-profit entities organized to promote the interests of physically or mentally disabled individuals.

IWIF: IWIF advises that there could be a minimal impact associated with hiring one or more employees to ensure compliance with the provisions of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Injured Workers' Insurance Fund, Governor's Office, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2008
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