

SENATE BILL 219

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(PRE-FILED)

5lr0035
CF HB 193

By: **Chair, Finance Committee (By Request – Departmental – Uninsured Employers’ Fund)**

Requested: October 7, 2024

Introduced and read first time: January 8, 2025

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 24, 2025

CHAPTER _____

1 AN ACT concerning

2 **Uninsured Employers’ Fund – ~~Additional Assessment on Awards and~~**
3 **~~Settlements – Amount~~ Assessments and Special Monitor**

4 FOR the purpose of altering the circumstances under which the Uninsured Employers’
5 Fund must collect or suspend a certain assessment; altering the additional
6 percentage the Uninsured Employers’ Fund Board may direct the Workers’
7 Compensation Commission to assess on awards and settlements if the Board
8 determines that the reserves of the Fund are inadequate to meet anticipated losses;
9 requiring the Workers’ Compensation Commission to designate a certain special
10 monitor for certain purposes; and generally relating to the Uninsured Employers’
11 Fund.

12 BY repealing and reenacting, with amendments,
13 Article – Labor and Employment
14 Section 9–1007 and 9–1011
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2024 Supplement)

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

19 **Article – Labor and Employment**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 9–1007.

2 (a) (1) Except as provided in subsection (b) of this section, the Commission
3 shall impose against an employer or, if insured, its insurer an assessment equal to 1% of:

4 (i) each award against the employer for permanent disability or
5 death, including awards for disfigurement or mutilation; and

6 (ii) except as provided in paragraph (2) of this subsection, each
7 amount payable by the employer or its insurer under a settlement agreement approved by
8 the Commission.

9 (2) The amount of medical benefits specified in a formal set–aside
10 allocation that is part of an approved settlement agreement shall be excluded from the
11 assessment imposed by the Commission under paragraph (1)(ii) of this subsection if:

12 (i) 1. the amount of medical benefits is in excess of \$50,000; and
13 2. the payment of medical benefits by the employer or its
14 insurer is directly to an authorized insurer that provides periodic payments to the covered
15 employee pursuant to a single premium annuity; or

16 (ii) 1. the amount of medical benefits is in any amount; and
17 2. the payment of medical benefits by the employer or its
18 insurer is to an independent third–party administrator that controls and pays the medical
19 services in accordance with the formal set–aside allocation, provided there is no
20 reversionary interest to the covered employee or the covered employee’s beneficiaries.

21 (3) (i) Notwithstanding any other provision of law, if the employer is a
22 corporation the assets of which are not sufficient to satisfy an assessment, any officer of the
23 corporation who has responsibility for the general management of the corporation in the
24 State is jointly and severally liable for the assessment if the corporate officer knowingly
25 failed to secure workers’ compensation insurance.

26 (ii) Notwithstanding any other provision of law, if the employer is a
27 limited liability company the assets of which are not sufficient to satisfy an assessment,
28 any member of the limited liability company who has responsibility for the general
29 management of the limited liability company in the State is jointly and severally liable for
30 the assessment if a member of the limited liability company who has general management
31 responsibility knowingly failed to secure workers’ compensation insurance.

32 (b) Notwithstanding the limit on the balance of the Fund under § 9–1011 of this
33 subtitle, if the Board determines that the reserves of the Fund are inadequate to meet
34 anticipated losses, the Board may direct the Commission to assess **UP TO** an additional
35 [1%] ~~2%~~ 1.5% under subsection (a) of this section.

1 (c) Any fractional dollar of payment under this section shall be rounded off to the
2 nearest whole dollar.

3 (d) The Commission shall direct payment of an assessment under subsection (a)
4 or (b) of this section into the Fund.

5 (e) Payments under this section are in addition to the payment of compensation
6 to a covered employee or the dependents of a covered employee under this title.

7 9–1011.

8 (a) (1) When the amount of the Fund equals at least ~~[\$5,000,000]~~
9 ~~\$10,000,000~~, the payment of assessments by employers and insurers is suspended.

10 (2) The Director shall notify each self-insured employer and insurer of the
11 suspension of the payment of assessments under paragraph (1) of this subsection.

12 (b) (1) Payment of assessments shall be resumed if:

13 (i) the amount of the Fund becomes less than ~~[\$3,000,000]~~
14 ~~\$8,000,000~~ because of payments made under § 9–1002 of this subtitle or other payments;
15 or

16 (ii) the Director determines that payments that are likely to be made
17 from the Fund in the next 3 months will reduce the amount of the Fund to less than
18 ~~[\$3,000,000] \$8,000,000.~~

19 (2) When payment of assessments is to be resumed under paragraph (1) of
20 this subsection, the Director shall notify each self-insured employer and insurer that
21 payment of assessments is to:

22 (i) resume on a specified date; and

23 (ii) continue until the amount of the Fund becomes at least
24 ~~[\$5,000,000] \$10,000,000.~~

25 SECTION 2. AND BE IT FURTHER ENACTED, That:

26 (a) The Workers' Compensation Commission shall designate a special monitor to
27 assess the financial condition of the Uninsured Employers' Fund, including the reserve
28 setting and third-party administrator practices of the Fund.

29 (b) The special monitor shall monitor the financial condition of the Fund for a
30 period of up to 1 year, with the duties of the special monitor ending on or before June 30,
31 2026, unless an earlier date is agreed on by the Fund and the Commission.

1 (c) The special monitor shall submit to the Senate Finance Committee and the
2 House Economic Matters Committee, in accordance with § 2-1257 of the State Government
3 Article:

4 (1) on or before December 1, 2025, an interim report regarding the financial
5 condition of the Uninsured Employers' Fund and any recommendations for legislative or
6 regulatory changes necessary to improve the condition of the Fund; and

7 (2) on or before June 1, 2026, a final report regarding the financial
8 condition of the Uninsured Employers' Fund and any recommendations for legislative or
9 regulatory changes necessary to improve the condition of the Fund.

10 (d) The Fund shall reimburse the monitor at a rate commensurate with the rate
11 the Commission pays to retired judges to hear cases before the Commission.

12 (e) The Fund shall allocate \$100,000 to provide funding for the special monitor.

13 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 2025. Section 2 of this Act shall remain effective for a period of 1 year and, at the
15 end of June 30, 2026, Section 2 of this Act, with no further action required by the General
16 Assembly, shall be abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.