



Testimony of

American Property Casualty Insurance Association (APCIA)

House Economic Matters Committee

House Bill 501 Labor and Employment - Workers' Compensation Claims - Fees for Legal Services

February 15, 2022

Letter of Opposition

The American Property Casualty Insurance Association (APCIA) is a national trade organization representing nearly 60 percent of the U.S. property casualty insurance market. Our members write approximately 85.9 percent of all workers compensation sold in Maryland. APCIA appreciates the opportunity to provide written comments in opposition to HB 501.

This bill would permit the Workers' Compensation Commission to order the payment of legal fees of up to \$2,000 for legal services rendered on behalf of a covered employee where no compensation other than a medical benefit is payable. It is unclear whether this is intended to apply to not only claims in which no indemnity benefits will ever be payable due to lost time, but also to claims in which previously awarded compensation benefits have already been exhausted. The fees would be payable by the employee, employer, insurer, self-insured employer, or Uninsured Employers' Fund – though, as indicated in the Fiscal and Policy Note for a virtually identical bill during the 2020 session, the Workers' Compensation Commission has acknowledged that it would most likely require entities other than the employee to pay the fee.

This change would represent a significant and unjustified departure from the current system, in which attorney fee arrangements have historically been governed by the Commission's rules and attorneys charge employees directly for their fees. Those rules, while generally prohibiting attorney fees in cases (as with medical care and treatment) where the employee does not receive any monetary award, already give the Commission discretion in COMAR 14.09.04.03(C) to authorize the payment of such fees in those cases where exceptional circumstances exist. As a result, there is no need for statutory amendments in this area.

For all these reasons, the APCIA urges the Committee to provide an unfavorable report on HB 501.

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