

WES MOORE
GOVERNOR

STATE OF MARYLAND

MARTIN E. LEWIS
CHAIR

MICHAEL W. BURNS
Director
michael.burns1@maryland.gov



CASEY BRYANT
DONCELLA S. WILSON
MEMBERS

STATE OF MARYLAND
UNINSURED EMPLOYERS' FUND

300 East Joppa Road, Suite 402
Towson, MD 21286
PHONE - (410) 321-4136
FAX - (410) 321-3975

Uninsured Employers' Fund

Testimony

SB0219/HB0193 –Uninsured Employers' Fund – Additional Assessment on Awards and Settlements

Position – Favorable

Please accept the following as the written testimony of the Maryland Uninsured Employers' Fund (UEF/Fund/Agency) requesting a Favorable report on SB0219/HB0193 –Uninsured Employers' Fund – Additional Assessment on Awards and Settlements.

The Uninsured Employers' Fund (UEF/Agency) is a statutory agency created to protect Maryland workers who are injured on the job (or develop an occupational disease). The purpose of the Agency is to provide workers' compensation benefits to injured workers and their families when an uninsured employer fails to pay benefits awarded by the Maryland Workers' Compensation Commission.

The UEF is a special fund which is funded by fines levied by the Commission against uninsured employers and assessments imposed on most awards and settlements of indemnity benefits. The agency also works to obtain reimbursement from uninsured employers for expenditures made by the agency to claimants. The Agency's obligation to provide benefits and/or compensation is triggered when an uninsured employer defaults on an Award issued by the Commission.

The current statute allows the agency to have an assessment of up to 2% on workers' compensation awards and settlements. The agency has been at the maximum 2% level for a decade. The Agency is 100% self-funded.

This legislation will give the agency the authority to raise the assessment on most awards and settlements issued by the Workers Compensation Commission (WCC) from the current maximum of 1% plus 1% to a new maximum of 1% plus up to 2% additional if required to

maintain the solvency of the Fund and ensure continued payments to injured Maryland workers and their families.

The agency receives approximately 80-90% of its funding from these assessments. A 2020 audit indicated the Fund faced insolvency in several years unless revenues increased. Recent assessment revenue generated from these WCC assessments is significantly down during the past two fiscal years. This legislation would permit the agency Board to increase the assessment up to an additional 1% in order to maintain the Fund's solvency and to have the resources to continue to make required payments to injured Maryland workers and their families who have not been properly insured by the worker's employer for workers compensation insurance purposes. It is also adjustable and, therefore, can be lowered as appropriate when funding reaches levels which indicate such a reduction is financially realistic and prudent.

The Uninsured Employer's Fund exists to protect workers who are injured on the job and whose employers fail to obtain Worker's Compensation Insurance. We ensure that benefits and medical expenses are properly paid to injured workers. Over the decades, the costs of providing these benefits have continued to rise while the assessment revenue has begun to decline.

This legislation ensures that our clients, uninsured Maryland workers and their families, continue to receive the payments which they rely upon for their support by ensuring the Fund has adequate financial resources available to pay their claims.

This agency requests a favorable report on this proposed legislation.

Thank you.

Sincerely,

Michael W. Burns

Michael W. Burns, Esquire
Director
Uninsured Employers' Fund