

SB0219 HB0193 –Uninsured Employers’ Fund – Additio

Uploaded by: Michael Burns

Position: FAV

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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

HB 193_Uninsured Employers' Fund - Additional Asse

Uploaded by: Hannah Allen

Position: UNF



LEGISLATIVE POSITION:

Unfavorable

House Bill 193 - Uninsured Employers' Fund - Additional Assessment on Awards and Settlements - Amount

Economic Matters Committee

Wednesday, February 26, 2025

Dear Chairman Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 193 (HB 193) increases the additional percentage the Uninsured Employers' Fund (UEF) may direct the Workers' Compensation Commission (WCC) to assess on awards and settlements if the UEF determines that the reserves of the Fund are inadequate to meet anticipated losses.

Maryland's compliant employers – those who dutifully maintain workers' compensation insurance – already contribute significantly to funding both the Subsequent Injury Fund (SIF) and the UEF through assessments on awards and settlements. **These employers should not be further penalized to compensate for the financial challenges facing the UEF, particularly in the absence of a clear long-term funding strategy.**

Additionally, increasing assessments without a clear, long-term plan for fiscal stability is a short-term fix that does not address the underlying financial challenges of the UEF. Without a well-defined strategy, there is a risk that compliant employers will face repeated increases in the future.

Rather than shifting the financial burden onto businesses that are already meeting their legal obligations, we urge the committee to explore alternative solutions that improve the fiscal responsibility of the UEF while protecting Maryland's job creators from undue costs.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **HB 193**.

HB 193 UEF Amount 022625 UNF APCIA.pdf

Uploaded by: Nancy Egan

Position: UNF



Testimony of

American Property Casualty Insurance Association (APCIA)

House Economic Matters Committee

House Bill 193 - Uninsured Employers' Fund - Additional Assessment on Awards and Settlements - Amount

February 26, 2025

Unfavorable

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 67% of the U.S. property and casualty insurance market, including 90% percent of Maryland's workers' compensation market. APCIA appreciates the opportunity to provide written comments in opposition to House Bill 193.

This bill would alter from 1% to up to 2%, the additional percentage the Uninsured Employers' Fund Board may direct the Workers' Compensation Commission to assess on awards and settlements if the Board determines that the Fund reserves are inadequate to meet anticipated losses. Assessing insurers on all settlements and benefit payments to fund uninsured employers is problematic. Insurers are being hurt two times: first, by the employer who refuses to obtain workers compensation coverage and 2) by being assessed on all awards and settlements to fund the employer's lack of compliance with workers compensation coverage requirements. HB 193 proposes doubling this unfair assessment on insurers. A better alternative would be to increase penalties and fines on employers who refuse to purchase the necessary coverage and better examination of the UEF operations as to why it is operating at a loss.

For these reasons, APCIA urges the Committee to provide an unfavorable report on House Bill 193.

Nancy J. Egan,

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