



Senate Finance Committee  
February 25, 2025

**Testimony of Chesapeake Employers' Insurance Company  
and the Injured Workers' Insurance Fund in Support of Senate Bill 695  
and in Support with Amendments of Senate Bill 219**

Senate Bill 219 and Senate Bill 695 both aim to support the Uninsured Employers' Fund ("UEF"). Senate Bill 219 grants an additional assessment of 1% to the UEF on awards and settlements from the Workers' Compensation Commission. (Currently, the UEF receives 2% in assessments from all carriers and self-insureds, including both Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund in addition to payment to the injured worker. Of note, all carriers and self-insureds also pay an assessment to the Subsequent Injury Fund in the amount 6.5% on awards and settlements.) Senate Bill 695 seeks to amend the composition of the UEF's board to include members with expertise in property and casualty insurance, accounting or financial experience, a policyholder of workers' compensation insurance in Maryland, and a general member of the public, replacing the current representation of labor, management, and the general public. Senate Bill 695 also mandates the UEF to establish reserves.

The bills are in response to the Legislative Workgroup Addressing the Long-Term Solvency of the UEF. As you heard on January 15, 2025, both UEF Director Micheal Burns and Workers' Compensation Commission Chair Maureen Quinn have various views on what is necessary to continue the review of the UEF. (To summarize, Director Burns believes the UEF's financial status can be cured with the assessment change, Chair Quinn believes the UEF needs guidance by way of a monitor given the inconsistencies she has heard regarding collection ability and claims handling.) As stakeholders in workers' compensation, Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund support essential changes to the UEF's funding and oversight to ensure that injured workers without employer coverage receive necessary medical treatment and indemnity payments.

The proposed board membership modifications will ensure that the UEF has experienced oversight. Additionally, requiring the UEF to establish reserves will provide a clearer picture of their liabilities for future funding considerations. Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund believe these structural changes will ensure proper oversight and the solvency of the UEF.

If Senate Bill 695 passes, Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund would support a 0.5% increase, rather than a 1% increase, to the UEF assessment. According

to the Interim Report of the Legislative Workgroup, with the UEF's current third-party administration contract and a recent settlement, its potential insolvency year is now projected for 2059, instead of April 2026 as previously predicted. Therefore, a 1% increase seems excessive, especially as it impacts law-abiding businesses, counties, municipalities, and the State.

For these reasons Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund support Senate Bill 695 and Senate Bill 219 with amendments.

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