

# **SB 219 and 695 Chesapeake-IWIF Testimony.pdf**

Uploaded by: Lyndsey Meninger

Position: FAV



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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**SB 695 UEF Board 022525 FAV APCIA .pdf**

Uploaded by: Nancy Egan

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**Testimony of**

**American Property Casualty Insurance Association (APCIA)**

**Senate Finance Committee**

**Senate Bill 695 - Labor and Employment - Uninsured Employers' Fund Board - Membership and Reserves**

**February 25, 2025**

**Favorable**

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 support of Senate Bill 695.

This bill would make a simple change by increasing the size of the board of the Uninsured Employers' Fund (UEF) from three members to five members. It also requires that 2 of the 5 members have substantial experience as officers or employees of a property and casualty insurance company; one have substantial experience in the field of accounting or finance; one shall be a workers' compensation policyholder in the State, and one shall be a member of the general public. In additional the Board is required to establish reserves to meet potential losses. All of these changes would assist in better oversight of the UEF and address its current financial shortcomings.

For these reasons, APCIA urges the Committee to provide a favorable report on Senate Bill 695.

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# **Sb695 Testimony.pdf**

Uploaded by: Pamela Beidle

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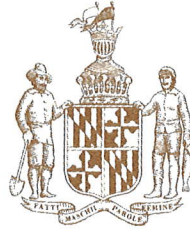
Chair, Finance Committee

Executive Nominations Committee

Joint Committee on Gaming Oversight

Joint Committee on Management  
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**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

February 25, 2025

**SB695**

**Labor and Employment – Uninsured Employers’ Fund Board – Membership and Reserves**

Good afternoon, Vice Chair Hayes and Members of the Finance Committee;

Thank you for the opportunity to present SB695, Labor and Employment – Uninsured Employers’ Fund Board – Membership and Reserves. SB695 requires the Uninsured Employers’ Fund (UEF) Board to establish reserve funding to meet potential losses of the UEF, and expands their membership from three members to five members appointed by the Governor with approval of the Senate.

The UEF was created to ensure that injured workers without employer coverage can receive necessary medical treatment and indemnity payments as required under workers’ compensation statutes. Presently, their board is authorized to establish reserve funding, but not necessarily required to do so. Requiring a reserve fund to be created will align with the UEF’s mission and ensure that funding is readily available to workers who need it immediately.

Additionally, SB695 alters the composition of the UEF board and expands it to prioritize qualification and expertise in the area of workers’ compensation. These proposed membership modifications will ensure that the UEF has experienced oversight and proper solvency, and will amend the board to include two members with expertise in property and casualty insurance, one with accounting or financial experience, a policyholder of workers’ compensation insurance in Maryland, and a general member of the public.

This legislation is proposed in response to the Legislative Workgroup Addressing the Long-Term Solvency of the UEF, which presented their concerns and recommendations to the Finance Committee on January 15<sup>th</sup> of this year. The modifications included in this bill will improve the usability of the UEF and promote more accountability and oversight going forward, so that the UEF can continue serving workers and employers throughout the state.

I respectfully request a “Favorable Report” on SB695.

