



Testimony of Chesapeake Employers' Insurance Company and Injured Workers' Insurance Fund in Opposition to House Bill 1486

House Bill 1486 proposes to mandate that the Subsequent Injury Fund (SIF) reimburse employers or their insurers for additional indemnity payments made for temporary total and temporary partial benefits. This bill applies when an injured worker is concurrently employed by multiple employers on the date of their accidental injury or occupational disease, resulting in a combined higher average weekly wage.

Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund do not maintain data on secondary employment among our injured workers. However, the expansion of the gig economy and increased reliance on supplemental employment suggests a material number of claims could be affected.

If House Bill 1486 were to pass, Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund would pay the additional temporary total or partial benefits to the injured worker. We would then seek reimbursement from the SIF based on the increased average weekly wage. This means Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund only pay the portion of the average weekly wage attributable to our insured's employment.

However, the SIF assessments are not increasing to support this bill. The SIF was not created or intended to cover additional expenses such as this. SIF was created to encourage hiring workers with pre-existing conditions, many of which are serious health conditions. (The SIF is funded from assessments based upon awards of compensation for permanent disability which are paid by workers' compensation employers/insurers.) Consequently, there is a risk that Chesapeake Employers' Insurance and the Injured Workers' Insurance Fund may not be reimbursed in the future, negatively impacting claim costs without a way for Chesapeake Employers' Insurance to recoup through premiums, which are based on payroll and not related to this cost differential as well as an increase in overall costs to the State of Maryland through payments for the increased claims costs through the Injured Workers' Insurance Fund.

In addition to the above, the bill may also result in administrative impacts, including additional wage verification, litigation, and reimbursement tracking.

For these reasons, Chesapeake Employers' Insurance Company and the Injured Workers' Insurance Fund respectfully urge an unfavorable report on House Bill 1486.

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