



Testimony of Chesapeake Employers' Insurance Company and IWIF in Opposition to Senate Bill 8

Senate Bill 8 would allow the Board of the Uninsured Employers' Fund to raise the assessment upon certain indemnity awards in the workers' compensation arena an additional 3%, that is from the present assessment to an amount of 4%. For the following reasons, Chesapeake Employers' Insurance Company and Injured Workers Insurance Fund respectfully oppose Senate Bill 8.

The Uninsured Employers Fund (UEF) acts as a backstop to provide medical and indemnity benefits to workers injured on the job while working for employers who have failed to secure workers compensation insurance. The funding for the UEF comes from collections, fines, and an assessment on every award for permanent partial disability or settlement ordered by the Workers' Compensation Commission. At present, the UEF assessment stands at 2%; an additional 6.5% assessment provides for funding of a sister state agency, the Subsequent Injury Fund. As such, the total assessment on each of these types of awards is 8.5%

The above-referenced assessment is paid by insurers, and the state, over and above any award of money to an injured worker. That is, these assessments are in addition to an award of indemnity to an injured worker. The following charts illustrate the assessment payments made by Chesapeake or the State in the last five (5) years.

UEF- 2% Actuals	State	Private		SIF - 6.5% Actuals	State	Private
2015	\$523,280.06	\$1,362,541.42		2015	\$1,703,072.38	\$4,433,603.38
2016	\$770,998.47	\$1,775,026.18		2016	\$2,501,137.36	\$5,730,330.01
2017	\$637,916.22	\$1,525,424.62		2017	\$2,067,133.52	\$5,086,466.33
2018	\$607,372.08	\$1,318,466.41		2018	\$1,745,483.46	\$3,348,765.40
2019	\$636,622.15	\$1,431,125.48		2019	\$2,180,485.15	\$4,972,234.11
Total	\$3,176,188.98	\$7,412,584.11		Total	\$10,197,311.87	\$23,571,399.23

If Senate Bill 8 had been in place, the below chart shows how the bill would have impacted expenditures over the last five (years):

UEF- 2% Increase to 4%	State	Private
2015	\$1,046,560.12	\$2,725,082.84
2016	\$1,541,996.94	\$3,550,052.36
2017	\$1,275,832.44	\$3,050,849.24

2018	\$1,214,744.16	\$2,636,932.82
2019	\$1,273,244.30	\$2,862,250.96
Total	\$6,352,377.96	\$14,825,168.22

As can be seen, the assessments are significant costs that are not paid by insurers in a vacuum; the expenditures are passed down to Maryland businesses. Significantly, any increase in the assessment in connection with state claims would serve to move money from other state agencies to the UEF; a budgetary issue larger than this bill's focus.

Given the impact of Senate Bill 8 to Maryland businesses and the State, as an employer in the workers' compensation arena, Chesapeake Employers and IWIF respectfully oppose Senate Bill 8 and request an unfavorable report.

Respectfully submitted,

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