

New Workers' Compensation Legislation 2008

Summary of new workers' compensation laws enacted by the 2008 Maryland legislature:

SB 679 - IWIF- Regulation by the Maryland Insurance Commissioner

Senate Bill 679 addresses two major aspects of regulatory authority over IWIF.

1. Effective October 1, 2008, IWIF will be subject to the same regulation by the insurance commissioner as all other insurers in Maryland, including:

- a. Market Conduct Examinations
- b. Complaint resolution
- c. Regulatory fines and corrective orders.

"We supported this part of the legislation," stated Tom Phelan, IWIF President and CEO. "We feel it more closely aligns us with the insurance industry and makes it easier for our customers to voice any concerns. I am confident that treating IWIF as an authorized insurer will provide everyone with assurances and recognition that IWIF provides world-class customer service."

2. By December 2, 2008, the Maryland Insurance Administration (MIA) is to complete a study of IWIF. This study will include:

- a. An analysis to determine whether IWIF should be subject to the same ratemaking provisions of the law that apply to authorized insurers, including affiliation with the National Council of Compensation Insurance (NCCI).



- b. Identification of any remaining provisions of the law that apply to authorized insurers, but do not currently apply to IWIF.

Note: IWIF will be involved in the process and provide information to the study group to ensure that the best interests of our policyholders and stakeholders are seriously considered throughout this process.

SB 606/HB 1227 - State Government - Investment Services - Use of Minority Business Enterprises (MBEs)

Senate Bill 606 requires the IWIF Board to attempt to use, to the greatest extent feasible, minority business enterprises (MBEs) to provide brokerage and investment management services for the Board. Effective October 1, 2008, our Board must:

- a. Remove any barrier that limits full participation
- b. Develop appropriate guidelines in conjunction with the Governor's Office of Business Diversity
- c. File annual reports detailing IWIF's use of MBE investment services with the Governor's Office.

HB 700 - Workers' Compensation - Permanent Partial Disability Increase

House Bill 700 will increase first-tier permanent partial disability benefits under the workers' compensation law from a maximum of \$114 per week to a three-year, phase-in increase of 1/7, 1/6.5 and 1/6 of the average weekly wage. NCCI has done a detailed analysis of this bill and concluded that it would increase system costs between \$6 million to \$14 million.

"Since IWIF currently writes 29% of the insured market in Maryland, we estimate our cost to be between \$1.7 million and \$4 million," explained Tom Phelan. "We [IWIF] supported a first-tier increase because the last increase was seven years ago. We recognized that it was the right thing to do for injured workers."

The complete text of each bill is available online at the General Assembly's web site: mlis.state.md.us under "Bill Information and Status."