

# SENATE BILL 745

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By: **Senator Middleton**

Introduced and read first time: February 3, 2012

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Injured Workers' Insurance Fund – Conversion to Chesapeake Employers'**  
3 **Insurance Company**

4 FOR the purpose of converting the Injured Workers' Insurance Fund into a statutorily  
5 created, private, nonprofit, and nonstock workers' compensation insurer to be  
6 named the Chesapeake Employers' Insurance Company; requiring the Company  
7 to file certain documents and take certain actions before a certain transfer date;  
8 providing that the Company has certain powers, privileges, and immunities  
9 granted by and is subject to certain provisions imposed on certain insurers;  
10 providing that the Company is a member of the Property and Casualty  
11 Insurance Guaranty Corporation; requiring the Company to be an authorized  
12 insurer and certain insurer of last resort; specifying the circumstances under  
13 which the Company may cancel or refuse to renew or issue a policy; authorizing  
14 the Company to engage only in a certain business; establishing the Board for  
15 the Chesapeake Employers' Insurance Company; specifying the qualifications  
16 and terms of members of the Board; requiring the Board to adopt rules, bylaws,  
17 and procedures; authorizing the Board to declare a policyholder dividend in a  
18 certain form under certain circumstances; providing that the Company is  
19 independent of State government and that the employees of the Company are  
20 not State employees and not members of the State Retirement and Pension  
21 System; providing that the money of the Company is not part of the General  
22 Fund of the State; providing that the State may not budget for or provide  
23 General Fund appropriations to the Company; providing that the debts, claims,  
24 obligations, and liabilities of the Company are not a debt of the State or a pledge  
25 of the credit of the State; requiring the Board to attempt to use minority  
26 business enterprises under certain circumstances for certain brokerage and  
27 investment management services; requiring the Board to submit a certain  
28 report on or before a certain date each year; requiring, on a certain date, that  
29 certain functions, powers, duties, assets, property, accounts, liabilities,  
30 contracts, and obligations be irrevocably transferred to the Company;  
31 prohibiting a certain contract or agreement with the State from being

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 transferred or assigned to the Company until a certain time; prohibiting the  
 2 Company from being converted to a mutual or stock company or being dissolved;  
 3 requiring the Fund to serve as a certain insurer of last resort in a certain  
 4 manner before a certain date; providing that the Fund shall continue to exist on  
 5 and after a certain date; prohibiting the Fund from issuing certain policies or  
 6 engaging in a certain business except through the Company on and after a  
 7 certain date; authorizing the Fund to continue to be a certain third party  
 8 administrator on and after a certain date; requiring the Company to utilize  
 9 certain employees; authorizing the Fund to utilize certain employees; requiring  
 10 the Company and the Fund to execute a certain agreement; prohibiting the  
 11 Fund from hiring certain employees on and after a certain date; authorizing  
 12 certain employees to remain employees of the Fund and continue to be State  
 13 employees on and after a certain date; providing that certain employees of the  
 14 Fund may not be required to be employees of the Company; authorizing certain  
 15 employees to make a certain election; providing that members of the Board for  
 16 the Fund continue to serve a certain term and serve on the Board for the  
 17 Company under certain terms and conditions; requiring the Board for the Fund  
 18 to be subject to certain rules, bylaws, and procedures; authorizing the President  
 19 of the Fund to be the President of the Company; requiring the Fund to remain  
 20 in existence under certain circumstances; providing for the termination of the  
 21 Fund; repealing certain provisions relating to the Fund that are obsolete upon  
 22 the conversion of the Fund to the Company; providing that the Company is the  
 23 successor of the Fund, the Board for the Company is the successor of the Board  
 24 for the Fund, and the President of the Company is the successor of the  
 25 President of the Fund; requiring that certain names and titles of certain  
 26 agencies and officials mean the names and titles of the successor agency or  
 27 official; providing that certain forms and documents may be used by the  
 28 Company; providing that certain functions, powers, duties, equipment, assets,  
 29 and liabilities be transferred to the Company on a certain date; providing that  
 30 compliance with certain provisions of law is not required until a certain time;  
 31 defining certain terms; stating a certain intent of the General Assembly;  
 32 requiring the publisher of the Annotated Code, in consultation with the  
 33 Department of Legislative Services, to make certain corrections in the Code;  
 34 and generally relating to the conversion of the Injured Workers' Insurance Fund  
 35 to the Chesapeake Employers' Insurance Company.

36 BY adding to  
 37 Article – Insurance  
 38 Section 24–301 through 24–311 to be under the new subtitle “Subtitle 3.  
 39 Chesapeake Employers’ Insurance Company” and the amended title  
 40 “Title 24. State Created Mutual Societies and Other Entities”  
 41 Annotated Code of Maryland  
 42 (2011 Replacement Volume)

43 BY repealing and reenacting, with amendments,  
 44 Article – Labor and Employment  
 45 Section 10–101, 10–104, 10–107, 10–109, and 10–113

1 Annotated Code of Maryland  
2 (2008 Replacement Volume and 2011 Supplement)

3 BY repealing

4 Article – Labor and Employment

5 The part designation “Part I. Definitions” immediately preceding Section  
6 10–101; and Section 10–105, 10–106, and 10–108 and the part “Part II.  
7 Fund”; 10–110, 10–111, 10–112, and 10–114 and the part “Part III.  
8 Board”; 10–117, 10–118, 10–120, 10–121, 10–122, 10–125, 10–126, and  
9 10–127 and the part “Part IV. Purposes and Administration of Fund”;  
10 10–130, 10–131, 10–132, 10–133, 10–134, 10–135, 10–136, 10–137, and  
11 10–138 and the part “Part V. Insurance Program”; and 10–141 and the  
12 part “Part VI. Prohibited Acts; Penalty”

13 Annotated Code of Maryland  
14 (2008 Replacement Volume and 2011 Supplement)

15 BY adding to

16 Article – Labor and Employment

17 Section 10–103 and 10–107

18 Annotated Code of Maryland

19 (2008 Replacement Volume and 2011 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article – Insurance**

23 Title 24. State Created Mutual Societies AND OTHER ENTITIES.

24 **SUBTITLE 3. CHESAPEAKE EMPLOYERS’ INSURANCE COMPANY.**

25 **24–301.**

26 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
27 INDICATED.

28 (B) “BOARD” MEANS THE BOARD FOR THE CHESAPEAKE EMPLOYERS’  
29 INSURANCE COMPANY.

30 (C) “COMPANY” MEANS THE CHESAPEAKE EMPLOYERS’ INSURANCE  
31 COMPANY.

32 (D) “FUND” MEANS THE INJURED WORKERS’ INSURANCE FUND  
33 ESTABLISHED UNDER TITLE 10 OF THE LABOR AND EMPLOYMENT ARTICLE.

34 **24–302.**

1           **THE GENERAL ASSEMBLY FINDS AND DETERMINES THAT:**

2           **(1) EMPLOYERS' ACCESS TO AFFORDABLE WORKERS'**  
3 **COMPENSATION INSURANCE IS OF UTMOST IMPORTANCE TO THE ECONOMY OF**  
4 **THE STATE;**

5           **(2) THE FUND HAS BEEN THE STATE'S INSURER OF LAST RESORT**  
6 **FOR WORKERS' COMPENSATION INSURANCE SINCE 1914;**

7           **(3) SINCE ITS CREATION, THE FUND WAS PERMITTED TO**  
8 **COMPETE WITH THE PRIVATE INSURANCE MARKET; HOWEVER, THE FUND DID**  
9 **NOT BECOME AN EFFECTIVE COMPETITIVE INSURER UNTIL THE GENERAL**  
10 **ASSEMBLY EXEMPTED THE FUND FROM MOST LAWS THAT APPLY TO STATE**  
11 **GOVERNMENT AGENCIES AND REQUIRED THE FUND TO BE A REGULATED**  
12 **INSURER;**

13           **(4) THE MOST EFFECTIVE WAY TO ENSURE THAT MARYLAND'S**  
14 **WORKERS' COMPENSATION SYSTEM REMAINS STABLE AND AFFORDABLE IS TO**  
15 **ENCOURAGE AND CREATE AS MUCH COMPETITION IN THE MARKETPLACE AS**  
16 **POSSIBLE;**

17           **(5) THE LONG-TERM COMPETITIVE SUCCESS OF THE FUND**  
18 **WOULD BE ENHANCED IF THE FINAL BARRIERS TO FULL COMPETITION WERE**  
19 **ELIMINATED BY CONVERTING THE FUND INTO A FULLY COMPETITIVE, FULLY**  
20 **REGULATED, PRIVATE INSURER;**

21           **(6) CONVERTING THE FUND INTO A PRIVATE, NONSTOCK,**  
22 **NONPROFIT INSURER WOULD LEVEL THE COMPETITIVE PLAYING FIELD FOR ALL**  
23 **WORKERS' COMPENSATION INSURERS OPERATING IN THE STATE;**

24           **(7) CONVERTING THE FUND INTO A PRIVATE, NONSTOCK,**  
25 **NONPROFIT INSURER WOULD PROVIDE ASSURANCE TO MARYLAND EMPLOYERS**  
26 **THAT THE FINANCIAL SUCCESS OF THE FUND WOULD INURE TO THEIR BENEFIT**  
27 **AS POLICYHOLDERS THROUGH DIVIDENDS AND LOWER RATES AND THAT**  
28 **SURPLUS FUNDS COULD NOT BE TRANSFERRED TO THE STATE'S GENERAL**  
29 **FUND;**

30           **(8) THE INTERESTS OF THE STATE WOULD BE PROTECTED IF THE**  
31 **FUND'S STATUTORY PURPOSE OF INSURER OF LAST RESORT FOR WORKERS'**  
32 **COMPENSATION INSURANCE IS PRESERVED AND THE GOVERNOR RETAINS THE**  
33 **RIGHT TO APPOINT THE MEMBERS OF THE BOARD OF THE NEW COMPANY;**

1           **(9) (I) THE INTERESTS OF THE EMPLOYEES OF THE FUND**  
2 **WOULD BE SATISFIED BY ENSURING THAT CURRENT EMPLOYEES HAVE THE**  
3 **OPTION TO REMAIN STATE EMPLOYEES OF THE FUND AFTER THE CONVERSION**  
4 **OF THE FUND TO A PRIVATE, NONSTOCK, NONPROFIT INSURER; AND**

5           **(II) THE INTERESTS OF EMPLOYEES OF THE FUND WOULD**  
6 **FURTHER BE SATISFIED BY ENSURING THAT CURRENT LONG-TERM STATE**  
7 **EMPLOYEES WHO REMAIN STATE EMPLOYEES OF THE FUND AFTER THE**  
8 **CONVERSION OF THE FUND TO A PRIVATE, NONSTOCK, NONPROFIT INSURER**  
9 **SHALL REMAIN IN THE STATE RETIREMENT SYSTEM AND, THEREFORE, WOULD**  
10 **NOT BE UNFAIRLY PENALIZED BY BEING PREMATURELY FORCED OUT OF THE**  
11 **STATE RETIREMENT SYSTEM DUE TO THE CONVERSION; AND**

12           **(10) THE INTERESTS OF THE RESIDENTS OF THE STATE, BOTH**  
13 **EMPLOYERS AND EMPLOYEES, WILL BE BEST MET BY CONVERTING THE FUND**  
14 **INTO A PRIVATE, NONSTOCK, NONPROFIT, FULLY REGULATED, COMPETITIVE**  
15 **INSURER.**

16 **24-303.**

17           **(A) THERE IS A CHESAPEAKE EMPLOYERS' INSURANCE COMPANY.**

18           **(B) THE COMPANY SHALL BE:**

19           **(1) A PRIVATE, NONPROFIT, NONSTOCK COMPANY ORGANIZED**  
20 **UNDER STATE LAW; AND**

21           **(2) SUBJECT TO THE APPLICABLE PROVISIONS OF THE**  
22 **CORPORATIONS AND ASSOCIATIONS ARTICLE AS A NONSTOCK COMPANY.**

23           **(C) BEFORE MARCH 1, 2013, THE COMPANY SHALL:**

24           **(1) FILE ARTICLES OF INCORPORATION UNDER THE**  
25 **CORPORATIONS AND ASSOCIATIONS ARTICLE; AND**

26           **(2) TAKE ALL STEPS NECESSARY TO BE A PRIVATE, NONPROFIT,**  
27 **NONSTOCK COMPANY ORGANIZED UNDER STATE LAW.**

28 **24-304.**

29           **(A) BEFORE MARCH 1, 2013, THE COMPANY SHALL:**

1           **(1) FILE AN APPLICATION FOR A CERTIFICATE OF AUTHORITY**  
2 **UNDER THIS ARTICLE; AND**

3           **(2) TAKE ALL STEPS NECESSARY TO BE AN AUTHORIZED**  
4 **DOMESTIC INSURER UNDER STATE LAW.**

5           **(B) ON APPROVAL OF THE APPLICATION FOR A CERTIFICATE OF**  
6 **AUTHORITY, THE COMMISSIONER SHALL ISSUE TO THE COMPANY A**  
7 **CERTIFICATE OF AUTHORITY THAT AUTHORIZES THE COMPANY TO ISSUE**  
8 **POLICIES UNDER TITLE 9 OF THE LABOR AND EMPLOYMENT ARTICLE.**

9           **(C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE**  
10 **COMPANY HAS THE POWERS, PRIVILEGES, AND IMMUNITIES GRANTED BY AND**  
11 **IS SUBJECT TO THE PROVISIONS APPLICABLE TO INSURERS AUTHORIZED TO**  
12 **WRITE WORKERS' COMPENSATION INSURANCE UNDER THIS ARTICLE.**

13           **(D) THE COMPANY IS A MEMBER OF THE PROPERTY AND CASUALTY**  
14 **INSURANCE GUARANTY CORPORATION.**

15 **24-305.**

16           **(A) THE COMPANY SHALL BE:**

17           **(1) AN AUTHORIZED INSURER; AND**

18           **(2) THE WORKERS' COMPENSATION INSURER OF LAST RESORT**  
19 **FOR EMPLOYERS COVERED UNDER TITLE 9 OF THE LABOR AND EMPLOYMENT**  
20 **ARTICLE.**

21           **(B) THE COMPANY MAY NOT CANCEL OR REFUSE TO RENEW OR ISSUE A**  
22 **POLICY EXCEPT FOR:**

23           **(1) NONPAYMENT OF A PREMIUM FOR CURRENT OR PRIOR**  
24 **POLICIES ISSUED BY THE FUND OR THE COMPANY;**

25           **(2) FAILURE TO PROVIDE PAYROLL INFORMATION TO THE FUND**  
26 **OR THE COMPANY; OR**

27           **(3) FAILURE TO COOPERATE IN ANY PAYROLL AUDIT CONDUCTED**  
28 **BY THE FUND OR THE COMPANY.**

29           **(C) THE COMPANY MAY ENGAGE ONLY IN THE BUSINESS OF WORKERS'**  
30 **COMPENSATION INSURANCE IN ACCORDANCE WITH STATE LAW.**

1 24-306.

2 (A) THERE IS A BOARD FOR THE CHESAPEAKE EMPLOYERS'  
3 INSURANCE COMPANY.

4 (B) THE BOARD SHALL CONSIST OF NINE MEMBERS APPOINTED BY THE  
5 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

6 (C) EACH MEMBER SHALL BE A CITIZEN OF THE STATE.

7 (D) BEFORE TAKING OFFICE, EACH APPOINTEE TO THE BOARD SHALL  
8 TAKE THE OATH REQUIRED BY ARTICLE I, § 9 OF THE MARYLAND  
9 CONSTITUTION.

10 (E) (1) THE TERM OF A MEMBER IS 5 YEARS.

11 (2) THE TERMS OF MEMBERS ARE STAGGERED AS REQUIRED BY  
12 THE TERMS PROVIDED FOR MEMBERS OF THE BOARD FOR THE FUND ON  
13 OCTOBER 1, 1991.

14 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE  
15 UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

16 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN  
17 SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS  
18 APPOINTED AND QUALIFIES.

19 (5) A MEMBER MAY NOT SERVE FOR MORE THAN:

20 (I) TWO FULL TERMS; OR

21 (II) A TOTAL OF 10 YEARS.

22 (F) THE GOVERNOR MAY REMOVE A MEMBER FOR INCOMPETENCE OR  
23 MISCONDUCT.

24 (G) THE BOARD SHALL ADOPT RULES, BYLAWS, AND PROCEDURES.

25 24-307.

1           **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE BOARD MAY**  
2 **DECLARE A POLICYHOLDER DIVIDEND IN THE FORM OF A CASH REFUND OR**  
3 **CREDIT TO:**

4                   **(1) A POLICYHOLDER BASED ON THE ACTUAL LOSS RATIO THAT IS**  
5 **BETTER THAN THE LOSS RATIO USED TO CALCULATE THE POLICYHOLDER'S**  
6 **PREMIUM; OR**

7                   **(2) ALL POLICYHOLDERS WHOSE LOSS RATIO CONTRIBUTED TO**  
8 **THE COMPANY'S SURPLUS FOR THAT YEAR.**

9           **(B) (1) THE BOARD MAY NOT ISSUE A POLICYHOLDER DIVIDEND**  
10 **UNDER SUBSECTION (A) OF THIS SECTION UNLESS THE COMMISSIONER HAS**  
11 **APPROVED THE POLICYHOLDER DIVIDEND.**

12                   **(2) IN DETERMINING WHETHER TO APPROVE THE POLICYHOLDER**  
13 **DIVIDEND UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSIONER**  
14 **SHALL CONSIDER:**

15                           **(I) THE COMPANY'S SURPLUS;**

16                           **(II) MATERIAL CHANGES IN PREMIUM RATES, CLAIMS,**  
17 **MARKET SHARE, OR TYPES OF INSURED RISKS;**

18                           **(III) THE METHODOLOGY THE BOARD USED TO DETERMINE**  
19 **THAT POLICYHOLDERS ARE ELIGIBLE FOR THE POLICYHOLDER DIVIDEND; AND**

20                           **(IV) ANY OTHER FACTOR THE COMMISSIONER CONSIDERS**  
21 **RELEVANT.**

22 **24-308.**

23           **(A) THE COMPANY IS NOT AND MAY NOT BE DEEMED TO BE A**  
24 **DEPARTMENT, UNIT, AGENCY, OR INSTRUMENTALITY OF THE STATE FOR ANY**  
25 **PURPOSE.**

26           **(B) EMPLOYEES OF THE COMPANY ARE NOT:**

27                   **(1) EMPLOYEES OF THE STATE; OR**

28                   **(2) MEMBERS OF THE STATE RETIREMENT AND PENSION**  
29 **SYSTEM.**



1           (C) ALL DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE  
2 COMPANY, WHENEVER INCURRED, SHALL BE THE DEBTS, CLAIMS,  
3 OBLIGATIONS, AND LIABILITIES OF THE COMPANY ONLY AND NOT OF THE  
4 STATE OR THE STATE'S DEPARTMENTS, UNITS, AGENCIES,  
5 INSTRUMENTALITIES, OFFICERS, OR EMPLOYEES.

6           (D) (1) MONEY OF THE COMPANY IS NOT PART OF THE GENERAL  
7 FUND OF THE STATE.

8           (2) THE STATE MAY NOT BUDGET FOR OR PROVIDE GENERAL  
9 FUND APPROPRIATIONS TO THE COMPANY.

10           (3) THE DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE  
11 COMPANY ARE NOT A DEBT OF THE STATE OR A PLEDGE OF THE CREDIT OF THE  
12 STATE.

13   **24-309.**

14           (A) CONSISTENT WITH MINORITY BUSINESS PURCHASING STANDARDS  
15 APPLICABLE TO UNITS OF STATE GOVERNMENT UNDER THE STATE FINANCE  
16 AND PROCUREMENT ARTICLE AND CONSISTENT WITH THE FIDUCIARY DUTIES  
17 OF THE BOARD, THE BOARD SHALL ATTEMPT TO USE TO THE GREATEST EXTENT  
18 FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE AND  
19 INVESTMENT MANAGEMENT SERVICES TO THE BOARD.

20           (B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT  
21 MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL  
22 ALLOCATED ASSET CLASSES.

23           (C) (1) TO ASSIST THE BOARD IN ACHIEVING THE GOAL DESCRIBED  
24 UNDER SUBSECTION (A) OF THIS SECTION, THE BOARD SHALL UNDERTAKE  
25 MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY  
26 MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT  
27 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE COMPANY.

28           (2) THE MEASURES UNDERTAKEN BY THE BOARD SHALL  
29 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE BOARD'S  
30 WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE OF POTENTIAL  
31 PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES  
32 OPPORTUNITIES AFFORDED BY THE COMPANY.

33           (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY  
34 AFFAIRS, THE BOARD SHALL DEVELOP GUIDELINES TO ASSIST IT IN

1 IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES  
2 IN ORDER TO HELP THE COMPANY ACHIEVE THE OBJECTIVE FOR GREATER USE  
3 OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT  
4 MANAGEMENT SERVICES.

5 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE BOARD SHALL  
6 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,  
7 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL  
8 ASSEMBLY ON:

9 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE  
10 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE  
11 BOARD IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

12 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE COMPANY  
13 ASSETS THAT ARE UNDER THE INVESTMENT CONTROL OF MINORITY BUSINESS  
14 ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS;  
15 AND

16 (3) THE MEASURES THE BOARD UNDERTOOK IN THE  
17 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION  
18 (C)(2) OF THIS SECTION.

19 24-310.

20 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON  
21 MARCH 1, 2013, ALL THE FUNCTIONS, POWERS, DUTIES, ASSETS, REAL AND  
22 PERSONAL PROPERTY, ACCOUNTS, LIABILITIES, CONTRACTS, AND OBLIGATIONS  
23 OF THE FUND SHALL BE IRREVOCABLY TRANSFERRED TO THE COMPANY,  
24 INCLUDING LIABILITY FOR ALL CLAIMS, WHETHER KNOWN OR UNKNOWN,  
25 ARISING OUT OF ANY INSURANCE POLICY PREVIOUSLY ISSUED BY THE FUND.

26 (B) ANY CONTRACT OR AGREEMENT WITH THE STATE FOR THE THIRD  
27 PARTY ADMINISTRATION OF THE STATE'S SELF-INSURED WORKERS'  
28 COMPENSATION PROGRAM FOR STATE EMPLOYEES MAY NOT BE TRANSFERRED  
29 OR ASSIGNED TO THE COMPANY UNTIL THE FUND NO LONGER HAS EMPLOYEES.

30 24-311.

31 THE COMPANY MAY NOT:

32 (1) BE CONVERTED TO A MUTUAL OR STOCK COMPANY; OR

1           **(2) BE DISSOLVED.**

2                                   **Article – Labor and Employment**

3   **[Part I. Definitions.]**

4   10–101.

5           (a)    In this subtitle the following words have the meanings indicated.

6           (b)    “Administration” means the Maryland Insurance Administration.

7           (c)    “Board” means the Board for the Injured Workers’ Insurance Fund.

8           (d)    “Commissioner” means the Maryland Insurance Commissioner.

9           **(E) “COMPANY” MEANS THE CHESAPEAKE EMPLOYERS’ INSURANCE**  
10 **COMPANY ESTABLISHED UNDER TITLE 24, SUBTITLE 3 OF THE INSURANCE**  
11 **ARTICLE.**

12           **[(e) (F) “Fund” means the Injured Workers’ Insurance Fund.**

13           **[(f) “Policyholder” means an employer who holds a policy of insurance under**  
14 **this subtitle.**

15           (g)    (1)   “Wage” means all earnings that are due to an employee for  
16 employment.

17                   (2)   “Wage” includes:

18                           (i)   a bonus;

19                           (ii)  overtime pay;

20                           (iii) a share of profits; and

21                           (iv)  if, at the time of hiring, an employer and employee set a  
22 dollar value for board or a similar advantage, the advantage.]

23   **[Part II. Fund.]**

24   **[10–104.] 10–102.**

25           **(A) There is an Injured Workers’ Insurance Fund.**

1           **(B) BEFORE MARCH 1, 2013, THE FUND SHALL SERVE AS THE**  
2 **WORKERS' COMPENSATION INSURER OF LAST RESORT FOR WORKERS'**  
3 **COMPENSATION INSURANCE AND AS A COMPETITIVE WORKERS' COMPENSATION**  
4 **INSURER UNDER THE SAME TERMS AND CONDITIONS AS THE FUND SERVED**  
5 **BEFORE OCTOBER 1, 2012.**

6           **(C) ON AND AFTER MARCH 1, 2013, THE FUND:**

7                   **(1) SHALL CONTINUE TO EXIST; BUT**

8                   **(2) MAY NOT ISSUE NEW POLICIES OR OTHERWISE ENGAGE IN**  
9 **THE BUSINESS OF INSURANCE EXCEPT THROUGH THE COMPANY.**

10           **(D) ON AND AFTER MARCH 1, 2013, THE FUND MAY CONTINUE TO BE**  
11 **THE THIRD PARTY ADMINISTRATOR FOR THE STATE'S SELF-INSURED**  
12 **WORKERS' COMPENSATION PROGRAM FOR STATE EMPLOYEES UNDER A**  
13 **CONTRACT WITH THE STATE.**

14           **(E) (1) IN THE OPERATION OF THE COMPANY, THE COMPANY SHALL**  
15 **UTILIZE EMPLOYEES OF THE FUND AND THE COMPANY.**

16                   **(2) IN THE OPERATION OF THE FUND, THE FUND MAY UTILIZE**  
17 **EMPLOYEES OF THE FUND OR THE COMPANY.**

18           **(F) (1) THE COMPANY AND THE FUND SHALL ANNUALLY EXECUTE**  
19 **AN AGREEMENT THAT LISTS THE EMPLOYEES OF THE FUND AND THE**  
20 **EMPLOYEES OF THE COMPANY.**

21                   **(2) THE AGREEMENT SHALL:**

22                           **(I) SPECIFY THE EMPLOYEES THAT WILL BE UTILIZED BY**  
23 **THE COMPANY AND THE FUND;**

24                           **(II) STATE THE RELATIONSHIP BETWEEN THE COMPANY**  
25 **AND THE FUND;**

26                           **(III) PROVIDE THAT ALL ASSETS AND LIABILITIES OF THE**  
27 **FUND ARE THE ASSETS AND LIABILITIES OF THE COMPANY; AND**

28                           **(IV) BE FILED WITH THE ADMINISTRATION.**

29 **10-103.**

1           **(A) ON AND AFTER MARCH 1, 2013:**

2                   **(1) THE FUND MAY NOT HIRE NEW EMPLOYEES; AND**

3                   **(2) EMPLOYEES OF THE FUND:**

4                           **(I) MAY REMAIN EMPLOYEES OF THE FUND;**

5                                   **(II) SHALL CONTINUE TO BE STATE EMPLOYEES ONLY IF**  
6 **THEY REMAIN EMPLOYEES OF THE FUND;**

7                                   **(III) MAY NOT BE REQUIRED TO BE EMPLOYEES OF THE**  
8 **COMPANY;**

9                                   **(IV) SHALL BE SUBJECT TO EACH LAW THAT APPLIED TO**  
10 **EMPLOYEES OF THE FUND IMMEDIATELY BEFORE MARCH 1, 2013;**

11                                   **(V) SHALL BE SUBJECT TO THE SAME TERMS AND**  
12 **CONDITIONS OF EMPLOYMENT AS EXISTED IMMEDIATELY BEFORE MARCH 1,**  
13 **2013, INCLUDING BENEFITS, LEAVE, AND PAY GRADE;**

14                                   **(VI) SHALL REMAIN IN THE STATE RETIREMENT SYSTEM**  
15 **ONLY IF THEY REMAIN EMPLOYEES OF THE FUND;**

16                                   **(VII) EXCEPT FOR CHANGES IN BENEFITS OR COMPENSATION**  
17 **APPLICABLE TO STATE EMPLOYEES GENERALLY, MAY NOT BE DENIED ANY**  
18 **COMPENSATION OR BENEFIT PROVIDED TO EMPLOYEES OF THE FUND AS OF**  
19 **MARCH 1, 2013;**

20                                   **(VIII) MAY NOT BE DENIED A PROMOTION, BASED ON THE**  
21 **EMPLOYEE'S STATUS AS AN EMPLOYEE OF THE FUND; AND**

22                                   **(IX) SUBJECT TO SUBSECTION (B) OF THIS SECTION, MAY**  
23 **ELECT TO BE AN EMPLOYEE OF THE COMPANY.**

24           **(B) IF AN EMPLOYEE OF THE FUND INTENDS TO ELECT TO BE AN**  
25 **EMPLOYEE OF THE COMPANY UNDER SUBSECTION (A)(2)(IX) OF THIS SECTION,**  
26 **THE COMPANY SHALL:**

27                           **(1) REQUIRE THE EMPLOYEE TO MAKE THE ELECTION IN**  
28 **WRITING; AND**

29                           **(2) PROVIDE THE EMPLOYEE WITH INFORMATION THAT:**

1                   (I) STATES THAT THE ELECTION OF THE EMPLOYEE TO  
2 BECOME AN EMPLOYEE OF THE COMPANY IS VOLUNTARY AND IRREVOCABLE;  
3 AND

4                   (II) FULLY DISCLOSURES THE TERMS OF EMPLOYMENT  
5 WITH THE COMPANY.

6                   (C) AN EMPLOYEE OF THE COMPANY MAY NOT ELECT TO BE AN  
7 EMPLOYEE OF THE FUND.

8 [10-105.

9                   (a) Except for Title 3, Subtitle 1, Title 8, Subtitle 3, and Title 11 of the  
10 Insurance Article and as otherwise provided by law, the Fund is subject to the  
11 Insurance Article to the same extent as an authorized domestic workers' compensation  
12 insurer.

13                   (b) Notwithstanding subsection (a) of this section, the Fund shall register  
14 with the Commissioner and be subject to the provisions of Title 8, Subtitle 3 of the  
15 Insurance Article if the Fund operates as an administrator, as defined in § 8-301 of  
16 the Insurance Article.]

17 [10-106.

18                   (a) Subject to subsection (b) of this section, the Fund shall operate in a  
19 manner similar to an authorized domestic workers' compensation insurer.

20                   (b) The Fund shall:

21                   (1) serve as a competitive insurer in the marketplace;

22                   (2) guarantee the availability of workers' compensation insurance in  
23 the State;

24                   (3) serve as the workers' compensation insurer of last resort; and

25                   (4) engage only in the business of workers' compensation insurance in  
26 accordance with State law.]

27 [10-107.] **10-104.**

28                   (a) The Fund is independent of all State units.

1 (b) (1) Except as provided in paragraph (2) of this subsection and  
2 elsewhere in this subtitle, the Fund is not subject to any law, including § 6–106 of the  
3 State Government Article, that affects governmental units.

4 (2) The Fund is subject to:

5 (i) Title 10, Subtitle 6, Part III of the State Government Article;

6 (ii) Title 12 of the State Government Article;

7 (iii) the Maryland Public Ethics Law; and

8 (iv) Title 5, Subtitle 3 of the State Personnel and Pensions  
9 Article.

10 (3) Paragraph (1) of this subsection does not affect the exemption from  
11 property tax under § 7–210 of the Tax – Property Article.

12 [(c) The Fund is a member of the Property and Casualty Insurance Guaranty  
13 Corporation.]

14 [10–108.

15 Beginning with calendar year 1994, the calendar year is the fiscal year of the  
16 Fund.]

17 [Part III. Board.]

18 [10–109.] **10–105.**

19 (A) There is a Board for the Injured Workers' Insurance Fund.

20 (B) **THE BOARD IS THE BOARD FOR THE COMPANY ESTABLISHED**  
21 **UNDER TITLE 24, SUBTITLE 3 OF THE INSURANCE ARTICLE.**

22 (C) **MEMBERS OF THE BOARD THAT WERE APPOINTED TO THE BOARD**  
23 **AS OF OCTOBER 1, 2012, SHALL:**

24 (1) **CONTINUE TO SERVE THE CURRENT TERM ON THE BOARD;**  
25 **AND**

26 (2) **SERVE ON THE BOARD FOR THE COMPANY UNDER THE SAME**  
27 **TERMS AND CONDITIONS AS IF THEY WERE APPOINTED TO THE BOARD FOR THE**  
28 **COMPANY UNDER TITLE 24, SUBTITLE 3 OF THE INSURANCE ARTICLE.**

1           **(D) THE BOARD:**

2                   **(1) SHALL BE SUBJECT TO THE RULES, BYLAWS, AND**  
3 **PROCEDURES THAT THE BOARD FOR THE COMPANY ADOPTS UNDER TITLE 24,**  
4 **SUBTITLE 3 OF THE INSURANCE ARTICLE; AND**

5                   **(2) MAY ADOPT ANY POLICY TO CARRY OUT THIS SUBTITLE.**

6 [10–110.

7           (a) The Board consists of 9 members appointed by the Governor with the  
8 advice and consent of the Senate.

9           (b) Each member shall be a citizen of the State.

10           (c) Before taking office, each appointee to the Board shall take the oath  
11 required by Article I, § 9 of the Maryland Constitution.

12           (d) (1) The term of a member is 5 years.

13                   (2) The terms of members are staggered as required by the terms  
14 provided for members of the Board on October 1, 1991.

15                   (3) At the end of a term, a member continues to serve until a successor  
16 is appointed and qualifies.

17                   (4) A member who is appointed after a term has begun serves only for  
18 the rest of the term and until a successor is appointed and qualifies.

19                   (5) A member may not serve for more than:

20                           (i) two full terms; or

21                           (ii) a total of 10 years.

22           (e) The Governor may remove a member for incompetence or misconduct.]

23 [10–111.

24           (a) From among its members, the Board annually shall elect a chairman, a  
25 vice chairman, and a secretary.

26           (b) The manner of election of officers shall be as the Board determines.]

27 [10–112.



- 1 (a) The Board may not act on any matter unless at least 5 members concur.
- 2 (b) Each member of the Board shall devote the time needed to carry out the  
3 duties of office.
- 4 (c) The Board shall determine the times and places of its meetings.
- 5 (d) (1) Each member of the Board is entitled to:
- 6 (i) the salary provided in the budget of the Board; and
- 7 (ii) reimbursement for reasonable expenses:
- 8 1. incurred in the performance of the Board member's  
9 duties; and
- 10 2. as provided in the budget of the Board.
- 11 (2) Each member of the Board shall be paid biweekly.]

12 **[10-113.] 10-106.**

- 13 (a) **(1)** The Board[:
- 14 (1)] shall appoint a President of the Fund[;
- 15 (2) shall appoint or employ attorneys to advise and represent the Fund  
16 in all legal matters and, where necessary, to sue or defend suits in the name of the  
17 Fund; and
- 18 (3) may employ other staff].
- 19 **(2) THE PRESIDENT OF THE FUND MAY BE THE PRESIDENT OF**  
20 **THE COMPANY.**

- 21 (b) (1) Except as provided in paragraph (2) of this subsection, employees  
22 of the Fund are special appointments.
- 23 (2) A classified employee of the Fund hired before July 1, 1990 in a  
24 nonprofessional or nontechnical position shall remain a member of the classified  
25 service or its equivalent in the State Personnel Management System as long as the  
26 employee remains in a nonprofessional or nontechnical position with the Fund.
- 27 (c) (1) The Board shall set compensation for its employees.

1           (2) Except as otherwise provided in this subtitle, an employee of the  
2 Fund is not subject to any law, regulation, or executive order governing State  
3 employee compensation, including furloughs, salary reductions, or any other General  
4 Fund cost savings measure.

5           (d) (1) This subsection does not apply to the layoff of an employee because  
6 of lack of work.

7           (2) An employee of the Fund may not be permanently removed unless:

8                   (i) written charges are filed;

9                   (ii) the employee has an opportunity for a hearing in accordance  
10 with Title 10, Subtitle 2 of the State Government Article; and

11                   (iii) there is cause for removal.

12 **10-107.**

13           **THE FUND:**

14                   (1) SHALL REMAIN IN EXISTENCE SO LONG AS THE FUND  
15 CONTINUES TO HAVE EMPLOYEES; AND

16                   (2) MAY BE TERMINATED ONLY BY THE REPEAL OF THIS  
17 SUBTITLE.

18 [10-114.

19           (a) The Board may adopt any policy to carry out this subtitle.

20           (b) (1) The Board shall have a plan to promote the services of the Fund to  
21 employers in the State.

22                   (2) As part of the plan, the Board may prepare a pamphlet about the  
23 Fund and provide copies to each county for distribution to businesses with personal  
24 property tax bills.]

25                                   [Part IV. Purposes and Administration of Fund.]

26 [10-117.

27           The Board:

28                   (1) shall use the Fund to insure employers against liability under Title  
29 9 of this article; and

1           (2)    may use the Fund:

2                   (i)    to provide employer's liability insurance; and

3                   (ii)   on behalf of a policyholder, to pay benefits equal to benefits  
4 allowed under:

5                           1.    a compensation law of another state; or

6                           2.    a federal compensation law.]

7 [10-118.

8           (a)    The Fund shall consist of:

9                   (1)    premiums for insurance that the Fund issues;

10                   (2)   income from investments under § 10-122 of this subtitle;

11                   (3)   interests on deposits or investments of money from the Fund; and

12                   (4)   the money that the Attorney General collects under § 10-133(c) of  
13 this subtitle on debts.

14           (b)    The Fund shall include each security or other property that is acquired  
15 with money of the Fund.

16           (c)    The Board shall use the Fund to pay all of the expenses under this  
17 subtitle, including losses on insurance that the Fund issues.]

18 [10-120.

19           (a)    The Board shall administer the Fund.

20           (b)    (1)    The Board shall prepare capital and operating budgets for the  
21 Fund.

22                   (2)    For information only, the Board shall submit the budgets to the  
23 Senate Budget and Taxation Committee and the House Appropriations Committee.

24           (c)    The Board shall issue receipts for money that the Fund receives.]

25 [10-121.

1           The Board shall keep reserves and surplus in accordance with the Insurance  
2 Article.]

3 [10–122.

4           (a) Consistent with minority business purchasing standards applicable to  
5 units of State government under the State Finance and Procurement Article and  
6 consistent with the fiduciary duties of the Board, the Board shall attempt to use to the  
7 greatest extent feasible minority business enterprises to provide brokerage and  
8 investment management services to the Board.

9           (b) For purposes of this section, brokerage and investment management  
10 services shall include services relating to all allocated asset classes.

11           (c) (1) To assist it in achieving the goal described under subsection (a) of  
12 this section, the Board shall undertake measures to remove any barriers that limit full  
13 participation by minority business enterprises in brokerage and investment  
14 management services opportunities afforded by the Fund.

15           (2) The measures undertaken by the Board shall include the use of a  
16 wide variety of media, including the Board’s website, to provide notice to a broad and  
17 varied range of potential providers about the brokerage and investment management  
18 services opportunities afforded by the Fund.

19           (d) In conjunction with the Governor’s Office of Minority Affairs, the Board  
20 shall develop guidelines to assist it in identifying and evaluating qualified minority  
21 business enterprises in order to help the Fund achieve the objective for greater use of  
22 minority business enterprises for brokerage and investment management services.

23           (e) On or before September 1 each year, the Board shall submit a report to  
24 the Governor’s Office of Minority Affairs and, subject to § 2–1246 of the State  
25 Government Article, the General Assembly on:

26           (1) the identity of the minority business enterprise brokerage and  
27 investment management services firms used by the Board in the immediately  
28 preceding fiscal year;

29           (2) the percentage and dollar value of the Fund assets that are under  
30 the investment control of minority business enterprise brokerage and investment  
31 management services firms; and

32           (3) the measures the Board undertook in the immediately preceding  
33 fiscal year in accordance with subsection (c)(2) of this section.]

34 [10–125.

1           (a)    The Fund shall be examined by the Commissioner in accordance with  
2 Title 2, Subtitle 2 (Enforcement) of the Insurance Article.

3           (b)    As part of an examination under § 2–205 of the Insurance Article, the  
4 Commissioner shall, at least once every 5 years, determine whether the Fund’s rate  
5 making practices produce actuarially sound rates.]

6 [10–126.

7           (a)    Within 90 days after the close of each fiscal year, the Board shall submit  
8 to the Governor an annual report that includes a detailed statement of:

- 9                   (1)    the condition and expenses of the Fund in detail;
- 10                   (2)   growth of the Fund;
- 11                   (3)   changes in earned premiums of the Fund;
- 12                   (4)   changes in the number of policyholders of the Fund;
- 13                   (5)   the degree of the Fund’s personnel flexibility;
- 14                   (6)   trends in the overall market share; and
- 15                   (7)   trends in the premium to expense ratio.

16           (b)    (1)   On or before October 1 of each year, the Fund shall submit to the  
17 Governor:

18                           (i)   a copy of each policy form that the Fund will use during the  
19 next calendar year;

20                           (ii)   the schedule of premium rates that the Fund will charge for  
21 the next calendar year;

22                           (iii)   information about provision for claim payment, as defined in  
23 § 11–330(a) of the Insurance Article, for each class for which the Fund writes coverage;  
24 and

25                           (iv)   other information that the Governor requests about  
26 premium rates, including classes, financial information, and losses.

27                   (2)    (i)    Information required under paragraph (1)(ii) through (iv) of  
28 this subsection shall be submitted on the form that the Governor requires.



1 (iii) ensures the solvency of the Fund from year to year.

2 (3) The Board may set minimum premium rates.

3 (d) (1) The Board shall state premium rates as a percentage of the gross  
4 annual wages of employees to whom Title 9 of this article applies.

5 (2) For employees who work partly in and partly outside the State, the  
6 premium shall be based on wages for employment in the State.

7 (e) (1) Except as provided in paragraph (2) of this subsection, the  
8 schedule of premium rates in effect at the beginning of a calendar year remains in  
9 effect for the year.

10 (2) The Board shall adjust classes and rates as often as the Board  
11 determines to be just and advantageous to meet the criteria under subsection (c)(2) of  
12 this section and to reflect changes in levels of hazards.]

13 [10-131.

14 An employer shall apply for insurance under this subtitle in accordance with  
15 the policies of the Board.]

16 [10-132.

17 Each employer who applies and is eligible for insurance under this subtitle shall  
18 be assigned, after consideration of the number of employees and the relative hazards  
19 of the various types of work performed in the enterprise of the employer:

20 (1) to the class that includes the work; or

21 (2) if more than 1 class clearly applies to the work, to each applicable  
22 class.]

23 [10-133.

24 (a) The Board shall adopt policies that provide procedures and standards for  
25 the payment of premiums.

26 (b) (1) Subject to paragraph (2) of this subsection, the Board, the  
27 President of the Fund, or the Executive Vice President of the Fund may:

28 (i) cancel the insurance of a policyholder who fails to pay a  
29 premium due to the Fund; and

1 (ii) refer to the Attorney General, for collection, the debt of any  
2 policyholder whose insurance is being canceled under this paragraph.

3 (2) At least 10 days before the date set for cancellation of insurance  
4 under this subsection, the Board shall:

5 (i) serve on the policyholder, by personal service or by certified  
6 or registered mail sent to the last known resident address of the policyholder, a notice  
7 of intention to cancel insurance; and

8 (ii) submit a copy of the notice to the Workers' Compensation  
9 Commission's designee.

10 (3) Notice under this subsection may be given:

11 (i) for a policyholder that is a corporation, to an official or other  
12 agent of the corporation on whom legal process may be served; and

13 (ii) for a policyholder that is a partnership, to any partner.

14 (4) Notice under this subsection shall state the date on which the  
15 cancellation is to become effective.

16 (5) Whenever a debt is referred under this subsection for collection,  
17 the insurance may not be reinstated until the debt is paid in full.

18 (c) (1) Whenever a debt is referred under this section for collection, the  
19 Board, the President of the Fund, or the Executive Vice President of the Fund shall  
20 provide the Attorney General with:

21 (i) the name of the policyholder;

22 (ii) each known business or resident address of the policyholder;  
23 and

24 (iii) a statement of the amount that the policyholder owes to the  
25 Fund.

26 (2) The Attorney General may sue, in the name of the Fund, to collect  
27 the debt.

28 (d) If the President of the Fund considers settlement to be in the best  
29 interest of the Fund, a debt that is referred under this section for collection may be  
30 settled.]

31 [10-134.



1           The Board shall issue a certificate of insurance.]

2   [10–135.

3           (a)    The Board may:

4                   (1)    adopt requirements for uniform payroll; and

5                   (2)    require each policyholder to conform to the requirements.

6           (b)    In accordance with the requirements that the Board adopts, each  
7 policyholder shall submit a report on wages or other documentation to the Board at  
8 intervals that the Board sets.

9           (c)    The Board or its authorized employee may inspect at any time the payroll  
10 of a policyholder.

11           (d)    (1)   Subject to paragraph (2) of this subsection, the Board, the  
12 President of the Fund, or the Executive Vice President of the Fund may cancel the  
13 insurance of a policyholder who:

14                           (i)    fails to comply with subsection (b) of this section; or

15                           (ii)   refuses to allow an inspection authorized under subsection  
16 (c) of this section.

17                   (2)    At least 30 days before the date set for cancellation of insurance  
18 under this subsection, the Board shall:

19                           (i)    serve on the policyholder, by personal service or by certified  
20 or registered mail sent to the last known resident address of the policyholder, a notice  
21 of intention to cancel insurance; and

22                           (ii)   submit a copy of the notice to the Workers' Compensation  
23 Commission's designee.

24                   (3)    Notice under this subsection may be given:

25                           (i)    for a policyholder that is a corporation, to an official or other  
26 agent of the corporation on whom legal process may be served; and

27                           (ii)   for a policyholder that is a partnership, to any partner.

28                   (4)    Notice under this subsection shall state the date on which the  
29 cancellation is to become effective.]

30   [10–136.

1 A policyholder may cancel a policy under this subtitle, if the policyholder:

2 (1) gives the Fund written notice; and

3 (2) promptly pays all premiums owed to the Fund.]

4 [10–137.

5 If the Board considers an account to be uncollectible, the account may be  
6 charged from the books of the Fund.]

7 [10–138.

8 (a) Subject to subsection (b) of this section, the President of the Fund may  
9 settle a claim that the Fund has against a governmental unit or person who is alleged  
10 to be liable for an accident for which the Fund pays compensation.

11 (b) The President may settle a claim under this section only if:

12 (1) the Workers' Compensation Commission consents; and

13 (2) for a settlement that will prejudice any right of an injured  
14 employee, the employee consents.]

15 [Part VI. Prohibited Act; Penalty.]

16 [10–141.

17 (a) An employer may not with fraudulent intent misrepresent to the Board  
18 the wages on which a premium under this subtitle is based.

19 (b) A person who violates any provision of this section is guilty of a  
20 misdemeanor and on conviction is subject to a fine not exceeding \$1,000 or  
21 imprisonment not exceeding 90 days or both.]

22 SECTION 2. AND BE IT FURTHER ENACTED, That, as provided in this Act:

23 (1) The Chesapeake Employers' Insurance Company is the successor  
24 of the Injured Workers' Insurance Fund, the Board for the Chesapeake Employers'  
25 Insurance Company is the successor of the Board for the Injured Workers' Insurance  
26 Fund, and the President of the Chesapeake Employers' Insurance Company is the  
27 successor of the President of the Injured Workers' Insurance Fund.

28 (2) In every law, executive order, rule, regulation, policy, or document  
29 created by an official, employee, or unit of this State, the names and titles of those

1 agencies and officials mean the names and titles of the successor agency or official, as  
2 provided in this Act.

3 (3) Policy forms and other documents that were approved prior to  
4 March 1, 2013, by the Maryland Insurance Administration or the Workers'  
5 Compensation Commission in the name of the Injured Workers' Insurance Fund may  
6 be used by the Chesapeake Employers' Insurance Company to the same extent as if  
7 the policy forms and other documents had been approved in the name of the  
8 Chesapeake Employers' Insurance Company.

9 SECTION 3. AND BE IT FURTHER ENACTED, That, on March 1, 2013, all  
10 the functions, powers, duties, equipment, assets, and liabilities of the Injured Workers'  
11 Insurance Fund shall be transferred to the Chesapeake Employers' Insurance  
12 Company.

13 SECTION 4. AND BE IT FURTHER ENACTED, That:

14 (1) Notwithstanding any other provision of law, full compliance by the  
15 Chesapeake Employers' Insurance Company with Title 11 of the Insurance Article is  
16 not required until 5 years after the effective date of this Act; and

17 (2) It is the intent of the General Assembly that the Chesapeake  
18 Employers' Insurance Company and the rating organization phase in the rating plan  
19 to avoid disruption to policyholders.

20 SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the  
21 Annotated Code of Maryland, in consultation with and subject to the approval of the  
22 Department of Legislative Services, shall correct, with no further action required by  
23 the General Assembly, terminology rendered incorrect by this Act or by any other Act  
24 of the General Assembly of 2012 that affects provisions enacted by this Act. The  
25 publisher shall adequately describe any such correction in an editor's note following  
26 the section affected.

27 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2012.