

SENATE BILL No. 404

July 11, 1991, Introduced by Senators HONIGMAN, GEAKE,
CARL and DI NELLO and referred to the Committee on Labor.

A bill to amend section 621 of Act No. 317 of the Public
Acts of 1969, entitled as amended
"Worker's disability compensation act of 1969,"
being section 418.621 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 621 of Act No. 317 of the Public Acts of
2 1969, being section 418.621 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 621. (1) Every contract for the insurance of the com-
5 pensation provided in this act for or against liability therefore
6 ~~—~~ shall be deemed to be made subject to the provisions of this
7 act. ~~—and provisions—~~ PROVISIONS inconsistent with this act are
8 void.

9 (2) The accident fund and every insurer issuing an insurance
10 policy to cover any employer not permitted to be a self-insurer

1 under section 611 shall insure, cover, and protect in one and the
2 same insurance policy, all the businesses, employees, enter-
3 prises, and activities of the employer. Under procedures and
4 conditions specifically determined by the director, a separate
5 insurance policy may be issued to cover employers performing work
6 at a specified construction site if the director finds that the
7 liability under this act of each employer to all his OR HER
8 employees would at all times be fully secured, ~~and~~ the cost of
9 construction at the site will exceed \$100,000,000.00, and the
10 contemplated completion period for the construction will be 10
11 years or less. Except as modified by the director as provided
12 for herein, each policy of insurance covering ~~workmen's~~
13 WORKER'S compensation in this state shall contain the following
14 provisions:

15 "Notwithstanding any language elsewhere contained in this
16 contract or policy of insurance, the accident fund or the insurer
17 issuing this policy hereby contracts and agrees with the insured
18 employer:

19 Compensation. (a) That it will pay to the persons that may
20 become entitled thereto ~~all workmen's~~ THE WORKER'S compensation
21 UNDER THE TERMS OF THE POLICY for which the insured employer may
22 become liable under the provisions of the Michigan ~~workmen's~~
23 WORKER'S DISABILITY compensation act for all compensable injuries
24 or compensable occupational diseases happening to his OR HER
25 employees during the life of this contract or policy. ~~—~~

26 Medical services. (b) That it will furnish or cause to be
27 furnished to all employees of the employer, all reasonable

1 medical, surgical, and hospital services and medicines when they
2 are needed which the employer may be obligated to furnish or
3 cause to be furnished to his OR HER employees under the provi-
4 sions of the Michigan ~~workmen's~~ WORKER'S DISABILITY compensa-
5 tion act and that it will pay to the persons entitled ~~thereto~~
6 ~~for all such~~ TO THESE services and medicines when they are
7 needed for all compensable injuries or compensable occupational
8 diseases happening to his OR HER employees during the life of
9 this contract or policy. —

10 Rehabilitation services. (c) That it will furnish or cause
11 to be furnished such rehabilitation services for which the
12 insured employer may become liable to furnish or cause to be fur-
13 nished under the provisions of the Michigan ~~workmen's~~ WORKER'S
14 DISABILITY compensation act for all compensable injuries or com-
15 pensable occupational diseases happening to his OR HER employees
16 during the life of this contract or policy. —

17 Funeral expenses. (d) That it will pay or cause to be paid
18 the reasonable expense of the last sickness and burial of all
19 employees whose deaths are caused by compensable injuries or com-
20 pensable occupational diseases happening during the life of this
21 contract or policy and arising out of and in the course of their
22 employment with the employer, which the employer may be obligated
23 to pay under the provisions of the Michigan ~~workmen's~~ WORKER'S
24 DISABILITY compensation act. —

25 Scope of contract. (e) That this insurance contract or
26 policy shall for all purposes be held and deemed to cover all the
27 businesses the ~~said~~ employer is engaged in at the time of the

1 issuance of this contract or policy and all other businesses, if
2 any, the employer may engage in during the life ~~thereof~~ OF THIS
3 CONTRACT OR POLICY, and all employees the employer may employ in
4 any of his OR HER businesses during the period covered by this
5 policy. ~~—~~

6 Obligations assumed. (f) That it hereby assumes all obliga-
7 tions imposed upon the employer by his OR HER acceptance of the
8 Michigan ~~workmen's~~ WORKER'S DISABILITY compensation act, as far
9 as the payment of compensation, death benefits, medical surgical,
10 hospital care or medicine and rehabilitation services is
11 concerned. ~~—~~

12 Termination notice. (g) That it will file with the bureau
13 of workmen's compensation at Lansing, Michigan, at least 20 days
14 before the taking effect of any termination or cancellation of
15 this contract or policy, a notice giving the date at which it is
16 proposed to terminate or cancel this contract or policy; and that
17 any termination of this policy shall not be effective as far as
18 the employees of the insured employer are concerned until 20 days
19 after notice of proposed termination or cancellation is received
20 by the bureau of workmen's compensation. ~~—~~

21 Conflicting provisions. (h) That all the provisions of this
22 contract, if any, which are not in harmony with this paragraph
23 are to be construed as modified hereby, and all conditions and
24 limitations in the policy, if any ~~conflicting herewith~~ CONFLICT
25 WITH THIS PARAGRAPH are ~~hereby made~~ null and void."

26 (3) The provisions shall be printed upon or conspicuously
27 attached to every insurance contract or policy issued by the

1 accident fund or insurer in type size not smaller than 10-point
2 and shall constitute a separate paragraph of the policy and any
3 provision of the policy inconsistent with the ~~said~~ undertakings
4 and agreements of the accident fund or insurer contained in
5 ~~such~~ THESE provisions ~~shall be~~ ARE null and void.

6 (4) THE STATE ACCIDENT FUND AND EACH INSURER OFFERING A
7 POLICY OF WORKER'S COMPENSATION INSURANCE IN THIS STATE MAY OFFER
8 DEDUCTIBLES AVAILABLE AT THE INSURED EMPLOYER'S OPTION FOR THE
9 COMPENSATION PAYABLE ACCORDING TO THE TERMS OF THIS ACT.
10 DEDUCTIBLES OFFERED BY AN INSURER SHALL BE IN WRITING. AN
11 INSURED EMPLOYER EXERCISING A DEDUCTIBLE OPTION SHALL CHOOSE ONLY
12 1 DEDUCTIBLE AMOUNT. IF THE INSURED EMPLOYER EXERCISES THE
13 OPTION AND CHOOSES A DEDUCTIBLE, THE INSURED EMPLOYER SHALL BE
14 LIABLE FOR REIMBURSING THE CARRIER IN AN AMOUNT EQUAL TO THE
15 AMOUNT OF THE DEDUCTIBLE FOR BENEFITS PAID FOR EACH COMPENSABLE
16 CLAIM OF AN EMPLOYEE. THE INSURER SHALL PAY THE AMOUNT OF THE
17 COMPENSABLE CLAIM TO THE PERSON OR MEDICAL PROVIDER ENTITLED TO
18 THE BENEFITS CONFERRED BY THIS ACT AND THEN SEEK REIMBURSEMENT
19 FROM THE INSURED EMPLOYER FOR THE APPLICABLE DEDUCTIBLE AMOUNT.
20 PAYMENT OF A CLAIM SHALL NOT BE CONTINGENT UPON REIMBURSEMENT OF
21 THE DEDUCTIBLE. THE PAYMENT OR NONPAYMENT OF DEDUCTIBLE AMOUNTS
22 BY THE INSURED EMPLOYER TO THE INSURER SHALL BE TREATED UNDER THE
23 POLICY INSURING THE LIABILITY FOR WORKERS' COMPENSATION IN THE
24 SAME MANNER AS PAYMENT OR NONPAYMENT OF PREMIUMS. PREMIUM REDUC-
25 TION FOR DEDUCTIBLES SHALL BE DETERMINED BEFORE THE APPLICATION
26 OF ANY EXPERIENCE MODIFICATION, PREMIUM SURCHARGE, OR PREMIUM
27 DISCOUNTS AND ACCORDING TO THE REQUIREMENTS OF CHAPTER 24 OF THE

1 INSURANCE CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956,
2 BEING SECTIONS 500.2400 TO 500.2484 OF THE MICHIGAN COMPILED
3 LAWS. TO THE EXTENT THAT AN EMPLOYER'S EXPERIENCE RATING OR
4 SAFETY RECORD IS BASED ON BENEFITS PAID, MONEY PAID BY THE
5 INSURED EMPLOYER UNDER A DEDUCTIBLE AS PROVIDED IN THIS SUBSEC-
6 TION SHALL NOT BE INCLUDED AS BENEFITS PAID. AN INSURED EMPLOYER
7 THAT EXERCISES A DEDUCTIBLE OPTION PURSUANT TO THIS SUBSECTION
8 SHALL PROMPTLY REPORT EACH CLAIM UPON WHICH THE DEDUCTIBLE AMOUNT
9 IS REQUIRED TO BE PAID TO THE CARRIER. THIS SUBSECTION SHALL NOT
10 APPLY TO EMPLOYERS WHO ARE APPROVED TO SELF-INSURE AGAINST
11 LIABILITY FOR WORKERS' COMPENSATION OR GROUP SELF-INSURANCE FUNDS
12 FOR WORKERS' COMPENSATION FORMED PURSUANT TO SECTION 611.