



**House
Legislative
Analysis
Section**

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**WORKERS COMP: INCREASE
BURIAL BENEFITS**

**House Bill 4500 with committee
amendment
First Analysis (9-20-95)**

**Sponsor: Rep. Frank M. Fitzgerald
Committee: Human Resources and Labor**

THE APPARENT PROBLEM:

Under the Worker's Disability Compensation Act, if an employee dies as the result of a workplace accident, employers are required to pay the "reasonable" expense of the employee's last sickness and burial up to a maximum of \$1,500. Reportedly, this amount hasn't been increased since 1971, despite a significant increase in the cost of living since then. The maximum funeral and burial expenses under the standard no-fault policy that drivers in Michigan are required to carry was increased in 1988 from \$1,000 to \$5,000, and many people believe that the level of funeral and burial benefits under worker's compensation should similarly be increased.

THE CONTENT OF THE BILL:

Currently, the Worker's Disability Compensation Act requires employers to pay a maximum of \$1,500 toward the cost of burial when a worker dies as the result of a workplace injury. The bill would delete the reference to \$1,500 and instead say that employers would be responsible for paying up to \$6,000 or the actual cost of burial, whichever was less.

MCL 418.345

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill has no fiscal implications for the state. (9-20-95)

ARGUMENTS:

For:

Although \$1,500 may have been sufficient coverage when this provision was enacted in 1971, it falls far short of what it costs for adult funerals and burials today. According to figures provided by the

Michigan Funeral Directors Association, in 1994 the national average cost of an adult funeral alone (that is, not including actual burial expenses) was \$3,954.09, while the Michigan average cost was \$3,878.40. However, when the outer burial container and "cash advance" items (such as flowers, clergy honoraria, and opening and closing fees) are included, the national average adult funeral price in 1994 rises to \$5,186 -- and this figure still doesn't include the costs for traditional cemetery goods and services (that is, the costs for actual burial in a cemetery). Reportedly, the \$1,500 maximum specified in the Worker's Compensation Act hasn't been changed since 1971, while the consumer price index (for Detroit) increased by 352.1 percent between 1971 to 1994. To keep pace with inflation alone, the maximum should be increased at least to \$5,281.50, though even this amount still probably wouldn't be enough to pay for all the costs associated with a funeral plus the actual cemetery burial expenses. It also should be noted that in 1988 the Insurance Code was amended (by Public Act 312) to increase the maximum benefit for funeral and burial expenses under no-fault automobile insurance from \$1,000 to \$5,000. And, finally, according to the bill's sponsor only a few jurisdictions in the country are below Michigan in the amount of funeral and burial benefits paid under worker's comp (Montana, Puerto Rico, and American Samoa, for example), while a few have maximums as high as \$7,000. The bill would bring Michigan worker's comp funeral and burial benefits in line with the costs of typical adult funerals and burials in the state.

POSITIONS:

Representatives of the following testified in support of the bill as introduced. (9-19-95)

- ** The Department of Labor
- ** The Michigan Chamber of Commerce

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- ** The Michigan Insurance Federation**
- ** The Michigan Funeral Directors Association**
- ** The Teamster & Chauffeurs Local Union # 580**