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BILL ANALYSIS



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Senate Bill 570 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Gary Peters
Committee: Human Resources, Labor and Veterans Affairs

CONTENT

The bill would amend the Worker's Disability Compensation Act to provide for the payment of benefits to an employee or dependent of a deceased employee whose employer failed to secure the payment of compensation as required under the Act. Money in the Uninsured Employers' Security (UES) Fund could be used for that purpose only with respect to injuries that occurred on or after June 29, 1990, and before the bill's effective date. The bill would apply until no money remained in the UES Fund, but not beyond four years after the bill's effective date. Money remaining in the UES Fund and any payments recovered from uninsured employers after all claims had been settled would have to be credited to the General Fund. The section of the Act governing payments from the UES Fund would be repealed on June 1, 2000.

An employee would have up to six months after the bill's effective date to file a claim. Only the claimant or an attorney retained by the claimant could pursue a claim against the UES Fund. If the Fund and the claimant were unable to agree on the value of the claim, either party could petition the Bureau of Workers' Disability Compensation to order a magistrate to hear and decide the claim on an expedited basis, or both parties could agree to binding mediation of the claim. Redemption of a claim would not prohibit an employee from pursuing an action against the employer for the balance of the value of the claim.

The Act specifies that, for injuries occurring after June 29, 1990, an uninsured employer is liable to the UES Fund for both an amount equal to three times the benefits paid or to be paid by the Fund and an amount equal to three times any actual and reasonable expenses incurred in processing the claims. Under the bill, that provision would apply to injuries occurring after June 29, 1990, and before the bill's effective date, and, in addition to the treble penalties, the UES Fund trustees could seek from an uninsured employer reimbursement for any money paid or owed to an employee or dependents of a deceased employee.

MCL 418.532 & 418.641

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would facilitate the provision of workers' disability compensation benefits to injured individuals whose employers did not provide the required insurance coverage. The appropriation act for the Department of Labor (Public Act 157 of 1995, Sections 101 and 414) contains a line item for payments to injured workers and authorizes the use of \$26 million for injured workers not covered by workers' disability compensation insurance.

The \$26 million appropriation would be available for benefits for four years after the enactment of the bill. At the end of this period, any funds remaining in the Uninsured Employers' Security Fund would be transferred to the General Fund.

Date Completed: 2-29-96

Fiscal Analyst: M. Barsch

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.