

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 718 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Senator Bill Bullard, Jr.  
Committee: Financial Services

## **CONTENT**

The bill would amend the Worker's Disability Compensation Act to revise the formula for determining the allocation of assessments against carriers (including self-insurers) for the Second Injury Fund and the Silicosis, Dust Disease, and Logging Industry Compensation Fund. Under the proposed formula, an individual insurer's assessment would be based on premiums written, instead of benefits paid. The bill would take effect on January 1, 2002.

Under the Act, the Director of the Bureau of Worker's Disability Compensation collects from carriers 175% of the total disbursements made from each Fund the preceding calendar year, less the amount of net assets in excess of \$200,000. Each carrier's assessment is based on its proportionate share of total benefits paid by all carriers. The bill would retain the total assessment based on 175% of disbursements in the preceding year, but would establish the following formulas for calculating the portion allocated between all self-insurers and all insurers, and amount collected from each self-insurer and each insurer:

	Self-Insurers	Insurers
Allocation	<u>total paid losses of all self-insurers</u> total paid losses of all carriers	<u>total paid losses of all insurers</u> total paid losses of all carriers
Collection	<u>total paid losses of each self-insurer</u> total paid losses of <i>all</i> self-insurers	<u>total direct premiums written as reported by each insurer</u> total direct premiums written as reported by <i>all</i> insurers

("Total paid losses" would mean total compensation benefits paid under the Act, with certain exclusions. "Direct premiums written" would refer to workers' compensation premiums written in Michigan plus reimbursements from insurers on large deductible policies.)

MCL 418.551

Legislative Analyst: S. Lowe

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 11-7-01

Fiscal Analyst: M. Tyszkiewicz