

SENATE BILL No. 718

October 17, 2001, Introduced by Senator BULLARD and referred to the Committee on Financial Services.

A bill to amend 1969 PA 317, entitled
"Worker's disability compensation act of 1969,"
by amending section 551 (MCL 418.551), as amended by 1992
PA 269.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 551. (1) As soon as practicable after January 1 OF
2 each year, the director shall assess PURSUANT TO SUBSECTION (3)
3 upon ~~and collect from~~ each SELF-INSURED EMPLOYER AND EACH
4 INSURED EMPLOYER'S carrier a sum THAT IN TOTAL IS equal to ~~that~~
5 ~~proportion of~~ 175% of the total disbursements made from the
6 second injury fund during the preceding calendar year, less the
7 amount of net assets in excess of \$200,000.00 in that fund as of
8 December 31 of the preceding calendar year. ~~The assessment~~
9 ~~shall bear the same relationship that the total compensation~~
10 ~~benefits, exclusive of payments made pursuant to sections 315,~~

~~1 319, and 345, paid by each carrier in the state bears to the
2 total compensation benefits paid by all carriers in the state.~~

3 (2) As soon as practicable after January 1 OF each year, the
4 director shall assess PURSUANT TO SUBSECTION (3) upon ~~and col-~~
5 ~~lect from~~ each SELF-INSURED EMPLOYER AND EACH INSURED EMPLOYER'S
6 carrier a sum THAT IN TOTAL IS equal to ~~that proportion of~~ 175%
7 of the total disbursements made from the silicosis, dust disease,
8 and logging industry compensation fund during the preceding cal-
9 endar year, less the amount of net assets in excess of
10 \$200,000.00 in that fund as of December 31 of the preceding cal-
11 endar year. ~~The assessment shall bear the same relationship
12 that the total compensation benefits, exclusive of payments made
13 pursuant to sections 315, 319, and 345, paid by each carrier in
14 the state bears to the total of compensation benefits paid by all
15 carriers in the state.~~

16 (3) THE PORTION OF THE TOTAL ASSESSMENT AMOUNTS UNDER
17 SUBSECTIONS (1) AND (2) ALLOCATED TO SELF-INSURED EMPLOYERS SHALL
18 BE EQUAL TO A PERCENTAGE DETERMINED AS FOLLOWS: THE TOTAL PAID
19 LOSSES OF ALL SELF-INSURED EMPLOYERS FOR THE PRECEDING CALENDAR
20 YEAR DIVIDED BY THE TOTAL PAID LOSSES OF ALL SELF-INSURED EMPLOY-
21 ERS AND INSURED EMPLOYERS' CARRIERS DURING THE PRECEDING CALENDAR
22 YEAR. THE PORTION OF THE TOTAL ASSESSMENT AMOUNTS UNDER
23 SUBSECTIONS (1) AND (2) ALLOCATED TO INSURED EMPLOYERS' CARRIERS
24 SHALL BE EQUAL TO A PERCENTAGE DETERMINED AS FOLLOWS: THE TOTAL
25 PAID LOSSES OF ALL INSURED EMPLOYERS' CARRIERS FOR THE PRECEDING
26 CALENDAR YEAR DIVIDED BY THE TOTAL PAID LOSSES OF ALL
27 SELF-INSURED EMPLOYERS AND INSURED EMPLOYERS' CARRIERS DURING THE

1 PRECEDING CALENDAR YEAR. THE PORTION OF THE TOTAL ASSESSMENTS
2 ALLOCATED TO SELF-INSURED EMPLOYERS THAT SHALL BE COLLECTED FROM
3 EACH SELF-INSURED EMPLOYER SHALL BE EQUAL TO A PERCENTAGE DETER-
4 MINED AS FOLLOWS: THE TOTAL PAID LOSSES OF EACH SELF-INSURED
5 EMPLOYER DIVIDED BY THE TOTAL PAID LOSSES OF ALL SELF-INSURED
6 EMPLOYERS DURING THE PRECEDING CALENDAR YEAR. THE PORTION OF THE
7 TOTAL ASSESSMENT ALLOCATED TO INSURED EMPLOYERS' CARRIERS THAT
8 SHALL BE COLLECTED FROM EACH INSURED EMPLOYER'S CARRIER SHALL BE
9 EQUAL TO A PERCENTAGE DETERMINED AS FOLLOWS: THE AMOUNT OF TOTAL
10 DIRECT PREMIUMS WRITTEN AS REPORTED BY EACH INSURED EMPLOYER'S
11 CARRIER DIVIDED BY THE AMOUNT OF TOTAL DIRECT PREMIUMS WRITTEN AS
12 REPORTED BY ALL INSURED EMPLOYERS' CARRIERS DURING THE PRECEDING
13 CALENDAR YEAR. AS USED IN THIS SUBSECTION:

14 (i) "DIRECT PREMIUMS WRITTEN" MEANS WORKERS' COMPENSATION
15 PREMIUMS WRITTEN IN MICHIGAN PLUS REIMBURSEMENTS FROM INSUREDS ON
16 LARGE DEDUCTIBLE POLICIES.

17 (ii) "TOTAL PAID LOSSES" MEANS TOTAL COMPENSATION BENEFITS
18 PAID UNDER THIS ACT, EXCLUSIVE OF PAYMENTS MADE PURSUANT TO SEC-
19 TIONS 315, 319, AND 345.

20 (4) ~~-(3) The director shall assess upon and collect from~~
21 ~~each private self-insurer an amount based on the total compensa-~~
22 ~~tion the self-insurer paid in the preceding year exclusive of~~
23 ~~payments made pursuant to sections 315, 319, and 345. The direc-~~
24 ~~tor, upon the advice of the trustee representing the~~
25 self-insurers, may make additional assessments UPON SELF-INSURED
26 EMPLOYERS as the trustee considers necessary to keep the
27 self-insurers' security fund solvent. The assessment shall not

1 exceed 3% in any calendar year exclusive of payments made
2 pursuant to sections 315, 319, and 345.

3 (5) ~~-(4)-~~ Notice of the assessments shall be sent by the
4 director by first class mail to each carrier. Payment of assess-
5 ments shall be made so as to be received in the Lansing office of
6 the bureau on or before a date specified uniformly in the notice,
7 but not less than 90 days after the date of mailing.

8 (6) ~~-(5)-~~ All assessments constitute elements of loss for
9 the purpose of establishing rates for worker's compensation
10 insurance.

11 (7) ~~-(6)-~~ An employer who has ~~ceased to be~~ STOPPED BEING a
12 self-insurer ~~or an insurance company which has ceased to write~~
13 ~~worker's compensation insurance in this state~~ shall continue to
14 be liable for a ~~second injury fund; silicosis, dust disease, and~~
15 ~~logging industry compensation fund; or~~ self-insurers' security
16 fund assessment on account of any compensation benefits, exclu-
17 sive of payments made pursuant to sections 315, 319, and 345,
18 paid by the employer ~~or insurance company~~ during the previous
19 calendar year.

20 (8) ~~-(7)-~~ The director shall certify to the trustees the
21 collection and receipt of all money from assessments, noting any
22 delinquencies. The trustees shall immediately notify delinquent
23 carriers, including private self-insurers, of their delinquency
24 in writing by certified mail, return receipt requested. The
25 trustees shall take action as in their judgment is proper to
26 effect collection of any delinquent assessment. All money
27 received from assessments ~~pursuant to~~ UNDER this section shall

1 be turned over to the state treasurer who shall be the custodian
2 of the self-insurers' security fund; the second injury fund; and
3 the silicosis, dust disease, and logging industry compensation
4 fund. The treasurer may make those investments as in the
5 treasurer's judgment are in the best interest of the funds. The
6 earnings from the investment of the money from the funds shall be
7 credited to the funds. The state treasurer, at the end of each
8 fiscal year, shall determine what amount represents a pro rata
9 earnings share due to each fund, shall credit the pro rata earn-
10 ing share to each fund, and shall notify the trustee of the
11 amount credited and the balance of the respective fund as of
12 September 30. The trustees shall make separate annual reports
13 and accountings for each fund, which reports shall be included in
14 the annual report of the bureau.

15 Enacting section 1. This amendatory act takes effect
16 January 1, 2002.