

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 718

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 ~~upon and collect from each~~
3 ~~carrier~~ PURSUANT TO SUBSECTION (3) a sum THAT IN TOTAL IS equal
4 to ~~that proportion of~~ 175% of the total disbursements made from
5 the second injury fund during the preceding calendar year, less
6 the amount of net assets in excess of \$200,000.00 in that fund as
7 of December 31 of the preceding calendar year. ~~The assessment~~
8 ~~shall bear the same relationship that the total compensation~~
9 ~~benefits, exclusive of payments made pursuant to sections 315,~~

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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 ~~upon and collect from each carrier~~
5 PURSUANT TO SUBSECTION (3) a sum THAT IN TOTAL IS equal to ~~that~~
6 ~~proportion of~~ 175% of the total disbursements made from the sil-
7 icosis, dust disease, and logging industry compensation fund
8 during the preceding calendar year, less the amount of net assets
9 in excess of \$200,000.00 in that fund as of December 31 of the
10 preceding calendar year. ~~The assessment shall bear the same~~
11 ~~relationship that the total compensation benefits, exclusive of~~
12 ~~payments made pursuant to sections 315, 319, and 345, paid by~~
13 ~~each carrier in the state bears to the total of compensation ben-~~
14 ~~efits paid by all carriers in the state.~~

15 (3) THE PORTION OF THE TOTAL ASSESSMENT AMOUNTS UNDER
16 SUBSECTIONS (1) AND (2) ALLOCATED TO SELF-INSURERS SHALL BE EQUAL
17 TO A PERCENTAGE DETERMINED AS FOLLOWS: THE TOTAL PAID LOSSES OF
18 ALL SELF-INSURERS FOR THE PRECEDING CALENDAR YEAR DIVIDED BY THE
19 TOTAL PAID LOSSES OF ALL CARRIERS DURING THE PRECEDING CALENDAR
20 YEAR. THE PORTION OF THE TOTAL ASSESSMENT AMOUNTS UNDER
21 SUBSECTIONS (1) AND (2) ALLOCATED TO INSURERS SHALL BE EQUAL TO A
22 PERCENTAGE DETERMINED AS FOLLOWS: THE TOTAL PAID LOSSES OF ALL
23 INSURERS FOR THE PRECEDING CALENDAR YEAR DIVIDED BY THE TOTAL
24 PAID LOSSES OF ALL CARRIERS DURING THE PRECEDING CALENDAR YEAR.
25 THE PORTION OF THE TOTAL ASSESSMENTS ALLOCATED TO SELF-INSURERS
26 THAT SHALL BE COLLECTED FROM EACH SELF-INSURER SHALL BE EQUAL TO
27 A PERCENTAGE DETERMINED AS FOLLOWS: THE TOTAL PAID LOSSES OF

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1 EACH SELF-INSURER DIVIDED BY THE TOTAL PAID LOSSES OF ALL
2 SELF-INSURERS DURING THE PRECEDING CALENDAR YEAR. THE PORTION OF
3 THE TOTAL ASSESSMENT ALLOCATED TO INSURERS THAT SHALL BE COL-
4 LECTED FROM EACH INSURER SHALL BE EQUAL TO A PERCENTAGE DETER-
5 MINED AS FOLLOWS: THE AMOUNT OF TOTAL DIRECT PREMIUMS WRITTEN AS
6 REPORTED BY EACH INSURER DIVIDED BY THE AMOUNT OF TOTAL DIRECT
7 PREMIUMS WRITTEN AS REPORTED BY ALL INSURERS DURING THE PRECEDING
8 CALENDAR YEAR. AS USED IN THIS SUBSECTION:

9 (A) "DIRECT PREMIUMS WRITTEN" MEANS STANDARD WRITTEN
10 MICHIGAN WORKERS' COMPENSATION PREMIUM PRIOR TO THE APPLICATION
11 OF DEDUCTIBLE CREDITS, AS REPORTED TO THE DESIGNATED ADVISORY
12 ORGANIZATION, THROUGH POLICY DECLARATIONS AND UNIT STATISTICAL
13 REPORTS COMPILED PURSUANT TO THE AUTHORITY IN SECTION 2407 OF THE
14 INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.2407. FOR THE PUR-
15 POSES OF DETERMINING ASSESSMENTS UNDER THIS SECTION, THE REPORTED
16 DATA FOR THE MOST RECENT FULL CALENDAR YEAR ON FILE WITH THE DES-
17 IGNATED ADVISORY ORGANIZATION SHALL BE USED.

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

21 (4) ~~(3) The director shall assess upon and collect from~~
22 ~~each private self-insurer an amount based on the total compensa-~~
23 ~~tion the self-insurer paid in the preceding year exclusive of~~
24 ~~payments made pursuant to sections 315, 319, and 345. The direc-~~
25 ~~tor, upon the advice of the trustee representing the~~
26 ~~self-insurers, may make additional assessments UPON PRIVATE~~
27 ~~SELF-INSURERS as the trustee considers necessary to keep the~~

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1 self-insurers' security fund solvent. The assessment shall not
2 exceed 3% in any calendar year exclusive of payments made pursu-
3 ant to sections 315, 319, and 345.

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

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

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

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

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

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