

HOUSE BILL NO. 5191

October 30, 2025, Introduced by Reps. Mentzer, Weiss, Breen, Rheingans, Arbit, T. Carter, Pohutsky, Brixie, Xiong, Wilson, Conlin, MacDonell, Price, B. Carter, Miller, Dievendorf, Paiz, Morgan, McFall, Longjohn, Hope, Byrnes, Andrews, Tsernoglou, Young, Hoskins, McKinney, Skaggs and Myers-Phillips and referred to Committee on Economic Competitiveness.

A bill to amend 1969 PA 317, entitled
"Worker's disability compensation act of 1969,"
by amending section 501 (MCL 418.501), as amended by 2014 PA 228,
and by adding section 536.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 501. (1) A self-insurers' security fund and a second
- 2 injury fund are created.
- 3 (2) A silicosis, dust disease, and logging industry
- 4 compensation fund is created.
- 5 (3) An uninsured employer's security fund is created **in the**

1 **state treasury.** ~~The fund shall succeed to all of the assets, if~~
2 ~~any, of the former uninsured employer's security account of the~~
3 ~~workplace health and safety fund created in former section 723.~~

4 (4) The private employer group self-insurers security fund is
5 created on January 1, 2020. The PEGSISF shall receive assessments
6 from and be responsible for payment of eligible claims made against
7 individual members of groups of self-insured private employers who
8 pool their liabilities under this act as group funds in the manner
9 provided in section 611, if the group is otherwise unable to pay.

10 (5) As used in this chapter:

11 (a) "Employment in the logging industry" means employment in
12 the logging industry as described in the section in the workmen's
13 compensation and employers liability insurance manual, entitled,
14 "logging or lumbering and drivers code no. 2702," which is filed
15 with and approved by the commissioner of insurance.

16 (b) "Private employer group self-insurers security fund" or
17 "PEGSISF" means the fund created in subsection (4).

18 **Sec. 536. (1) The uninsured employer's security fund created**
19 **under section 501 succeeds all of the assets, if any, of the former**
20 **uninsured employer's security account of the workplace health and**
21 **safety fund created in former section 723.**

22 (2) The legislature shall appropriate sufficient funds to the
23 uninsured employer's security fund to administer the fund. The
24 trustees shall not implement the requirements of this section until
25 the legislature appropriates sufficient funds.

26 (3) The state treasurer shall deposit money and other assets
27 received from any source into the fund. Subject to subsection (6),
28 the state treasurer shall direct the investment of money in the
29 fund in the same manner as surplus funds in the state treasury as

1 provided in 1855 PA 105, MCL 21.141 to 21.147, and credit interest
2 and earnings from the investment to the fund. Money in the fund at
3 the close of the fiscal year does not lapse to the general fund.

4 (4) The trustees shall expend money from the fund on
5 appropriation only for 1 or more of the following purposes:

6 (a) Subject to subsections (9) and (10), to pay benefits to an
7 injured employee or an injured employee's dependent if the injured
8 employee meets all of the following conditions:

9 (i) Sustains a compensable injury on or after the effective
10 date of the amendatory act that added this section.

11 (ii) Does not receive benefits under this act because the
12 employee's employer is an uninsured employer at the time of the
13 employee's injury.

14 (b) To pay expenses incurred by the trustees for the defense
15 or administration of claims under this section.

16 (5) The trustees shall not expend money deposited from the
17 fund for enforcement or regulatory purposes unless otherwise
18 authorized under this section.

19 (6) The state treasurer shall deposit money earned from
20 investments under subsection (3) into the fund quarterly and notify
21 the trustees of the amount credited to the fund.

22 (7) A claimant shall submit to the director an application for
23 benefits that are payable by the trustees from the fund on a form
24 and in a manner prescribed by the director. Upon receipt of an
25 application, the director shall notify the claimant's employer and
26 the trustees of the claim for benefits.

27 (8) If the trustees determine that a claim for benefits under
28 this act is against an uninsured employer, the trustees shall make
29 all reasonable attempts to notify the uninsured employer in writing

1 of the claim and the uninsured employer's liability under this act.

2 (9) An uninsured employer shall pay a claim for benefits or
3 appear and respond to a claim as provided in this act. If an
4 uninsured employer does not pay a claim or appear and respond to a
5 claim, the uninsured employer waives all rights under this act. If
6 the uninsured employer does not respond as provided in section 222,
7 the uninsured employer is considered to have waived its rights
8 under this act.

9 (10) If an uninsured employer waives its rights as described
10 in subsection (9), the trustees must exercise all rights and
11 obligations of an employer and carrier under this act, including
12 the right to redeem a claim for benefits as described in section
13 836. An uninsured employer shall provide information to the
14 trustees, including, but not limited to, the uninsured employer's
15 books, records, payroll, or other information the trustees request
16 that is necessary for the trustees to exercise the rights and
17 obligations of an employer. If an uninsured employer does not
18 provide the requested information, the uninsured employer is
19 subject to a civil fine of not more than \$10,000.00 for each
20 offense. The prosecutor of the county in which the violation
21 occurred or the attorney general may bring an action to collect the
22 fine. A fine collected must be deposited in the fund.

23 (11) The trustees' redemption of a claim terminates the
24 liability of the fund. The redemption does not prohibit an employee
25 from pursuing an action against the employee's uninsured employer
26 as described in this act.

27 (12) If an uninsured employer is found to be liable to pay
28 benefits and does not pay those benefits, the trustees may pay the
29 benefits from the fund as provided in this section.

1 (13) For a compensable injury that occurs on or after the
2 effective date of the amendatory act that added this section, the
3 trustees may seek reimbursement for money paid or owed to an
4 employee or dependents of a deceased employee from an uninsured
5 employer or its successors, as applicable, that is liable to the
6 fund for either of the following amounts:

7 (a) An amount equal to 3 times the benefits to which an
8 employee or dependents of a deceased employee are entitled under
9 this act, including all costs of administration of the claim that
10 have been paid or are to be paid to an employee or dependents of a
11 deceased employee from the fund.

12 (b) An amount equal to 3 times any actual and reasonable
13 expenses incurred in processing a claim.

14 (14) The trustees may initiate a civil action against an
15 uninsured employer under this section by referral to the attorney
16 general's office for remedies described in subsection (13).

17 (15) An uninsured employer's liability under this section must
18 not be reduced because of any reduction in benefits paid as
19 described in subsection (16). If the trustees obtain reimbursement
20 from an uninsured employer for a period in which the uninsured
21 employer paid an employee or dependent of a deceased employee less
22 than 100% of the benefits owed to the employee or dependent, the
23 trustees must pay the employee or dependent the difference between
24 the amount paid by the uninsured employer and the amount of
25 benefits that the employee or dependent would otherwise be entitled
26 under subsection (9).

27 (16) If an employee of an uninsured employer obtains recovery
28 under section 641(2) or 827, the fund is entitled to an offset of
29 the amount recovered against the trustees' obligations under this

1 act. The reasonable costs and attorney fees of the employee and
2 interest on any judgment must be deducted first.

3 (17) Payments made by the trustees from the fund are not
4 subject to section 801(2), (3), and (6). Payments made or owed to
5 an employee under section 171 are not subject to this section. An
6 employer, fund other than the uninsured employer's security fund,
7 or carrier that pays or owes benefits under section 171 is not
8 eligible for reimbursement from the fund.

9 (18) Not later than April 1 of each year, the trustees shall
10 submit a report to the state budget director and the standing
11 appropriations committees of the senate and house of
12 representatives that includes, but is not limited to, all of the
13 following information for the immediately preceding year:

14 (a) The number of claims received under the fund.

15 (b) The number of claims approved and the number of claims
16 paid by the fund.

17 (c) The cost of administering the fund.

18 (19) Not later than March 31 of each year, the trustees shall
19 report to the chairs of the appropriations committees of the senate
20 and house of representatives the estimated amount of both of the
21 following:

22 (a) The anticipated cost of benefits in the next fiscal year
23 that are payable by the fund for the current fiscal year.

24 (b) The amount of any anticipated shortfall in the fund that
25 may prevent the payment of a claim by the fund for the current
26 fiscal year.

27 (20) As used in this section:

28 (a) "Fund" means the uninsured employers security fund created
29 under section 501, unless the context requires otherwise.

1 (b) "Uninsured employer" means an employer that fails to
2 comply with the requirements under section 611.