

WORKER'S DISABILITY COMPENSATION ACT OF 1969 (EXCERPT)
Act 317 of 1969
Chapter 5
FUNDS

418.501 Self-insurers' security fund and second injury fund; silicosis, dust disease, and logging industry compensation fund; uninsured employer's security fund; private employer group self-insurers security fund; definitions.

Sec. 501.

- (1) A self-insurers' security fund and a second injury fund are created.
- (2) A silicosis, dust disease, and logging industry compensation fund is created.
- (3) An uninsured employer's security fund is created. The fund shall succeed to all of the assets, if any, of the former uninsured employer's security account of the workplace health and safety fund created in former section 723.
- (4) The private employer group self-insurers security fund is created on January 1, 2020. The PEGSISF shall receive assessments from and be responsible for payment of eligible claims made against individual members of groups of self-insured private employers who pool their liabilities under this act as group funds in the manner provided in section 611, if the group is otherwise unable to pay.
- (5) As used in this chapter:
 - (a) "Employment in the logging industry" means employment in the logging industry as described in the section in the workmen's compensation and employers liability insurance manual, entitled, "logging or lumbering and drivers code no. 2702," which is filed with and approved by the commissioner of insurance.
 - (b) "Private employer group self-insurers security fund" or "PEGSISF" means the fund created in subsection (4).

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1982, Act 32, Imd. Eff. Mar. 10, 1982 ;-- Am. 1993, Act 198, Eff. Dec. 28, 1994 ;-- Am. 2014, Act 228, Imd. Eff. June 27, 2014

Compiler's Notes: Section 3 of Act 198 of 1993 provides as follows: "Section 3. (1) Except as provided in subsection (2), this amendatory act shall not take effect unless the state administrative board certifies in writing to the secretary of state by December 31, 1994 that an agreement for the transfer of all or substantially all of the assets and the assumption of all or substantially all of the liabilities of the state accident fund has been consummated with a permitted transferee pursuant to the requirements of section 701a of the worker's disability compensation act of 1969, Act No. 317 of the Public Acts of 1969, being section 418.701a of the Michigan Compiled Laws, as added by this amendatory act." (2) Sections 700 and 701a as added by this amendatory act shall take effect upon the date of enactment of this amendatory act." For transfer of powers and duties of the board of trustees of the funds established in MCL 418.501 relating to management activities from the department of labor to the director of the department of consumer and industry services, see E.R.O. No. 1996-2, compiled at MCL 445.2001 of the Michigan Compiled Laws.

Popular Name: Act 317

418.501a Liability of self-insurer's security fund; termination on January 1, 2020; responsibility of PEGSISF on and after January 1, 2020; assessment.

Sec. 501a.

- (1) The liability of the self-insurers' security fund under this act for any payment of claims made against a self-insured member of a private employer group self-insurer terminates on January 1, 2020. The PEGSISF is responsible for payment of eligible claims made against the PEGSISF on and after January 1, 2020, and for claims against a private employer group self-insurer for which the self-insurers' security fund was formerly liable under this act.
- (2) If the director determines that a trust established under R 408.43s(2) of the Michigan administrative code is reasonably likely to be insufficient to fulfill the liability for claims made against the self-insured members of a private employer group self-insurer before January 1, 2020, the director may assess all private employer group self-insurers based on the proportion of the total paid losses, as defined in section 551(3)(b), of each private employer group self-insurer paid in the prior year to cover the cost of benefits incurred. An assessment made under this subsection is payable to the trust to satisfy liability for those claims.

History: Add. 2014, Act 229, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.501b Assessments.

Sec. 501b.

If the director determines that there is a reasonable likelihood that the remedies available under R 408.43s of the Michigan administrative code will be insufficient to meet the obligations of the trust, the director may assess private employer group self-insurers to the extent necessary to secure payment of benefits for which the private employer group self-insurers security fund may become responsible under this act and associated overhead and administrative expenses. The assessments shall be apportioned among the private employer group self-insurers based on each self-insurer group's proportion of the total paid losses, as defined in section 551(3)(b), of each private group self-insurer paid by private employer self-insured groups in the prior year. An assessment made under this section is payable to the PEGSISF.

History: Add. 2014, Act 232, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.502 “Insolvent private self-insured employer” defined.

Sec. 502.

For the purposes of this act, an insolvent private self-insured employer means either an employer who files for relief under the bankruptcy act or an employer against whom bankruptcy proceedings are filed or an employer for whom a receiver is appointed in a court of this state.

History: Add. 1971, Act 149, Imd. Eff. Nov. 16, 1971

Popular Name: Act 317

418.511 Board of trustees; appointment, term, expenses.

Sec. 511.

The funds shall be managed by a board of 3 trustees, 1 of whom shall be the director, the remaining 2 of whom shall be appointed by the governor with the advice and consent of the senate and so selected by the governor that 1 trustee will represent the insurance industry and the remaining trustee shall represent those employers who have been authorized to act as self-insurers. The director shall be a permanent trustee but the other 2 trustees shall be appointed for terms of 4 years and shall serve until their successors are appointed and qualified. The present trustees of the silicosis and dust disease fund shall continue to serve for the balance of their terms and shall exercise the powers granted by this chapter. The trustees shall receive no compensation for their services, but shall be reimbursed for their actual and necessary expenses during the performance of their duties.

History: 1969, Act 317, Eff. Dec. 31, 1969

Popular Name: Act 317

418.515 Board of trustees; powers and duties; funds administrator; office space; clerical assistance; expenses; legal advice and representation.

Sec. 515.

(1) The trustees shall have general authority to carry out the purposes of this chapter, shall make such rules as they consider necessary, shall maintain records and institute systems and procedures or take any other administrative action as they consider necessary to carry out the purposes of this chapter.

(2) The trustees may appoint an administrative officer to be referred to as the funds administrator who shall perform duties as shall be designated or delegated by the trustees.

(3) The worker's compensation agency shall provide the trustees of the funds with suitable office space and clerical assistance. All other expenses authorized by the trustees for the proper administration of the funds, including but not limited to, the salary and expenses of the funds administrator and the investigation, determination and defense of claims against the funds shall be borne ratably by and paid from the assets of the funds. The trustees may secure legal advice and be represented by the attorney general or any assistant designated by the attorney general in any matter involving the affairs of the funds. The self-insurers' security fund and the private employer group self-insurers security fund shall be represented by an assistant attorney general who is not representing the second injury fund or the silicosis and dust disease fund. The cost of such services and expenses in connection therewith shall be borne ratably by and paid from the funds. All expenses so incurred and charged to the funds shall be accounted for on a fiscal year basis.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 2014, Act 233, Imd. Eff. June 27, 2014
Popular Name: Act 317

418.521 Second injury fund; payments reimbursable.

Sec. 521.

(1) If an employee has a permanent disability in the form of the loss of a hand, arm, foot, leg or eye and subsequently has an injury arising out of and in the course of his employment which results in another permanent disability in the form of the loss of a hand, arm, foot, leg or eye, at the conclusion of payments made for the second permanent disability he shall be conclusively presumed to be totally and permanently disabled and paid compensation for total and permanent disability after subtracting the number of weeks of compensation received by the employee for both such losses. The payment of compensation under this section shall be made by the second injury fund, and shall begin at the conclusion of the payments for the second permanent disability.

(2) Any permanently and totally disabled person as defined in this act, if such total and permanent disability arose out of and in the course of his employment, who, on and after June 25, 1955, is entitled to receive payments of workmen's compensation in amounts per week of less than is presently provided in the workmen's compensation schedule of benefits for permanent and total disability, and for a lesser number of weeks than the duration of such permanent and total disability, after the effective date of any amendatory act by which his disability is defined as permanent and total disability, or by which the weekly benefits for permanent and total disability are increased, shall receive weekly from the carrier on behalf of the second injury fund differential benefits equal to the difference between what he is now or shall hereafter be entitled to receive from his employer under the provisions of this act as the same was in effect at the time of his injury, and the amounts now provided for his permanent and total disability by this or any other amendatory act, with appropriate application of the provisions of sections 351 to 359. Such payments shall continue after the period for which the person is otherwise entitled to compensation under this act for the duration of the permanent and total disability. Any payments so made by a carrier pursuant to this section shall be reimbursed to the carrier by the second injury fund as provided in this chapter.

(3) Any person who prior to July 1, 1968, has been receiving or is entitled to receive benefits from the second injury fund pursuant to any prior provisions of the workmen's compensation law shall continue to receive or be entitled to receive such benefits from such fund which shall be paid directly to him from such fund unless such payments are paid in accordance with an agreement made pursuant to section 541.

(4) If any carrier is unable to make the payments on behalf of the fund as provided for herein, the trustees of the second injury fund may make the payments directly to the permanently and totally disabled employee.

(5) The obligation imposed by this section on a carrier to make payments on behalf of the second injury fund shall not impose an independent liability on the carrier nor obligate the carrier to make payments on behalf of the fund if the carrier does not have a separate obligation to make payments of compensation simultaneously to the permanently and totally disabled employee.

History: 1969, Act 317, Eff. Dec. 31, 1969

418.531 Disability or death from silicosis, dust disease, employment in logging industry, or exposure to polybrominated biphenyl; reimbursement of carrier; limitation; right of funds to commence action and obtain recovery.

Sec. 531.

(1) In each case in which a carrier including a self-insurer has paid, or causes to be paid, compensation for disability or death from silicosis or other dust disease, or for disability or death arising out of and in the course of employment in the logging industry, to the employee, the carrier including a self-insurer shall be reimbursed from the silicosis, dust disease, and logging industry compensation fund for all sums paid in excess of \$12,500.00 for personal injury dates before July 1, 1985, and for all compensation paid in excess of \$25,000.00 or 104 weeks of weekly compensation, whichever is greater, for personal injury dates after June 30, 1985, excluding payments made pursuant to sections 315, 319, 345, and 801(2), (5), and (6) which have been paid by the carrier including a self-insurer as a portion of its liability.

(2) A benefit paid as a result of disability or death caused, contributed to, or aggravated, by previous exposure to polybrominated biphenyl shall entitle a carrier including a self-insurer to reimbursement from the silicosis, dust disease, and logging industry compensation fund pursuant to this act, if the exposure occurred before July 24, 1979, and arose out of and in the course of employment by an employer located in this state engaged in the manufacture of polybrominated biphenyl. To be reimbursable, the disability or death shall have occurred or become known after July 24, 1979.

(3) All of the funds under this chapter shall have a right to commence an action and obtain recovery under section 827.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1979, Act 62, Imd. Eff. July 24, 1979 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1982, Act 32, Imd. Eff. Mar. 10, 1982 ;-- Am. 1984, Act 98, Imd. Eff. May 8, 1984 ;-- Am. 1994, Act 97, Imd. Eff. Apr. 13, 1994

Popular Name: Act 317

418.532 Repealed. 1996, Act 357, Eff. June 1, 2000.

Compiler's Notes: The repealed section pertained to rights and liabilities of uninsured employer.

Popular Name: Act 317

418.535 Disability caused by combination of causes; apportionment; reimbursement of employer.

Sec. 535.

If an employee's disability is caused by a combination of silicosis or other dust disease, or arose in the course of employment in the logging industry, and other compensable causes, a worker's compensation magistrate shall apportion the amount of disability between that due to silicosis or other dust disease, or to employment in the logging industry, and other compensable causes. The trustees of the silicosis, dust disease, and logging industry compensation fund shall reimburse the employer liable for compensation for that portion of compensation paid in excess of \$12,500.00 for personal injury dates before July 1, 1985, and for all compensation paid in excess of \$25,000.00 or 104 weeks of weekly compensation, whichever is greater, for personal injury dates after June 30, 1985, that the silicosis or other dust disease disability, or disability arising out of and in the course of employment in the logging industry, bears to the total disability.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1984, Act 99, Imd. Eff. May 8, 1984 ;-- Am. 1985, Act 103, Imd. Eff. July 30, 1985 ;-- Am. 1994, Act 271, Imd. Eff. July 11, 1994

Compiler's Notes: For legislative intent as to severability, see Compiler's note to MCL 418.213.

Popular Name: Act 317

418.537 Payments from self-insurers' security fund.

Sec. 537.

(1) The trustees may authorize payments from the self-insurers' security fund upon request to the fund's administrator by a disabled employee or a dependent of the disabled employee as described in section 331 who is receiving or is entitled to receive worker's compensation benefits from a private self-insurer who becomes insolvent after November 16, 1971, and is unable to continue the payments.

(2) If an employee becomes disabled or dies because of a compensable injury or disease while in the employ of a private self-insurer who has become insolvent and who is unable to make compensation payments, the employee or a dependent of the employee as described in section 331 may seek payment from the self-insurers' security fund either by request through the fund's administrator or by filing a petition for hearing with the bureau.

(3) Payments shall not be made from the self-insurers' security fund to an employee or a dependent of the employee as described in section 331 for any period of disability that is before the date of the request to the administrator or the date of the petition for hearing before the bureau.

(4) If there is an apportionment as provided in section 435, the trustees may reimburse subsequent employers.

(5) Notwithstanding anything else in this section, the trustees may authorize payments from the self-insurers' security fund that are requested by a disabled employee or a dependent of a disabled employee, as described in section 331, of any employer that was granted authority by the workers' compensation agency under section 611(1) (a) to operate as a self-insurer for the first time in May of 1999 and filed for bankruptcy in 2005, if the employee is entitled to worker's compensation benefits arising out of employment during the period from May 28, 1999 to October 7, 2009. The self-insurers' security fund may redeem any claim by a former employee against an employer described in this subsection if the claimant voluntarily agrees. No other party may object to that redemption. Upon a binding final judgment by any state court or tribunal or a federal court that any carrier is responsible for the worker's compensation benefit payments to a disabled employee or dependent of a disabled employee, as described in section 331, of an employer described in this subsection, the self-insurers' security fund is entitled to reimbursement from that carrier for any and all benefit payments it makes to the employee or dependent under this act.

(6) Any unexpended balance derived from an appropriation shall be returned to the general fund if, after an annual review, the director determines that the remaining balance in the self-insurer's security fund would exceed the amount necessary to cover the known claims made under subsection (5).

History: Add. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 1972, Act 337, Imd. Eff. Jan. 4, 1973 ;-- Am. 1977, Act 9, Imd. Eff. Apr. 6, 1977 ;-- Am. 1992, Act 269, Imd. Eff. Dec. 15, 1992 ;-- Am. 2014, Act 238, Imd. Eff. June 27, 2014

Compiler's Notes: Section 2 of Act 9 of 1977 provides: "This amendatory act shall be effective for all payments authorized pursuant to section 537(1), (2) and (3) after November 15, 1971."

Popular Name: Act 317

418.538 Claims authorized under MCL 418.501a; payment.

Sec. 538.

The trustees may authorize payments from the private employer group self-insurers security fund for claims authorized under section 501a. A claim may be made against the PEGSISF by request through the funds administrator or by filing a petition for hearing with the agency.

History: Add. 2014, Act 230, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.541 Payments from funds; notice of claim for reimbursement; agreements; rights of fund as employer or carrier.

Sec. 541.

(1) All payments from the funds shall be determined by the trustees and made upon an order signed by a trustee. If a dispute arises between the trustees and a carrier as to any determination by the trustees or the obligation of any carrier to make payments on behalf of the second injury fund, the dispute shall be considered a controversy concerning compensation and shall be determined in accordance with this act.

(2) In all cases in which the carrier is entitled to reimbursement, notice of claim for reimbursement shall be filed with the trustees within 1 year from the date on which the right to reimbursement first accrues. After the carrier has established a right to reimbursement, payment shall be made promptly on a proper showing periodically every 6 months.

(3) The trustees may enter into agreements with carriers whereby the payment of benefits to persons permanently and totally disabled, which payments heretofore have been made directly from the second injury fund, may be made by carriers who are paying worker's compensation benefits to those persons, and the carriers shall be reimbursed periodically at 6-month intervals from the fund for those payments.

(4) A fund under this chapter has the same rights under this act as an employer or carrier.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 2014, Act 239, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.545 Compromising liability of silicosis, dust disease, and logging industry compensation fund; redemption of liability.

Sec. 545.

The trustees may compromise the liability of the silicosis, dust disease, and logging industry compensation fund by entering into a redemption of liability directly with the employee if, in the judgment of the trustees, it is in the employee's best interest to do so. Redemption of liability shall terminate the liability of the fund. A redemption of liability by a carrier including a self-insurer in which the fund is not a party for compensation paid for disability or death from silicosis or other dust disease or for disability or death arising out of and in the course of employment in the logging industry, made with the employee before the actual payment by the carrier including a self-insurer of \$12,500.00 in compensation benefits for personal injury dates before July 1, 1985, or before the actual payment by the carrier of \$25,000.00 or 104 weeks of benefits, whichever is greater, for personal injury dates after June 30, 1985, shall eliminate the liability of the silicosis, dust disease, and logging industry compensation fund.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1984, Act 97, Imd. Eff. May 8, 1984 ;-- Am. 1996, Act 357, Imd. Eff. July 1, 1996

Popular Name: Act 317

418.551 Assessments; notice; payment; assessments as elements of loss in establishing rates; continuation of liability; certification of receipts; delinquencies; disposition of money; investments; disposition of earnings; reports and accounting; annual financial report; report regarding self-insurers' security fund's management of claims; exclusion of personally identifiable information.

Sec. 551.

(1) As soon as practicable after January 1 of each year, the director shall assess pursuant to subsection (3) a sum that in total is equal to 175% of the total disbursements made from the second injury fund during the preceding calendar year, less the amount of net assets in excess of \$200,000.00 in that fund as of December 31 of the preceding calendar year.

(2) As soon as practicable after January 1 of each year, the director shall assess pursuant to subsection (3) a sum

that in total is equal to 175% of the total disbursements made from the silicosis, dust disease, and logging industry compensation fund during the preceding calendar year, less the amount of net assets in excess of \$200,000.00 in that fund as of December 31 of the preceding calendar year.

(3) The portion of the total assessment amounts under subsections (1) and (2) allocated to self-insurers shall be equal to a percentage determined as follows: The total paid losses of all self-insurers for the preceding calendar year divided by the total paid losses of all carriers during the preceding calendar year. The portion of the total assessment amounts under subsections (1) and (2) allocated to insurers shall be equal to a percentage determined as follows: The total paid losses of all insurers for the preceding calendar year divided by the total paid losses of all carriers during the preceding calendar year. The portion of the total assessments allocated to self-insurers that shall be collected from each self-insurer shall be equal to a percentage determined as follows: The total paid losses of that self-insurer divided by the total paid losses of all self-insurers during the preceding calendar year. The portion of the total assessment allocated to insurers that shall be collected from each insurer shall be equal to a percentage determined as follows: The amount of total direct premiums written as reported by that insurer divided by the amount of total direct premiums written as reported by all insurers during the preceding calendar year. As used in this subsection:

(a) "Direct premiums written" means standard written Michigan workers' compensation premium prior to the application of deductible credits, as reported to the designated advisory organization, through policy declarations and unit statistical reports compiled pursuant to the authority in section 2407 of the insurance code of 1956, 1956 PA 218, MCL 500.2407. For the purposes of determining assessments under this section, the reported data for the most recent full calendar year on file with the designated advisory organization shall be used.

(b) "Total paid losses" means total compensation benefits paid under this act, exclusive of payments made pursuant to sections 315, 319, and 345.

(4) The director, upon the advice of the trustee representing the self-insurers, may make additional assessments upon private self-insurers as the trustee considers necessary to keep the self-insurers' security fund solvent. After December 31, 2019, the director shall not assess private employer group self-insurers on behalf of the self-insurers' security fund. The assessment for the 2015 calendar year and each calendar year thereafter shall be calculated based exclusively on claims payments and administrative expense of the self-insurers' security fund for the immediately preceding calendar year and the estimate of future liability for the current calendar year as reported in the annual financial report required under subsection (10), and shall not exceed 3% in any calendar year exclusive of payments made pursuant to sections 315, 319, and 345. Effective January 1, 2015 through December 31, 2019, the assessment limit under this subsection is increased to a percentage not to exceed 3.5%, if the proceeds of any assessment above 3% are used exclusively for claims against the self-insurers' security fund by disabled employees or dependents, as described in section 331, of Delphi corporation or Delphi automotive systems corporation that arise out of employment during the period from May 28, 1999 to October 7, 2009. However, any temporary increase that raises the assessment above 3.0% shall not be assessed unless all of the following requirements are met:

(a) An appropriation of \$15,000,000.00 or more is made and placed in a restricted account for the sole purpose of paying claims described in this subsection, which appropriation does not lapse at the end of a fiscal year.

(b) An actuarial analysis has confirmed that the sources of funding described in subdivision (c) will be insufficient to pay the expected claims.

(c) The claims the self-insurers' security fund receives that may be paid from the temporary additional assessment exceed the amount that will be raised from the current assessment plus \$8,000,000.00 of the appropriation under subdivision (a).

(d) Claims are first paid from the 2 sources identified in subdivision (c) before amounts attributed to the temporary assessment increase or money from the appropriation above the \$8,000,000.00 identified in subdivision (c) are used to pay claims.

(e) After subtracting the \$8,000,000.00 from the appropriation for use as provided in subdivision (d), an amount equal to 20% of the balance of the appropriation under subdivision (a) is the maximum that may be expended from the remainder of the appropriation in any fiscal year.

(5) Notice of the assessments shall be sent by the director by first-class mail to each carrier. The notice shall state that the assessment must be received by the agency at the address indicated in the notice by 90 days after the notice mailing date and that interest and penalties will accrue at the following rates:

(a) Subject to subdivision (c), for an assessment that is unpaid 90 days after the notice mailing date, interest accrues on the unpaid balance beginning the ninety-first day and is calculated in the same manner as interest on a money judgment in a civil action under section 6013(8) of the revised judicature act of 1961, 1961 PA 236, MCL 600.6013.

(b) Subject to subdivision (c), in addition to the interest under subdivision (a), a penalty of 1% per month for each month an assessment is unpaid beginning 181 days after the notice mailing date.

(c) If a carrier's delinquent assessments and any applicable interest and penalties total \$25.00 or less for all funds in a single assessment year, the director may waive the assessments, interest, and penalties.

(6) All assessments constitute elements of loss for the purpose of establishing rates for worker's compensation

insurance.

(7) An employer who has stopped being a self-insurer shall continue to be liable for a second injury fund; silicosis, dust disease, and logging industry compensation fund; or self-insurers' security fund assessment on account of any compensation benefits, exclusive of payments made pursuant to sections 315, 319, and 345, paid by the employer during the previous calendar year.

(8) The director shall certify to the trustees the collection and receipt of all money from assessments, including interest and penalties, noting any delinquencies. The trustees shall immediately notify delinquent carriers, including private self-insurers, of their delinquency in writing by certified mail, return receipt requested. The trustees shall take action as in their judgment is proper to effect collection of any delinquent assessment. All money received from assessments, including interest and penalties, under this section shall be turned over to the state treasurer who shall be the custodian of the self-insurers' security fund; the private employer group self-insurers security fund; the second injury fund; and the silicosis, dust disease, and logging industry compensation fund. The treasurer may make those investments as in the treasurer's judgment are in the best interest of the funds. The earnings from the investment of the money from the funds shall be credited to the funds. The state treasurer, at the end of each fiscal year, shall determine the amount that represents a pro rata earnings share due to each fund, shall credit the pro rata earning share to each fund, and shall notify the trustee of the amount credited and the balance of the respective fund as of September 30. The trustees shall make separate annual reports and accountings for each fund, which reports shall be included in the annual report of the agency.

(9) If, after an annual review, the trustee representing the self-insurers determines that the remaining balance, exclusive of funds derived from an appropriation from the general fund, exceeds the amount necessary to pay the known claims, the trustee representing the self-insurers shall recommend to the director that the surplus derived from the temporary assessment increase under subsection (4) be returned, pro rata, to the self-insurers that paid the assessment increase.

(10) Not later than March 31, 2015 and each year thereafter, the director shall make available to the public and include in the agency's annual report an annual financial report of the accounts and records of the self-insurers' security fund covering the immediately preceding calendar year. The annual financial report shall be prepared in accordance with generally accepted accounting principles and shall contain certificates of examination by an independent auditor based on generally accepted accounting principles and generally accepted auditing standards, and supported by actuarial review and opinion of the future contingent liabilities. The director may require a special audit to be made at other times if the financial stability of the fund or the adequacy of its monetary reserves is in question. An audited financial statement included in the annual financial report shall include, but is not limited to, all of the following:

- (a) A detailed statement of assets, liabilities, and net assets.
- (b) A detailed statement of revenues and expenses.
- (c) A detailed statement of cash flow.
- (d) Any related information relevant to the financial accounting and operations of the self-insurers' security fund.
- (e) An estimate of future liability of the self-insurers' security fund for payment of claims made against a private self-insurer based on computations that reflect the probable total future cost of compensation and medical benefits due, or that can reasonably be expected to be due, over the life of the claim.
- (f) A report of each liability assumed for payment of claims made against a private self-insurer.

(11) Not later than March 31, 2015 and each year thereafter, the director shall make available to the public and include in the agency's annual report a report detailing information regarding the self-insurers' security fund's management of claims. The report shall include, but is not limited to, all of the following:

- (a) Total cost per claim.
 - (b) Cost per active claim and cost per closed claim.
 - (c) Indemnity cost per claim.
 - (d) Medical cost for indemnity claims.
 - (e) Medical costs for medical-only claims.
 - (f) Average redemption.
 - (g) Average paid claim amount.
 - (h) Average loss adjustment expense.
 - (i) Methods utilized to increase efficiency and provide quality control in claims management.
- (12) A report prepared under subsection (10) or (11) shall not include any personally identifiable information.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1982, Act 32, Imd. Eff. Mar. 10, 1982 ;-- Am. 1985, Act 73, Imd. Eff. July 1, 1985 ;-- Am. 1992, Act 269, Imd. Eff. Dec. 15, 1992 ;-- Am. 2002, Act 25, Imd. Eff. Mar. 6, 2002 ;-- Am. 2014, Act 236, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.552 Insufficiency of funds; borrowing; repayment; restriction; special assessment.

Sec. 552.

(1) If, before the end of any calendar year, the annual assessments, after having been substantially collected, have not provided funds sufficient to either the second injury fund or the silicosis, dust disease, and logging industry compensation fund to meet the known obligations of those funds as they mature before the next available assessment date, the trustees, if the trustees find it to be reasonably required, may borrow on behalf of 1 fund from the other fund a sum or sums as may be required.

(2) Any sum or sums borrowed on behalf of 1 fund from the other fund shall be included in the next assessment of the borrowing fund and shall be repaid after the assessment has been substantially collected and the fund from which the sum or sums were borrowed during the period before repayment shall record the sum or sums as an asset.

(3) The trustees shall not borrow in the manner described in this section if it would impair the ability of either fund to meet its known obligations as the obligations mature before the next available assessment date.

(4) If the trustees find that it is reasonably required that they borrow on behalf of 1 fund from the other, but that the borrowing will impair the ability of the fund to meet the fund's known obligations as the obligations mature before the next assessment date, then, and in that event only, the trustees may order the director to levy a special assessment on each carrier in a sum sufficient to permit the fund making the assessment to meet the fund's known obligations as the obligations mature before the next available assessment date. The assessment shall be levied on each carrier in the same proportion as used in the preceding annual assessment. Payment of the special assessment shall be paid by each carrier within 45 days after the date of the mailing of the notice of special assessment.

History: Add. 1970, Act 3, Imd. Eff. Feb. 19, 1970 ;-- Am. 1980, Act 357, Eff. Jan. 1, 1982 ;-- Am. 1982, Act 32, Imd. Eff. Mar. 10, 1982

Popular Name: Act 317

418.552a Expired. 1980, Act 357, Eff. Jan. 1, 1986.

Compiler's Notes: The expired section pertained to employers required to participate in safety education and training programs or to utilize department of labor services.

Popular Name: Act 317

418.552b Silicosis, dust disease, and logging industry compensation fund; review; report.

Sec. 552b.

The silicosis, dust disease, and logging industry compensation fund created in section 501 shall be reviewed by the department of labor and reported upon to the legislature not later than January 1, 1985.

History: Add. 1980, Act 357, Eff. Jan. 1, 1982

Popular Name: Act 317

418.553 Self-insurers' security fund or private employer group self-insurers security fund; subrogation.

Sec. 553.

The self-insurers' security fund or the private employer group self-insurers security fund, after paying an injured employee, shall have all the rights of the injured employee as a creditor of the insolvent employer to the extent of

benefits it paid. The trustees of the fund shall have the right and obligation to obtain reimbursement to the fund from an insolvent employer for any funds paid out as benefits to the employees of the insolvent employer, including expenses pertinent to payments or recovery thereof.

History: Add. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 2014, Act 234, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.555 Reimbursement provisions; delinquent carriers.

Sec. 555.

The reimbursement provisions of this chapter are not available to any carrier currently delinquent in paying any assessment authorized in this chapter.

History: 1969, Act 317, Eff. Dec. 31, 1969 ;-- Am. 2014, Act 237, Imd. Eff. June 27, 2014

Popular Name: Act 317

418.561 Application for self-insurance; agreement as to insolvency.

Sec. 561.

The application for self-insurance by a private employer shall contain an agreement that in case of insolvency the employer shall make its records available to an agent of the self-insurers' security fund or the private employer group self-insurers security fund, as applicable, to help defend the fund and shall disclose the employer's inability to pay the injured employee.

History: Add. 1971, Act 149, Imd. Eff. Nov. 16, 1971 ;-- Am. 2014, Act 235, Imd. Eff. June 27, 2014

Popular Name: Act 317