



**House
Legislative
Analysis
Section**

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SELF-INSURERS: EMPLOYEE LIABILITY

House Bill 4220 as introduced
First Analysis (6-15-87)

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JUL 16 1987

Sponsor: Rep. Mary C. Brown
Committee: Labor

Mich. State Law Library

THE APPARENT PROBLEM:

The Worker's Disability Compensation Act allows employers in the same industry and public employers to form self-insurance groups under certain circumstances as an alternative to purchasing insurance coverages. Self-insurance funds have also been providing to members employer's liability coverage that covers the liability of an employer to its employees that arises outside of the worker's compensation laws. Worker's compensation insurance policies include this coverage (known as "coverage B"), and group funds have routinely offered it as well. Some doubt has arisen, however, whether self-insurance funds have the statutory authority to provide employer's liability coverage. Since the coverage is essential for employers, groups would be at a competitive disadvantage if they did not offer it. Yet they face the danger of legal challenges if they do offer it. The law needs to be clarified.

THE CONTENT OF THE BILL:

The bill would amend the Worker's Disability Compensation Act to allow self-insurance groups to provide coverage customarily known as "employer's liability insurance" for members of the group in conjunction with worker's compensation coverage.

MCL 418.611

FISCAL IMPLICATIONS:

The House Fiscal Agency says the bill has no long-range fiscal implications. (6-10-87)

ARGUMENTS:

For:

The bill would clear up any doubts that self-insurance groups providing workers compensation coverage could also provide employer's liability coverage (known as "coverage B") just as worker's compensation insurance policies do. Since the groups were statutorily authorized as alternatives to insurance policies, it is only fair that they be able to provide the same coverages. Self-insured groups have been providing this standard coverage for nearly 15 years, and the bill would remove any doubts about the legality of the practice. Without this authority, self-insurance groups would not be able to provide an essential coverage and would be at a competitive disadvantage.

POSITIONS:

The Michigan Council of Self Insured Group Administrators supports the bill. (6-8-87)

The Michigan Retailers Association supports the bill. (6-10-87)

The Michigan Municipal League supports the bill. (6-10-87)

The Michigan Manufacturers Association supports the bill. (6-10-87)

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