

SUBSTITUTE FOR
SENATE BILL NO. 786

A bill to amend 1969 PA 317, entitled
"Worker's disability compensation act of 1969,"
by amending sections 836 and 837 (MCL 418.836 and 418.837), as
amended by 1994 PA 271.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 836. (1) A REDEMPTION AGREEMENT FOR \$5,000.00 OR LESS
2 MAY BE APPROVED BY A MEDIATOR. A REDEMPTION AGREEMENT OF MORE
3 THAN \$5,000.00 SHALL BE APPROVED ONLY BY A WORKER'S COMPENSATION
4 MAGISTRATE. A redemption agreement shall ~~only~~ be approved ONLY
5 by a worker's compensation magistrate OR MEDIATOR, AS APPLICABLE,
6 if the worker's compensation magistrate OR MEDIATOR finds all of
7 the following:
8 (a) That the redemption agreement serves the purpose of this
9 act, is just and proper under the circumstances, and is in the
10 best interests of the injured employee.

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1 (b) That the redemption agreement is voluntarily agreed to
2 by all parties. If an employer does not object in writing or in
3 person to the proposed redemption agreement, the employer shall
4 be considered to have agreed to the proposed agreement.

5 (c) That if an application has been filed ~~pursuant to~~
6 UNDER section 847 it alleges a compensable cause of action under
7 this act.

8 (d) That the injured employee is fully aware of his or her
9 rights under this act and the consequences of a redemption
10 agreement.

11 (2) In making a determination under subsection (1), factors
12 to be considered by the worker's compensation magistrate ~~shall~~
13 OR MEDIATOR, AS APPLICABLE, include, but ARE not ~~be~~ limited to,
14 all of the following:

15 (a) Any other benefits the injured employee is receiving or
16 is entitled to receive and the effect a redemption agreement
17 might have on those benefits.

18 (b) The nature and extent of the injuries and disabilities
19 of the employee.

20 (c) The age and life expectancy of the injured employee.

21 (d) Whether the injured employee has any health, disability,
22 or related insurance.

23 (e) The number of dependents of the injured employee.

24 (f) The marital status of the injured employee.

25 (g) Whether any other person may have any claim on the
26 redemption proceeds.

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1 (h) The amount of the injured employee's average monthly
2 expenses.

3 (i) The intended use of the redemption proceeds by the
4 injured employee.

5 (3) The factors considered by the worker's compensation mag-
6 istrate OR MEDIATOR, AS APPLICABLE, in making a determination
7 under this section and the responses of the injured employee
8 ~~thereto~~ TO THOSE FACTORS shall be placed on the record.

9 (4) An employer ~~shall be considered~~ IS a party for pur-
10 poses under this section.

11 Sec. 837. (1) All redemption agreements and lump sum appli-
12 cations filed under ~~the provisions of~~ section 835 shall be
13 approved or rejected by a worker's compensation magistrate OR
14 MEDIATOR, AS APPLICABLE.

15 (2) The director may, or upon the request of ~~any of the~~
16 ~~parties~~ A PARTY to the action shall, review the order of the
17 APPLICABLE worker's compensation magistrate OR MEDIATOR entered
18 under subsection (1). In the event of review by the director and
19 in accordance with such rules as the director may prescribe and
20 after hearing, the director shall enter an order as the director
21 considers just and proper. Any order of the director under this
22 subsection may be appealed to the appellate commission within 15
23 days after the order is mailed to OR PERSONALLY SERVED ON the
24 parties.

25 (3) LEGAL COUNSEL IS NOT REQUIRED FOR EITHER PARTY IN THE
26 CASE OF A REDEMPTION OF \$5,000.00 OR LESS HEARD BY A MEDIATOR.

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1 (4) ~~(3)~~ Unless review is ordered or requested within 15
2 days after the date the order of the worker's compensation
3 magistrate OR MEDIATOR is mailed to OR PERSONALLY SERVED ON the
4 parties, the order ~~shall be~~ IS final.