House Legislative Analysis Section

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WORKER'S COMPENSATION: TIMELY PAYMENTS

House Bill 4999
Sponsor: Rep. Raymond Basham
Committee: Insurance and Financial Services

Complete to 7-10-01

A SUMMARY OF HOUSE BILL 4999 AS INTRODUCED 6-28-01

Currently, the Worker's Disability Compensation Act requires employers to pay compensation promptly and directly to the person entitled to the compensation. The compensation becomes due and payable fourteen days after notice or knowledge of the person's disability or death, and all subsequent compensation must be made in weekly installments. If weekly benefits or accrued weekly benefits are not paid within thirty days of becoming due, the employer must pay the recipient an additional $50 for each day over 30 days in which the benefits are not paid—up to a maximum of $1,500—unless there is an ongoing dispute.

House Bill 4999 would further specify that compensation or a lump sum required to be paid under a settlement or redemption agreement was due on the date of the settlement or redemption agreement, and was payable in accordance with the terms of the settlement or agreement. If compensation or a lump sum required by a settlement or agreement was not paid within 30 days of becoming due, and there was no ongoing dispute, the employer would have to pay the recipient an additional $50 for each day over 30 days in which the benefits remained unpaid. However, the $1,500 maximum would apply only if the employer failed to pay weekly compensation benefits or accrued weekly benefits within 30 days of their becoming due, as specified under current law. It would not apply if the employer failed to pay compensation or a lump sum required by a settlement or redemption agreement within 30 days of the date of the settlement or agreement.

MCL 418.801

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