

Legislative Analysis



WORKER'S COMPENSATION: OUT-OF-STATE INJURIES

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Senate Bill 1596 as introduced
Sponsor: Sen. Jason E. Allen
House Committee: Labor (Discharged)
Senate Committee: Commerce and Tourism

First Analysis (12-11-08)

BRIEF SUMMARY: This bill would amend the Worker's Disability Compensation Act to specify that the Worker's Compensation Agency has jurisdiction when a worker employed by a Michigan employer is injured outside of Michigan if the employee either resides in Michigan at the time of the injury or the contract of hire was made in Michigan.

FISCAL IMPACT: The bill would have an indeterminate impact on the number of cases under the jurisdiction of the Worker's Compensation Agency.

BACKGROUND INFORMATION:

In the case of Karaczewski v Farbman Stein & Company, 478 Mich 28 (2007), the Michigan Supreme Court reversed longstanding case law and decided that the act does not cover injuries suffered outside of Michigan by a worker employed by a Michigan company unless the worker is a resident of Michigan at the time of the injury and the contract of hire was made in Michigan. This decision eliminated coverage for injuries that had previously been covered under the act, reducing compensation for injured workers, and causing potential problems for employers, including those with out-of-state workers or who operate across state lines such as trucking and construction companies. The bill would make Section 845 read the way it had been interpreted before the Karaczewski ruling.

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