

# HOUSE BILL No. 5781

April 21, 2004, Introduced by Rep. Lipsey and referred to the Committee on Judiciary.

A bill to amend 1969 PA 317, entitled  
 "Worker's disability compensation act of 1969,"  
 by amending section 821 (MCL 418.821), as amended by 1982 PA  
 282.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 821. (1) A payment under this act ~~shall not be~~ **is**  
 2 **not** assignable or subject to attachment or garnishment ~~or~~ **and**  
 3 **shall not** be held liable in any way for a debt. ~~In the case of~~  
 4 ~~the insolvency of~~ **If** an employer **becomes insolvent**, liability  
 5 for compensation under this act ~~shall constitute~~ **is** a first  
 6 lien upon all the property of the employer liable for the  
 7 compensation, paramount to all other claims or liens, except for  
 8 wages and taxes, ~~which lien shall be enforced~~ **and is**  
 9 **enforceable** by order of the court.

10       (2) This section ~~shall~~ **does** not apply to or affect the

1 validity of an assignment made to an insurance company; health  
2 maintenance organization **operating under a certificate of**  
3 **authority issued under chapter 35 of the insurance code of 1956,**  
4 **1956 PA 218, MCL 500.3501 to 500.3580, or** licensed under former  
5 ~~Act No. 264 of the Public Acts of 1974, or 1974 PA 264 or~~  
6 **former** part 210 of ~~Act No. 368 of the Public Acts of 1978, as~~  
7 ~~amended, being sections 333.21001 to 333.21099 of the Michigan~~  
8 ~~Compiled Laws~~ **the public health code, 1978 PA 368;** or a medical  
9 care and hospital service corporation organized or consolidated  
10 under former ~~Act No. 108 or 109 of the Public Acts of 1939~~  
11 **1939 PA 108 or 1939 PA 109,** or any successor organization making  
12 an advance or payment to an employee under a group disability or  
13 group hospitalization insurance policy ~~which~~ **that** provides that  
14 benefits ~~shall not be~~ **are not** payable under the policy for a  
15 period of disability or hospitalization resulting from accidental  
16 bodily injury or sickness arising out of or in the course of  
17 employment. ~~When a group disability or hospitalization~~  
18 ~~insurance company; health maintenance organization licensed under~~  
19 ~~former Act No. 264 of the Public Acts of 1974, or part 210 of~~  
20 ~~Act No. 368 of the Public Acts of 1978, as amended; or a medical~~  
21 ~~care and hospital service corporation organized or consolidated~~  
22 ~~under former Act No. 108 or 109 of the Public Acts of 1939, or~~  
23 ~~any successor organization enforces an assignment given to it as~~  
24 ~~provided in this section, it~~ **A person described in this**  
25 **subsection that enforces an assignment of a payment under this**  
26 **act** shall pay, pursuant to rules established by the director, a  
27 portion of the attorney fees of the attorney who secured the

1 worker's compensation recovery.

2 (3) ~~As used in this section, "insurance company" includes a~~  
3 ~~self-insurer. If an insurance company insures both worker's~~  
4 ~~compensation and group disability or group hospitalization, it~~  
5 ~~shall be permitted the adjustment provided in this section. This~~  
6 **section does not apply to the assignment of payments made under a**  
7 **structured settlement that is part of or made under a redemption**  
8 **agreement.**

9 (4) A labor management health and welfare fund ~~shall be~~ **is**  
10 entitled to the same rights of assignment as an insurance company  
11 is entitled to under this section. **An insurance company that**  
12 **provides both worker's compensation insurance and group**  
13 **disability or group hospitalization insurance is entitled to the**  
14 **adjustment provided in this section.**

15 (5) As used in this section, "insurance company" includes a  
16 **self-insurer.**

17 Enacting section 1. This amendatory act does not take  
18 effect unless Senate Bill No. \_\_\_\_\_ or House Bill No. 5780  
19 (request no. 05870'03) of the 92nd Legislature is enacted into  
20 law.