

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

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CIRCULAR LETTER # 206

MICHIGAN EMPLOYEES WORKING OUTSIDE OF MICHIGAN

With the recent rash of severe weather that has struck the Southern United States, contractors from Michigan may travel to some of the affected states to do repair work. The Workers Compensation Agency indicates a Michigan based employer may take Michigan residents hired in Michigan to any state, and be afforded workers compensation coverage by the Michigan law if the injured employee makes a claim for Michigan benefits.

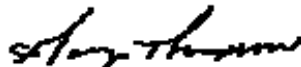
However, employers need to be made aware that if their employee is in another state, coverage extended by the Michigan policy may not satisfy the insurance requirements of the state where the work is being done and the employer may be subject to monetary penalties for failing to carry insurance coverage in that state. The insurance jurisdiction organization in each state where work is to be done must be contacted to see exactly what the workers compensation insurance requirements are in their state.

The purchase of a workers compensation policy to satisfy another state's requirement does not negate the Michigan coverage or the resulting premium that may be due.

This issue is certainly not restricted to the residual market. Carriers and agents must inform policyholders of the interstate implications outlined above.

Feel free to contact me with any questions. You may also direct questions on this matter to the Workers Compensation Agency (1-888-396-5041).

Sincerely,



Gary L. Thompson