STATE OF MICHIGAN

COURT OF APPEALS

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY,

Plaintiff-Appellant,

v

PHILIP W LEONARD,

Defendant-Appellee,

and

CITY OF DETROIT,

Defendant- Appellee.

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January 09, 2026
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No. 372959
Wayne Circuit Court
LC No. 22-015414-CK

Before: GADOLA, C.J., and REDFORD and RICK, JJ.

PER CURIAM.

Plaintiff, State Farm Mutual Automobile Insurance Company (State Farm), appeals by right the trial court's order denying its motion for summary disposition, and granting defendant, City of Detroit (the City), summary disposition under MCR 2.116(I)(2) (opposing party entitled to judgment) and MCR 2.116(C)(4) (court lacks of subject matter jurisdiction). The trial court lacked jurisdiction to grant plaintiff declaratory relief under MCL 418.841(1), and therefore, we affirm.

I. FACTS

Defendant Philip Leonard, a Detroit police officer, was injured in a car accident involving his patrol vehicle. Leonard and his partner were on their way to the scene of a shooting when they encountered a car accident. While sitting in their patrol vehicle filling out a report, another vehicle hit the passenger side door, causing Leonard to hit his head on a metal bar. Leonard had a no-fault insurance policy, which included personal protection insurance (PIP), with plaintiff State Farm. After the accident, State Farm paid a total of $37,305 in first-party no-fault benefits either to

Leonard or to his medical providers, apparently unaware that Leonard was in the scope of his employment when he was injured.

On December 29, 2022, State Farm filed a complaint for declaratory relief pursuant to MCR 2.605 against defendants Leonard and the City. State Farm alleged that at some point in 2022, Leonard filed a worker's compensation claim against the city, it was denied, and it was unclear why. State Farm asserted that it was entitled to a deduction or set off of all workers compensation benefits Leonard may be entitled to pursuant to MCL 500.3109. State Farm also alleged that there was a "BCBS Insurance policy in effect which potentially covered [] Leonard for certain benefits" and that State Farm would pay benefits "secondary to BCBS." State Farm sought a declaratory judgment that defendant "Detroit (i.e., workers compensation) is responsible for payment of any and all benefits, except a small portion of potential wage loss."

State Farm filed a motion for summary disposition arguing that the City was the priority insurer for Leonard's worker's compensation benefits and no-fault benefits. State Farm asserted summary disposition was appropriate under MCR 2.116(C)(8) because Leonard "has no claim against State Farm due to the priority of his other insurance(s)[.]" State Farm argued summary disposition was also appropriate under MCR 2.116(C)(10) because there was no genuine issue of material fact that State Farm is not Leonard's priority insurer. Furthermore, State Farm asserted it was entitled to reimbursement from the City for all sums State Farm paid to Leonard. The City responded that Leonard's worker's compensation claim remains open before the Worker's Disability Compensation Agency (WDCA). The City argued that the WDCA has exclusive jurisdiction over any controversy concerning worker's compensation benefits.

The trial court agreed with the City that it lacked jurisdiction because the WDCA had exclusive subject matter jurisdiction over Leonard's pending worker's compensation claims pursuant to MCL 418.841(1). The trial court found that State Farm's claim for declaratory relief depended on whether Leonard was entitled to worker's compensation, and the WDCA has exclusive subject matter jurisdiction over any controversy concerning worker's compensation. Therefore, the trial court found that it lacked subject matter jurisdiction. The trial court denied State Farm's motion for summary disposition and instead granted summary disposition to the City pursuant to MCR 2.116(I)(2) and MCR 2.116(C)(4). Plaintiff now appeals.

II. DISCUSSION

State Farm asserts the trial court had jurisdiction to grant declaratory relief because there is nothing in MCL 418.841 that gives the WDCA exclusive jurisdiction over no-fault or subrogation/reimbursement claims. Thus, the central issue, State Farm argues, was whether it had any further obligation to pay Leonard's no-fault benefits, and whether State Farm is entitled to reimbursement for no-fault benefits already paid to Leonard. We disagree.

A. STANDARD OF REVIEW

This Court reviews a trial court's decision on a motion for summary disposition de novo. *El-Khalil v Oakwood Healthcare, Inc*, 504 Mich 152, 159; 934 NW2d 665 (2019). "The proper interpretation of a statute is a legal question that this Court also reviews de novo." *McCormick v Carrier*, 487 Mich 180, 188; 795 NW2d 517 (2010).

B. ANALYSIS

Under the Worker's Disability Compensation Act, MCL 418.101 *et seq*., "Any dispute or controversy concerning compensation or other benefits shall be submitted to the bureau and all questions arising under this act shall be determined by the bureau or a worker's compensation magistrate, as applicable." MCL 418.841(1). Pursuant to the no-fault insurance act, MCL 500.3101 *et seq*., "[A] personal protection insurance policy described in section 3101(1) applies to accidental bodily injury to the person named in the policy, the person's spouse, and a relative of either domiciled in the same household, if the injury arises from a motor vehicle accident." MCL 500.3114(1). "An employee…who suffers accidental bodily injury while an occupant of a motor vehicle owned or registered by the employer, shall receive personal protection insurance benefits to which the employee is entitled from the insurer of the furnished vehicle." MCL 500.3114(3).

When an employee is injured in a motor vehicle accident during the course of employment, "entitlement to compensation for injuries is governed by both the WDCA and the no-fault act." *Specht v Citizens Ins Co of America*, 234 Mich App 292, 295; 593 NW2d 670 (1999). "Benefits provided or required to be provided under the laws of any state or the federal government shall be subtracted from the personal protection insurance benefits otherwise payable for the injury under this chapter." MCL 500.3109(1). Thus, the no-fault insurance carrier is "entitled to a setoff or reimbursement in the amount of the worker's compensation benefits that were or will be paid for the same injuries." *Specht*, 234 Mich App at 295, citing MCL 500.3109(1). However, no setoff or reimbursement can be made until there is a final determination of the amount of worker's compensation and no-fault benefits to which the claimant is entitled. *Joiner v Mich Mut Ins Co*, 161 Mich App 285, 293; 409 NW2d 808 (1987). Therefore, if a no-fault insurer stops making payments to a claimant pending the outcome of a worker's compensation claim, the no-fault insurer risks the payments becoming overdue and accruing interest. *Id*. at 294. Where a claim for worker's compensation benefits is still pending when the no-fault carrier is sued for benefits, the no-fault carrier will be unable to prove its entitlement to a setoff. *Specht*, 234 Mich App at 296.

"In cases of dispute coming under the jurisdiction of the agency [WDCA], any party may apply to the agency for relief." Mich Admin Code, R 408.34(1). This Court has found that the term "any party" is broad enough to encompass entities such as no-fault insurers who have a direct financial interest in a possible worker's compensation award. *Russell v Welcor, Inc*, 157 Mich App 351, 355; 403 NW2d 133 (1987). Intervention by the no-fault carrier is authorized by MCL 418.847. *Allstate Ins Co v Sentry Ins Co of Mich*, 175 Mich App 157, 161; 437 NW2d 338 (1989). In *Russell*, this Court found that allowing no-fault insurers to intervene in worker's compensation proceedings would "encourage swift payment of no-fault benefits" and "promote judicial economy." *Russell*, 157 Mich App at 356.

Furthermore, "a declaratory judgment action cannot be maintained to resolve disputes which are within the exclusive jurisdiction of the [WDCA]." *Mich Prop & Cas Guaranty Ass'n v Checker Cab Co*, 138 Mich App 180, 183; 360 NW2d 168 (1984). Whether a claimant is entitled to worker's compensation benefits is an issue within the exclusive jurisdiction of the WDCA. *Sewell v Clearing Machine Corp*, 419 Mich 56, 62; 347 NW2d 447 (1984). "A circuit court may have concurrent jurisdiction over certain issues, particularly those involving determination of

rights arising out of an entirely different relationship than that of employer-employee." *Lulgjuraj v Chrysler Corp*, 185 Mich App 539, 545; 463 NW2d 152 (1990). "However[,] where the employer-employee relationship is substantially involved, the jurisdiction of the bureau is exclusive." *Id*., citing *Mich Prop & Cas Guaranty Ass'n*, 138 Mich App at 180.

Here, State Farm's claim for declaratory relief sought a judgment declaring that "Detroit (i.e., workers compensation) is responsible for payment of any and all benefits, except a small portion of potential wage loss." The issue of whether a claimant is entitled to worker's compensation benefits is an issue within the exclusive jurisdiction of the WDCA. MCL 418.847(1); *Mich Prop & Cas Guaranty Ass'n*, 138 Mich App at 183. Thus, it follows that whether the City of Detroit is responsible for paying worker's compensation benefits is also an issue that is within the exclusive jurisdiction of the WDCA, because whether Detroit is responsible for paying worker's compensation benefits depends on whether Leonard is entitled to receive those benefits. See MCL 418.847(1). Therefore, the trial court did not err in finding it lacked jurisdiction to grant the declaratory relief requested by State Farm, and that exclusive jurisdiction rested with the WDCA.

State Farm is correct that it would be entitled to a setoff or reimbursement for the no-fault benefits it paid to Leonard if Leonard receives worker's compensation benefits for the same injuries under MCL 500.3109(1). But State Farm is unable to prove its entitlement to a setoff or reimbursement because Leonard's worker's compensation claim was still pending at the time of the trial court's ruling. See *Specht*, 234 Mich App at 296. Where a claim for worker's compensation benefits is still pending when the no-fault carrier is sued for benefits, the no-fault carrier will be unable to prove its entitlement to a setoff. *Id*. While this is not a case where State Farm is being sued for benefits, rather, State Farm is suing for declaratory relief as to its obligation to pay no-fault benefits, State Farm cannot prove its entitlement to a setoff without a final determination from the WCDA. As our caselaw dictates, the only way for State Farm to protect its reimbursement interest while Leonard's WDCA claim is still pending would be to intervene in the claim before the WDCA. *Russell*, 157 Mich App at 355-356. No-fault carriers have a right to intervene in WDCA proceedings for that reason. *Allstate Ins Co*, 175 Mich App at 161. Without a final determination from the WDCA as to whether Leonard is entitled to worker's compensation benefits, State Farm cannot prove that it is entitled to reimbursement under MCL 500.3109(1). See *Joiner*, 161 Mich App at 293. Thus, the trial court properly denied State Farm's motion for summary disposition, and properly granted summary disposition to defendants under MCR 2.116(I)(2) and MCR 2.116(C)(4).

Affirmed.

/s/ Michael F. Gadola
/s/ James Robert Redford
/s/ Michelle M. Rick