



Romney Building, 10th Floor  
Lansing, Michigan 48909  
Phone: 517/373-6466

## LOCAL GOVERNMENT: HEALTH CARE SELF-INSURANCE POOLS

### House Bill 4118

Sponsor: Rep. Jason Allen

Committee: Local Government and  
Urban Policy

Complete to 2-17-99

### A SUMMARY OF HOUSE BILL 4118 AS INTRODUCED 2-2-99

House Bill 4118 would amend Public Act 35 of 1951, an act that concerns intergovernmental contracts. Under current law, two or more municipal corporations may, by intergovernmental contract, form a group self-insurance pool to provide any of five kinds of coverages for employees "for acts or omissions arising out of the scope of their employment." The kinds of coverages allowed are casualty including professional liability, property, automobile, surety and fidelity, and umbrella and excess insurance coverages. House Bill 4118 would add hospital, medical, surgical, or dental coverage to the list of allowable coverages.

Under the bill, a group self-insurance pool providing health care coverage would be required to have aggregate excess insurance coverage or a deposit of unimpaired surplus with the state treasurer (or a combination of the two) of not less than \$7,500,000. In the instance of other coverages, the aggregate excess insurance coverage or the deposit of unimpaired surplus (or a combination of the two) cannot be less than \$5,000,000 unless the commissioner of insurance determines that less would be adequate.

House Bill 4118 also would eliminate the provision in the act that prohibits local units of government from providing a self-insurance pool for hospital, medical, surgical, or dental benefits to the employees of member municipalities in a self-insurance pool.

MCL 124.5, 124.7, and 124.7a

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.