

REPRINT

**SUBSTITUTE FOR  
SENATE BILL NO. 151**

(As Passed the Senate March 25, 1999)

A bill to amend 1951 PA 35, entitled

"An act to authorize intergovernmental contracts between municipal corporations; to authorize any municipal corporation to contract with any person or any municipal corporation to furnish any lawful municipal service to property outside the corporate limits of the first municipal corporation for a consideration; to prescribe certain penalties; to authorize contracts between municipal corporations and with certain nonprofit public transportation corporations to form group self-insurance pools; and to prescribe conditions for the performance of those contracts,"

by amending section 5 (MCL 124.5), as amended by 1988 PA 36.

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

1       Sec. 5. (1) Notwithstanding any other provision of law to  
2 the contrary, any 2 or more municipal corporations, by intergov-  
3 ernmental contract, may form a group self-insurance pool to pro-  
4 vide for joint or cooperative action relative to their financial  
5 and administrative resources for the purpose of providing to the  
6 participating municipal corporations risk management and coverage  
7 for pool members and employees of pool members, for acts or

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1 omissions arising out of the scope of their employment, including  
2 any or all of the following:

3 (a) Casualty insurance, including general and professional  
4 liability coverage.

5 (b) Property insurance, including marine insurance and  
6 inland navigation and transportation insurance coverage.

7 (c) Automobile insurance, including motor vehicle liability  
8 insurance coverage and security for motor vehicles owned or oper-  
9 ated, as required by section 3101 of the insurance code of 1956,  
10 ~~Act No. 218 of the Public Acts of 1956, as amended, being sec-~~  
11 ~~tion 500.3101 of the Michigan Compiled Laws~~ 1956 PA 218, MCL  
12 500.3101, and protection against other liability and loss associ-  
13 ated with the ownership of motor vehicles.

14 (d) Surety and fidelity insurance coverage.

15 (e) Umbrella and excess insurance coverages.

16 (2) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A  
17 group self-insurance pool may not provide for hospital, medical,  
18 surgical, or dental benefits to the employees of the member  
19 municipalities in the pool except when ~~such~~ THOSE benefits  
20 arise from the obligations and responsibilities of the pool in  
21 providing automobile insurance coverage, including motor vehicle  
22 liability insurance coverage and security for motor vehicles  
23 owned or operated, as required by section 3101 of the insurance  
24 code of 1956, ~~Act No. 218 of the Public Acts of 1956, as~~  
25 ~~amended~~ 1956 PA 218, MCL 500.3101, and protection against other  
26 liability and loss associated with the ownership of motor  
27 vehicles. THIS SUBSECTION DOES NOT PRECLUDE MUNICIPAL

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1 CORPORATIONS FROM FORMING A MULTIPLE EMPLOYER WELFARE ARRANGEMENT  
2 UNDER CHAPTER 70 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL  
3 500.7001 TO 500.7090, FOR HOSPITAL, MEDICAL, SURGICAL, OR DENTAL  
4 BENEFITS.

5 (3) A group self-insurance pool may assume, cede, and sell  
6 risk for coverages set forth in subsection (1). If a group  
7 self-insurance pool obtains reinsurance, the reinsurance contract  
8 shall be made available to the commissioner upon request. If the  
9 reinsurance contract is not available to the group self-insurance  
10 pool, the group self-insurance pool shall provide ~~to~~ the com-  
11 missioner ~~such~~ WITH written documentation of coverage as is  
12 requested by the commissioner.

13 (4) A group self-insurance pool, for the purposes of carry-  
14 ing on the business of the group self-insurance pool whether or  
15 not a body corporate, shall have the power to sue and be sued; to  
16 make contracts; to hold and dispose of real and personal proper-  
17 ty; and to borrow money, contract debts, and pledge assets in the  
18 name of the group self-insurance pool.

19 (5) In addition to any other powers granted by this act, the  
20 power to enter into intergovernmental contracts under this sec-  
21 tion specifically includes the power to establish the pool as a  
22 separate legal or administrative entity for purposes of effectu-  
23 ating group self-insurance pool agreements.

24 (6) The legislature hereby finds and determines that insur-  
25 ance protection is essential to the proper functioning of munici-  
26 pal corporations; that the resources of municipal corporations  
27 are burdened by the securing of ~~such~~ INSURANCE protection

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1 through standards carriers; that proper risk management requires  
2 ~~the~~ spreading ~~of~~ risk ~~so as~~ to minimize fluctuation in  
3 insurance needs; and that, therefore, all contributions of finan-  
4 cial and administrative resources made by a municipal corporation  
5 pursuant to an intergovernmental contract ~~as~~ authorized under  
6 this act are made for a public and governmental purpose, and that  
7 ~~such~~ THOSE contributions benefit each contributing municipal  
8 corporation.

9       (7) Two or more municipal corporations shall not form a  
10 group self-insurance pool to provide the coverages described in  
11 subsection (1) other than pursuant to sections 5 to 12b.