

Act No. 83
Public Acts of 1999
Approved by the Governor
June 28, 1999
Filed with the Secretary of State
June 28, 1999
EFFECTIVE DATE: June 28, 1999

STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999

Introduced by Senators Sikkema, Gougeon, Bullard, Goschka, Bennett, McCotter, Hammerstrom, McManus, Steil, North and Shugars

ENROLLED SENATE BILL No. 151

AN ACT 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:

Sec. 5. (1) Notwithstanding any other provision of law to the contrary, any 2 or more municipal corporations, by intergovernmental contract, may form a group self-insurance pool to provide for joint or cooperative action relative to their financial and administrative resources for the purpose of providing to the participating municipal corporations risk management and coverage for pool members and employees of pool members, for acts or omissions arising out of the scope of their employment, including any or all of the following:

- (a) Casualty insurance, including general and professional liability coverage.
- (b) Property insurance, including marine insurance and inland navigation and transportation insurance coverage.
- (c) Automobile insurance, including motor vehicle liability insurance coverage and security for motor vehicles owned or operated, as required by section 3101 of the insurance code of 1956, 1956 PA 218, MCL 500.3101, and protection against other liability and loss associated with the ownership of motor vehicles.
- (d) Surety and fidelity insurance coverage.
- (e) Umbrella and excess insurance coverages.

(2) Except as otherwise provided in this subsection, a group self-insurance pool may not provide for hospital, medical, surgical, or dental benefits to the employees of the member municipalities in the pool except when those benefits arise from the obligations and responsibilities of the pool in providing automobile insurance coverage, including motor vehicle liability insurance coverage and security for motor vehicles owned or operated, as required by section 3101 of the insurance code of 1956, 1956 PA 218, MCL 500.3101, and protection against other liability and loss associated with the ownership of motor vehicles. This subsection does not preclude municipal corporations from forming a multiple employer welfare arrangement under chapter 70 of the insurance code of 1956, 1956 PA 218, MCL 500.7001 to 500.7090, for hospital, medical, surgical, or dental benefits.

(3) A group self-insurance pool may assume, cede, and sell risk for coverages set forth in subsection (1). If a group self-insurance pool obtains reinsurance, the reinsurance contract shall be made available to the commissioner upon

request. If the reinsurance contract is not available to the group self-insurance pool, the group self-insurance pool shall provide the commissioner with written documentation of coverage as is requested by the commissioner.

(4) A group self-insurance pool, for the purposes of carrying on the business of the group self-insurance pool whether or not a body corporate, shall have the power to sue and be sued; to make contracts; to hold and dispose of real and personal property; and to borrow money, contract debts, and pledge assets in the name of the group self-insurance pool.

(5) In addition to any other powers granted by this act, the power to enter into intergovernmental contracts under this section specifically includes the power to establish the pool as a separate legal or administrative entity for purposes of effectuating group self-insurance pool agreements.

(6) The legislature hereby finds and determines that insurance protection is essential to the proper functioning of municipal corporations; that the resources of municipal corporations are burdened by the securing of insurance protection through standards carriers; that proper risk management requires spreading risk to minimize fluctuation in insurance needs; and that, therefore, all contributions of financial and administrative resources made by a municipal corporation pursuant to an intergovernmental contract authorized under this act are made for a public and governmental purpose, and that those contributions benefit each contributing municipal corporation.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Jay E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.