STATE INSURANCE
Act 388 of 1913

AN ACT to provide for state insurance on state property and against liability arising or that may arise under certain laws.

History: 1913, Act 388, Eff. Aug. 14, 1913;—Am. 1980, Act 94, Imd. Eff. Apr. 16, 1980.

Compiler's note: For transfer of the Department of Insurance and Office of the Commissioner on Insurance from the Department of Licensing and Regulation to the Department of Commerce, see E.R.O. No. 1991-9, compiled at MCL 338.3501 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

550.701 Insurance of state property; determination; approval; bids; purchase of deductible or catastrophe insurance; payment of premiums.

Sec. 1. (1) An officer or agent of this state or a person or persons having charge of a state owned and state used building or property of the state shall not pay out any public moneys or funds on account of an insurance against loss by fire, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, falling aircraft, hail, except this does not apply to growing crops, and smoke, caused from faulty operation of a heating plant using oil or gas fuel, or shall not in any manner contract for or incur an indebtedness against the state on account of an insurance upon any of the buildings, furniture, fixtures, or property of any kind belonging to the state, or against liability arising or that may arise under Act No. 317 of the Public Acts of 1969, as amended, being sections 418.101 to 418.941 of the Michigan Compiled Laws, except in a manner provided in this act. If a state agency which has charge of the property determines that state owned properties in a single building represent an abnormal concentration of values, or are without adequate fire protection, or are highly combustible or highly inflammable, the director of the department of management and budget, after review, approval, or modification of the determination by the state agency, and after approval by the state administrative board, shall arrange for the insurance of the property against the perils named in this section in companies authorized to operate in the state.

(2) The state administrative board, after an investigation as it considers necessary, may direct the director of the department of management and budget to call for bids and purchase deductible or catastrophe fire, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, falling aircraft, hail, and smoke insurance, covering any or all state property, with insurance companies duly authorized to do business in this state. An amount sufficient to pay the premiums on all insurance authorized to be purchased from private companies under this section is appropriated from the applicable fund.

History: 1913, Act 388, Eff. Aug. 14, 1913;—CL 1915, 9268;—CL 1929, 12680;—Am. 1945, Act 314, Imd. Eff. May 25, 1945;—Am. 1946, 1st Ex. Sess., Act 28, Imd. Eff. Feb. 26, 1946;—Am. 1947, Act 173, Eff. Oct. 11, 1947;—Am. 1948, 1st Ex. Sess., Act 40, Imd. Eff. May 10, 1948;—CL 1948, 550.701;—Am. 1951, Act 197, Imd. Eff. June 8, 1951;—Am. 1965, Act 365, Imd. Eff. July 23, 1965 ;—Am. 1980, Act 94, Imd. Eff. Apr. 16, 1980.

Compiler's note: For transfer of the Department of Insurance and Office of the Commissioner on Insurance from the Department of Licensing and Regulation to the Department of Commerce, see E.R.O. No. 1991-9, compiled at MCL 338.3501 of the Michigan Compiled Laws.

For transfer of authority, powers, duties, functions, and responsibilities of the insurance bureau and the commissioner of insurance to the commissioner of the office of financial and insurance services and the office of financial and insurance services, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

550.702, 550.703 Repealed. 1965, Act 365, Imd. Eff. July 23, 1965.

Compiler's note: The repealed sections provided for state insurance fund and for investment of moneys therein.

550.704 Loss in case of damage; fixing amount.

Sec. 4. In case any buildings or property of the state other than those insured under the provisions of section 1 shall be damaged by fire, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, falling aircraft, hail (except growing crops) and smoke, caused from faulty operation of a heating plant using oil or gas fuel the controller, within 30 days or as soon as possible thereafter, shall ascertain and fix the amount of such damage. The ascertained amount of such damage shall in no case be less than the amount necessary to rebuild, repair or replace the property so damaged.

History: 1913, Act 388, Eff. Aug. 14, 1913;—CL 1915, 9271;—CL 1929, 12683;—Am. 1945, Act 314, Imd. Eff. May 25, 1945;—CL 1948, 550.704;—Am. 1965, Act 365, Imd. Eff. July 23, 1965.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the insurance bureau and the commissioner of insurance to the commissioner of the office of financial and insurance services and the office of financial and insurance

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services, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

550.705 Loss in case of damage; payment, release of additional amounts necessary to rebuild or restore.

Sec. 5. When the amount of loss has been fixed and determined to be $50,000.00 or less by the controller, the amount so determined is appropriated in the applicable fund to be used by the state administrative board, for the rebuilding or restoring of the property damaged, and to be disbursed in such manner as other state funds are paid out. If during the rebuilding or restoring of such property damaged it shall be necessary in the opinion of the state administrative board to expend any additional amounts over and above the amounts certified by the controller, an additional amount equal to 10% of such previously determined amount is appropriated, but in no case to exceed $50,000.00 to be paid out in the same manner as provided for the payments made from the original appropriation. When the amount of loss has been fixed and determined to be more than $50,000.00, not to exceed a total of $5,000.00 is appropriated to be used under the supervision of the state administrative board for preliminary expenses connected with the loss, to be disbursed in such manner as other state funds are paid out. No payment in excess of $5,000.00 for any such loss shall be made until authorized and provided for by either the legislature or the special commission on appropriations created under the provisions of Act No. 120 of the Public Acts of 1937, as amended, being sections 5.1 to 5.5 of the Compiled Laws of 1948.

History: 1913, Act 388, Eff. Aug. 14, 1913;—CL 1915, 9272;—CL 1929, 12684;—Am. 1945, Act 314, Imd. Eff. May 25, 1945;—CL 1948, 550.705;—Am. 1955, Act 203, Imd. Eff. June 17, 1955;—Am. 1965, Act 365, Imd. Eff. July 23, 1965.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the insurance bureau and the commissioner of insurance to the commissioner of the office of financial and insurance services and the office of financial and insurance services, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

550.706 Repealed. 1993, Act 199, Eff. Dec. 28, 1994.

Compiler's note: The repealed section pertained to determination of assessments by state accident fund.

550.707, 550.708 Repealed. 1965, Act 365, Imd. Eff. July 23, 1965.

Compiler's note: The repealed sections pertained to duties of commissioner of insurance in administering state insurance act.

550.709 Self-liquidation projects exempted; applicability of act.

Sec. 9. The provisions of this act shall not have application to any structure, building, or the contents thereof, acquired, purchased or erected as self-liquidating projects pursuant to the terms of Act No. 15 of the Public Acts of 1937, as amended, being sections 390.451 to 390.456, inclusive, of the Compiled Laws of 1948, or Act No. 9 of the Public Acts of the Extra Session of 1938, as amended, being sections 390.371 to 390.375, inclusive, of the Compiled Laws of 1948, where the state board of education or the board of control of Michigan college of mining and technology has arranged for insuring such property against the perils designated in section 1 hereof in companies authorized to operate in the state of Michigan, in such amounts as such board shall deem adequate.

History: Add. 1949, Act 100, Eff. Sept. 23, 1949.

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550.710 Election of coverage.

Sec. 10. An institution, agency, authority or instrumentality of the state which, under the constitution or laws of the state, has control and direction of the expenditures of its funds may elect to be covered under the provisions of this act.

History: Add. 1965, Act 365, Imd. Eff. July 23, 1965.

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550.711 State insurance fund abolished; reversion of funds.

Sec. 11. The state insurance fund is abolished on June 30, 1965, and any unencumbered balance in the fund at that time shall revert to the several state funds in the same proportion as the last previous premium assessments against such funds.

History: Add. 1965, Act 365, Imd. Eff. July 23, 1965.

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