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BILL ANALYSIS

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Senate Bill 490 (as introduced 4-29-09)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 5-5-09

CONTENT

The bill would amend the Mackinac Bridge Authority (MBA) law to permit the MBA to enter into an agreement with the Michigan Department of Transportation (MDOT) to provide for the self-insurance of bridge assets and activities.

The agreement would have to establish the terms and conditions of the self-insurance consistent with the provisions described below.

The agreement could provide that claims that otherwise would have been paid under an insurance policy carried by the MBA would have to be paid from a self-insurance reserve account to be established and maintained by the MBA. If there were insufficient funds in the account to pay a claim, the balance of the claim would have to be paid by MDOT from funds restricted to transportation purposes under the State Constitution.

The self-insurance reserve account would have to be funded by annual payments by the MBA of at least \$200,000 until the total of the account equaled at least \$1.0 million, as the MBA and MDOT agreed. Once the account was fully funded, the MBA could cease payments to the account except to the extent that payments were necessary to restore a balance of \$1.0 million after the payment of claims from the account.

In any lawsuit against the MBA for damages that were covered by the self-insurance agreement, MDOT would have to defend the MBA and control the course and disposition of the litigation as if the claim were against MDOT. The Department would have to advise the MBA of pending litigation and consult with the MBA regarding the potential disposition of the matter. The Department's cost of the litigation would have to be paid as a claim from the self-insurance reserve account or MDOT funds as provided under the bill and in the agreement.

Proposed MCL 254.301a

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The fiscal impact of the bill cannot be determined at this time.

Fiscal Analyst: Debra Hollon

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