

**WORKER'S DISABILITY COMPENSATION ACT OF 1969 (EXCERPT)**  
**Act 317 of 1969**

**418.659 Dissolution of certain authorities; payment of claims.**

Sec. 659. (1) If the suburban mobility authority regional transportation authority created pursuant to the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, an authority created by interlocal agreement pursuant to the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, an authority created pursuant to the public transportation authority act, 1986 PA 196, MCL 124.451 to 124.479, a metropolitan council established pursuant to the metropolitan councils act, 1989 PA 292, MCL 124.651 to 124.729, an authority or a municipal corporation that has entered into an intergovernmental contract to provide transportation services pursuant to 1951 PA 35, MCL 124.1 to 124.13, or 1963 PA 55, MCL 124.351 to 124.359, or an authority created pursuant to 1969 PA 55, MCL 124.351 to 124.359, ceases to operate or is dissolved, and a successor agency is not created to assume its assets, liabilities, and perform its functions, and if the authority is authorized to secure the payment of compensation under section 611(1)(a), then the state hereby guarantees the payment of claims for benefits arising under this act against the authority. Payment of claims by the state under this section shall be made from the general fund. The director of the department of technology, management, and budget shall designate a third party administrator to handle claims under this section until the assignment under subsection (3) occurs.

(2) Except as otherwise provided in subsection (3), the third party administrator shall determine in detail as the director of the department of technology, management, and budget may require the amount necessary to pay the claims for benefits for which the state is responsible pursuant to subsection (1). The third party administrator shall be responsible for the processing of these claims and shall be compensated for its services in the same manner as a carrier is compensated for processing the claims of state employees.

(3) The Michigan worker's compensation placement facility shall randomly assign a carrier licensed to write worker's disability compensation insurance to determine in detail as the director of the department of technology, management, and budget may require the amount necessary to pay the claims for benefits for which the state is responsible pursuant to subsection (1). The carrier so assigned is responsible for processing these claims and shall be compensated for its services in the same manner as for processing the claims of state employees.

(4) The state is entitled to a lien that takes precedence over all other liens on its portion of the assets of the authority in satisfaction of the payment of claims for benefits under this section.

(5) This section shall not be construed to permit the use of state funds for the payment of private obligations. Therefore, if an authority created pursuant to 1987 PA 204, MCL 124.401 to 124.426; 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512; 1986 PA 196, MCL 124.451 to 124.479; a metropolitan council established pursuant to 1989 PA 292, MCL 124.651 to 124.685; an authority or a municipal corporation that has entered into an intergovernmental contract to provide transportation services pursuant to 1951 PA 35, MCL 124.1 to 124.13; or 1963 PA 55, MCL 124.351 to 124.359, delegates to a private employer or contracts with a private employer for the performance of any of the functions permitted under its enabling statute, the director shall not permit the private employer performing these functions to be included under the authorization granted by the director to the authority or other agency to self-insure pursuant to section 611(1)(a).

**History:** Add. 2011, Act 266, Imd. Eff. Dec. 19, 2011.

**Compiler's note:** Enacting section 2 of Act 266 of 2011 provides:

"Enacting section 2. This amendatory act applies to injuries incurred on or after its effective date."

**Popular name:** Act 317