



STATE OF MICHIGAN

DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

LISA WEBB SHARPE
DIRECTOR

January 1, 2009

MEMORANDUM

TO: WHOM IT MAY CONCERN

FROM: Deborah M. Roberts, Executive Director *Deborah M. Roberts*
State Building Authority

SUBJECT: Financial Responsibility for Property and Liability Losses

Properties

Ordinarily, the State does not insure its building or other properties against loss from the usual fire and extended coverage perils. Such losses are funded under the provisions of 1913 PA 388, as amended, MCL 550.704 and 550.705, which authorizes funds for certified losses up to \$50,000. Greater amounts require specific legislative action.

Non-Vehicular Liabilities

Michigan Supreme Court decisions indicate that under Public Act 170 of 1964, the State may be held liable for the consequences of any tortuous act or omission occurring in the course and scope of performing any function that is not a governmental function (governmental function defined as "an activity which is implied or expressly mandated or authorized by constitution, statute, local charter or ordinance, or other law"). Claims against the State are adjudicated in the Court of Claims.

The State does insure some specific liabilities when one or more perils expose the State to a potential loss, which could impair its financial condition and/or essential services or is otherwise legally mandated, otherwise the State is self-insured.

Vehicular Liability

Pursuant to 1964 PA 170, as amended, and MCL 691.1405, the State is liable for bodily injury and property damage resulting from the negligent operation of its motor vehicles. Under the State's self-insurance program, State-owned vehicles are covered for personal injury protection insurance, property protection insurance and liability insurance as required by the law.