

INTERGOVERNMENTAL CONTRACTS BETWEEN MUNICIPAL CORPORATIONS (EXCERPT)
Act 35 of 1951

124.8 Audited financial statements; certification; filing; audit by commissioner of insurance; reimbursement; uniform reporting format; uniform accounting system; review of working papers and other records; certification of reserves; examinations; noncompliance with financial requirements; plan to restore compliance; time, suspension, revocation, or limitation of right of pool to do business in state.

Sec. 8.

(1) Each group self-insurance pool created in this state shall file with the members of the pool, within 120 days after the end of the pool's fiscal year, audited financial statements certified by an independent certified public accountant. Two additional copies of the audited financial statements shall be filed with the commissioner of insurance. The commissioner of insurance shall forward a copy of the audited financial statement to the state treasurer.

(2) If a group self-insurance pool fails to provide for the audited financial statements required by subsection (1), the commissioner of insurance shall perform the audit and the group self-insurance pool shall reimburse the commissioner of insurance for the cost of the audit. The commissioner of insurance shall prescribe a uniform reporting format for the preparation of the audited financial statements and shall also devise a uniform accounting system to be used by group self-insurance pools. The working papers of the certified public accountant and other records pertaining to the preparation of the audited financial statements may be reviewed by the commissioner of insurance.

(3) Each group self-insurance pool created in this state shall file with the commissioner of insurance, within 120 days after the end of the pool's fiscal year, a certification by an independent actuary that the reserves set aside pursuant to section 7a are adequate for the payment of claims.

(4) The commissioner of insurance shall perform examinations of each group self-insurance pool created in this state to assure that the pools fulfill all of the requirements of this act and are operating in accordance with law.

(5) If a group self-insurance pool fails to maintain compliance with the financial requirements of this act, the commissioner of insurance shall notify the pool and the state treasurer that the pool has failed to maintain compliance with the financial requirements of this act. Within 30 business days after notification by the commissioner of noncompliance with the financial requirements of this act, the pool shall file a plan to restore compliance. Failure of the pool to file a plan shall create a presumption that the pool does not meet the financial requirements of this act. The commissioner, upon written request by the pool, may grant a period of time within which to restore compliance. The period of time may be granted only if the commissioner is satisfied the pool is safe, reliable, and entitled to public confidence; is satisfied the pool would suffer a material financial loss from an immediate forced conversion of its assets; and approves the plan filed by the pool for restoring compliance within the time granted. If the plan is not approved by the commissioner, or if the plan is approved, and, at the end of 1 year the pool still does not comply with the financial requirements of this act, or if the pool does not file a plan to restore compliance, the commissioner may grant additional time to comply, or the commissioner may suspend, revoke, or limit the right of the pool to do business in this state.

History: Add. 1982, Act 138, Imd. Eff. Apr. 27, 1982 ;-- Am. 1988, Act 36, Eff. July 1, 1988