

2770.6500 AUTHORIZATION STANDARDS.

Subpart 1. **Political subdivisions.** The commissioner shall grant self-insurance authority to an applicant that is a political subdivision if it satisfies these conditions:

- A. at least 25 motor vehicles are registered in its name; and
- B. it has, or has contracted with a licensed vendor of risk management services to provide, the administrative resources needed to:
 - (1) process, review, and pay claims;
 - (2) evaluate the medical and rehabilitation needs of automobile accident victims; and
 - (3) estimate current and future loss liabilities.

A political subdivision that has satisfied the foregoing conditions is not required to satisfy the security requirement of part 2770.6800.

Subp. 2. **All other applicants.** The commissioner shall grant self-insurance authority to an applicant that is not a political subdivision if the following conditions are satisfied:

- A. the applicant satisfies subpart 1, item B;
- B. either the applicant alone or the parent company alone:
 - (1) satisfies subpart 1, item A;
 - (2) has existed for at least five years;
 - (3) has a current net worth, or the equivalent, of at least \$5,000,000;
 - (4) had positive net income, or the equivalent, during the last five-year period and in at least three of those years; and
 - (5) had positive net funds flow during the last five-year period and in at least three of those years;
- C. neither the applicant nor its parent company, if one exists, has sought protection under the United States Bankruptcy Code during the last three years; and
- D. the funds flow, debt structure, profitability, and overall financial integrity of the applicant and its parent company, if one exists, demonstrate a continuing ability of the applicant to satisfy any financial obligations that have been and might be incurred under the no-fault act.

Statutory Authority: *MS s 65B.48*

History: *9 SR 734; 9 SR 764; 10 SR 1265*

Published Electronically: *September 14, 2007*