

CHAPTER 65B

AUTOMOBILE INSURANCE

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65B.01 PURPOSES, CONSTRUCTION AND SCOPE. Subdivision 1. **Purpose.** The purposes of Laws 1971, Chapter 813 are to provide the guarantee that automobile insurance coverage will be available to any person who is unable to procure such insurance through ordinary methods by providing a facility for the placement of automobile insurance risks with insurers, and to preserve to the public the benefits of price competition by encouraging maximum use of the normal private insurance system. Laws 1971, Chapter 813 shall be liberally construed to effect the purposes stated.

Subd. 2. **Scope and membership.** Every insurer authorized to write and writing automobile bodily injury liability, property damage liability or physical damage insurance in this state, as a condition precedent to being licensed or to retain such license to write such insurance in this state, shall be a member of the facility and shall participate therein under the terms and provisions of Laws 1971, Chapter 813. Every such insurer shall be a member of such a facility on a date specified by the commissioner of insurance.

[1971 c 813 s 1]

65B.02 DEFINITIONS. Subdivision 1. Unless the language or context clearly indicates a different meaning is intended, the following terms shall, for the purposes of Laws 1971, Chapter 813, have the meanings ascribed to them.

Subd. 2. "Qualified applicant" means a person who:

- (1) Is a resident of this state,
- (2) Owns a motor vehicle registered in accordance with the laws of this state, or has a valid drivers' license, or is required to file proof of financial responsibility with the commissioner of public safety in accordance with the provisions of chapter 65B, and
- (3) Has no unpaid premiums with respect to prior automobile insurance.

Subd. 3. "Facility" means the organization formed by insurers to carry out the purposes provided in section 65B.01, subdivision 1, and shall be known as the Minnesota automobile insurance plan.

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Subd. 4. "Participating member" means an insurer who is required by Laws 1971, Chapter 813, to be a member of the facility and who in the second preceding calendar year, has written automobile insurance in this state.

Subd. 5. "Car years" means the number of insurance policies written on automobile or licensed drivers by a given insurer in any calendar year; and "voluntary car years" means the number of such policies written by a given insurer, exclusive of policies written through the facility.

Subd. 6. "Private passenger non-fleet automobile" means motorized vehicles designed for transporting passengers or goods, subject to specific contemporary definitions for insurance purposes as provided in the plan of operation.

Subd. 7. "Participation ratio" means the ratio of the participating member's Minnesota premiums, or other measure of business written approved by the commissioner, in relation to the comparable statewide totals for all participating members.

(1) For private passenger non-fleet automobile insurance coverages the participation ratio shall be based on voluntary car years written in this state for the calendar year ending December 31 of the second prior year, as reported by the statistical agent of each participating member as private passenger non-fleet exposures.

(2) For insurance coverages on all other automobiles, including insurance for fleets, commercial vehicles, public vehicles and garages, the ratio shall be based on the total Minnesota gross, direct automobile insurance premiums written, including both policy and membership fees less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, and less the amount of such premiums reported as received for insurance on private passenger non-fleet vehicles, for the calendar year ending December 31 of the second prior year.

(3) For the purpose of determining each participating member's responsibility for expenses and assessments, the ratio shall be based on each participating member's total Minnesota car years and gross, direct premiums written, including both policy and membership fees less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, for the calendar year ending December 31 of the second prior year.

Subd. 8. "Commissioner" means the commissioner of insurance or one properly acting in the capacity of the commissioner of insurance.

[1971 c 813 s 2; 1974 c 408 s 32 subd 4]

65B.03 GOVERNING COMMITTEE. Subdivision 1. **Membership.** The commissioner shall direct that an election be held among every insurer subject to this chapter, for the election of a facility governing committee. Each member of the governing committee shall be a participating member.

Each participating member serving on the governing committee shall be represented by a salaried employee of that participating member, and not more than one participating member in a group under the same management shall serve on the governing committee at the same time. The commissioner of insurance or his designee shall be an ex officio member of the governing committee. In the event of a tie vote on any matter before the governing committee, the commissioner or his designee may cast a vote to break the tie. The composition of the governing committee may be revised by recommendation of the existing governing committee and approval of the commissioner.

Subd. 2. **Terms of office.** The committee so elected shall become the governing committee of the facility, effective on a date to be specified by the commissioner. Thereafter, the governing committee shall be elected to serve annual terms. Vacancies shall be filled as provided in the plan of operation.

[1971 c 813 s 3; 1973 c 756 s 1]

65B.04 PLAN OF OPERATION. Subdivision 1. **Adoption; approval by commissioner.** The initial governing committee shall adopt a plan of operation by majority vote of the committee and shall submit it to the commissioner for approval. If the commissioner finds that the plan of operation meets the requirements of Laws 1971, Chapter 813, he shall approve it and it will then be in effect. If he finds that the plan fails to meet the requirements of Laws 1971, Chapter 813, the commissioner shall disapprove the plan, returning it to the governing committee with his statement on the deficiencies which have caused him to disapprove the

plan, and the governing committee shall have ten days within which to correct the deficiencies. If the plan is not returned for approval within ten days or if, on return, the commissioner determines that it does not meet the requirements of Laws 1971, Chapter 813, the commissioner shall amend the plan which was submitted by the governing committee to comply with Laws 1971, Chapter 813, and shall, by order, effect the plan of operation. The action of the commissioner may be reviewed on a writ of certiorari from the district court for Ramsey county.

Subd. 2. Failure to submit plan. If the governing committee fails to submit a plan of operation within 45 days after July 1, 1971, the commissioner shall prepare a plan of operation in accordance with Laws 1971, Chapter 813, as to the procedural aspects of the operation of the facility, and as to coverages to be provided at a rate level which is deemed to be reasonable, adequate and fair. A plan of operation prepared pursuant to this subdivision shall become effective when the commissioner so orders.

Subd. 3. Amendments. The plan of operation may be amended by a majority vote of the governing committee, the approval of the commissioner and ratification by a majority of the participating members. An order by the commissioner disapproving an amendment to the plan of operation must be issued within 30 days of his receipt of the proposed amendment, certified by the governing committee as having been adopted by that committee by a majority vote, or the amendment shall be deemed approved by the commissioner. An order of disapproval may be reviewed as provided in subdivision 1.

Subd. 4. Adherence to plan. Every insurer authorized to write and writing automobile bodily injury liability, property damage liability or physical damage insurance in this state, as a condition to maintaining its authorization to transact the business of insurance in this state, shall adhere to the plan of operation.

[1971 c 813 s 4]

65B.05 POWER OF FACILITY, GOVERNING COMMITTEE. The governing committee shall have the power to direct the operation of the facility in all pursuits consistent with the purposes and terms of Laws 1971, Chapter 813, including but not limited to the following:

(1) To sue and be sued in the name of the facility and to assess each participating member in accord with its participation ratio to pay any judgment against the facility as an entity, provided, however, that no judgment against the facility shall create any liabilities in one or more participating members disproportionate to their participation ratio or an individual representing participating members on the governing committee.

(2) To delegate ministerial duties, to hire a manager and to contract for goods and services from others.

(3) To assess participating members on the basis of participation ratios to cover anticipated costs of operation and administration of the facility.

(4) To impose limitations on cancellation or non-renewal by participating members of insureds covered pursuant to placement through the facility in addition to the limitations imposed by chapter 72A and sections 65B.13 to 65B.27.

[1971 c 813 s 5]

65B.06 DISTRIBUTION OF RISKS; COVERAGE. Subdivision 1. With respect to private passenger, non-fleet automobiles, the facility shall provide for the equitable distribution of qualified applicants to participating members in accordance with the participation ratio.

Subd. 2. With respect to private passenger, non-fleet automobiles, the facility shall provide for the issuance of policies of automobile insurance by participating members with coverage as follows:

(1) The participating members must provide bodily injury liability and property damage liability coverage in the minimum amounts specified in chapter 65B; and

(2) The participating members must provide uninsured motorists coverage as required by section 65B.63;

(3) The participating members must make available to all qualified applicants a reasonable selection of additional limits of liability coverage up to fifty thousand dollars because of bodily injury to or death of one person in any one accident and, subject to such limit for one person, up to one hundred thousand dollars because of bodily injury to or death of two or more persons in any one accident, and up to ten

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thousand dollars because of injury to or destruction of property of others in any one accident, and corresponding higher limits of uninsured motorist coverage as required by section 65B.63; and

(4) The participating members must make available to all qualified applicants medical payments coverage with a reasonable selection of limits, in accordance with section 65B.26(c); and

(5) The participating members must make available to all qualified applicants automobile physical damage coverage, including coverage of loss by collision, subject to optional deductibles.

Provided that no coverage available under (5) of this subdivision (physical damage) shall be provided by a carrier that has been licensed to provide the coverage made available under (1), (2) and (3) of this subdivision, unless the qualified applicant has requested coverage pursuant to (1), (2) and (3) as well as physical damage coverage. If a qualified applicant requests only physical damage coverage, such coverage shall be provided by an insurer not licensed to provide the coverage specified in clauses (1), (2) and (3) of this subdivision.

Subd. 3. With respect to all automobiles not included in subdivisions 1 and 2, the facility shall provide:

(1) Only the insurance coverage required by law;

(2) For the equitable distribution of qualified applicants for this coverage among the participating members in accord with the applicable participation ratio.

Subd. 4. Coverage made available under this section shall be the standard automobile policy and endorsement forms, as approved by the commissioner, with such changes, additions and amendments as are adopted by the governing committee and approved by the commissioner.

[1971 c 813 s 6; 1974 c 408 s 32 subds 4, 5]

65B.07 OTHER PROVISIONS AND FUNCTIONS. Subdivision 1. The facility shall provide one or more optional deferred payment plans, which shall include sufficient advance payment to, at all times, equal at least the pro rata earned premium, and such plans shall include additional charges for deferred payments.

Subd. 2. On any coverage placed through the facility, the facility shall allow the use of endorsement, approved by the commissioner, to exclude coverage in cases where a named person is driving the insured vehicle without a valid drivers' license or when his drivers' license has been revoked or suspended.

Subd. 3. The facility shall provide for publicizing its purposes and developing public understanding of the facility.

Subd. 4. The facility shall provide annual financial statements on the facility's operation to all participating members and to the commissioner.

Subd. 5. The facility shall provide for the reinsurance of risks placed through the facility, including, if desired, a pool for reinsuring liability coverages with limits in excess of those required by statute, or such other underwriting arrangements as may be necessary to enable participating members to offer such excess limits of liability insurance.

[1971 c 813 s 7]

65B.08 RATES. Subdivision 1. **Filing.** As agent for participating members, the facility shall file with the commissioner all manuals of classification, all manuals of rules and rates, all rating plans, and any modifications of same, proposed for use for private passenger non-fleet automobile insurance placed through the facility. The classifications, rules and rates and any amendments thereto shall be subject to prior written approval by the commissioner. Rates, surcharge points, and increased limits factors filed by the facility shall not be excessive, inadequate, or unfairly discriminatory. No other entity, service or organization shall make filings for the facility or the participating members to apply to insurance placed through the facility.

Subd. 2. **Use of rates.** Every participating member shall be authorized to use the rates and rules approved by the commissioner for use by the facility on business placed through the facility, and shall use no other rates on private passenger non-fleet automobiles placed through the facility.

Subd. 3. **Facility exempt.** Laws relating to rating organizations or advisory organizations shall not apply to functions provided for under this section.

[1971 c 813 s 8]

65B.09 AGENTS. Subdivision 1. **Agents' responsibility.** Every agent who is

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authorized to solicit, negotiate or effect automobile insurance on behalf of any participating member shall:

(1) Offer to place coverage through the facility for any qualified applicant who is ineligible or unacceptable for coverage in the insurer or insurers for whom the agent is authorized to solicit, negotiate or effect automobile insurance. Provided, that the failure of an agent to make such an offer to a qualified applicant shall not subject the agent to any liability to the applicant;

(2) Forward to the facility all applications and any deposit premiums which are required by the plan of operation, rules and procedures of the facility, if the qualified applicant accepts the offer to have his coverage placed through the facility;

(3) Be entitled to receive a commission for placing insurance through the facility at the uniform rates of commission as provided in the plan of operation, and all participating members shall be entitled to pay commissions to such agents.

Subd. 2. Agents' contracts. A participating member may not include the premiums and losses incurred from risks insured through the facility in determining the loss ratio of any of its agents, or otherwise use the experience from such risks as cause for altering the relationship between the participating member and its agent.

[1971 c 813 s 9]

65B.10 ELIGIBILITY. Subdivision 1. **Eligibility for coverage.** To be eligible for coverage through the facility an otherwise qualified applicant must have been rejected, cancelled or refused renewal with respect to automobile insurance by a participating member.

Subd. 2. Termination of eligibility. Eligibility for placement through the facility will terminate if an insured is offered equivalent coverage in the voluntary market at a rate lower than the facility rate. If the participating member that is required to provide coverage by the facility makes such an offer after giving 30 days' advance written notice to the agent of record before making the offer, the participating member shall have no further obligation to the agent of record.

Subd. 3. Review of insureds. At least annually, every participating member shall review every applicant which it insures through the facility and determine whether or not such applicant is acceptable for voluntary insurance at a rate lower than the facility rate. If such applicant is acceptable, the participating member shall make an offer to the applicant to insure him under voluntary coverage at such lower rate.

[1971 c 813 s 10]

65B.11 USE OF THE FACILITY BY THE PUBLIC. If, upon a formal hearing, the commissioner finds that a large proportion of qualified and eligible persons are failing to gain the benefits of the facility, the facility shall provide service to assist the public in making application to the facility for placement.

[1971 c 813 s 11]

65B.12 RIGHT TO HEARING; CONSTRUCTION OF PLAN OF OPERATION.

Subdivision 1. Any participating member, applicant or person insured under a policy placed through the facility may request a formal hearing and ruling by the governing committee on any alleged violation of the plan of operation or any alleged improper act or ruling of the facility directly affecting its assessment, premium or coverage furnished, provided that such right to hearing shall not apply to any claim arising out of insurance provided by any participating member. Such request for hearing must be filed within 30 days after the date of the alleged act or decision.

Subd. 2. The plan of operation shall provide for prompt and fair hearings, and shall prescribe the procedure to be followed in such hearings.

Subd. 3. Any formal ruling by the governing committee may be appealed to the commissioner by filing notice of appeal with the facility and the commissioner within 30 days after issuance of the ruling. Such a hearing shall be governed by the procedures for contested cases.

Subd. 4. Upon a hearing pursuant to Laws 1971, Chapter 813, the commissioner shall issue an order approving or disapproving the action or decision of the governing committee or directing the governing committee to reconsider the ruling.

Subd. 5. The plan of operation shall be interpreted to conform to the laws of

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this state with respect to automobile insurance coverage and any changes therein, unless the facility is specifically excluded from the applicability of such laws.

[1971 c 813 s 12]

65B.13 AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN. No insurance company, or its agent, shall refuse to issue any standard policy of automobile liability insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate between persons of the same class, nor on account of race. Every company or agent violating any of the foregoing provisions shall be fined not less than \$50, nor more than \$100, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor.

[1967 c 395 art 12 s 14]

65B.131 FAMILY POLICIES; HANDICAPPED PERSONS; RESTRICTIONS ON PREMIUM INCREASES. No person, authorized under the laws of this state to sell and provide automobile insurance as defined by the commissioner, and providing such insurance under any policy covering all the members of any family who are of the age and licensed to drive those motor vehicles which are owned, leased or regularly operated by such family members shall require, demand or receive any increase in premium payment for such insurance coverage solely on the basis that a handicapped member of that family has attained the age for the lawful operation of a motor vehicle on the roadways of this state if such handicapped member of the family

(a) has successfully completed any approved driver education course;

(b) shall operate only such vehicle or vehicles as are equipped with auxiliary devices and equipment necessary for and permitting the safe and effective operation of such vehicle or vehicles by the handicapped family member; and

(c) is licensed by the department of public safety to operate a motor vehicle in this state.

[1973 c 554 s 1]

65B.14 CANCELLATION OR NONRENEWAL OF AUTOMOBILE POLICIES; DEFINITIONS. Subdivision 1. "Policy of automobile insurance" means a plan of reparation security as defined in section 65B.48 delivered or issued for delivery in this state.

Subd. 2. "Renewal" or "to renew" means the issuance and delivery by an insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term; provided, however, that any policy with a policy period or term of less than six months or any policy with no fixed expiration date shall for the purpose of sections 65B.14 to 65B.21 be considered as if written for successive policy periods or terms of six months.

Subd. 3. "Nonpayment of premium" means failure of the named insured to discharge when due any of his obligations in connection with the payment of premiums on a policy of automobile insurance or any installment of such premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

[1967 c 463 s 1; 1971 c 813 s 13; 1974 c 56 s 1; 1974 c 408 s 31]

65B.15 CANCELLATION OR REDUCTION IN LIMITS DURING POLICY PERIOD; GROUNDS; NOTICE. Subdivision 1. No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. Nonpayment of premium; or
2. The policy was obtained through a material misrepresentation; or
3. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or
4. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months if called for in his written application; or
5. The named insured failed to disclose in his written application any requested information necessary for the acceptance or proper rating of the risk; or
6. The named insured knowingly failed to give any required written notice

of loss or notice of lawsuit commenced against him, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such policy:

(a) has, within the 36 months prior to the notice of cancellation, had his driver's license under suspension or revocation; or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to his medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that his operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or regulation which justify a revocation of a driver's license.

8. The insured automobile is:

(1) so mechanically defective that its operation might endanger public safety; or

(2) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation; or

(3) used in the business of transportation of flammables or explosives; or

(4) an authorized emergency vehicle; or

(5) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(6) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Subd. 2. This section shall not apply to any policy of automobile liability insurance which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy.

Subd. 3. Nothing in this section shall apply to non-renewal.

[1967 c 463 s 2]

65B.16 STATEMENT OF REASONS FOR CANCELLATION OR REDUCTION. No notice of cancellation or reduction in the limits of liability of coverage of an automobile insurance policy under section 65B.15 shall be effective unless the specific underwriting or other reason or reasons for such cancellation or reduction in the limits of liability of coverage are stated in such notice and the notice is mailed or delivered by the insurer to the named insured at least 30 days prior to the effective date of cancellation; provided, however, that when nonpayment of premium is the reason for cancellation or when the company is exercising its right to cancel insurance which has been in effect for less than 60 days at least ten days notice of cancellation shall be given. When nonpayment of premiums is the reason for cancellation, the reason must be given to the insured with the notice of cancellation; and if the company is exercising its right to cancel within the first 60 days of coverage and notice is given with less than ten days remaining in the 60 day period, the coverage must be extended, to expire ten days after notice was mailed.

[1967 c 463 s 3; 1971 c 696 s 1]

65B.17 RENEWAL; NOTICE NOT TO RENEW. No insurer shall fail to renew an automobile insurance policy unless it shall mail or deliver to the named insured, at the address shown in the policy, at least 60 days advance notice of its intention not to renew. Said notice shall contain the specific underwriting or other reason or

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reasons for such nonrenewal. When the failure to renew is based upon a termination of the agency contract, the notice shall so state. This section shall not apply:

- (a) If the insurer has manifested its willingness to renew; or
- (b) In case of nonpayment of the renewal premium;

Provided that, notwithstanding the failure of an insurer to comply with this section, the policy shall terminate on the effective date of any other automobile insurance policy procured by the insured, with respect to any automobile designated in both policies. Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal. No insurer shall fail to renew an automobile policy solely because of the age of the insured. No insurer shall refuse to renew an automobile insurance policy for reasons which are arbitrary or capricious.

No insurer shall take any action in regard to an automobile insurance policy on the statements or charges of any person made to the insurer concerning alleged unsafe driving habits of an insured unless the insurer shall concurrently disclose to the insured the name and address of the person from which the insurer received the information.

[1967 c 463 s 4; 1969 c 845 s 1; 1971 c 695 s 2; 1974 c 56 s 2]

65B.18 PROOF OF MAILING OF NOTICE. Proof of mailing of notice of cancellation, reduction in the limits of liability of coverage, or nonrenewal of a policy and, if required herein, the reason or reasons therefor to the named insured at the address shown in the policy, shall be sufficient proof that notice required herein has been given.

[1967 c 463 s 5; 1969 c 6 s 16; 1974 c 56 s 3]

65B.19 NOTICE OF RIGHT TO COMPLAIN. When the insurer notifies the policyholder of nonrenewal, cancellation or reduction in the limits of liability of coverage under sections 65B.16 or 65B.17, the insurer shall also notify the named insured of his right to complain within 30 days of his receipt of notice of nonrenewal, cancellation or reduction in the limits of liability to the commissioner of such action and of the nature of and his possible eligibility for insurance through the Minnesota automobile insurance plan. Such notice shall accompany or be included in the notice of nonrenewal, cancellation or reduction in the limits of liability of coverage, and shall state that such notice of the insured's right of complaint to the commissioner and of the availability of insurance through the Minnesota automobile insurance plan is given pursuant to sections 65B.14 to 65B.21.

[1967 c 463 s 6; 1969 c 845 s 2; 1971 c 696 s 3; 1971 c 813 s 14; 1973 c 610 s 1]

65B.20 IMMUNITY OF INSURER OR COMMISSIONER; USE OF REASONS FOR CANCELLATION. There shall be no liability on the part of and no cause of action of any nature shall arise against the commissioner or against any insurer, its authorized representative, its agents, its employees, or any firm, person or corporation furnishing to the insurer information as to reasons for non-renewal or cancellation, for any statement made by them in any written notice of non-renewal or cancellation, for the providing of information relating thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith.

[1967 c 463 s 7; 1969 c 845 s 3]

65B.21 OBJECTIONS; INVESTIGATION; DETERMINATION. Subdivision 1. Any individual who believes such nonrenewal, cancellation or reduction in the limits of liability of coverage of his policy is arbitrary, capricious or otherwise in violation of this provision, or who believes such notice of nonrenewal and the reason or reasons therefor were not given as provided herein, may, within 30 days after receipt of notice thereof, file in writing an objection to such action with the commissioner.

Subd. 2. Upon receipt of a written objection pursuant to the provisions herein, the commissioner shall notify the insurer of receipt of such objection and of the right of the insurer to file a written response thereto within ten days of receipt of such notification. The commissioner in his discretion may also order an investigation of the objection or complaint, the submission of additional information by the insured or the insurer about the action by the insurer or the objections of the insured, or such other procedure as he deems appropriate or necessary. Within 23 days of receipt of such written objection by an insured the commissioner shall approve or disapprove the insurer's action and shall notify the insured and insurer of his final decision. Either party may institute proceedings for judicial review of the commissioner's decision; provided, however, that the commissioner's final decision shall be binding pending judicial review.

[1967 c 463 s 8; 1969 c 845 s 4; 1971 c 696 s 4; 1973 c 610 s 2]

- 65B.22 [Repealed, 1974 c 408 s 33]
 65B.23 [Repealed, 1974 c 408 s 33]
 65B.24 [Repealed, 1974 c 408 s 33]
 65B.25 [Repealed, 1974 c 408 s 33]
 65B.26 [Repealed, 1974 c 408 s 33]
 65B.27 [Repealed, 1974 c 408 s 33]

NO-FAULT AUTOMOBILE INSURANCE

65B.41 CITATION. Laws 1974, Chapter 408, may be cited as the "Minnesota no-fault automobile insurance act".

[1974 c 408 s 1]

65B.42 PURPOSE. The detrimental impact of automobile accidents on uncompensated injured persons, upon the orderly and efficient administration of justice in this state, and in various other ways requires that Laws 1974, Chapter 408 be adopted to effect the following purposes:

(1) To relieve the severe economic distress of uncompensated victims of automobile accidents within this state by requiring automobile insurers to offer and automobile owners to maintain automobile insurance policies or other pledges of indemnity which will provide prompt payment of specified basic economic loss benefits to victims of automobile accidents without regard to whose fault caused the accident;

(2) To prevent the overcompensation of those automobile accident victims suffering minor injuries by restricting the right to recover general damages to cases of serious injury;

(3) To encourage appropriate medical and rehabilitation treatment of the automobile accident victim by assuring prompt payment for such treatment;

(4) To speed the administration of justice, to ease the burden of litigation on the courts of this state, and to create a system of small claims arbitration to decrease the expense of and to simplify litigation, and to create a system of mandatory inter-company arbitration to assure a prompt and proper allocation of the costs of insurance benefits between motor vehicle insurers;

(5) To correct imbalances and abuses in the operation of the automobile accident tort liability system, to provide offsets to avoid duplicate recovery, to require medical examination and disclosure, and to govern the effect of advance payments prior to final settlement of liability.

[1974 c 408 s 2]

65B.43 DEFINITIONS. Subdivision 1. The following words and phrases, shall, for the purpose of Laws 1974, Chapter 408, have the meanings ascribed to them, except where the context clearly indicates a different meaning.

Subd. 2. "Motor vehicle" means every vehicle, other than a motorcycle or other vehicle with fewer than four wheels, which (a) is required to be registered pursuant to chapter 168, (b) is designed to be self-propelled by an engine or motor for use primarily upon public roads, highways or streets in the transportation of persons or property, or (c) is a trailer, when connected to or being towed by a motor vehicle.

Subd. 3. "Maintenance or use of a motor vehicle" means maintenance or use of a motor vehicle as a vehicle, including, incident to its maintenance or use as a vehicle, occupying, entering into, and alighting from it. Maintenance or use of a motor vehicle does not include (1) conduct within the course of a business of repairing, servicing, or otherwise maintaining motor vehicles unless the conduct occurs off the business premises, or (2) conduct in the course of loading and unloading the vehicle unless the conduct occurs while occupying, entering into or alighting from it.

Subd. 4. "Owner" means a person who holds legal title to a motor vehicle, or in the event that a motor vehicle is the subject of a security agreement or lease with option to purchase and the debtor or lessee is entitled to the immediate use or possession of the vehicle, then the debtor or lessee shall be deemed the owner for the purposes of Laws 1974, Chapter 408.

Subd. 5. "Insured" means an insured under a plan of reparation security as provided by Laws 1974, Chapter 408, including the named insured and the following persons not identified by name as an insured while (a) residing in the same household with the named insured and (b) not identified by name in any other contract

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for a plan of reparation security complying with Laws 1974, Chapter 408 as an insured:

- (1) a spouse,
- (2) other relative of a named insured or
- (3) a minor in the custody of a named insured or of a relative residing in the same household with a named insured.

A person resides in the same household with the named insured if that person usually makes his home in the same family unit, even though he temporarily lives elsewhere.

Subd. 6. "Income" means salary, wages, tips, commissions, professional fees, and other earnings from work or tangible things of economic value produced through work in individually owned businesses, farms, ranches or other work.

Subd. 7. "Loss" means economic detriment resulting from the accident causing the injury, consisting only of medical expense, disability and income loss, replacement services loss and, if the injury causes death, funeral expense, survivor's economic loss and survivor's replacement services loss. Noneconomic detriment is not loss; however, economic detriment is loss although caused by pain and suffering or physical or mental impairment.

Subd. 8. "Noneconomic detriment" means all dignitary losses suffered by any person as a result of injury arising out of the ownership, maintenance, or use of a motor vehicle including pain and suffering, loss of consortium, and inconvenience.

Subd. 9. "Reparation obligor" means an insurer or self-insurer obligated to provide the benefits required by Laws 1974, Chapter 408, including natural persons, firms, partnerships, associations, corporations, governmental units, trusts and syndicates.

Subd. 10. "Basic economic loss benefits" means benefits as described in section 65B.44.

Subd. 11. "Injury" means bodily harm to a person and death resulting from such harm.

Subd. 12. "Commercial vehicle" means:

- (a) any motor vehicle used as a common carrier,
- (b) any motor vehicle, other than a passenger vehicle or a station wagon, as those terms are defined in section 168.011, subdivisions 7 and 23, which has a curb weight of 5500 pounds apart from cargo capacity, or
- (c) any motor vehicle while used in the for-hire transportation of property.

Subd. 13. "Motorcycle" means a self-propelled vehicle designed to travel on fewer than four wheels which has an engine rated at greater than five horsepower.

Subd. 14. Except where otherwise indicated, "commissioner" means the commissioner of insurance of the state of Minnesota.

[1974 c 408 s 3]

65B.44 BASIC ECONOMIC LOSS BENEFITS. Subdivision 1. **Inclusions.** Basic economic loss benefits shall provide reimbursement for all loss suffered through injury arising out of the maintenance or use of a motor vehicle, subject to any applicable deductibles, exclusions, disqualifications, and other conditions, and shall provide a maximum of \$30,000 for loss arising out of the injury of any one person, consisting of:

(a) \$20,000 for medical expense loss arising out of injury to any one person; and

(b) A total of \$10,000 for disability and income loss, replacement services loss, funeral expense loss, survivor's economic loss, and survivor's replacement services loss arising out of the injury to any one person.

Subd. 2. **Medical expense benefits.** Medical expense benefits shall reimburse all reasonable expenses for necessary medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices, prescription drugs, necessary ambulance, hospital, extended care and nursing services. "Extended care facility" means a place where skilled nursing care and related services are provided for patients who require post-hospitalization, in-patient medical, nursing, or therapy services. Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semi-private room rates customarily charged by the institution in which the recipient of benefits is confined. Such

benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with his religious beliefs. Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors. Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.

Subd. 3. Disability and income loss benefits. Disability and income loss benefits shall reimburse eight-five percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of \$200 per week. Compensation for loss of income from work shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which he was capable of performing but unreasonably failed to undertake.

For the purposes of this section "inability to work" shall mean disability which continuously prevents the injured person from engaging in any substantial gainful occupation or employment, for wage or profit, for which he is or may by training become reasonably qualified.

Subd. 4. Funeral and burial expenses. Funeral and burial benefits shall be reasonable expenses not in excess of \$1,250, including expenses for cremation or delivery under the Uniform Anatomical Gift Act, sections 525.921 to 525.93.

Subd. 5. Replacement service and loss. Replacement service loss benefits shall reimburse all expenses reasonably incurred by or on behalf of the nonfatally injured person in obtaining usual and necessary substitute services in lieu of those that, had he not been injured, the injured person would have performed not for income but for the direct benefit of himself or his household; if the nonfatally injured person normally, as a full time responsibility, provides care and maintenance of a home with or without children, the benefit to be provided under this clause shall be the reasonable value of such care and maintenance or the reasonable expenses incurred in obtaining usual and necessary substitute care and maintenance of the home, whichever is greater. These benefits shall be subject to a maximum of \$15 per day. All replacement services loss sustained on the date of injury and the first seven days thereafter is excluded in calculating replacement services loss.

Subd. 6. Survivors economic loss benefits. Survivors economic loss benefits, in the event of death occurring within one year of the date of the accident, caused by and arising out of injuries received in the accident, shall reimburse loss after decedent's death of contributions of money or tangible things of economic value, not including services, subject to a maximum of \$200 per week that his surviving dependents would have received for their support during their dependency from the decedent had he not suffered the injury causing death.

For the purposes of definition under Laws 1974, Chapter 408, the following described persons shall be presumed to be dependents of a deceased person: (a) a wife is dependent on a husband with whom she lives at the time of his death; (b) a husband is dependent on a wife with whom he lives at the time of her death; (c) any child while under the age of 18 years, or while over that age but physically or mentally incapacitated from earning, is dependent on the parent with whom he is living or from whom he is receiving support regularly at the time of the death of such parent. In all other cases, questions of the existence and extent of dependency shall be determined in accordance with the facts at the time of the death.

Payments to the surviving spouse shall be terminated in the event such surviving spouse remarries or dies. Payments to a dependent child who is not physically or mentally incapacitated from earning shall be terminated in the event he attains majority, marries or becomes otherwise emancipated, or dies.

Subd. 7. Survivor's replacement services loss. Survivors replacement services loss benefits shall reimburse expenses reasonably incurred by surviving dependents after the date of the decedent's death in obtaining ordinary and necessary services in lieu of those the deceased would have performed for their benefit had he not suffered the injury causing death, minus expenses of the survivors avoided by reason of the decedent's death. These benefits shall be subject to a maximum of \$200 per week.

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Subd. 8. "Basic economic loss benefits" do not include benefits for physical damage done to property or motor vehicles, including their contents.

[1974 c 408 s 4]

65B.45 REHABILITATION TREATMENT AND OCCUPATIONAL TRAINING. Subdivision 1. A reparation obligor is responsible for the cost of a procedure or treatment for rehabilitation or a course of rehabilitative occupational training if the procedure, treatment, or training is reasonable and appropriate for the particular case, its cost is reasonable in relation to its probable rehabilitative effects, and it is likely to contribute substantially to medical or occupational rehabilitation.

Subd. 2. An injured person who has undertaken a procedure or treatment for rehabilitation or a course of rehabilitative occupational training, other than medical rehabilitation procedure or treatment, shall notify the reparation obligor that he has undertaken the procedure, treatment, or training within 60 days after a rehabilitation expense exceeding \$1,000 has been incurred for the procedure, treatment, or training, unless the reparation obligor knows or has reason to know of the undertaking. If the injured person does not give the required notice within the prescribed time, the reparation obligor is responsible only for \$1,000 or the expense incurred after the notice is given and within the 60 days before the notice, whichever is greater, unless failure to give timely notice is the result of excusable neglect.

Subd. 3. If the injured person notifies the reparation obligor of a proposed specified procedure or treatment for rehabilitation, or a proposed specified course of rehabilitative occupational training, and the reparation obligor does not promptly thereafter accept responsibility for its cost, the injured person may make a motion in an action to adjudicate his claim, or, if no action is pending, bring an action in the district court, for a determination that the reparation obligor is responsible for its costs. A reparation obligor may make a motion in an action to adjudicate the injured person's claim, or, if no action is pending, bring an action in the district court, for a determination that it is not responsible for the cost of a procedure, treatment, or course of training which the injured person has undertaken or proposes to undertake. A determination by the court that the reparation obligor is not responsible for the cost of a procedure, treatment, or course of training is not res judicata as to the propriety of any other proposal or the injured person's right to other benefits. This subdivision does not preclude an action by the reparation obligor or the injured person for declaratory relief under any other law of this state, nor an action by the injured person to recover basic economic loss benefits.

Subd. 4. If an injured person unreasonably refuses to accept a rehabilitative procedure, treatment, or course of occupational training, a reparation obligor may make a motion in an action to adjudicate the injured person's claim, or if no action is pending, may bring an action in the district court, for a determination that future benefits will be reduced or terminated to limit recovery of benefits to an amount equal to benefits that in reasonable probability would be due if the injured person had submitted to the procedure, treatment, or training, and for other reasonable orders. In determining whether an injured person has reasonable ground for refusal to undertake the procedure, treatment, or training, the court shall consider all relevant factors, including the risks to the injured person, the extent of the probable benefit, the place where the procedure, treatment, or training is offered, the extent to which the procedure, treatment, or training is recognized as standard and customary, and whether the imposition of sanctions because of the person's refusal would abridge his right to the free exercise of his religion.

[1974 c 408 s 5]

65B.46 RIGHT TO BENEFITS. Subdivision 1. If the accident causing injury occurs in this state, every person suffering loss from injury arising out of maintenance or use of a motor vehicle has a right to basic economic loss benefits.

Subd. 2. If the accident causing injury occurs outside this state, the following persons and their surviving dependents suffering loss from injury arising out of maintenance or use of a motor vehicle have a right to basic economic loss benefits:

(1) Insureds, and

(2) the driver and other occupants of a secured vehicle, other than (a) a vehicle which is regularly used in the course of the business of transporting persons or property and which is one of five or more vehicles under common owner-

ship, or (b) a vehicle owned by a government other than this state, its political subdivisions, municipal corporations, or public agencies.

Subd. 3. For the purposes of Laws 1974, Chapter 408, injuries suffered by a person while on, mounting or alighting from a motorcycle do not arise out of the maintenance or use of a motor vehicle although a motor vehicle is involved in the accident causing the injury.

[1974 c 408 s 6]

65B.47 PRIORITY OF APPLICABILITY OF SECURITY FOR PAYMENT OF BASIC ECONOMIC LOSS BENEFITS. Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle, if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Subd. 2. In case of injury to an employee, or to his spouse or other relative residing in the same household, if the accident causing the injury occurs while the injured person is driving or occupying a motor vehicle furnished by the employer, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Subd. 3. In the case of any other person whose injury arises from the maintenance or use of a motor vehicle described in subdivision 1 or 2 who is not a driver or occupant of another involved motor vehicle, the security for the payment of basic economic loss benefits is the security covering the vehicle, or if none, the security under which the injured person is an insured.

Subd. 4. In all other cases, the following priorities apply:

(a) The security for payment of basic economic loss benefits applicable to injury to an insured is the security under which the injured person is an insured.

(b) The security for payment of basic economic loss benefits applicable to injury to the driver or other occupant of an involved motor vehicle who is not an insured is the security covering that vehicle.

(c) The security for payment of basic economic loss benefits applicable to injury to a person not otherwise covered who is not the driver or other occupant of an involved motor vehicle is the security covering any involved motor vehicle. An unoccupied parked vehicle is not an involved motor vehicle unless it was parked so as to cause unreasonable risk of injury.

Subd. 5. If two or more obligations to pay basic economic loss benefits are applicable to an injury under the priorities set out in this section, benefits are payable only once and the reparation obligor against whom a claim is asserted shall process and pay the claim as if wholly responsible, but he is thereafter entitled to recover contribution pro rata for the basic economic loss benefits paid and the costs of processing the claim. Where contribution is sought among reparation obligors responsible under subdivision 4, clause (c), proration shall be based on the number of involved motor vehicles.

Subd. 6. Where a reparation obligor pays basic economic loss benefits which another reparation obligor is obligated to pay under the priority provided in this section, the reparation obligor that pays is subrogated to all rights of the person to whom benefits are paid.

[1974 c 408 s 7]

65B.48 REPARATION SECURITY COMPULSORY. Subdivision 1. Every owner of a motor vehicle of a type which is required to be registered or licensed or is principally garaged in this state shall provide and maintain a plan of reparation security under provisions approved by the commissioner, insuring against loss resulting from liability imposed by law for injury and property damage sustained by any person arising out of the ownership, maintenance, operation or use of an automobile. Such coverage shall provide for basic economic loss benefits and residual liability coverage in amounts not less than those specified in section 65B.49, subdivision 3, clauses (1) and (2). The non-resident owner of a motor vehicle which is not required to be registered or licensed, or which is not principally garaged in this state, shall maintain such security in effect continuously throughout the period of the operation, maintenance or use of such motor vehicle within this state with respect to accidents occurring in this state.

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Subd. 2. The security required by Laws 1974, Chapter 408 may be provided by a policy of insurance complying with Laws 1974, Chapter 408 which is issued by or on behalf of an insurer authorized to transact business in this state or, if the vehicle is registered in another state, by a policy of insurance issued by or on behalf of an insurer authorized to transact business in either this state or the state in which the vehicle is registered or by qualifying as a self-insurer.

Subd. 3. Self-insurance, subject to approval of the commissioner, is effected by filing with the commissioner in satisfactory form:

(1) a continuing undertaking by the owner or other appropriate person to pay tort liabilities or basic economic loss benefits, or both, and to perform all other obligations imposed by Laws 1974, Chapter 408;

(2) evidence that appropriate provision exists for prompt administration of all claims, benefits, and obligations provided by Laws 1974, Chapter 408; and

(3) evidence that reliable financial arrangements, deposits, or commitments exist providing assurance, substantially equivalent to that afforded by a policy of insurance complying with Laws 1974, Chapter 408, for payment of tort liabilities, basic economic loss benefits, and all other obligations imposed by Laws 1974, Chapter 408.

Subd. 4. The state of Minnesota or any agency thereof and any political subdivision of the state or agency thereof shall provide security by lawfully obligating itself to pay benefits in accordance with Laws 1974, Chapter 408, either as a self-insurer pursuant to subdivision 3, or through purchase of a plan of reparation security.

Subd. 5. Every owner of a motorcycle registered or required to be registered in this state or operated in this state by him or with his permission shall provide and maintain security for the payment of tort liabilities arising out of the maintenance or use of the motorcycle in this state. Security may be provided by a contract of liability insurance complying with section 65B.49, subdivision 3, or by qualifying as a self insurer in the manner provided in subdivision 3.

Subd. 6. A person providing security pursuant to subdivision 3 is a "self-insurer."

Subd. 7. "Security covering the vehicle" is the insurance or other security so provided. The vehicle for which the security is so provided is the "secured vehicle."

Subd. 8. "Plan of reparation security" includes a contract, self-insurance, or other legal means under which there is an obligation to pay the benefits described in section 65B.49.

[1974 c 408 s 8]

65B.49 INSURERS. Subdivision 1. **Mandatory offer of insurance benefits.** On and after January 1, 1975, no insurance policy providing benefits for injuries arising out of the maintenance or use of a motor vehicle shall be issued, renewed, continued, delivered, issued for delivery, or executed in this state with respect to any motor vehicle registered or principally garaged in this state unless coverage is provided therein or supplemental thereto, under provisions approved by the commissioner, requiring the insurer to pay, regardless of the fault of the insured, basic economic loss benefits.

A plan of reparation security shall state the name and address of the named insured, the coverage afforded by the policy, the premium charged, the term and limits of liability, and shall contain an agreement or endorsement that insurance is provided thereunder in accordance with and subject to the provisions of Laws 1974, Chapter 408.

Subd. 2. **Basic economic loss.** Each plan of reparation security shall provide for payment of basic economic loss benefits.

Subd. 3. **Residual liability insurance.** (1) Each plan of reparation security shall also contain stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is thereby granted, of not less than \$25,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$50,000 because of injury to two or more persons in any one accident, and, if the accident has resulted in injury to or destruction of property, of not less than \$10,000 because of such injury to or destruction of property of others in any one accident.

(2) Under residual liability insurance the reparation obligor shall be liable to

pay, on behalf of the insured, sums which the insured is legally obligated to pay as damages because of bodily injury and property damage arising out of the ownership, maintenance or use of a motor vehicle if the injury or damage occurs within this state, the United States of America, its territories or possessions, or Canada. A reparation obligor shall also be liable to pay sums which another reparation obligor is entitled to recover under the indemnity provisions of section 65B.53, subdivision 1.

(3) Every plan of reparation security shall be subject to the following provisions which need not be contained therein:

(a) The liability of the reparation obligor with respect to the residual liability coverage required by this clause shall become absolute whenever injury or damage occurs; such liability may not be cancelled or annulled by any agreement between the reparation obligor and the insured after the occurrence of the injury or damage; no statement made by the insured or on his behalf and no violation of said policy shall defeat or void said policy.

(b) The satisfaction by the insured of a judgment for such injury or damage shall not be a condition precedent to the right or duty of the reparation obligor to make payment on account of such injury or damage.

(c) The reparation obligor shall have the right to settle any claim covered by the residual liability insurance policy, and if such settlement is made in good faith, the amount thereof shall be deductible from the limits of liability for the accident out of which such claim arose.

Subd. 4. Uninsured or hit-and-run motor vehicle coverage. (1) On and after January 1, 1975, no plan of reparation security may be renewed, delivered or issued for delivery, or executed in this state with respect to any motor vehicle registered or principally garaged in this state unless coverage is provided therein or supplemental thereto, in the amounts of \$25,000 because of injury to or the death of one person in any accident, and subject to the said limit for one person, \$50,000 because of bodily injury to or the death of two or more persons in any one accident, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles and hit-and-run motor vehicles because of injury.

(2) Every owner of a motor vehicle registered or principally garaged in this state shall maintain uninsured motor vehicle coverage as provided in this subdivision.

(3) "Uninsured motor vehicle" means any motor vehicle for which a plan of reparation security meeting the requirements of Laws 1974, Chapter 408 is not in effect.

(4) No recovery shall be permitted under the uninsured motor vehicle provisions of this section for basic economic loss benefits paid or payable, or which would be payable but for any applicable deductible.

Subd. 5. Mandatory offer; deductibles. At appropriately reduced premium rates reparation obligors shall offer the following deductibles, applicable only to claims arising out of injury to basic economic loss insureds:

(a) A deductible in the amount of \$100 to all medical expense benefits otherwise payable, except that if two or more insureds to whom the deductible is applicable are injured in the same accident, the aggregate amount of the deductible applicable to all of them shall not exceed the specified deductible, which amount, where necessary shall be allocated equally among them, and

(b) A deductible in the amount of \$200 to all disability and income loss benefits otherwise payable as a result of an injury to any one insured in one accident.

Subd. 6. Mandatory offer; added coverage. Reparation obligors shall offer the following optional coverages in addition to compulsory coverages:

(a) Medical expense benefits subject to a maximum payment of \$10,000;

(b) Medical expense benefits subject to a maximum payment of \$20,000;

(c) Residual liability coverage of not less than \$25,000 for damages for injury to one person in any one accident arising out of the maintenance or use of a motor vehicle, subject to a limitation of \$50,000 for damages arising out of any one accident;

(d) Basic economic loss benefits to all persons purchasing liability coverage for injuries arising out of the maintenance or use of a motorcycle; and

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(e) Underinsured motorist coverage whereby subject to the terms and conditions of such coverage the reparation obligor agrees to pay its insureds for such uncompensated damages as they are legally entitled to recover on account of a motor vehicle accident because the total damages they are legally entitled to recover exceed the residual liability limit of the owner of the other vehicle, to the extent of the residual liability limits on the motor vehicle of the person legally entitled to recover or such smaller limits as he may select less the amount paid by reparation obligor of the person against whom he is entitled to recover. His reparation obligor shall be subrogated to any amounts it pays and upon payment shall have an assignment of the judgment if any against the other person to the extent of the money it pays.

Subd. 7. Nothing in Laws 1974, Chapter 408 shall be construed as preventing the insurer from offering other benefits or coverages in addition to those required to be offered under this section.

Subd. 8. Any coverage issued by a participating member of the Minnesota automobile insurance plan shall comply with the provisions of this section, any provisions of law or of the contract notwithstanding.

[1974 c 408 s 9]

65B.50 INSURERS' CERTIFICATION OF BASIC COVERAGE. Subdivision 1. Every insurer licensed to write motor vehicle accident reparation and liability insurance in this state shall, on or before January 1, 1975, or as a condition to such licensing, file with the commissioner and thereafter maintain a written certification that it will afford at least the minimum security provided by section 65B.49 to all policyholders, except that in the case of non-resident policyholders it need only certify that security is provided with respect to accidents occurring in this state.

Subd. 2. Notwithstanding any contrary provision in it, every contract of liability insurance for injury, wherever issued, covering obligations arising from ownership, maintenance, or use of a motor vehicle, except a contract which provides coverage only for liability in excess of required minimum tort liability coverages, includes basic economic loss benefit coverages and residual liability coverages required by Laws 1974, Chapter 408, while the vehicle is in this state, and qualifies as security covering the vehicle.

[1974 c 408 s 10]

65B.51 DEDUCTION OF COLLATERAL BENEFITS FROM TORT RECOVERY; LIMITATION ON RIGHT TO RECOVER DAMAGES. Subdivision 1. **Deduction of basic economic loss benefits.** With respect to a cause of action in negligence accruing as a result of injury arising out of the operation, ownership, maintenance or use of a motor vehicle with respect to which security has been provided as required by Laws 1974, Chapter 408, there shall be deducted from any recovery the value of basic or optional economic loss benefits paid or payable or which would be payable but for any applicable deductible. This subdivision shall not bar subrogation and indemnity recoveries under section 65B.53, subdivisions 1 and 2, if the injury had the consequences described in subdivision 3 and a civil action has been commenced in the manner prescribed in applicable laws or rules of civil procedure to recover damages for noneconomic detriment.

Subd. 2. **Right to recover economic loss not included in first party benefits.** A person may bring a negligence action for economic loss not paid or payable by an economic loss obligor because of daily or weekly dollar limitations of section 65B.44, the seven-day services exclusion of section 65B.44, the limitations of benefits contained in section 65B.44, subdivision 1, or an exclusion from coverage by sections 65B.58 to 65B.60.

Subd. 3. **Limitation of damages for non-economic detriment.** In an action described in subdivision 1, no person shall recover damages for non-economic detriment unless:

(a) The sum of the following exceeds \$2,000:

(1) Reasonable medical expense benefits paid, payable or payable but for any applicable deductible, plus

(2) The value of free medical or surgical care or ordinary and necessary nursing services performed by a relative of the injured person or a member of his household, plus

(3) The amount by which the value of reimbursable medical services or products exceeds the amount of benefit paid, payable, or payable but for an applicable

deductible for those services or products if the injured person was charged less than the average reasonable amount charged in this state for similar services or products, minus

(4) The amount of medical expense benefits paid, payable, or payable but for an applicable deductible for diagnostic X-rays and for a procedure or treatment for rehabilitation and not for remedial purposes or a course of rehabilitative occupational training; or

(b) The injury results in:

- (1) permanent disfigurement;
- (2) permanent injury;
- (3) death, or
- (4) disability for 60 days or more.

(c) For the purposes of clause (a) evidence of the reasonable value of medical services and products shall be admissible in any action brought in this state.

(d) For the purposes of clause (b) disability means the inability to engage in substantially all of the injured person's usual and customary daily activities.

Subd. 4. Nothing in this section shall impair or limit the liability of a person in the business of manufacturing, distributing, retailing, repairing, servicing or maintaining motor vehicles arising from a defect in a motor vehicle caused or not corrected by an act or omission in manufacture, inspection, repair, servicing or maintenance of a vehicle in the course of his business.

Subd. 5. Nothing in this section shall impair or limit tort liability or limit the damages recoverable from any person for negligent acts or omissions other than those committed in the operation, ownership, maintenance, or use of a motor vehicle.

[1974 c 408 s 11]

65B.52 MANDATORY ARBITRATION OF CERTAIN CLAIMS; SUPREME COURT TO PROMULGATE RULES OF PROCEDURE. Subdivision 1. The supreme court and the several courts of general trial jurisdiction of this state may, on or before January 1, 1975, by rules of court or other constitutionally permissible device, provide for the submission to arbitration, upon mutual consent of all parties to the action, of all cases at issue where a claim in an amount of \$5,000 or less is made by a motor vehicle accident victim, whether in an action to recover economic loss or non-economic detriment for the allegedly negligent operation, maintenance, or use of a motor vehicle within this state, or against any reparation obligor for benefits as provided in Laws 1974, Chapter 408.

Subd. 2. The rules of court may provide that cases which are not at issue, whether or not suit has been filed, may be referred to arbitration by agreement of reference signed by counsel for both sides, or by the parties themselves. Such agreement of reference shall define the issues to be arbitrated and, shall also contain any stipulations with respect to facts submitted or agreed or defenses waived. In such cases, the agreement of reference shall take the place of the pleadings in the case and be filed of record.

[1974 c 408 s 12]

65B.53 INDEMNITY; ARBITRATION BETWEEN OBLIGORS; SUBROGATION. Subdivision 1. A reparation obligor paying or obligated to pay basic or optional economic loss benefits shall be entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing such coverage to a person whose negligence was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1, and only if a commercial vehicle was involved in the accident causing the injury.

Subd. 2. To the extent permitted by section 65B.51, subdivision 1, a reparation obligor paying or obligated to pay basic or optional economic loss benefits shall be subrogated to the extent of benefits paid or payable to any cause of action to recover damages for economic loss which the person to whom the basic or optional economic loss benefits were paid or payable has brought under the terms of section 65B.51, subdivision 3 against another person whose negligence was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable.

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Subd. 3. The right of indemnity provided in subdivision 1 shall be enforceable only through mandatory good-faith and binding arbitration procedures to be established by rule of the commissioner of insurance. These procedures shall utilize determinations of comparative negligence. No evidence nor the decision in such an arbitration proceeding shall be admissible in any action by any party.

Subd. 4. Nothing in Laws 1974, Chapter 408 shall limit or abridge the subrogation rights of a reparation obligor providing collision coverage to a policyholder, but any obligor required to submit a claim described in subdivision 1 to arbitration shall join any claim it has against the other party to that proceeding as a result of automotive property damage to its insured arising out of the same accident as the primary claim.

Subd. 5. No reparation obligor shall include in its contract any provision which would require a person to commence a negligence action as a condition precedent to the payment of basic economic loss benefits or which permits the reparation obligor to determine whether such an action will be commenced. No reparation obligor shall contract for a right of reimbursement or subrogation greater than or in addition to those permitted by Laws 1974, Chapter 408.

Subd. 6. Arbitration proceedings need not await final payment of benefits, and the award, if any, shall include provision for reimbursement of subsequent benefits, but no question of fact decided by a prior award shall be reconsidered in any such subsequent arbitration hearing.

[1974 c 408 s 13]

65B.54 REPARATION OBLIGOR'S DUTY TO RESPOND TO CLAIMS. Subdivision 1. Basic economic loss benefits are payable monthly as loss accrues. Loss accrues not when injury occurs, but as income loss, replacement services loss, survivor's economic loss, survivor's replacement services loss, or medical or funeral expense is incurred. Benefits are overdue if not paid within 30 days after the reparation obligor receives reasonable proof of the fact and amount of loss realized, unless the reparation obligor elects to accumulate claims for periods not exceeding 31 days and pays them within 15 days after the period of accumulation. If reasonable proof is supplied as to only part of a claim, and the part totals \$100 or more, the part is overdue if not paid within the time provided by this section. Medical or funeral expense benefits may be paid by the reparation obligor directly to persons supplying products, services, or accommodations to the claimant.

Subd. 2. Overdue payments shall bear simple interest at the rate of ten percent per annum.

Subd. 3. A claim for basic economic loss benefits shall be paid without deduction for the benefits which are to be subtracted pursuant to section 65B.61, if these benefits have not been paid to the claimant before the reparation benefits are overdue or the claim is paid. The obligor is entitled to reimbursement from the person obligated to make the payments or from the claimant who actually receives the payments.

Subd. 4. A reparation obligor may bring an action to recover benefits which are not payable, but are in fact paid, because of an intentional misrepresentation of a material fact, upon which the reparation obligor relies, by the claimant or by a person providing products or services for which basic economic loss benefits are payable. The action may be brought only against the person providing the products or services, unless the claimant has intentionally misrepresented the facts or knew of the misrepresentation. A reparation obligor may offset amounts he is entitled to recover from the claimant under this subdivision against any basic economic loss benefits otherwise due him.

Subd. 5. A reparation obligor who rejects a claim for benefits shall give to the claimant prompt written notice of the rejection, specifying the reason. If a claim is rejected for a reason other than that the person is not entitled to the basic economic loss benefits claimed, the written notice shall inform the claimant that he may file his claim with the assigned claims bureau and shall give the name and address of the bureau.

[1974 c 408 s 14]

65B.55 APPLICATION FOR BENEFITS UNDER PLAN OF SECURITY. Subdivision 1. A plan of reparation security may prescribe a period of not less than six months after the date of accident within which an insured or any other person entitled to claim basic economic loss benefits, or anyone acting on their behalf,

must notify the reparation obligor or its agent, of the accident and the possibility of a claim for economic loss benefits in order to be eligible for such benefits. Such notice may be given in any reasonable fashion.

Subd. 2. A plan of reparation security may provide that in any instance where a lapse occurs in the period of disability or in the medical treatment of a person with respect to whose injury basic economic loss benefits have been paid and a person subsequently claims additional benefits based upon an alleged recurrence of the injury for which the original claim for benefits was made, the obligor may require reasonable medical proof of such alleged recurrence; provided, that in no event shall the aggregate benefits payable to any person exceed the maximum limits specified in the plan of security, and provided further that such coverages may contain a provision terminating eligibility for benefits after a prescribed period of lapse of disability and medical treatment, which period shall not be less than one year.

[1974 c 408 s 15]

65B.56 COOPERATION OF PERSON CLAIMING BENEFITS. Subdivision 1. **Medical examinations and discovery of condition of claimant.** Any person with respect to whose injury benefits are claimed under a plan of reparation security shall, upon request of the reparation obligor from whom recovery is sought, submit to a physical examination by a physician or physicians selected by the obligor as may reasonably be required.

The costs of any examinations requested by the obligor shall be borne entirely by the requesting obligor. Such examinations shall be conducted within the city, town, or statutory city of residence of the injured person. If there is no qualified physician to conduct the examination within the city, town, or statutory city of residence of the injured person, then such examination shall be conducted at another place of the closest proximity to the injured person's residence. Obligor is authorized to include reasonable provisions in policies for mental and physical examination of those injured persons.

If requested by the person examined, a party causing an examination to be made shall deliver to him a copy of every written report concerning the examination rendered by an examining physician, at least one of which reports must set out in detail the findings and conclusions of such examining physician.

An injured person shall also do all things reasonably necessary to enable the obligor to obtain medical reports and other needed information to assist in determining the nature and extent of the injured person's injuries and loss, and the medical treatment received by him. If the claimant refuses to cooperate in responding to requests for examination and information as authorized by this section, evidence of such noncooperation shall be admissible in any suit or arbitration filed for damages for such personal injuries or for the benefits provided by Laws 1974, Chapter 408.

Subd. 2. **Claimant's participation in arbitration between obligors.** Any person receiving benefits under Laws 1974, Chapter 408, shall participate and cooperate, as reasonably required under the coverage, in any and all arbitration proceedings as provided in section 65B.53 by or on behalf of the obligor paying the benefits, and the obligor may require in the furnishing of proof of loss the claimant's statement that he shall so participate and cooperate as consideration for the payment of such benefits. However, no claimant may be required by any obligor which has paid or is obligated to pay benefits as herein provided to personally attend an arbitration proceeding which shall take place more than 50 miles from the usual residence of the claimant; and provided that in no event shall the claimant have to attend such an arbitration proceeding if, at the time scheduled for that meeting, travel thereto by the claimant is not recommended by a physician treating the claimant for his injuries. Any claimant required to personally attend an arbitration proceeding shall be compensated by the reparation obligor requiring his attendance for actual income loss and expenses reasonably incurred.

[1974 c 408 s 16]

65B.57 ECONOMIC LOSS BENEFITS; EXEMPTIONS FROM LEGAL ATTACHMENT. All economic loss benefits provided by Laws 1974, Chapter 408, whether paid or payable to any claimant shall not be subject to garnishment, sequestration, attachment or execution, or any other legal process which would deny their receipt and use by that person; provided, however, that this section shall

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not apply to any person who has provided treatment or services, as described in section 65B.44, subdivision 2, to the victim of a motor vehicle accident.

[1974 c 408 s 17]

65B.58 CONVERTED MOTOR VEHICLES. A person who converts a motor vehicle is disqualified from basic or optional economic loss benefits, including benefits otherwise due him as a survivor, from any source other than an insurance contract under which the converter is an insured, for injuries arising from maintenance or use of the converted vehicle. If the converter dies from the injuries, his survivors are not entitled to basic or optional economic loss benefits from any source other than an insurance contract under which the converter is a basic economic loss insured. For the purpose of this section, a person is not a converter if he uses the motor vehicle in the good faith belief that he is legally entitled to do so.

[1974 c 408 s 18]

65B.59 RACES. A person who is injured in the course of an officiated racing or speed contest, or in practice or preparation therefor is disqualified from basic or optional economic loss benefits. His survivors are not entitled to basic or optional economic loss benefits for loss arising from his death.

[1974 c 408 s 19]

65B.60 INTENTIONAL INJURIES. A person intentionally causing or attempting to cause injury to himself or another person is disqualified from basic or optional economic loss benefits for injury arising from his acts, including benefits otherwise due him as a survivor. If a person dies as a result of intentionally causing or attempting to cause injury to himself, his survivors are not entitled to basic or optional economic loss benefits for loss arising from his death. A person intentionally causes or attempts to cause injury if he acts or fails to act for the purpose of causing injury or with knowledge that injury is substantially certain to follow. A person does not intentionally cause or attempt to cause injury (1) merely because his act or failure to act is intentional or done with his realization that it creates a grave risk of causing injury or (2) if the act or omission causing the injury is for the purpose of averting bodily harm to himself or another person.

[1974 c 408 s 20]

65B.61 BENEFITS PRIMARY; SUBTRACTIONS; COORDINATION. Subdivision 1. Basic economic loss benefits shall be primary with respect to benefits, except for those paid or payable under a workmen's compensation law, which any person receives or is entitled to receive from any other source as a result of injury arising out of the maintenance or use of a motor vehicle.

Subd. 2. Benefits paid or payable under a workmen's compensation law because of the injury or death shall be subtracted in computing basic economic loss benefits, but only to the extent that they exceed any deductible applicable to the basic economic loss benefits.

Subd. 3. Any legally constituted entity, other than a reparation obligor obligated to pay benefits under a plan of reparation security or an insurer or employer obligated to pay benefits under a workmen's compensation law, may coordinate any benefits it is obligated to pay for loss incurred as a result of injury arising out of the maintenance or use of a motor vehicle with basic economic loss benefits.

Subd. 4. Notwithstanding subdivision 3, no entity may coordinate benefits unless it provides those persons who purchase benefits from it with an equitable reduction or savings in the direct or indirect cost of the purchased benefits. If the benefits to be coordinated are provided to an individual through a group, program, contract or other arrangement for which another person pays in whole or in part, the entity coordinating benefits shall return to the individual or use for his benefit any reduction or savings in the direct or indirect cost of the benefits.

[1974 c 408 s 21]

65B.62 DUPLICATE CLAIMS; OBLIGOR SUBROGATED. A reparation obligor paying or obligated to pay basic economic loss benefits is subrogated to any claim based on an intentional tort or on strict or statutory liability against any person whose act or omission caused the injury. This right of subrogation shall exist only to the extent that basic economic loss benefits are paid and only to the extent that recovery on the claim would produce a duplication of benefits or reimbursement of the same loss.

[1974 c 408 s 22]

65B.63 ASSIGNED CLAIMS PLAN. Subdivision 1. Reparation obligors providing basic economic loss insurance in this state may organize and maintain, subject to approval and regulation by the commissioner, an assigned claims bureau and an assigned claims plan, and adopt rules for their operation and for the assessment of costs on a fair and equitable basis consistent with Laws 1974, Chapter 408. If such obligors do not organize and continuously maintain an assigned claims bureau and an assigned claims plan in a manner considered by the commissioner of insurance to be consistent with Laws 1974, Chapter 408, he shall organize and maintain an assigned claims bureau and an assigned claims plan. Each reparation obligor providing basic economic loss insurance in this state shall participate in the assigned claims bureau and the assigned claims plan. Costs incurred shall be allocated fairly and equitably among the reparation obligors.

Subd. 2. The assigned claims bureau shall promptly assign each claim and notify the claimant of the identity and address of the assignee-obligor of the claim. Claims shall be assigned so as to minimize inconvenience to claimants. The assignee thereafter has rights and obligations as if he had issued a policy of basic economic loss insurance complying with Laws 1974, Chapter 408 applicable to the injury or, in case of financial inability of a reparation obligor to perform its obligations, as if the assignee had written the applicable reparation insurance, undertaken the self-insurance, or lawfully obligated itself to pay basic economic loss benefits.

[1974 c 408 s 23]

65B.64 PERSONS ENTITLED TO PARTICIPATE IN ASSIGNED CLAIMS PLAN. Subdivision 1. A person entitled to basic economic loss benefits because of injury covered by Laws 1974, Chapter 408 may obtain basic economic loss benefits through the assigned claims plan or bureau established pursuant to section 65B.63 and in accordance with the provisions for making assigned claims provided in Laws 1974, Chapter 408, if:

(a) Basic economic loss benefits are not applicable to the injury for some reason other than those specified in sections 65B.58, 65B.59, or 65B.60;

(b) The plan of reparation security applicable to the injury cannot be identified; or

(c) A claim for basic economic loss benefits is rejected by a reparation obligor on some ground other than the person is not entitled to basic economic loss benefits under Laws 1974, Chapter 408.

Subd. 2. If a claim qualifies for assignment under subdivision 1, the assigned claims bureau or any reparation obligor to whom the claim is assigned shall be, as provided in section 65B.53, subrogated to all of the rights of the claimant against any person, including another obligor, who is legally obligated to provide economic loss benefits to the claimant, for economic loss benefits provided by the obligor to whom the claim was assigned.

Subd. 3. A person shall not be entitled to basic economic loss benefits through the assigned claims plan with respect to injury which was sustained if at the time of such injury the injured person was the owner of a private passenger motor vehicle for which security is required under Laws 1974, Chapter 408 and he failed to have such security in effect. Persons claiming benefits as a result of injury to members of the owner's household shall also be disqualified from benefits if those members knew or reasonably should have known that security covering the vehicle was not provided as required by Laws 1974, Chapter 408.

[1974 c 408 s 24]

65B.65 NOTIFICATION TO ASSIGNED CLAIMS BUREAU. A person authorized to obtain basic economic loss benefits through the assigned claims plan shall notify the bureau of his claim within one year of the date on which he receives written authorization to participate in such plan. If timely action for basic economic loss benefits is commenced against a reparation obligor who is unable to fulfill his obligations under Laws 1974, Chapter 408, a claim through the assigned claims plan may be made within a reasonable time after discovery of such inability.

[1974 c 408 s 25]

65B.66 CLAIMS AGAINST WRONG INSURER. If timely action for economic loss benefits is commenced against a reparation obligor and benefits are denied because of a determination that the obligor's coverage is not applicable to the claimant under the provisions of section 65B.47 on the priority of applicability of security a claim against a proper obligor or assigned claims plan may be made

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not later than 90 days after such determination becomes final or the last date on which the action could otherwise have been commenced, whichever is later.

[1974 c 408 s 26]

65B.67 PENALTIES FOR FAILURE TO PROVIDE SECURITY FOR BASIC REPARATION BENEFITS. Subdivision 1. Every owner of a motor vehicle for which security has not been provided as required by section 65B.48, shall be liable in tort without limitation.

Subd. 2. Any owner of a motor vehicle with respect to which security is required under Laws 1974, Chapter 408 who operates such motor vehicle or permits it to be operated upon a public highway, street or road in this state without having in full force and effect security complying with the terms of section 65B.48, is guilty of a misdemeanor.

Subd. 3. Any other person who operates such motor vehicle upon a public highway, street or road in this state with knowledge that the owner does not have such security in full force and effect is guilty of a misdemeanor.

Subd. 4. Any operator of a motor vehicle who is convicted of a misdemeanor under the terms of this section shall have his operator's license revoked for not less than six months or more than 12 months. If such operator is also an owner of the motor vehicle, his motor vehicle registration shall also be revoked for not less than six months or more than 12 months.

Subd. 5. When a nonresident's operating privilege is suspended pursuant to this section, the commissioner of public safety or his designee shall transmit a copy of the record of such action to the official in charge of the issuance of licenses in the state in which the nonresident resides.

Subd. 6. Upon receipt of such notification that the operating privilege of a resident of this state has been suspended or revoked in any other state pursuant to a law providing for its suspension or revocation for failure to deposit security for the payment of judgments arising out of a motor vehicle accident, or for failure to provide security covering a vehicle if required by the laws of that state, the commissioner of public safety shall suspend the license of the resident until he furnishes evidence of compliance with the laws of this state and if applicable the laws of the other state.

[1974 c 408 s 27]

65B.68 RULES OF COMMISSIONER OF PUBLIC SAFETY. Subdivision 1. The commissioner of public safety shall have the power and perform the duties imposed upon him by Laws 1974, Chapter 408 and may adopt rules to implement and provide effective administration of the provisions requiring security and governing termination of security.

Subd. 2. The commissioner of public safety may by rule provide that motor vehicles owned by certain persons may not be registered in this state unless satisfactory evidence is furnished that security has been provided as required by section 65B.48. If a person who is required to furnish evidence ceases to maintain security, he shall immediately surrender the registration certificate and license plates for the vehicle. These requirements may be imposed if:

(1) The registrant has not previously registered a motor vehicle in this state; or

(2) An owner or operator of the vehicle has previously failed to comply with the security requirements of Laws 1974, Chapter 408 or of prior law; or

(3) The driving record of an owner or operator of the vehicle evidences his continuing disregard of the laws of this state enacted to protect the public safety; or

(4) Other circumstances indicate that such action is necessary to effectuate the purposes of Laws 1974, Chapter 408.

[1974 c 408 s 28]

65B.69 OBLIGOR'S NOTIFICATION OF LAPSE, CANCELLATION, OR FAILURE TO RENEW POLICY OF COVERAGE. (1) If the required plan of reparation security of an owner or named insured is cancelled, and notification of such fact is given to the insured as required by section 65B.19, a copy of such notice shall within 30 days after coverage has expired be sent to the commissioner of public safety. If, on or before the end of that 30 day period, the insured owner of a motor vehicle has not presented the commissioner of public safety or his

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authorized agent with evidence of required security which shall have taken effect upon the expiration of the previous coverage, or if the insured owner or registrant has not instituted an objection to his obligor's cancellation under section 65B.21, within the time limitations therein specified, he shall immediately surrender the registration certificate and motor vehicle license plates to the commissioner of public safety and may not operate or permit operation of the vehicle in this state until security is again provided and proof of security furnished as required by Laws 1974, Chapter 408.

[1974 c 408 s 29]

65B.70 AUTOMOBILE INSURANCE RATES. Subdivision 1. **Premium reduction.** The policy premiums charged by each insurer in connection with the compulsory plan of reparation security required by Laws 1974, Chapter 408 for private passenger motor vehicles shall be at least 30 percent below such insurer's policy premiums in effect on December 31, 1973 for liability insurance with limits of \$25,000 per person and \$50,000 per accident, plus \$1,000 medical payments insurance, plus uninsured motorists coverage of \$25,000 per person and \$50,000 per accident. Actuarially commensurate adjustments shall be required in the case of other combinations of coverage.

Subd. 2. **Applicability of chapter 70A.** The rates charged for motor vehicle insurance other than the compulsory plan of reparation security required by Laws 1974, Chapter 408 shall be governed by chapter 70A, commencing with January 1, 1975.

Subd. 3. **Penalties; enforcement.** Any person convicted of violating this section shall be guilty of a misdemeanor. Every day that a violation continues shall be deemed a separate offense. Further, any person convicted of violating any provision of this section shall thereafter be prohibited from engaging in any business as an insurer in this state for a period of five years. The attorney general shall, at the request of the commissioner, initiate in the name of the state appropriate action in a court of law to enforce the provisions of this section.

Subd. 4. **Commissioner may make exception.** Notwithstanding the provisions of subdivision 1 of this section, if the commissioner finds that the mandated reduction in premium rates would jeopardize the financial soundness or solidity of any insurer, or require it to suffer an underwriting loss on that line of business in this state he shall permit such an insurer to charge such rates as are necessary to avoid such condition. The commissioner may hold a public hearing prior to making a determination pursuant to this subdivision.

Subd. 5. **Excessive rates.** The commissioner shall review all automobile coverage rates on an annual basis. If the commissioner finds that the rates of any insurer, for coverages required or permitted by Laws 1974, Chapter 408, are excessive, applying the standards of chapter 70A, he shall issue such order as he deems appropriate to establish a reasonable competitive rate, and such order may include provisions for an appropriate premium adjustment or rebate on outstanding policies.

Subd. 6. The provisions of subdivisions 1, 3 and 4 shall expire on January 1, 1976.

[1974 c 408 s 30]

65B.71 COMPLIANCE. Subdivision 1. The definition of "qualified applicant" under section 65B.02, subdivision 2, clause (2) shall, upon the repeal of chapter 170 and the enactment of Laws 1974, Chapter 408, include a person required to prove automobile insurance coverage as required by Laws 1974, Chapter 408.

Subd. 2. The actions permitted a metropolitan airport commission corporation under Minnesota Statutes 1971, Section 360.106, Subdivision 6 shall, upon the repeal of chapter 170 and the enactment of Laws 1974, Chapter 408, include acts necessary to bring the corporation, its commissioners and agents within the provisions of Laws 1974, Chapter 408.

Subd. 3. The actions permitted a county board under section 375.32, subdivision 2 shall, upon the repeal of chapter 170 and the enactment of Laws 1974, Chapter 408, include acts necessary to bring the county, its officers and employees within the provisions of Laws 1974, Chapter 408.

[1974 c 408 s 32 subs 1-3]