

CHAPTER 65B

AUTOMOBILE INSURANCE

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65B.06 DISTRIBUTION OF RISKS; COVERAGE.

[For text of subs 1 and 2, see M.S.1994]

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

(1) the minimum limits of coverage required by section 65B.49, subdivisions 2, 3, 3a, and 4a, or higher limits of liability coverage as recommended by the governing committee and approved by the commissioner;

(2) for the equitable distribution of qualified applicants for this coverage among the members in accord with the applicable participation ratio, or among these insurance companies as selected under the provisions of the plan of operation; and

(3) for a school district or contractor transporting school children under contract with a school district, that amount of automobile liability insurance coverage, not to exceed \$1,000,000, required by the school district by resolution or contract, or that portion of such \$1,000,000 of coverage for which the school district or contractor applies and for which it is eligible under section 65B.10.

[For text of subd 4, see M.S.1994]

History: 1995 c 258 s 47

65B.07 OTHER PROVISIONS AND FUNCTIONS.

[For text of subs 1 to 4, see M.S.1994]

Subd. 5. [Repealed, 1995 c 258 s 67]

65B.08 RATES.

Subdivision 1. **Filing.** As agent for 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 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 members to apply to insurance placed through the facility.

[For text of subs 2 and 3, see M.S.1994]

History: 1995 c 258 s 48

65B.09 AGENTS.

Subdivision 1. **Agents' responsibility.** Every person licensed under sections 60K.02 and 60K.03 who is authorized to solicit, negotiate or effect automobile insurance on behalf of any 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 coverage placed through the facility;

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

[For text of subd 2, see M.S.1994]

History: 1995 c 258 s 49

65B.10 ELIGIBILITY.

[For text of subds 1 and 2, see M.S.1994]

Subd. 3. **Review of insureds.** At least annually, every member shall review every private passenger nonfleet 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 member shall make an offer to insure the applicant under voluntary coverage at such lower rate.

History: 1995 c 258 s 50

65B.132 STUDENT DISCOUNTS; ELIGIBILITY.

Any insurance company providing discounts on automobile insurance premiums to eligible persons attending colleges and universities must provide the discount to eligible students enrolled in technical colleges accredited by the department of children, families, and learning.

History: 1Sp1995 c 3 art 16 s 13

65B.17 RENEWAL; NOTICE NOT TO RENEW.

[For text of subd 1, see M.S.1994]

Subd. 2. **Rulemaking.** The commissioner may adopt rules pursuant to chapter 14 to specify the grounds for nonrenewal of an automobile policy. The rules must limit the basis for nonrenewal to the following factors:

- (a) the reasons stated for cancellation in section 65B.15;
- (b) payments made for collision, bodily injury liability, or property damage liability coverage;
- (c) moving violations of a driver; and
- (d) other factors deemed reasonable by the commissioner.

The rules must specify the manner in which these factors will be considered and may reflect the severity or reoccurrence of any moving violation, the amount of any payment made, and the number of vehicles insured.

[For text of subd 3, see M.S.1994]

History: 1995 c 233 art 2 s 56

65B.285 ANTITHEFT PROTECTION DEVICE PREMIUM REDUCTION.

Subdivision 1. **Definition.** For the purposes of this section the term "authorized anti-theft protection device" means a device provided by the manufacturer of a vehicle as original equipment or installed in a vehicle by the manufacturer of the vehicle or an authorized dealer

of that manufacturer that does one or more of the following when activated unless the vehicle is entered and started by means of a lock system: (1) sound an alarm; (2) cause the vehicle horn to sound; (3) cause the vehicle lights to flash; or (4) cause the vehicle to be rendered inoperable. The device must be self-activating upon the locking of the passenger doors of the vehicle.

Subd. 2. Required reduction. An insurer must provide an appropriate premium reduction of at least five percent on the comprehensive coverage on a policy of private passenger vehicle insurance, as defined in section 65B.001, subdivision 2, issued, delivered, or renewed in this state, to an insured whose vehicle is equipped with an authorized antitheft protection device. The premium reduction required by this subdivision applies to every vehicle of an insured that is equipped with an authorized antitheft protection device.

History: 1995 c 115 s 1

65B.47 PRIORITY OF APPLICABILITY OF SECURITY FOR PAYMENT OF BASIC ECONOMIC LOSS BENEFITS.

[For text of subd 1, see M.S.1994]

Subd. 1a. Exemptions. Subdivision 1 does not apply to:

- (1) a commuter van;
- (2) a vehicle being used to transport children as part of a family or group family day care program;
- (3) a vehicle being used to transport children to school or to a school-sponsored activity;
- (4) a bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5;
- (5) a passenger in a taxi; or
- (6) a taxi driver.

[For text of subs 2 to 7, see M.S.1994]

History: 1995 c 227 s 1

NOTE: The amendment to subdivision 1a, clause (6), by Laws 1995, chapter 227, section 1, is effective for policies issued or renewed after September 1, 1996. See Laws 1995, chapter 227, section 3.

65B.48 REPARATION SECURITY COMPULSORY.

[For text of subs 1 to 3, see M.S.1994]

Subd. 3a. To carry out the purposes of subdivision 3, the commissioner may adopt rules pursuant to chapter 14. These rules may:

- (a) establish reporting requirements;
- (b) establish standards or guidelines to assure the adequacy of the financing and administration of self-insurance plans;
- (c) establish bonding requirements or other provisions assuring the financial integrity of entities that self-insure other than bonding requirements for self-insuring political subdivisions; and
- (d) establish other reasonable requirements to further the purposes of this section.

[For text of subs 4 to 7, see M.S.1994]

History: 1995 c 233 art 2 s 56

65B.49 INSURERS.

[For text of subs 1 to 4a, see M.S.1994]

Subd. 5a. Rental vehicles. (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001,

subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

(b) A vehicle is rented for purposes of this subdivision:

(1) if the rate for the use of the vehicle is determined on a monthly, weekly, or daily basis; or

(2) during the time that a vehicle is loaned as a replacement for a vehicle being serviced or repaired regardless of whether the customer is charged a fee for the use of the vehicle.

A vehicle is not rented for the purposes of this subdivision if the rate for the vehicle's use is determined on a period longer than one month or if the term of the rental agreement is longer than one month. A vehicle is not rented for purposes of this subdivision if the rental agreement has a purchase or buyout option or otherwise functions as a substitute for purchase of the vehicle.

(c) The policy or certificate issued by the plan must inform the insured of the application of the plan to private passenger rental vehicles, including pickup trucks and vans as defined under section 168.011, and that the insured may not need to purchase additional coverage from the rental company.

(d) Where an insured has two or more vehicles covered by a plan or plans of reparation security containing the rented motor vehicle coverage required under paragraph (a), the insured may select the plan the insured wishes to collect from and that plan is entitled to a pro rata contribution from the other plan or plans based upon the property damage limits of liability. If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle.

(e) A notice advising the insured of rental vehicle coverage must be given by the reparation obligor to each current insured with the first renewal notice after January 1, 1989. The notice must be approved by the commissioner of commerce. The commissioner may specify the form of the notice.

(f) When a motor vehicle is rented in this state, there must be attached to the rental contract a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten, which states:

Under Minnesota law, a personal automobile insurance policy issued in Minnesota must cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary if your policy was issued in Minnesota.

No collision damage waiver or other insurance offered as part of or in conjunction with a rental of a motor vehicle may be sold unless the person renting the vehicle provides a written acknowledgment that the above consumer protection notice has been read and understood.

(g) When damage to a rented vehicle is covered by a plan of reparation security as provided under paragraph (a), the rental contract must state that payment by the reparation obligor within the time limits of section 72A.201 is acceptable, and prior payment by the renter is not required.

(h) Compensation for the loss of use of a damaged rented motor vehicle is limited to a period no longer than 14 days.

(i)(1) For purposes of this paragraph, "rented motor vehicle" means a rented vehicle described in paragraph (a), using the definition of "rented" provided in paragraph (b).

(2) Notwithstanding section 170.54, an owner of a rented motor vehicle is not vicariously liable for legal damages resulting from the operation of the rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one person in any one accident and, subject to the limit for one person, \$300,000 because of injury to two or more persons in any one accident, and \$50,000 because of injury to or destruction of property of others in any one accident, if the owner of the rented motor vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an owner of a rented motor vehicle to comply with the requirements of compulsory insurance through a policy of insurance as provided in section 65B.48, subdivision 2, or through self-insurance as provided in section 65B.48, subdivision 3; or with the obligations arising from section 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in this paragraph alters or affects liability, other than vicarious liability, of an owner of a rented motor vehicle.

(3) The dollar amounts stated in this paragraph shall be adjusted for inflation based upon the consumer price index for all urban consumers, known as the CPI-U, published by the United States Bureau of Labor Statistics. The dollar amounts stated in this paragraph are based upon the value of that index for July 1995, which is the reference base index for purposes of this paragraph. The dollar amounts in this paragraph shall change effective January 1 of each odd-numbered year based upon the percentage difference between the index for July of the preceding year and the reference base index, calculated to the nearest whole percentage point. The commissioner shall announce and publish, on or before September 30 of the preceding year, the changes in the dollar amounts required by this paragraph to take effect on January 1 of each odd-numbered year. The commissioner shall use the most recent revision of the July index available as of September 1. Changes in the dollar amounts must be in increments of \$5,000, and no change shall be made in a dollar amount until the change in the index requires at least a \$5,000 change. If the United States Bureau of Labor Statistics changes the base year upon which the CPI-U is based, the commissioner shall make the calculations necessary to convert from the old base year to the new base year. If the CPI-U is discontinued, the commissioner shall use the available index that is most similar to the CPI-U.

[For text of subs 7 to 9, see M.S.1994]

History: 1995 c 225 s 1

NOTE: Subdivision 5a was also amended by Laws 1995, chapter 140, section 1, to read as follows:

"Subd. 5a. **Rental vehicles.** (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

(b) A vehicle is rented for purposes of this subdivision if the rate for the use of the vehicle is determined on a monthly, weekly, or daily basis. A vehicle is not rented for purposes of this subdivision if the rate for the vehicle's use is determined on a period longer than one month.

(c) The policy or certificate issued by the plan must inform the insured of the application of the plan to private passenger rental vehicles, including pickup trucks and vans as defined under section 168.011, and that the insured may not need to purchase additional coverage from the rental company.

(d) Where an insured has two or more vehicles covered by a plan or plans of reparation security containing the rented motor vehicle coverage required under paragraph (a), the insured may select the plan the insured wishes to collect from and that plan is entitled to a pro rata contribution from the other plan or plans based upon the property damage limits of liability. If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the

reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle.

(e) A notice advising the insured of rental vehicle coverage must be given by the reparation obligor to each current insured with the first renewal notice after January 1, 1989. The notice must be approved by the commissioner of commerce. The commissioner may specify the form of the notice.

(f) When a motor vehicle is rented or leased in this state on a monthly, weekly, or daily basis, there must be attached to the rental contract a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten, which states:

Under Minnesota law, a personal automobile insurance policy issued in Minnesota must cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary if your policy was issued in Minnesota.

No collision damage waiver or other insurance offered as part of or in conjunction with a rental of a motor vehicle may be sold unless the person renting the vehicle provides a written acknowledgment that the above consumer protection notice has been read and understood.

(g) When damage to a rented vehicle is covered by a plan of reparation security as provided under paragraph (a), the rental contract must state that payment by the reparation obligor within the time limits of section 72A.201 is acceptable, and prior payment by the renter is not required.

(h) To be compensated for the loss of use of a damaged rented motor vehicle, the car rental company must prove:

- (1) that had the vehicle been available, it would have been rented; and
- (2) that no other vehicle was available for rental in place of the damaged vehicle.

The standard of proof set forth in this paragraph does not limit the responsibility of a reparation obligor to provide an insured with coverage for any loss of use for which the reparation obligor is otherwise responsible. A car rental company may be compensated for loss of use of a damaged rental motor vehicle only for the period when the damaged car actually would have been rented."

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 workers' 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. Where workers' compensation benefits paid or payable are primary, the reparation obligor shall make an appropriate rebate or reduction in the premiums of the plan of reparation security. The amount of the rebate or rate reduction shall be not less than the amount of the projected reduction in benefits and claims for which the reparation obligor will be liable on that class of risks. The projected reduction or rebate in benefits and claims shall be based upon sound actuarial principles.

[For text of subs 2 to 3, see M.S.1994]

History: 1995 c 258 s 51