

(b) The trail shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Taconite Trail may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the legislative advisory committee before granting his approval. Recommendations of the legislative advisory committee shall be advisory only. Failure or refusal of the committee to make a recommendation shall be deemed a negative recommendation.

Approved April 10, 1974.

CHAPTER 408—S.F.No.96

[Coded in Part]

An act relating to the compensation of victims of motor vehicle accidents; requiring security by motor vehicle owners; providing for certain mandatory minimum insurance or self-insurance protection benefits payable regardless of fault in cases of personal injury; providing for a limitation of general damages; expanding uninsured motorists coverage, providing small claims arbitration and penalties for failure to show proof of security; providing for certain deductibles; providing for subrogation, inter-company arbitration, and offset of benefits paid against judgments; providing an assigned claims plan; providing penalties; amending Minnesota Statutes 1971, Section 65B.14, Subdivision 1, as amended; repealing Minnesota Statutes 1971, Sections 65B.22, as amended; 65B.23 to 65B.27; 170.21; 170.22; 170.25 to 170.53 and 170.56 to 170.58.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[65B.41] NO-FAULT INSURANCE; CITATION.** Sections 1 to 35 may be cited as the "Minnesota no-fault automobile insurance act".

Sec. 2. **[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 this act 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;

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(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.

Sec. 3. [65B.43] DEFINITIONS. Subdivision 1. The following words and phrases, shall, for the purpose of this act, 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 Minnesota Statutes, 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 this act.

Subd. 5. "Insured" means an insured under a plan of reparation security as provided by this act, 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 for a plan of reparation security complying with this act 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 this act, including natural persons, firms, partnerships, associations, corporations, governmental units, trusts and syndicates.

Subd. 10. "Basic economic loss benefits" means benefits as described in section 4.

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,

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(b) any motor vehicle, other than a passenger vehicle or a station wagon, as those terms are defined in Minnesota Statutes, 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.

Sec. 4. [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 5.

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Subd. 3. **DISABILITY AND INCOME LOSS BENEFITS.** Disability and income loss benefits shall reimburse eighty-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, Minnesota Statutes, 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 this act, 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

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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.

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

Sec. 5. **[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

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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.

Sec. 6. **[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 ownership, or (b) a vehicle owned by a govern-

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ment other than this state, its political subdivisions, municipal corporations, or public agencies.

Subd. 3. For the purposes of this act, 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.

Sec. 7. [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

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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 clause (c) of subdivision 4, 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.

Sec. 8. [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 9, 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.

Subd. 2. The security required by this act may be provided by a policy of insurance complying with this act 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 this act;

(2) evidence that appropriate provision exists for prompt administration of all claims, benefits, and obligations provided by this act; 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 this act, for payment of tort liabilities, basic economic loss benefits, and all other obligations imposed by this act.

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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 this act, 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 9, subdivision 3, or by qualifying as a self-insurer in the manner provided in subdivision 3 of this section.

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 9.

Sec. 9. **[65B.49] INSURERS.** Subdivision 1. **MANDATORY OFFER OF INSURANCE BENEFITS.** On and after the effective date of this act, 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 this act.

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 de-

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struction 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 13, 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 the effective date of this act, 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.

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(3) "Uninsured motor vehicle" means any motor vehicle for which a plan of reparation security meeting the requirements of this act 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

(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

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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 this act 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.

Sec. 10. [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 the effective date of this act 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 9 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 this act, while the vehicle is in this state, and qualifies as security covering the vehicle.

Sec. 11. [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 this act, 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 13, 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

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loss obligor because of daily or weekly dollar limitations of section 4, the seven-day services exclusion of section 4, the limitations of benefits contained in section 4, subdivision 1, or an exclusion from coverage by sections 18 to 20.

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

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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.

Sec. 12. [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 the effective date of this act, 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 this act.

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.

Sec. 13. [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 11, subdivision 1, and only if a commercial vehicle was involved in the accident causing the injury.

Subd. 2. To the extent permitted by section 11, 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 11, subdivision 3 of this act 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 this act 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 this act.

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.

Sec. 14. [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 21, if these benefits have not been paid to the claimant before the reparation benefits are overdue or the claim is paid. The obli-

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gor 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.

Sec. 15. [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.

Sec. 16. [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.

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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 are 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 this act.

Subd. 2. CLAIMANT'S PARTICIPATION IN ARBITRATION BETWEEN OBLIGORS. Any person receiving benefits under this act shall participate and cooperate, as reasonably required under the coverage, in any and all arbitration proceedings as provided in section 13 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.

Sec. 17. [65B.57] ECONOMIC LOSS BENEFITS; EXEMPTIONS FROM LEGAL ATTACHMENT. All economic loss benefits provided by this act, 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 not apply to any person who

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has provided treatment or services, as described in section 4, subdivision 2, to the victim of a motor vehicle accident.

Sec. 18. [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.

Sec. 19. [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.

Sec. 20. [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.

Sec. 21. [65B.61] BENEFITS PRIMARY; SUBTRACTIONS; CO-ORDINATION. 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

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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.

Sec. 22. [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.

Sec. 23. [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 this act. 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 this act, 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 this act 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.

Sec. 24. [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 this act may ob-

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tain basic economic loss benefits through the assigned claims plan or bureau established pursuant to section 23 and in accordance with the provisions for making assigned claims provided in this act, if:

(a) Basic economic loss benefits are not applicable to the injury for some reason other than those specified in sections 18, 19, or 20;

(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 this act.

Subd. 2. If a claim qualifies for assignment under subdivision 1 of this section, the assigned claims bureau or any reparation obligor to whom the claim is assigned shall be, as provided in section 13, 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 this act 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 this act.

Sec. 25. **[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 this act, a claim through the assigned claims plan may be made within a reasonable time after discovery of such inability.

Sec. 26. **[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 7 on the priority of applicability of security a claim against a proper obligor or assigned claims plan may be made 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.

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Sec. 27. [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 8, shall be liable in tort without limitation.

Subd. 2. Any owner of a motor vehicle with respect to which security is required under this act 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 8, 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.

Sec. 28. [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 this act 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 8 of this act. If a person who is required to furnish evidence ceases to maintain security, he shall im-

mediately 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 this act 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 this act.

Sec. 29. [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 Minnesota Statutes, 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 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 Minnesota Statutes, 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 this act.

Sec. 30. [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 this act 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 this act shall be governed by Minnesota Statutes, Chapter 70A, commencing with the effective date of this act.

Subd. 3. PENALTIES; ENFORCEMENT. Any person convicted of
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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 this act, are excessive, applying the standards of Minnesota Statutes, 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.

Sec. 31. Minnesota Statutes 1971, Section 65B.14, Subdivision 1, as amended by Laws 1974, Chapter 56, Section 1, Subdivision 1, is amended to read:

65B.14 CANCELLATION OR NONRENEWAL OF AUTOMOBILE POLICIES; DEFINITIONS. Subdivision 1. "Policy of automobile insurance" means a policy-plan of reparation security as defined in section 8 delivered or issued for delivery in this state; ~~insuring a natural person as named insured; and any relative or relatives of the named insured who is a resident of the same household covering automobiles owned by the insured of (a) the private passenger type, including a private passenger, station wagon or jeep type automobile not used as a public or livery conveyance for passengers; nor rented to others; or (b) the utility automobile type which shall mean any other four-wheel vehicle whether having a pick-up, sedan delivery, or panel truck type body not used primarily in the occupation, profession or business of the insured other than farming or ranching; provided, however, that sections 65B.14 to 66B.21 shall not apply to any policy of automobile insurance: (1) issued under the Minnesota automobile insurance plan; (2) insuring more than four automobiles; or (3) covering garage, automobiles sales agency, repair shop, service station or public parking place operation hazards.~~

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Sec. 32. [65B.71] SUPERCESSION BY THIS ACT; INSTRUCTIONS TO REVISOR OF STATUTES. Subdivision 1. The definition of "qualified applicant" under Minnesota Statutes, Section 65B.02, Subdivision 2, Clause (2) shall, upon the repeal of chapter 170 and the enactment of this act, include a person required to prove automobile insurance coverage as required by this act.

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 this act, include acts necessary to bring the corporation, its commissioners and agents within the provisions of this act.

Subd. 3. The actions permitted a county board under Minnesota Statutes, Section 375.32, Subdivision 2 shall, upon the repeal of chapter 170 and the enactment of this act, include acts necessary to bring the county, its officers and employees within the provisions of this act.

Subd. 4. In the next and subsequent editions of Minnesota Statutes, wherever Minnesota Statutes, Chapter 170 or the "financial responsibility" act has been referred to in a section, the revisor of statutes shall replace such references with references to this act.

Subd. 5. In the next and subsequent editions of Minnesota Statutes, wherever Minnesota Statutes, Section 65B.22 has been referred to in a section, the revisor of statutes shall replace such references with references to section 23 of this act.

Sec. 33. REPEALS. Minnesota Statutes 1971, Sections 65B.22, as amended by Laws 1973, Chapter 35, Section 21; 65B.23; 65B.24; 65B.25; 65B.26; 65B.27; 170.21; 170.22; 170.25; 170.26; 170.27; 170.28; 170.29; 170.30; 170.31; 170.32; 170.33; 170.34; 170.35; 170.36; 170.37; 170.38; 170.39; 170.40; 170.41; 170.42; 170.43; 170.44; 170.45; 170.46; 170.47; 170.48; 170.49; 170.50; 170.51; 170.52; 170.53; 170.56; 170.57; 170.58 are repealed.

Sec. 34. SEVERABILITY. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity does not affect other provisions or applications of this act which can be given effect without the invalid application or provision, and to this end the provisions of this act are expressly declared to be severable.

Sec. 35. This act shall take effect January 1, 1975. Accidents occurring before that date are not covered by or subject to this act.

Approved April 11, 1974.

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