

(SENATE AUTHORS: MICHEL, Thompson and Lillie)

DATE	D-PG	OFFICIAL STATUS
03/07/2011	423	Introduction and first reading Referred to Commerce and Consumer Protection

1.1A bill for an act

1.2relating to insurance; repealing the Minnesota No-Fault Automobile Insurance

1.3Act; providing an appropriate premium reduction; requiring liability coverage;

1.4proposing coding for new law in Minnesota Statutes, chapter 65B; repealing

1.5Minnesota Statutes 2010, sections 65B.41; 65B.42; 65B.43; 65B.44; 65B.45;

1.665B.46; 65B.47; 65B.48, subdivisions 1, 2, 3, 3a, 4, 5, 6, 7; 65B.482; 65B.49,

1.7subdivisions 1, 2, 3, 3a, 4a, 5a, 7, 8, 9; 65B.50; 65B.51; 65B.525; 65B.53;

1.865B.54; 65B.55; 65B.56; 65B.57; 65B.58; 65B.59; 65B.60; 65B.61, subdivisions

1.91, 2, 2a, 3; 65B.63; 65B.64; 65B.65; 65B.66; 65B.685; 65B.71.

1.10BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11Section 1. **[65B.30] COMPULSORY INSURANCE.**

1.12Subdivision 1. **General requirement and coverages.** Every owner of a motor

1.13vehicle of a type that is required to be registered or licensed, or is principally garaged in

1.14this state, shall maintain during the period in which operation or use is contemplated,

1.15insurance under provisions approved by the commissioner, insuring against loss resulting

1.16from liability imposed by law for injury and property damage sustained by any person

1.17arising out of the ownership, maintenance, operation, or use of the vehicle. The

1.18nonresident owner of a motor vehicle that is not required to be registered or licensed,

1.19or that is not principally garaged in this state, shall maintain the insurance in effect

1.20continuously throughout the period of the operation, maintenance, or use of the motor

1.21vehicle in this state with respect to accidents occurring in this state.

1.22Subd. 2. **Types of insurance.** The insurance required by subdivision 1 may be

1.23provided by a policy of insurance that is issued by or on behalf of an insurer authorized to

1.24transact business in this state or, if the vehicle is registered in another state, by a policy of

1.25insurance issued by or on behalf of an insurer authorized to transact business in either this

1.26state or the state in which the vehicle is registered or by qualifying as a self-insurer.

Subd. 3. **Self-insurance.** 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 and to perform all other obligations imposed by law;

(2) evidence that appropriate provision exists for prompt administration of all claims, benefits, and obligations;

(3) evidence that reliable financial arrangements, deposits, or commitments exist providing assurance for payment of tort liabilities and all other obligations imposed by law; and

(4) a nonrefundable initial application fee of \$1,500 and an annual renewal fee of \$400 for political subdivisions and \$500 for nonpolitical entities.

Subd. 4. **Rulemaking.** To carry out the purposes of subdivision 3, the commissioner may adopt rules pursuant to chapter 14. These rules may:

(1) establish reporting requirements;

(2) establish standards or guidelines to ensure the adequacy of the financing and administration of self-insurance plans;

(3) establish bonding requirements or other provisions ensuring the financial integrity of entities that self-insure, other than bonding requirements for self-insuring political subdivisions; and

(4) establish other reasonable requirements to further the purposes of this section.

Subd. 5. **State or political subdivisions to provide insurance.** The state of Minnesota or any agency or political subdivision of the state shall provide insurance, either as a self-insurer pursuant to subdivision 3, or through purchase of a policy of insurance.

Subd. 6. **Motorcycle coverage.** Every owner of a motorcycle registered or required to be registered in this state or operated in this state by the owner or with the owner's permission shall provide and maintain insurance for the payment of tort liabilities arising out of the maintenance or use of the motorcycle in this state. Insurance may be provided by a policy of insurance or by qualifying as a self-insurer in the manner provided in subdivision 3.

## Sec. 2. **PREMIUM REDUCTION.**

An insurer must provide an appropriate premium reduction of at least 20 percent on each policy, plan, or contract issued or renewed on or after January 1, 2012, insuring against loss resulting from liability imposed by law for injury or property damage sustained by any person arising out of the operation, maintenance, or use of a motor vehicle of a type that is required to be registered or licensed or is principally garaged in this state.

3.1       Sec. 3. **CONFORMING LEGISLATION.**

3.2             The revisor of statutes shall place a bill before the legislature no later than January 1,  
3.3 2012, making all changes in Minnesota Statutes necessary to conform other provisions  
3.4 of Minnesota Statutes to this act.

3.5       Sec. 4. **REPEALER.**

3.6             Minnesota Statutes 2010, sections 65B.41; 65B.42; 65B.43; 65B.44; 65B.45;  
3.7 65B.46; 65B.47; 65B.48, subdivisions 1, 2, 3, 3a, 4, 5, 6, and 7; 65B.482; 65B.49,  
3.8 subdivisions 1, 2, 3, 3a, 4a, 5a, 7, 8, and 9; 65B.50; 65B.51; 65B.525; 65B.53; 65B.54;  
3.9 65B.55; 65B.56; 65B.57; 65B.58; 65B.59; 65B.60; 65B.61, subdivisions 1, 2, 2a, and 3;  
3.10 65B.63; 65B.64; 65B.65; 65B.66; 65B.685; and 65B.71, are repealed effective January  
3.11 1, 2012.

3.12       Sec. 5. **EFFECTIVE DATE; APPLICABILITY.**

3.13             This act is effective January 1, 2012, and applies to accidents occurring on or after  
3.14 that date.