

CHAPTER 65B

AUTOMOBILE INSURANCE

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65B.03 GOVERNING COMMITTEE.

Subdivision 1. **Membership.** The commissioner shall direct that an election be held among every insurer subject to this chapter, for the election of a facility governing committee. The governing committee shall be made up of eight individuals selected by participating members of the facility and one public member appointed by the governor to two-year terms. Each insurer member of the governing committee shall be a participating member.

Each participating member serving on the governing committee shall be represented by a salaried employee of that participating member, and not more than one participating member in a group under the same management shall serve on the governing committee at the same time. The commissioner of commerce or his designee shall be an ex officio member of the governing committee.

Subd. 2. **Terms of office.** The governing committee members shall serve two-year terms. Vacancies shall be filled as provided in the plan of operation.

History: *1Sp1985 c 10 s 66*

65B.43 DEFINITIONS.

[For text of subds 1 to 15, see M.S.1984]

Subd. 16. "Uninsured motor vehicle" means a motor vehicle or motorcycle for which a plan of reparation security meeting the requirements of sections 65B.41 to 65B.71 is not in effect.

Subd. 17. "Underinsured motor vehicle" means a motor vehicle or motorcycle to which a bodily injury liability policy applies at the time of the accident but its limit for bodily injury liability is less than the amount needed to compensate the insured for his or her actual damages.

Subd. 18. "Uninsured motorist coverage" means coverage for the protection of persons insured under that coverage who are legally entitled to recover damages for bodily injury from owners or operators of uninsured motor vehicles and hit-and-run motor vehicles.

Subd. 19. "Underinsured motorist coverage" means coverage for the protection of persons insured under that coverage who are legally entitled to recover damages for bodily injury from owners or operators of underinsured motor vehicles.

Subd. 20. "Political subdivision" means any statutory or home rule charter city; county; town; school district; or metropolitan council, board or commission operating under chapter 473.

History: *1985 c 168 s 1-5; 1985 c 309 s 1-4*

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 \$40,000 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 \$20,000 for 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.

[For text of subd 2, see M.S.1984]

Subd. 3. Disability and income loss benefits. Disability and income loss benefits shall provide compensation for 85 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 \$250 per week. Loss of income includes the costs incurred by a self-employed person to hire substitute employees to perform tasks which are necessary to maintain his income, which he normally performs himself, and which he cannot perform because of his injury.

If the injured person is unemployed at the time of injury and is receiving or is eligible to receive unemployment benefits under chapter 268, but the injured person loses his eligibility for those benefits because of inability to work caused by the injury, disability and income loss benefits shall provide compensation for the lost benefits in an amount equal to the unemployment benefits which otherwise would have been payable, subject to a maximum of \$250 per week.

Compensation under this subdivision 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" means disability which prevents the injured person from engaging in any substantial gainful occupation or employment on a regular basis, for wage or profit, for which he is or may by training become reasonably qualified. If the injured person returns to his employment and is unable by reason of his injury to work continuously, compensation for lost income shall be reduced by the income received while he is actually able to work. The weekly maximums may not be prorated to arrive at a daily maximum, even if the injured person does not incur loss of income for a full week.

Subd. 4. Funeral and burial expenses. Funeral and burial benefits shall be reasonable expenses not in excess of \$2,000, including expenses for cremation or delivery under the Uniform Anatomical Gift Act, sections 525.921 to 525.93.

[For text of subds 5 to 8, see M.S.1984]

History: 1985 c 168 s 6,7; 1Sp1985 c 10 s 67

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

[For text of subds 1 to 6, see M.S.1984]

Subd. 7. Unless a policyholder makes a specific election to have two or more policies added together the limit of liability for basic economic loss benefits for two or more motor vehicles may not be added together to determine the limit of insurance coverage available to an injured person for any one accident. An insurer

shall notify policyholders that they may elect to have two or more policies added together.

History: 1985 c 168 s 8

65B.48 REPARATION SECURITY COMPULSORY.

[For text of subds 1 to 3, see M.S.1984]

Subd. 3a. To carry out the purposes of subdivision 3, the commissioner may adopt rules pursuant to chapter 14, including emergency rules. 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 subds 4 to 7, see M.S.1984]

History: 1985 c 168 s 9

65B.49 INSURERS.

[For text of subds 1 and 2, see M.S.1984]

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 \$30,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$60,000 because of injury to two or more persons in any one accident, and, if the accident has resulted in injury to or destruction of property, of not less than \$10,000 because of such injury to or destruction of property of others in any one accident.

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

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

(a) The liability of the reparation obligor with respect to the residual liability coverage required by this clause shall become absolute whenever injury or damage occurs; such liability may not be canceled 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. 3a. Uninsured and underinsured motorist coverages. (1) 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 uninsured and underinsured motorist coverages are provided therein. The coverages combined, at a minimum, must provide limits of \$25,000 because of injury to or the death of one person in any accident and \$50,000 because of injury to or the death of two or more persons in any accident. In the case of injury to, or the death of, two or more persons in any accident, the amount available to any one person must not exceed the coverage limit provided for injury to, or the death of, one person in any accident. For purposes of this subdivision, uninsured motorist coverage and underinsured motorist coverage shall be a single coverage.

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

(3) No reparation obligor is required to provide limits of uninsured and underinsured motorist coverages in excess of the bodily injury liability limit provided by the applicable plan of reparation security.

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

(5) If at the time of the accident the injured person is occupying a motor vehicle, the limit of liability for uninsured and underinsured motorist coverages available to the injured person is the limit specified for that motor vehicle. However, if the injured person is occupying a motor vehicle of which the injured person is not an insured, the injured person may be entitled to excess insurance protection afforded by a policy in which the injured party is otherwise insured. The excess insurance protection is limited to the extent of covered damages sustained, and further is available only to the extent by which the limit of liability for like coverage applicable to any one motor vehicle listed on the automobile insurance policy of which the injured person is an insured exceeds the limit of liability of the coverage available to the injured person from the occupied motor vehicle.

If at the time of the accident the injured person is not occupying a motor vehicle, the injured person is entitled to select any one limit of liability for any one vehicle afforded by a policy under which the injured person is insured.

(6) Regardless of the number of policies involved, vehicles involved, persons covered, claims made, vehicles or premiums shown on the policy, or premiums paid, in no event shall the limit of liability for uninsured and underinsured motorist coverages for two or more motor vehicles be added together to determine the limit of insurance coverage available to an injured person for any one accident.

(7) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motor vehicle owned by the insured, unless the occupied vehicle is an insured motor vehicle.

Subd. 4. [Repealed, 1Sp1985 c 10 s 123 subd 5]

Subd. 4a. Liability on underinsured motor vehicles. With respect to underinsured motor vehicles, the maximum liability of an insurer is the lesser of the difference between the limit of underinsured motorist coverage and the amount paid

to the insured by or for any person or organization who may be held legally liable for the bodily injury; or the amount of damages sustained but not recovered.

[For text of subds 7 and 8, see M.S.1984]

History: 1985 c 168 s 10-12; 1985 c 309 s 5,6; 1Sp1985 c 10 s 68,123 subd 5; 1Sp1985 c 13 s 191

NOTE: Laws 1985, First Special Session chapter 10, section 123, subdivision 5, reads as follows:

"Subd. 5. Minnesota Statutes 1984, section 65B.49, subdivision 4, as amended by Laws 1985, chapter 168, section 11, and chapter 309, section 5, is repealed.

Any amendment to Minnesota Statutes, section 65B.49, subdivision 4, enacted at the same special session that enacts this subdivision, is void."

NOTE: Subdivision 4 was amended by Laws 1985, First Special Session chapter 13, section 191, to read as follows:

"Subd. 4. **UNINSURED AND UNDERINSURED MOTORIST COVERAGES.** (1) 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 uninsured and underinsured motorist coverages are provided therein. The coverages combined, at a minimum, must provide limits of \$25,000 because of injury to or the death of one person in any accident and \$50,000 because of injury to or the death of two or more persons in any accident. In the case of injury to, or the death of, two or more persons in any accident, the amount available to any one person must not exceed the coverage limit provided for injury to, or the death of, one person in any accident. For purposes of this subdivision, uninsured motorist coverage and underinsured motorist coverage shall be a single coverage.

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

(3) No reparation obligor is required to provide limits of uninsured and underinsured motorist coverages in excess of the bodily injury limit provided by the applicable plan of reparation security.

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

(5) Unless the language of the policy provides otherwise, if at the time of the accident the injured person is occupying a motor vehicle, the limit of liability for uninsured and underinsured motorist coverages available to the injured person is the limit specified for that motor vehicle. However, if the injured person is occupying a motor vehicle of which the injured person is not a named insured, the injured person may be entitled to excess insurance protection afforded by a policy in which the injured party is a named insured. The excess insurance protection is limited to the extent of covered damages sustained, and further is available only to the extent by which the limit of liability for like coverage applicable to any one motor vehicle listed on the automobile insurance policy of which the injured person is named insured exceeds the limit of liability of the coverage available to the injured person from the occupied motor vehicle.

If at the time of the accident the injured person is not occupying a motor vehicle, the injured person is entitled to select any one limit of liability for any one vehicle afforded by a policy under which the injured person is named insured.

(6) Unless a policyholder makes a specific election to have two or more policies added together, the limit of liability for uninsured and underinsured motorist coverages for two or more motor vehicles may not be added together to determine the limit of insurance coverage available to an injured person for any one accident. An insurer shall notify policyholders that they may elect to have two or more policies added together.

(7) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motor vehicle owned by the insured, unless the occupied vehicle is an insured motor vehicle.

(8) The uninsured and underinsured motorist coverages required by this subdivision do not apply to any bodily injury until the limits of bodily injury liability policies applicable to all insured motor vehicles causing the injury have been exhausted by payment of judgments or settlements and proof of such is submitted to the insurer providing the uninsured and underinsured motorist coverages."

65B.525 ARBITRATION PROCEDURE; RULES OF COURT.

Subdivision 1. The supreme court and the several courts of general trial jurisdiction of this state shall by rules of court or other constitutionally allowable device, provide for the mandatory submission to arbitration 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 noneconomic 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 sections 65B.41 to 65B.71.

[For text of subd 2, see M.S.1984]

History: 1985 c 168 s 13

65B.63 ASSIGNED CLAIMS PLAN.

Subdivision 1. Reparation obligors providing basic economic loss insurance in this state shall 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 sections 65B.41 to 65B.71. The assigned claims bureau shall be

managed by a governing committee made up of four individuals selected by the insurer members, one individual selected by the self-insurer members, and two public members appointed by the governor to two-year terms. 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 commerce to be consistent with sections 65B.41 to 65B.71, 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.

[For text of subd 2, see M.S.1984]

History: *1Sp1985 c 10 s 69*

65B.67 PENALTIES FOR FAILURE TO PROVIDE SECURITY FOR BASIC REPARATION BENEFITS.

[For text of subds 1 to 3a, see M.S.1984]

Subd. 4. Penalty. Any operator of a motor vehicle or motorcycle who is convicted under the terms of this section, is guilty of a misdemeanor, and shall be sentenced as provided in section 609.03, clause (3), and shall have his driver's license revoked for not more than 12 months. If the operator is also an owner of the motor vehicle or motorcycle, the registration of the motor vehicle or motorcycle shall also be revoked for not more than 12 months. Before reinstatement of a driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48. The commissioner shall include a notice of the penalties contained in this section on all forms for registration of motor vehicles or motorcycles required to maintain a plan of reparation security.

[For text of subds 4a to 6, see M.S.1984]

History: *1985 c 291 s 1*