

65B.41. Citation.

Sections 65B.41 to 65B.71 may be cited as the "Minnesota no-fault automobile insurance act."

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 sections 65B.41 to 65B.71 be adopted to effect the following purposes:

- (1) to relieve the severe economic distress of uncompensated victims of automobile accidents within this state by requiring automobile insurers to offer and automobile owners to maintain automobile insurance policies or other pledges of indemnity which will provide prompt payment of specified basic economic loss benefits to victims of automobile accidents without regard to whose fault caused the accident;
 - (2) to prevent the overcompensation of those automobile accident victims suffering minor injuries by restricting the right to recover general damages to cases of serious injury;
 - (3) to encourage appropriate medical and rehabilitation treatment of the automobile accident victim by assuring prompt payment for such treatment;
 - (4) to speed the administration of justice, to ease the burden of litigation on the courts of this state, and to create a system of small claims arbitration to decrease the expense of and to simplify litigation, and to create a system of mandatory intercompany 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.
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65B.43. Definitions.

Subdivision 1. Scope. The following words and phrases, shall, for the purpose of 1. sections 65B.41 to 65B.71, have the meanings ascribed to them, except where the context clearly indicates a different meaning.

Subd. 2. Motor vehicle. "Motor vehicle" means every vehicle, other than a motorcycle or other vehicle with fewer than four wheels, which (a) is required to be registered pursuant to chapter 168, and (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, and includes a trailer with one or more wheels, when the trailer is connected to or being towed by a motor vehicle.

Subd. 3. Maintenance or use of a motor vehicle. "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. "Owner" means a person, other than a lienholder or secured party, who owns or holds legal title to a motor vehicle or is entitled to the use and possession of a motor vehicle subject to a security interest held by another person. If a motor vehicle is the subject of a lease having an initial term of six months or longer, the lessee shall be deemed the owner for the purposes of sections 65B.41 to 65B.71, and 169.09, subdivision 5a, notwithstanding the fact that the lessor retains title to the vehicle and notwithstanding the fact that the lessee may be the owner for the purposes of chapter 168A.

Subd. 5. Insured. "Insured" means an insured under a plan of reparation security as provided by sections 65B.41 to 65B.71, 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 sections 65B.41 to 65B.71 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's home is usually in the same family unit, even though temporarily living elsewhere.

Subd. 6. Income. "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. "Loss" means economic detriment resulting from the accident causing the injury, consisting only of medical expense, 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. "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. "Reparation obligor" means an insurer or self-insurer obligated to provide the benefits required by sections 65B.41 to 65B.71, including natural persons, firms,

partnerships, associations, corporations, governmental units, trusts and syndicates.

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

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

Subd. 12. Commercial vehicle. "Commercial vehicle" means:

- (a) any motor vehicle used as a common carrier,
- (b) any motor vehicle, other than a passenger vehicle defined in section 168.011, subdivision 7, which has a curb weight in excess of 5,500 pounds apart from cargo capacity, or
- (c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van," which for purposes of this chapter shall mean a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle as a principal occupation but is driving it only to or from the principal place of employment, to or from a transit stop authorized by a local transit authority or for personal use as permitted by the owner of the vehicle.

Subd. 13. Motorcycle. "Motorcycle" means a self-propelled vehicle designed to travel on fewer than four wheels which has an engine rated at greater than five horsepower, and includes (1) a trailer with one or more wheels, when the trailer is connected to or being towed by a motorcycle; and (2) a motorized bicycle as defined in section 169.01, subdivision 4a, but does not include an electric-assisted bicycle as defined in section 169.01, subdivision 4b.

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

Subd. 15. Plan of reparation security. "Plan of reparation security" means a contract, self-insurance, or other legal means under which there is an obligation to pay the benefits described in section 65B.49.

Subd. 16. Uninsured motor vehicle. "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. "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 actual damages.

Subd. 18. Uninsured motorist coverage. "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. "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. "Political subdivision" means any statutory or home rule charter city; county; town; school district; or metropolitan council, board or commission operating under chapter 473.

65B.44. Basic economic loss benefits.

Subdivision 1. Inclusions. (a) 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 minimum of \$40,000 for loss arising out of the injury of any one person, consisting of:

- (1) \$20,000 for medical expense loss arising out of injury to any one person; and
- (2) 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.

(b) Notwithstanding any other law to the contrary, a person entitled to basic economic loss benefits under this chapter is entitled to the full medical expense benefits set forth in subdivision 2, and may not receive medical expense benefits that are in any way less than those provided for in subdivision 2, or that involve any preestablished limitations on the benefits. Medical expenses must be reasonable and must be for necessary medical care as provided in subdivision 2. This paragraph shall not be deemed to alter the obligations of an insured or the rights of a reparation obligor as set forth in section 65B.56.

(c) No reparation obligor or health plan company as defined in section 62Q.01, subdivision 4, may enter into or renew any contract that provides, or has the effect of providing, managed care services to no-fault claimants. For the purposes of this section, "managed care services" is defined as any program of medical services that uses health care providers managed, owned, employed by, or under contract with a health plan company.

Subd. 2. Medical expense benefits. (a) Medical expense benefits shall reimburse all reasonable expenses for necessary:

- (1) medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices;
- (2) prescription drugs;
- (3) ambulance and all other transportation expenses incurred in traveling to receive other covered

medical expense benefits;

(4) sign interpreting and language translation services, other than such services provided by a family member of the patient, related to the receipt of medical, surgical, x-ray, optical, dental, chiropractic, hospital, extended care, nursing, and rehabilitative services; and

(5) hospital, extended care, and nursing services.

(b) Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semiprivate room rates customarily charged by the institution in which the recipient of benefits is confined.

(c) 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 that person's religious beliefs.

(d) 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.

(e) Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.

Subd. 3. Disability and income loss benefits. Disability and income loss benefits shall 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 the income of the injured person, which are normally performed by the injured person, and which cannot be performed because of the 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 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 the injured person 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 the injured person is or may by training become reasonably qualified. If the injured person returns to employment and is unable by reason of the injury to work continuously, compensation for lost income shall be reduced by the income received while the injured person 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.

For the purposes of this section, an injured person who is "unable by reason of the injury to work continuously" includes, but is not limited to, a person who misses time from work, including reasonable travel time, and loses income, vacation, or sick leave benefits, to obtain medical treatment for an injury arising out of the maintenance or use of a motor vehicle.

Subd. 3a. Disability and income loss benefits election; senior citizens. A plan of reparation security issued to or renewed with a person who has attained the age of 65 or who has attained the age of 60 years and is retired and receiving a pension, must provide disability and income loss benefits under section 65B.44, subdivision 3, unless the insured elects not to have this coverage. An election by the insured not to have this coverage remains in effect until revoked by the insured. The reparation obligor shall notify a person of the person's rights under this section at the time of the sale or the first renewal of the policy after the insured has attained the age of 60 years and at least annually after that. The rate for any plan for which coverage has been excluded or reduced pursuant to this section must be reduced accordingly. This section does not apply to self-insurance.

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 (1987), sections 525.921 to 525.9224.

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 the injured person not been injured, the injured person would have performed not for income but for direct personal benefit or for the benefit of the injured person's 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 subdivision 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 \$200 per week. 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, are subject to a maximum of \$200 per week and shall cover loss accruing after decedent's death of contributions of money or tangible things of economic value, not including services, that surviving dependents would have received from the decedent for their support during their dependency had the decedent not suffered the injury causing death.

For the purposes of definition under sections 65B.41 to 65B.71, the following described persons shall be presumed to be dependents of a deceased person: (a) a wife is dependent on a husband with whom she lives at the time of his death; (b) a husband is dependent on a wife with whom he lives at the time of her death; (c) any child while under the age of 18 years, or while over that age but physically or mentally incapacitated from earning, is dependent on the parent with whom the child is living or from whom the child is receiving support regularly at the time of the death of such parent. Questions of the existence and the extent of dependency shall be questions of fact, considering the support regularly received from the deceased.

Payments shall be made to the dependent, except that benefits to a dependent who is a child or an incapacitated person may be paid to the dependent's surviving parent or guardian. Payments shall be terminated whenever the recipient ceases to maintain a status which if the decedent were alive would be that of dependency.

Subd. 7. Survivors 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 the decedent 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. Property damage exclusion. "Basic economic loss benefits" do not include benefits for physical damage done to property including motor vehicles and their contents.

65B.45. Rehabilitation treatment and occupational training.

Subdivision 1. Reparation obligor responsibility. 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. Notice of treatment or training. 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 give notice to the reparation obligor of having 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. Enforcement of reparation obligor responsibility. If the injured person notifies the reparation obligor of a proposed specified procedure or treatment for rehabilitation, or a proposed specified course of rehabilitative occupational training, and the reparation obligor does not promptly thereafter accept responsibility for its cost, the injured person may make a motion in an action to adjudicate the 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. Insured's refusal to accept treatment or training; adjudication of claim. 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 the right to the free exercise of religion.

65B.46. Right to benefits.

Subdivision 1. Motor vehicle or motorcycle accident in this state. 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 or as a result of being struck as a pedestrian by a motorcycle has a right to basic economic loss benefits.

Subd. 2. Motor vehicle or motorcycle accident outside this state. If the accident causing injury occurs outside this state in the United States, United States possessions, or Canada, the following persons and their surviving dependents suffering loss from injury arising out of maintenance or use of a motor vehicle or as a result of being struck as a pedestrian by a motorcycle 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 government other than this state, its political subdivisions, municipal corporations, or public agencies. The reparation obligor may, if the policy expressly states, extend the basic economic loss benefits to any stated area beyond the limits of the United States, United States possessions and Canada.

Subd. 3. Limitation; motorcycle injuries. For the purposes of sections 65B.41 to 65B.71, 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.

65B.47. Priority of applicability of security for payment of basic economic loss benefits.

Subdivision 1. Injury resulting from business use. 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. 1a. Exemptions. Subdivision 1 does not apply to:

- (1) a commuter van;
- (2) a vehicle being used to transport children as part of a family or group family day care program;
- (3) a vehicle being used to transport children to school or to a school-sponsored activity;
- (4) a bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5;
- (5) a passenger in a taxi; or
- (6) a taxi driver, provided that this clause applies only to policies issued or renewed on or after September 1, 1996, and prior to September 1, 1997.

Subd. 2. Injury resulting from use of vehicle provided by employer. In case of injury to an employee, or to the employee's 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 other than a commuter van 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. Injury to other persons. 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. Other cases. 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. Contribution. If two or more obligations to pay basic economic loss benefits are applicable to an injury under the priorities set out in this section, benefits are payable only once and the reparation obligor against whom a claim is asserted shall process and pay the claim as if wholly responsible, but the reparation obligor is thereafter entitled to recover contribution pro rata for the basic economic loss benefits paid and the costs of processing the claim. Where contribution is sought among reparation obligors responsible under subdivision 4, clause (c), proration shall be based on the number of involved motor vehicles.

Subd. 6. Subrogation. 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.

Subd. 7. Adding policies together. 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.

65B.48. Reparation security compulsory.

Subdivision 1. General requirement and coverages. 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 maintain during the period in which operation or use is contemplated 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 the vehicle. The plan of reparation security shall provide for basic economic loss benefits and residual liability coverage in amounts not less than those specified in section 65B.49, subdivision 3, clauses (1) and (2). The nonresident 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; such security shall include coverage for property damage to a motor vehicle rented or leased within this state by a nonresident.

Subd. 2. Types of security. The security required by sections 65B.41 to 65B.71 may be provided by a policy of insurance complying with sections 65B.41 to 65B.71 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. 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 sections 65B.41 to 65B.71;

(2) evidence that appropriate provision exists for prompt administration of all claims, benefits, and obligations provided by sections 65B.41 to 65B.71;

(3) evidence that reliable financial arrangements, deposits, or commitments exist providing assurance, substantially equivalent to that afforded by a policy of insurance complying with sections 65B.41 to 65B.71, for payment of tort liabilities, basic economic loss benefits, and all other obligations imposed by sections 65B.41 to 65B.71; and

(4) a nonrefundable initial application fee of \$2,500 and a renewal fee of \$1,200 for political subdivisions and \$1,500 for nonpolitical entities every three years.

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

(a) establish reporting requirements;

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

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

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

Subd. 4. State or political subdivisions to provide security. 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 sections 65B.41 to 65B.71, either as a self-insurer pursuant to subdivision 3, or through purchase of a plan of reparation security.

Subd. 5. Motorcycle coverage. (a) 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 security for the payment of tort liabilities arising out of the maintenance or use of the motorcycle in this state. Security may be provided by a contract of liability insurance complying with section 65B.49, subdivision 3, or by qualifying as a self insurer in the manner provided in subdivision 3.

(b) At the time an application for motorcycle insurance without personal injury protection coverage is completed, there must be attached to the application a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten that states:

"Under Minnesota law, a policy of motorcycle coverage issued in the State of Minnesota must

provide liability coverage only, and there is no requirement that the policy provide personal injury protection (PIP) coverage in the case of injury sustained by the insured. No PIP coverage provided by an automobile insurance policy you may have in force will extend to provide coverage in the event of a motorcycle accident."

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

Subd. 7. Security covering vehicle and secured vehicle defined. "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."

65B.481. Repealed by Laws 1989, c. 321, § 18

65B.482. Insurance identification cards.

Subdivision 1. Issuance of card. Every obligor transacting business in this state shall provide an insurance identification card for each vehicle covered at the time of initiating each policy of automobile insurance, as defined in section 65B.14, subdivision 2, and at the time of policy renewal. When an insured has five or more vehicles registered in this state, the obligor may use the designation "all owned vehicles" on each identification card in lieu of a specified description. The card must state:

- (1) the insured's name;
- (2) the policy number;
- (3) the policy dates of coverage;
- (4) the make, model, and year of the vehicle being covered;
- (5) the vehicle identification number or at least the last three digits of that number; and
- (6) the name of the obligor providing coverage.

Subd. 2. Notice of criminal penalties. Every obligor transacting business in this state shall provide to the insured at the time of issuing an insurance identification card under subdivision 1 a plain-language summary of the criminal penalties imposed by sections 169.791, 169.793, and 169.797.

65B.49. Insurers.

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

A plan of reparation security shall state the name and address of the named insured, the coverage afforded by the policy, the premium charged, the term and limits of liability, and shall contain an agreement or endorsement that insurance is provided thereunder in accordance with and subject to the provisions of sections 65B.41 to 65B.71.

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 \$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 any motor vehicle, including a motor vehicle permissively operated by an insured as that term is defined in section 65B.43, subdivision 5, 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 the insured's 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.

(d) Except as provided in subdivision 5a, a residual liability insurance policy shall be excess of a nonowned vehicle policy whether the nonowned vehicle is borrowed or rented, or used for business or pleasure. A nonowned vehicle is one not used or provided on a regular basis.

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 separate uninsured and underinsured motorist coverages are provided therein. Each coverage, 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.

(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 or motorcycle, 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.

(8) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motorcycle owned by the insured.

Subd. 4. Repealed by Laws 1985, 1st Sp., c. 10, § 123, eff. June 28, 1985.

Subd. 4a. Liability on underinsured motor vehicles. With respect to underinsured motorist coverage, the maximum liability of an insurer is the amount of damages sustained but not recovered from the insurance policy of the driver or owner of any underinsured at fault vehicle. If a person is injured by two or more vehicles, underinsured motorist coverage is payable whenever any one of those vehicles meets the definition of underinsured motor vehicle in section 65B.43, subdivision 17. However, in no event shall the underinsured motorist carrier have to pay more than the amount of its underinsured motorist limits.

Subd. 5. Repealed by Laws 1980, c. 539, § 7, eff. April 12, 1980.

Subd. 5a. Rental vehicles. (a) Every plan of reparation security, wherever issued, insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must: (1) provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan; and (2) extend the plan's basic economic loss benefits, residual liability insurance, and uninsured and underinsured motorist coverages to the operation or use of the rented motor vehicle. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational vehicles as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph ; paragraph (i), clause (2); or paragraph (j), nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

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

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

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

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

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

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

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

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

Under Minnesota law, a personal automobile insurance policy must: (1) cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle; and (2) extend the policy's basic economic loss benefits, residual liability insurance, and uninsured and underinsured motorist coverages to the operation or use of a rented motor vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary. In addition, purchase of any additional liability insurance is not necessary if your policy was issued in Minnesota unless you wish to have coverage for liability that exceeds the amount specified in your personal automobile insurance policy.

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

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

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

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

(2) Notwithstanding section 169.09, subdivision 5a, an owner of a rented motor vehicle is not vicariously liable for legal damages resulting from the operation of the rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one person in any one accident and, subject to the limit for one person, \$300,000 because of injury to two or more persons in any one accident, and \$50,000 because of injury to or destruction of property of others in any one accident, if the owner of the rented motor vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an owner of a rented motor vehicle to comply with the requirements of compulsory insurance through a policy of insurance as provided in section 65B.48, subdivision 2, or through self-insurance as provided in section 65B.48, subdivision 3, which policy of insurance or self-insurance must apply whenever the operator is not covered by a plan of reparation security as provided under paragraph (a) ; or with the obligations arising from section 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in this paragraph alters or affects liability, other than vicarious liability, of an owner of a rented motor vehicle.

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

(j) The plan of reparation security covering the owner of a rented motor vehicle is excess of any residual liability coverage insuring an operator of a rented motor vehicle.

Subd. 6. Repealed by Laws 1980, c. 539, § 7, eff. April 12, 1980.

Subd. 7. Additional benefits and coverage not prohibited. Nothing in sections 65B.41 to 65B.71 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. Compliance. 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.

Subd. 9. Family or group family day care provider coverage. No plan of reparation security shall exclude coverage for a vehicle when used to transport children as part of a family or group family day care program.

65B.491. Renumbered 65B.44, subd. 3a, in St.2001 Supp.

65B.50. Insurers' certification of basic coverage.

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

Subd. 2. Contacts of liability insurance as security covering the vehicle. 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 sections 65B.41 to 65B.71, while the vehicle is in this state, and qualifies as security covering the vehicle.

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 sections 65B.41 to 65B.71, the court shall deduct 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. In any case where the claimant is found to be at fault under section 604.01, the deduction for basic economic loss benefits must be made before the claimant's damages are reduced under section 604.01, subdivision 1.

Subd. 2. Right to recover economic loss not covered in first party benefits. A person may bring a negligence action for economic loss not paid or payable by a reparation obligor or through the assigned claims plan because of any lack of insurance coverage for the economic loss described in section 65B.44, daily or weekly dollar limitations of section 65B.44, the seven-day

services exclusion of section 65B.44, the limitations of benefits contained in section 65B.44, subdivision 1, or an exclusion from coverage by sections 65B.58 to 65B.60.

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

(a) The sum of the following exceeds \$4,000:

(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 the injured person's 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.

For the purposes of this subdivision disability means the inability to engage in substantially all of the injured person's usual and customary daily activities.

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

Subd. 5. Actions based on certain negligent acts or omissions not affected. 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.

65B.52. Repealed by Laws 1975, c. 18, § 17.

65B.525. Arbitration procedure; rules of court.

Subdivision 1. Mandatory submission to binding arbitration. Except as otherwise provided in section 72A.327, 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 binding arbitration of all cases at issue where the claim at the commencement of arbitration is in an amount of \$10,000 or less against any insured's reparation obligor for no-fault benefits or comprehensive or collision damage coverage.

Subd. 2. Agreement of reference. 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.

65B.53. Indemnity; arbitration between obligors; subrogation.

Subdivision 1. Indemnity from obligor of commercial vehicle. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing residual liability coverage on a commercial vehicle of more than 5,500 pounds curb weight if negligence in the operation, maintenance or use of the commercial vehicle was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1.

For purposes of this subdivision, a "commercial vehicle of more than 5,500 pounds curb weight" does not include a vehicle listed in section 65B.47, subdivision 1a.

Subd. 2. Obligor subrogated to economic loss claim. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is subrogated to the claim for the recovery of damages for economic loss that the person to whom the basic or optional economic loss benefits were paid or payable has against another person whose negligence in another state was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable. This right of subrogation exists only to the extent that basic economic loss benefits are paid or payable and only to the extent that recovery on the claim absent subrogation would

produce a duplication of benefits or reimbursement of the same loss.

Subd. 3. Obligor subrogated to certain tort, liability, or negligence claim. A reparation obligor paying or obligated to pay basic economic loss benefits is subrogated to a claim based on an intentional tort, strict or statutory liability, or negligence other than negligence in the maintenance, use, or operation of a motor vehicle. This right of subrogation exists only to the extent that basic economic loss benefits are paid or payable and only to the extent that recovery on the claim absent subrogation would produce a duplication of benefits or reimbursement of the same loss.

Subd. 4. Indemnity enforced through arbitration. The right of indemnity provided in subdivision 1 shall be enforceable only through mandatory good-faith and binding arbitration procedures established by rule of the commissioner of commerce. 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. 5. Collision coverage subrogation. Except as provided in this section nothing in sections 65B.41 to 65B.71 shall limit or abridge the subrogation rights of a reparation obligor providing collision coverage to a policyholder.

Subd. 6. Other restrictions. 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 chapter.

Subd. 7. Arbitration proceedings and benefit payments. 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.

Subd. 8. Enforceability of subrogation right. Notwithstanding any law to the contrary, in any action brought for the recovery of damages allegedly caused by the negligent operation, ownership, maintenance or use of a motor vehicle or motorcycle where the right of subrogation is claimed or may be claimed under this section, or in any counterclaim to such an action, the right of an insurer to be subrogated to all or a portion of the claim of an insured, whether the right to subrogation arises from contract, statute or any other source, shall be enforceable against the insured only if the insurer, upon demand by the insured, agrees to pay a share of the attorney fees and costs incurred to prosecute the claim, in such proportion as the insurer's subrogated interest in the claim bears to any eventual recovery on the claim.

65B.54. Reparation obligor's duty to respond to claims.

Subdivision 1. Payment of basic economic loss benefits. 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. Interest on overdue payments. Overdue payments shall bear simple interest at the rate of 15 percent per annum.

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

Subd. 4. Recovery of benefits paid due to intentional misrepresentation. 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 the reparation obligor is entitled to recover from the claimant under this subdivision against any basic economic loss benefits otherwise due the claimant.

Subd. 5. Notice of rejection. 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 the claimant may file the claim with the assigned claims bureau and shall give the name and address of the bureau.

65B.55. Application for benefits under plan of security.

Subdivision 1. Claim notification. 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. Failure to provide notice will not render a person ineligible to receive benefits unless actual prejudice is shown by the reparation obligor, and then only to the extent of the prejudice. The notice may be given in any reasonable fashion.

Subd. 2. Disability or treatment lapses. 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.

65B.56. Cooperation of person claiming benefits.

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

The costs of any examinations requested by the obligor shall be borne entirely by the requesting obligor. Such examinations shall be conducted within the city, town, or statutory city of residence of the injured person. If there is no qualified physician to conduct the examination within the city, town, or statutory city of residence of the injured person, then such examination shall be conducted at another place of the closest proximity to the injured person's residence. Obligors 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 the examinee a copy of every written report concerning the examination rendered by an examining physician to that person, 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. 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 sections 65B.41 to 65B.71.

The provisions of this section apply before and after the commencement of suit.

Subd. 2. Claimant's participation in arbitration between obligors. Any person receiving benefits under sections 65B.41 to 65B.71 shall participate and cooperate, as reasonably required under the coverage, in any and all arbitration proceedings as provided in section 65B.53 by or on behalf of the obligor paying the benefits, and the obligor may require in the furnishing of proof of loss the claimant's statement that the claimant 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 injuries. Any claimant required to personally attend an arbitration proceeding shall be compensated by the reparation obligor requiring attendance for actual income loss and expenses reasonably incurred.

65B.57. Economic loss benefits; exemptions from legal attachment.

All economic loss benefits provided by sections 65B.41 to 65B.71, 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 has provided treatment or services, as described in section 65B.44, subdivision 2, to the victim of a motor vehicle accident.

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 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, 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 that person uses the motor vehicle in the good faith belief that the person is legally entitled to do so.

65B.59. Races.

A person who is injured in the course of an official racing contest, other than a rally held in whole or in part on public roads, or in practice or preparation therefor is disqualified from basic or optional economic loss benefits. Survivors are not entitled to basic or optional economic loss benefits for loss arising from the death.

65B.60. Intentional injuries.

A person intentionally causing or attempting to cause injury to self or another person is disqualified from basic or optional economic loss benefits for injury arising from those acts, including benefits otherwise due the person as a survivor. If a person dies as a result of intentionally causing or attempting to cause injury to self, survivors are not entitled to basic or optional economic loss benefits for loss arising from the death. A person intentionally causes or

attempts to cause injury if the person 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 the act or failure to act is intentional or done with the 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 the person or another person.

65B.605. Renumbered 604.16 in St.2002.

65B.61. Benefits primary; subtractions; coordination.

Subdivision 1. Generally; exception for workers' compensation benefits. Basic economic loss benefits shall be primary with respect to benefits, except for those paid or payable under a workers' compensation law, which any person receives or is entitled to receive from any other source as a result of injury arising out of the maintenance or use of a motor vehicle. Where workers' compensation benefits paid or payable are primary, the reparation obligor shall make an appropriate rebate or reduction in the premiums of the plan of reparation security. The amount of the rebate or rate reduction shall be not less than the amount of the projected reduction in benefits and claims for which the reparation obligor will be liable on that class of risks. The projected reduction or rebate in benefits and claims shall be based upon sound actuarial principles.

Subd. 2. Disability income loss benefits; coordination with workers' compensation benefits. If benefits are paid or payable under a workers' compensation law because of the injury, no disability income loss benefits are payable unless the weekly workers' compensation disability benefits are less than the weekly disability benefit as set out in section 65B.44, subdivision 3, in which case the reparation obligor shall pay to the injured person the amount that the weekly disability and income loss benefits payable under section 65B.44, subdivision 3, exceeds the weekly workers' compensation disability benefits.

Subd. 2a. Survivors' economic loss benefits; coordination with workers' compensation death benefits. If benefits are paid or payable under a workers' compensation law because of death, no survivors' economic loss benefits are payable unless the weekly workers' compensation dependency allowance is less than the weekly survivors' economic loss benefit rate as set out in section 65B.44, subdivision 6, in which case the reparation obligor shall pay to the surviving dependents the amount that the weekly survivors' economic loss benefits payable under section 65B.44, subdivision 6, exceed the weekly workers' compensation dependency allowances.

Subd. 2b. Repealed by Laws 1984, c. 420, § 2, eff. April 23, 1984.

Subd. 3. General right to coordinate benefits. Any legal 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 workers' 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. No entity may coordinate benefits pursuant to this subdivision, unless it provides an appropriately reduced premium rate. The amount of this rate reduction shall be not less than the amount of the projected reduction in benefits and claims for which the entity will be liable on that class of risks, less the additional reasonable expenses incurred to administer the plan coordinating benefits. The projected reduction in benefits and claims shall be based upon sound actuarial principles.

Subd. 4. Repealed by Laws 1979, c. 57, § 2.

65B.62. Repealed by Laws 1976, c. 79, § 2, eff. March 26, 1976

65B.63. Assigned claims plan.

Subdivision 1. Requirement. 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. Public members may include licensed insurance agents. 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, the commissioner 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.

A ruling, action, or decision of the governing committee may be appealed to the commissioner within 30 days. A final action or order of the commissioner is subject to judicial review in the manner provided by chapter 14. In lieu of an appeal to the commissioner, judicial review of the governing committee's ruling, action, or decision may be sought.

Subd. 2. Assignment of claims. 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 the assignee had issued a policy of basic economic loss insurance complying with sections 65B.41 to 65B.71 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.

65B.64. Persons entitled to participate in assigned claims plan.

Subdivision 1. Qualifications. A person entitled to basic economic loss benefits because of injury covered by sections 65B.41 to 65B.71 may obtain basic economic loss benefits through the assigned claims plan or bureau established pursuant to section 65B.63 and in accordance with the provisions for making assigned claims provided in sections 65B.41 to 65B.71, if:

(a) the person is 14 years old or younger and basic economic loss benefits are not applicable to the injury because of section 65B.58;

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

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

(d) 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 sections 65B.41 to 65B.71.

In addition to the requirements for eligibility contained in section 65B.48, a nonresident is not entitled to basic economic loss benefits if the nonresident is the owner of a motor vehicle and does not carry the minimum automobile insurance coverage required by the state in which the vehicle is registered.

Subd. 2. Indemnification and subrogation rights. If a claim qualifies for assignment under subdivision 1, the assigned claims bureau or any reparation obligor to whom the claim is assigned shall have the right to seek indemnification from an uninsured tortfeasor. Except as otherwise provided in section 340A.801, subdivision 4, the reparation obligor to whom the claim is assigned shall further be subrogated to all of the rights of the claimant against any person for economic loss benefits provided by the obligor to whom the claim was assigned.

Subd. 3. Disqualification. 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 sections 65B.41 to 65B.71 and that person failed to have such security in effect.

For purposes of determining whether security is required under section 65B.48, an owner of any vehicle is deemed to have contemplated the operation or use of the vehicle at all times unless the owner demonstrates to the contrary by clear and convincing objective evidence.

Persons, whether or not related by blood or marriage, who dwell and function together with the owner as a family, other than adults who have been adjudicated as incompetent and minor children, shall also be disqualified from benefits through the assigned claims plan.

65B.65. Time for presenting claims under assigned claims plan.

Subdivision 1. Generally. Except as provided in subdivision 2, a person authorized to obtain basic reparation benefits through the assigned claims plan shall notify the bureau of the claim within the time that would have been allowed for commencing an action for those benefits if there had been identifiable coverage in effect and applicable to the claim.

Subd. 2. Discovery of obligor's inability to pay claim; notice to bureau. If timely action for basic reparation benefits is commenced against a reparation obligor who is unable to fulfill obligations because of financial inability, a person authorized to obtain basic reparation benefits through the assigned claims plan shall notify the bureau of the claim within six months after discovery of the financial inability.

65B.66. Claims against wrong insurer.

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

65B.67, 65B.68. Repealed by Laws 1992, c. 571, art. 14, § 14, eff. Jan. 1, 1993

65B.685. Standardizing coverage.

As far as consistent with the requirements of sections 65B.41 to 65B.71, the commissioner may limit by rule the variety of coverages available in order to give insurance purchasers reasonable opportunity to compare the cost of insuring with various insurers.

65B.69. Repealed by Laws 1992, c. 571, art. 14, § 14, eff. Jan. 1, 1993

65B.70. Repealed by Laws 1992, c. 564, art. 1, § 55

65B.71. Compliance.

Subdivision 1. Definition of qualified applicant. The definition of "qualified applicant" under section 65B.02, subdivision 2, clause (2) shall, upon the repeal of chapter 170 and the enactment of sections 65B.41 to 65B.71, include a person required to prove automobile insurance coverage as required by sections 65B.41 to 65B.71.

Subd. 2. Application to Metropolitan Airports Commission. The actions permitted a metropolitan airports commission corporation under section 473.606, subdivision 6 shall, upon the repeal of chapter 170 and the enactment of sections 65B.41 to 65B.71, include acts necessary to bring the corporation, its commissioners and agents within the provisions of sections 65B.41 to 65B.71.

Subd. 3. Application to certain county board action. The actions permitted a county board under section 375.32, subdivision 2 shall, upon the repeal of chapter 170 and the enactment of sections 65B.41 to 65B.71, include acts necessary to bring the county, its officers and employees within the provisions of sections 65B.41 to 65B.71.

Subd. 4. Transition provisions. The provisions of Minnesota Statutes 1971, chapter 170, as amended by Laws 1973, chapter 35, sections 37 and 38, shall apply to a person who is involved in a motor vehicle accident occurring before January 1, 1975. Money deposited with the commissioner in accordance with Minnesota Statutes 1971, chapter 170, as amended by Laws 1973, chapter 35, sections 37 and 38, shall be retained by the commissioner and disbursed only in accordance with Minnesota Statutes 1971, chapter 170, as amended by Laws 1973, chapter 35, sections 37 and 38. An operator's license suspended in accordance with Minnesota Statutes 1971, chapter 170, as amended by Laws 1973, chapter 35, sections 37 and 38, shall be reinstated only in accordance with Minnesota Statutes 1971, chapter 170, as amended by Laws 1973, chapter 35, sections 37 and 38.
