

# **FY2016 Automobile Insurance Overview**

**07/01/2015 – 07/01/2016**

**Risk Management Division (RMD)  
Department of Administration  
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**[www.mn.gov/admin/risk](http://www.mn.gov/admin/risk)**

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Contact us to discuss the renewal or to receive assistance with your other insurance needs. We are available to discuss by phone or meet one-on-one.

Visit our website for our *Alert* Newsletters, Annual Report, extra Applications, Loss Reporting forms, Certificate Request form, Coverage Change Request form, General Insurance Requirements for State of MN Vendors and Contractors, and the Enterprise Rent-A-Car Company Contracts:

[www.mn.gov/admin/risk](http://www.mn.gov/admin/risk)

# I. Automobile Liability Coverage (Required)

## OVERVIEW

### Required Coverage

All owned vehicles/units must be insured for Auto Liability insurance.

### Limits as set by Minnesota Statute

- Bodily Injury & Property Damage – Person: \$ 500,000
- Bodily Injury & Property Damage – Per Occurrence: \$ 1,500,000
- Uninsured/Underinsured Motorist – Per Person: \$ 25,000
- Uninsured/Underinsured Motorist – Per Occurrence: \$ 50,000
- Personal Injury Protection – Disability: \$ 20,000
- Personal Injury Protection – Income Loss: \$ 20,000
- Damage to Rental Vehicles: \$ 35,000
- Deductible: None

### Coverage

To obtain new or renewal Auto Liability coverage, the completion of our Automobile Insurance Application is required. The Application gives us an accurate count of **YOUR OWNED VEHICLES OR VEHICLES YOU LEASE FROM AN AUTO LEASING FIRM (OTHER THAN FLEET SERVICES)**. If the vehicles you are using are leased from Fleet Services, there is no need to report them because insurance is included in the lease agreement.

All “self propelled” units must be reported on the Application. A self-propelled unit is defined as follows:

*A motor vehicle that is used primarily on public roads, highways or streets to transport persons, property or provide services (e.g., paint strippers, street sweepers, road graders).*

### Vehicle Rentals

If you lease a vehicle from a commercial car rental firm, you may have to report it on the Application, depending on the lease agreement. Usually, intermediate and long-term leases require the lessee to provide insurance for both liability and physical damage. Include these vehicles on the Application, with the exception of long-term leases from Enterprise Rent-A-Car Company.

### Policy Changes

If Automobile Liability coverage only is desired, it is not necessary to report mid-term changes. No premium charges, either additional or return, will be made.

## II. Automobile Physical Damage Coverage (Optional)

### OVERVIEW

#### Limits

- Limit of Insurance: Actual Cash Value of Vehicle
- Deductible Options: \$ 500 - Option 1  
\$ 1,000 - Option 2

#### Coverage

You may purchase optional Automobile Physical Damage coverage for Comprehensive and Collision losses. If you do not currently have this coverage and desire a quote, complete FY2016 Auto Schedule (New Policyholders) and provide the requested information.

We will pay the cost to repair insured vehicles, subject to one of two deductible options, as noted above. (Larger deductibles may be required for high-valued units.) In addition, we will exercise your right of subrogation against the responsible party, eliminating your need to pursue a third party. If we are successful, we will return the appropriate portion of the deductible to you.

Vehicles leased from Fleet Services are already covered by the RMF, subject to the applicable deductible, which is the responsibility of the agency leasing the vehicle.

Verification of coverage is made by Vehicle Identification Number (VIN), so if the VIN is not on file we will be unable to pay the claim.

#### Vehicle Rentals

Regarding car rentals on a daily or weekly basis from car rental companies, Minnesota Law requires that the Minnesota resident's vehicle insurance policy provide Physical Damage coverage on all such vehicles as a part of the Property Damage Liability coverage, up to a limit of \$35,000.

The State of MN Enterprise Rent-A-Car Company contract includes insurance coverage – Auto Liability and Auto Physical Damage (aka Collision Damage Waiver) – at no additional charge. For all other daily or weekly rentals, employees should accept the insurance provided by the rental car company for both Auto Liability and Auto Physical Damage coverage (aka Collision Damage Waiver).

#### Policy Changes

**It is important that you notify the RMD of all changes to your fleet within 30 days of the change.** The following agencies are exempt from reporting mid-term changes due to the large number of vehicles insured:

- Department of Human Services - MSOCS
- Metropolitan Airports Commission
- Department of Natural Resources
- Fleet & Surplus Services

It is the policy of the RMD not to return premium for deleted vehicles. We will charge a pro-rated additional premium for vehicles added during the course of the year to cover the transaction costs incurred by the Division.

If all vehicles are insured for physical damage coverage, we will waive any pro-rated additional premium for the remainder of the policy term in most cases – we reserve the right to make a premium charge for large numbers of mid-term additions.

## Other

- **Glass Claims**

If you purchase physical damage coverage through the RMF, the cost to repair or replace auto glass (windshield, rear and side glass) is **FREE**, unless the glass is damaged as a result of a collision. If glass is damaged during a collision, the selected deductible applies. The RMF pays first-dollar for glass damaged from non-collision related losses.

- **Loss Runs**

Loss Runs are made available upon request.

- **IMPORTANT 15-PASSENGER VAN REMINDER**

**All 15-passenger vans were to be removed from service as of January 1, 2010 to comply with the State of Minnesota's Model Fleet Safety Management Standards. According to the National Highway Traffic Safety Administration, the vans are highly susceptible to rolling over. The rear seats should be removed from any 15-passenger vans that are still in service and these vehicles should be used only as cargo vans.**

- **Motor Vehicle Records**

The Auto Fleet Task Force has implemented minimum fleet safety management standards for statewide use, one of which is employee motor vehicle record checks. The RMD is able to order motor vehicle records for agency employees who drive state-owned vehicles, leased vehicles, rented vehicles or personal vehicles to conduct State of Minnesota business.

If your agency is not already ordering motor vehicle records annually (either on your own or through RMD), for assistance contact:

Carol Morgan at 651-201-2593 ([Carol.Morgan@state.mn.us](mailto:Carol.Morgan@state.mn.us)) or  
Todd Christenson at 651-291-2594 ([Todd.Christenson@state.mn.us](mailto:Todd.Christenson@state.mn.us))

- **Certificates of Insurance and Self-Insured Letters**

Reminder: We discontinued issuing agency-to-agency certificates of insurance and self-insured letters in FY2011. Issuing these documents to one state agency on behalf of another state agency has little value. All agencies are insured through the RMF for Auto Liability and many are also insured for General Liability. Agencies that are not insured through the RMF for General Liability are "self-insured" – they look to their budgets to pay claims and associated expenses for bodily injury and property damage to third parties. Injuries to state employees are covered under the state's workers' compensation self-insurance program. Consequently, it is not necessary for agencies to require evidence of insurance from each other.

All other requests for Certificates of Insurance and Self-Insured letters are being processed in the same manner as in the past and we continue to honor agency-to-agency requests for evidence of insurance from quasi-state agencies.

*The descriptions of insurance coverages herein does not amend, alter or replace the terms, conditions, exclusions and other provisions of policies that would be issued to you, nor do they amend or replace any applicable laws, regulations, rating rules or plans.*

### **Sole Authority**

The Risk Management Fund (RMF) Claims Unit has sole authority with respect to the adjustment, coverage evaluation, and valuation of losses.