

SELF-INSURANCE PACKAGE FOR A GOVERNMENT AGENCY

CHAPTER 223. SELF-INSURANCE REGULATION
CHAPTER 67.21 EVIDENCE OF FINANCIAL RESPONSIBILITY
 FORMATS FOR A GENERAL RESOLUTION OR A CITY
 MV-220 APPLICATION FOR CERTIFICATE OF SELF-INSURANCE

PHONE # (717) 783-3694
DEPARTMENT OF TRANSPORTATION
 BUREAU OF MOTOR VEHICLES
FINANCIAL RESPONSIBILITY SECTION
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Preface

This document provides regulations, an application, and a format for a Resolution, as acceptable forms of collateral regarding the issuance of CERTIFICATES of SELF-INSURANCE.

YOUR COMPLETED PACKAGE FOR SELF-INSURANCE SHOULD INCLUDE THE FOLLOWING:

Completed MV-220, Application for Certificate of Self-Insurance
Income Statement and Balance Sheet or Annual Statement for the Previous Fiscal Year
A Resolution filed in one of the attached formats

* As a Government Agency, documents require proper execution being the signature of the SELF-INSURANCE ADMINISTRATOR, and signatures of two officers (PLEASE NOTE: THE signing officers must designate their TITLES with their signatures.)

The names of the SELF-INSURER, the SELF-INSURANCE ADMINISTRATOR, and OFFICERS must be consistent throughout all documents. Be sure to have a SEAL affixed to signatures on the Self-Insurance Application, and Resolution.

Upon completion of the appropriate forms please return documentation to the address indicated on the cover for approval. If your documentation is complete, the package will be sent to the Office of Chief Counsel for approval. The approval cycle should be completed in eight to ten weeks, upon which time a CERTIFICATE OF SELF-INSURANCE will be issued.

If your package is incomplete, it will be returned along with a letter indicating additional requirements.

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Annex A

Title 67. TRANSPORTATION

Part I. DEPARTMENT OF TRANSPORTATION

Subpart A. VEHICLE CODE

PROVISIONS

ARTICLE VIII. ADMINISTRATION AND ENFORCEMENT

CHAPTER 223. SELF INSURANCE

S 223.1 Purpose.

The purpose of this chapter is to establish the qualifications and the procedures which a person must meet in order to be approved by the Department as a self-insurer under 75 Pa. C.S. 1701 - 1798 (relating to the Motor Vehicle Financial Responsibility Law).

S 223.2 Definitions.

The following words and phrases when used in this chapter shall have the following meanings, unless the context clearly indicates otherwise.

Act - 75 Pa. C.S. S 1701 - 1798 (relating to the Motor Vehicle Financial Responsibility Law).

Department - The Department of Transportation of the Commonwealth.

Person - A natural person, firm, co-partnership, association, corporation or government agency or authority.

Self-insurer - A person designated as an approved self-insurer by the Department.

S 223.3 Proposal.

- a) A person desiring to qualify as a self-insurer shall file a proposal of self-insurance with the Department for approval. This proposal shall include the following:
 - (1) Application for Self-Insurance.
 - (2) Master self-insurance and security agreement
 - (3) A balance sheet and income statement which shall reflect the actual financial condition of the person as of the last complete calendar or fiscal year preceding the date of the proposal; and in the case of an individual or non-business entity that it truly reflects his financial condition and income as of that time; and in the case of a corporation or partnership, it shall be certified by a Certified Public Accountant or responsible accounting officer of the entity. Such information shall be confidential, and the Department shall not release such information unless it has the prior written consent of the self-insurer.

- b) If a certificate of self-insurance is issued, the following information shall be filed annually with the Department on a calendar year basis on or before March 1:
 - (1) Renewal Application for Self-Insurance.
 - (2) A balance sheet and income statement which shall reflect the actual financial condition of the person as of the last complete calendar or fiscal year preceding the date of the proposal; and in the case of an individual or "non-business entity" that it truly reflects his financial condition and income as of that time; and in the case of a corporation or partnership, it shall be certified by a Certified Public Accountant or responsible accounting officer of the entity. Such information shall be confidential, and the Department shall not release such information unless it has the prior written consent of the self-insurer.

S 223.4 Approval requirements.

- a) No person shall be approved as a self-insurer unless it posts certain minimum collateral with the Department to meet the duties of a self-insurer under the Act. This requirement may not apply to government agencies or authorities.
- b) The minimum required security that must be furnished to the Department is, for one secured vehicle, \$50,000, and for each additional vehicle, \$10,000, up to a maximum of \$1,000,000.
- c) Only the following shall be accepted as valid collateral for self-insurance purposes:
 - (1) United States currency, including United States treasury bills, United States Treasury notes or other negotiable obligations of the United States Government. United States Savings Bonds are not negotiable.
 - (2) Evidence of escrow deposits in federal or state banks, credit unions, or savings and loan associations if federally insured; such escrow deposits shall be established for the sole purpose of providing security to meet the duties of a self-insurer.
 - (3) Irrevocable letters of credit issued by any bank in the Commonwealth or such other bank as approved by the Department.
 - (4) Surety bonds issued by insurers authorized or eligible to do business in the Commonwealth.
 - (5) Bonds or other negotiable obligations issued by any state or subdivision or instrumentality of a state in the United States, if not in default as to principal or interest.
 - (6) Corporate bonds, issued by an entity other than the proposed self-insurer, rated A or better by Moody's Bond Records, Moody's Investors Service, Inc.
 - (7) Other security approved upon petition to the Department.
- d) The Department shall hold the collateral furnished for the benefit of the person to whom the self-insurer is obligated.
 - (1) The self-insurer shall pay for all obligations incurred under the act by assets readily reduced to liquid assets, such as demand deposits, time deposits, negotiable instruments and such other assets which may be readily reduced to liquid form.
 - (2) If the self-insurer is not able to discharge its obligations, the self-insurer may petition the Department to release such collateral posted as is necessary to satisfy the obligations of the self-insurer.
 - (3) If such withdrawals from collateral are required, the self-insurer must replace the security within 72 hours from the date of withdrawal, in order to retain its certificate as a self-insurer.
- e) Each self-insurer shall annually furnish to the Department a report of all claims incurred during the preceding calendar year. This report shall be included on the Renewal Application for Self-Insurance.

- f) If, based on the number of claims incurred by the self-insurer, the Department determines the collateral furnished is inadequate, it may require additional security and more frequent report of claims incurred.

S 223.5 Certificate.

Upon approval by the Department of a self-insurance proposal, a self-insurance certificate will be issued to the person covered by the proposal. Such certificate shall be renewed annually, after such review as the Department shall deem appropriate.

S 223.6 Self-insurance identification card.

A self-insurer shall issue an identification card for each vehicle covered by self-insurance as set forth in Subchapter B of Chapter 67, Title 31.

S 223.7 Cancellation of certificate.

The Department shall cancel the certificate of self-insurance if it finds that the self-insurer has not maintained adequate collateral or has not discharged its obligations under the Act.

REGULATION: CHAPTER 67.21 EVIDENCE OF FINANCIAL RESPONSIBILITY

Annex A

Title 31. INSURANCE

Part II. AUTOMOBILE INSURANCE

CHAPTER 67. MOTOR VEHICLE FINANCIAL RESPONSIBILITY LAW

SUBCHAPTER B.

EVIDENCE OF FINANCIAL RESPONSIBILITY

S 67.21 Purpose.

The purpose of this subchapter is to ensure that persons will be able to demonstrate satisfaction of the financial responsibility requirements of the act.

S 67.22 Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise:

Act - 75 Pa. C.S. S 1701 - 1798 (relating to the Motor Vehicle Financial Responsibility Law).

Department - The Insurance Department of the Commonwealth.

I.D. card - An insurance identification card prescribed by this chapter.

Insurer - An insurance company, association or exchange providing coverage on motor vehicles under the act.

NAIC company code number - The unique number which is assigned by the National Association of Insurance Commissioners Central Office to identify that insurer.

Policy - An insurance policy which provides coverage to satisfy the financial responsibility requirements of the act.

Self-insurance certificate number - An identification number assigned by the Department of Transportation to a self-insurer.

Self-insurer - A person or entity designated as an approved self-insurer by the Department of Transportation as set forth in 67 Pa. C.S. 223.5 (relating to certificate).

Vehicle - A motor vehicle of a kind required to be registered under 75 Pa. C.S. (relating to the Vehicle Code).

S 67.23 I.D. cards.

- a) Insurers. On or after October 1, 1984, at the inception or renewal of a policy, the insurer shall issue to each named insured one I.D. card as specified in this subchapter for each vehicle which it insures. Upon the addition or substitution of a vehicle covered in the policy, the insurer shall issue an I.D. card for that vehicle. Replacement of I.D. cards for the purpose of change of address shall be optional at the discretion of the insurer.
- b) Self-Insurers. On or after October 1, 1984, the self-insurer shall issue an I.D. card as specified in this subchapter for each vehicle for which satisfaction or the requirements or the act is accomplished through self-insurance. Upon the addition or substitution of a vehicle, the self-insurer shall issue an I.D. card for that vehicle. Replacement of I.D. cards for the purpose of change of address shall be optional at the discretion of the self-insurer.
- c) Evidence. The I.D. cards shall serve as evidence of financial responsibility.

S 67.24 Form and content of I.D. cards.

- a) Form of financial responsibility cards. The insurer and self-insurer may in their discretion choose to satisfy the requirements of this subchapter by continuing to use the existing no-fault identification card until January 1, 1985. After January 1, 1985, the insurer and self-insurer shall use a new card containing information required in this section or another card as may be approved by the Insurance Department.
- b) Contents. Each I.D. card shall contain the following information on the front of the card:
 - (1) Title of card, "Financial Responsibility Identification Card".
 - (2) NAIC Company Code number of the insurer or self-insurance certificate number.
 - (3) Name of the insurer or self-insurer.
 - (4) Name and address of the named insured or motor vehicle registrant where the vehicle is self-insured.
 - (5) Description of vehicle: year, make, and vehicle identification number (VIN). The model of the vehicle may be used as the make. All digits of the vehicle identification number shall appear on the I.D. card.
 - (6) Policy number where applicable.
 - (7) Effective date: month, day, and year of the policy must be shown.
 - (8) The following inscription below the effective date: NOT VALID MORE THAN 1 YEAR FROM EFFECTIVE DATE.
- c) Statement. Each I.D. card shall contain the following statement on the back of the card:

This card must be carried for production upon demand. It is suggested that you carry this card in the insured vehicle.

WARNING: Any owner or registrant of a motor vehicle who drives or permits a motor vehicle to be driven in this State without the required financial responsibility may have his registration suspended or revoked.

Note: THIS CARD IS REQUIRED WHEN:

- (1) You are involved in an auto accident.
- (2) You are convicted of a traffic offense other than a parking offense that requires a court appearance.

- (3) You are stopped for violating any provision of 75 Pa. C.S. (relating to Vehicle Code) and requested to produce it by a police officer.

You must provide a copy of this card to the Department of Transportation when you request restoration of your operating privilege and/or registration privilege which has previously been suspended or revoked.

S 67.25 Instructions accompanying I.D. cards.

At the time the insurer issues an I.D. card to a policyholder, it shall also issue a statement explaining I.D. card requirements, including display to law enforcement officers, use for registering vehicles, and action that must be taken in the event a card is lost or a card is in error. The following language will be acceptable to the Insurance Department in satisfaction of this requirement.

IMPORTANT NOTICE regarding your Financial Responsibility Insurance Identification card.

The _____ Insurance Company is required by Pennsylvania law to send you an I.D. card. The card shows that an insurance policy has been issued for the vehicle(s) described satisfying the financial responsibility requirements of the law.

If you lose the card, contact your insurance company or agent for a replacement.

The I.D. card information may be used for vehicle registration and replacing license plates. If your liability insurance policy is not in effect, the I.D. card is no longer valid.

You are required to maintain financial responsibility on your vehicle. It is against Pennsylvania law to use the I.D. card fraudulently such as using the card as proof of financial responsibility after the insurance policy is terminated.

S 67.26 I.D. cards issued to fleets, dealers, transporters, and temporary registration.

- a) When a policyholder or self-insurer has five or more vehicles registered in this Commonwealth, the insurer or self-insurer may use the statement "all owned vehicles" or "all owned and leased vehicles" instead of a specific vehicle description on each I.D. card. However, each vehicle must have an I.D. card issued for it.
- b) An I.D. card issued to a dealer may show either "garage liability hazard number 1 policy" or "all owned or non-owned vehicles - - comprehensive auto liability policy" instead of a specific vehicle description. One I.D. card must be issued for each set of dealer plates assigned to the dealer and insured under such a policy. An I.D. card issued to a dealer cannot be used to register a specific vehicle. An I.D. card must be placed in each vehicle while it is being driven under the dealer's policy with the dealer's plate.

S 67.27 Binder.

- a) Prior to receiving an I.D. card from an insurer, a copy of a valid binder which contains the information required in S 67.24 (b)(1)(7) (relating to form and content of I.D. cards) excluding the policy number can be used as evidence of financial responsibility.
- b) Prior to receiving an I.D. card from an assigned company of the Pennsylvania Automobile Insurance Plan, a copy of an application to the Plan can be used in place of an I.D. card, if the application contains the information required in S 67.24 (b)(1)-(7) excluding the policy number and is signed by a licensed insurance agent or broker.

S 67.28 Other evidence of financial responsibility and payment of Fund charge.

Where the I.D. card is not held sufficient by the court, the Department of Transportation or other law enforcement agency to demonstrate financial responsibility, an insurer shall provide in writing other evidence that the policyholder is financially responsible.

MASTER SELF INSURANCE AND SECURITY AGREEMENT

DATE ___ / ___ / ___ FEDERAL ID # _____

Department means the Commonwealth of Pennsylvania, acting through its agent, the Department of Transportation.

Act means the Motor Vehicle Financial Responsibility Law as codified in 75 Pa. C.S. SS 1701 - 1798.

Motor Vehicle means a vehicle of a kind required to be registered under 75 P.S. Section 101 et seq. of the Vehicle Code.

Self-Insurer means _____, a natural person, firm, co-partnership,
(GOVERNMENT AGENCY NAME)

association, corporation or government agency or authority that intends to qualify as a Self-Insurer and to discharge all duties and provide benefits in the manner set forth in Section 1787 of the Vehicle Code (75 Pa. C.S. S 1787 and/or any regulation promulgated by the Department or other Commonwealth department or agency).

BACKGROUND

The Self-Insurer owns and operates motor vehicles within the Commonwealth of Pennsylvania.

The Self-Insurer, intending to satisfy the provisions of the Motor Vehicle Financial Responsibility Law, enters into the following Agreement with the Department to furnish the Resolution required from a self-insurer under the Act.

AGREEMENT

1. In consideration of the Department's permission to self-insure their motor vehicles pursuant to the Act, the self-insurer, intending to be legally bound, agrees to the provisions of this Agreement.
2. The Self-Insurer agrees to be liable as a self-insurer and appoints _____ as self-insurance administrator and _____ and _____ as officers, granting these persons and their successors the authority and right to discharge all duties of a self-insurer under the Act and any regulation promulgated by the Department or other Commonwealth department or agency. These duties shall include:
 - a. To file with the Department a completed Application for Certificate of Self-Insurance (MV-220) and annual renewals thereof, (copies of which are to be attached to this Agreement as Exhibit "A") including a Certification that all the duties of a self-insurer under the Act shall be discharged.
 - b. To file with the Department a completed balance sheet and income statement reflecting the actual financial condition of the Self-Insurer as of the last completed calendar or fiscal year preceding the date of this Agreement and upon the date of each renewal of the Agreement thereafter (copies of which are attached to this Agreement as Exhibit "B"), including a Certification that the balance sheet and income statement truly reflects the Self-Insurer's net financial condition and income as of that time.
 - (1) To furnish the Department with the number of motor vehicles of the Self-Insurer.

- (2) To file an annual report with the Department on or before March 1 of each year. The annual report shall include:
 - a) A renewal of the application for certificate of self-insurance,
 - b) A balance sheet and income statement reflecting the actual financial condition of the Self-Insurer as of the last complete calendar year preceding the date filing, and
 - c) A report of all claims incurred during the preceding calendar year.
- (3) The Self-Insurer promises to provide to the Department a resolution to serve as an authorization or commitment to pay any judgment or claim arising from any motor vehicle accident which may have occurred while this Agreement is in force.
 - a. The Resolution shall be on forms supplied by the Department. All other forms shall be subject to the Department's approval, and the Department may reject any form which in the Department's discretion fails in any respect to meet its approval.
- (4) The Self-Insurer promises to provide payment for the amount of any judgment within seventy-two (72) hours of the date of such final judgment.
- (5) In the event that any judgment arises against the Self-Insurer pursuant to the provisions of this Agreement, the Self-Insurance Administrator shall:
 - a. Upon notice to the Department, provide payment for such judgment out of funds provided by the Self-Insurer; or
 - b. The maximum sums payable under this Agreement in any one accident shall be that amount as provided under the Act.
 - c. The Self-Insurer acknowledges that the Department does not assume or incur any obligation or liability in the administration of this Agreement, and retains any immunity it may have under law.
 - d. The Self-Insurer shall pay the cost of filing this Agreement, any types of security and other documents in a prothonotary's office or other registry, in a manner and at such times and frequency as the Department deems proper.
 - e. This Agreement shall be conditioned upon approval by the Office of the Attorney General and shall take effect upon the date of issuance of a self-insurer certificate by the Department.
 - f. If the Self-Insurer is an association of individual members, the Self-Insurer shall have each member execute a Member's Self-Insurance Agreement. An original copy of each Member's Self-Insurance Agreement shall be attached hereto as an exhibit. Each Member shall promise in this agreement that he qualifies as a Member, has read and understood each and every provision of the Master Self-Insurance and Security Agreement, promises to keep and abide by all the provisions and promises made therein, and promises to be liable for each provision and promise made therein in both his capacity as a Member and as a Self-Insurer.

CANCELLATION AND TERMINATION

- g. This Agreement shall remain in force until the earlier of the date of renewal of the self-insurer certificate by the Department, or March 1, of the year following the effective date of this Agreement. The self-insurance administrator or the Department may cancel this Agreement upon thirty (30) days written notice.

Any breach of any provision of this Agreement or failure to satisfy any judgment(s) rendered against the self-insurance administrator, his officers, agents, members, or employees shall constitute authority for the Department to terminate this Agreement immediately.

In the event of a cancellation or termination of this Agreement:

- (1) The Self-Insurer shall obtain immediately such other financial responsibility as is necessary to comply with the Act.

If, subsequent to the cancellation or termination of this Agreement, the resolution shall no longer be in force and any judgment, liability and/or expense comes due (including that arising in paragraphs 5 b and c), which judgment, liability or expense arose from any motor vehicle accident which occurred when this Agreement was in force, the Self-Insurer shall remain liable to pay such judgment, liability and/or expense, and the Self-Insurer promises to pay such sum immediately upon request by the Department.

IN WITNESS WHEREOF, the parties have executed this Agreement the date first above written.

ATTEST

SELF INSURER

TITLE DATE

BY _____
TITLE: DATE

SURETY: _____

TITLE DATE

BY _____
TITLE: DATE

If a Corporation, the President or Vice-president must sign and the Secretary, Treasurer, Assistant Secretary or Assistant Treasurer must attest; if a sole proprietorship, only the owner must sign; if a partnership, only one partner need sign; if a limited partnership, only the general partner must sign. If a Municipality, Authority or other entity, please attach a resolution.

DO NOT WRITE BELOW THIS LINE - - FOR COMMONWEALTH USE ONLY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY _____
Deputy Secretary of Transportation DATE

APPROVED AS TO LEGALITY
AND FORM

BY _____
for Chief Counsel DATE

RECORDED NO. _____
CERTIFIED FUNDS AVAILABLE UNDER ACTIVITY
PROGRAM _____
SYMBOL _____
AMOUNT _____

BY _____
Signature DATE

BY _____
Deputy Attorney General DATE

Comptroller Title

RESOLUTION FOR A CITY

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF _____ REQUESTING THE DEPARTMENT OF TRANSPORTATION OF THE COMMONWEALTH OF PENNSYLVANIA TO RECOGNIZE THE CITY OF _____ AS A SELF-INSURER UNDER AND PURSUANT TO THE PROVISIONS OF THE MOTOR VEHICLE FINANCIAL RESPONSIBILITY LAW, ACT OF FEBRUARY 12, 1984 (P.L. 53, No. 12)

WHEREAS, the Commonwealth of Pennsylvania (hereinafter referred to as "Commonwealth") has adopted the Motor Vehicle Financial Responsibility Law (hereinafter referred to as "the Act") which became effective on October 1, 1984; and

WHEREAS, the City of _____ (hereinafter referred to as "City") is the owner of all real and personal property, including motor vehicles; and

WHEREAS, said motor vehicles are operated by employees of the City; and

WHEREAS, the City desires itself to be recognized by the Commonwealth as a self-insurer pursuant to the provisions of the Act; and

NOW, THEREFORE, BE IT RESOLVED that the City is hereby authorized to request the Department of Transportation of the Commonwealth to recognize the City as a self-insurer, under and pursuant to the provisions of the Act.

THAT, the City does hereby obligate itself to pay all benefits required by Section 1711 of the Vehicle Code (75 Pa. C.S. 1711) (P.L. 53, No. 12); and

THAT, the City does hereby obligate itself to provide uninsured motorist coverage up to the limits set forth in Section 1774 of the Vehicle Code (75 Pa. C.S. 1774) (P.L. 53, No. 12).

PASSED COUNCIL _____, 19 _____

ATTEST:

MAYOR

CLERK OF COUNCIL

GENERAL RESOLUTION

I hereby certify that the following is a true and correct copy of a resolution adopted at a meeting of _____ held on ___ / ___ / ___ .

WHEREAS, the Commonwealth of Pennsylvania (hereinafter referred to as "Commonwealth") has adopted the Motor Vehicle Financial Responsibility Law (hereinafter referred to as "the Act") which became effective October 1, 1984; and

WHEREAS, the _____ (hereinafter referred to as "_____") is the owner of all real and personal property, including motor vehicles; and

WHEREAS, said motor vehicles are operated by employees of _____; and

WHEREAS, _____ desires to be recognized by the Commonwealth as a self-insurer pursuant to the Act; and

NOW, THEREFORE, BE IT RESOLVED by the _____
_____:

THAT, _____ does hereby obligate itself effective to pay all benefits required by Section 1711 of the Vehicle Code (75 Pa. C.S. 1711) (P.L. 53, No. 12); and

THAT, _____ does hereby obligate itself effective _____ to provide uninsured motorist coverage up to the limits set forth in Section 1774 of the Vehicle Code (75 Pa. C.S. 1774) (P.L. 53, No. 12).

That they request the Department of Transportation of the Commonwealth to recognize _____ as a Self-Insurer under and pursuant to the provisions of the Act.

PASSED

ATTEST: _____
OFFICER

OFFICER