

SELF-INSURANCE PACKAGE FOR AN INDIVIDUAL

CHAPTER 223. SELF-INSURANCE REGULATION
CHAPTER 67.21 EVIDENCE OF FINANCIAL RESPONSIBILITY
MASTER SELF-INSURANCE AND SECURITY AGREEMENT
FORMATS FOR SURETY BOND, LETTER OF CREDIT, & ESCROW AGREEMENT
FORMAT FOR ASSIGNMENT AGREEMENT
MV-220 APPLICATION FOR CERTIFICATE OF SELF-INSURANCE

PHONE # (717) 783-3694
DEPARTMENT OF TRANSPORTATION
BUREAU OF MOTOR VEHICLES
FINANCIAL RESPONSIBILITY SECTION
P O BOX 68674
HARRISBURG PA 17106-8674

Preface

This document provides regulations, an application, agreements and formats for 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
Completed Master Self-Insurance and Security Agreement
One of the following acceptable forms of collateral:

- (1) Pa Motor Vehicle Financial Responsibility Law Self-Insurer's Bond
- (2) Letter of Credit
- (3) Escrow Agreement
- (4) Securities (Note that the Assignment Agreement must accompany Securities such as Municipal Bonds etc.)
- (5) Other collateral as specified in the regulation

* As an individual you may designate yourself as the SELF-INSURANCE ADMINISTRATOR. Please note that the name of the SELF-INSURED, and the SELF-INSURANCE ADMINISTRATOR must be consistent throughout all documents. Be sure to have signatures on the Self-Insurance Application, Master Agreement, Assignment Agreement, and collateral format NOTARIZED.

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 persons 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 FOR AN INDIVIDUAL

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,
(NAME OF APPLICANT)

co-partnership, 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 security 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, granting this person and his 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 th 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.

8. If the self-insurer fails to pay any judgments arising against the self-insurer pursuant to this Agreement, the Department may confess judgment upon or to levy upon, any or all of the security(ies) and pay the proceeds to any person(s) who obtain(s) a judgment or other order of court arising from a motor vehicle accident against the Self-Insurer, in an amount equivalent to the sum of any damages for first party benefits, bodily injury, death, injury to any property, uninsured motorist coverage or any other payment, as provided by the Act, together with damages for tort liability, and any other sums specified in the Act or in this Agreement. The Department will, at its discretion, confess judgment upon any security(ies) on a random basis and in any amounts or proportions which it deems proper; provided, however, that no judgment will be confessed unless the Department has first notified the self-insurer of its intent to do so in writing and the self-insurer fails, within seventy-two (72) hours of receipt of said notice, to make the payment.
9. The maximum sums payable under this Agreement in any one accident shall be that amount as provided under the Act.
10. 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.
11. 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.
12. 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.
13. 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

14. 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 of any agreement for security by 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:

- a. The security shall continue in force and shall remain in the Department's possession for the later of a period of two (2) years, or until the Department is satisfied that arrangements have been made by the Self-Insurer for compliance with the Act and there exists no possibility of any claim arising from any motor vehicle accident which may have occurred while this Agreement was in force; and
- b. The Self-Insurer shall obtain immediately such other financial responsibility as is necessary to comply with the Act.

In the event of cancellation or termination of this Agreement, the Self-Insurer shall renew the security for as many periods as shall provide for a period the later of two (2) years from the date of cancellation or termination of this Agreement or until the Department is satisfied that there exists no possibility of any claim arising from any motor vehicle accident which may have occurred while this Agreement was in force.

If, subsequent to the cancellation or termination of this Agreement, the security shall no longer be in force and any judgment, liability and/or expense comes due (including that arising in paragraphs 9 and 10), which judgement, 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 DATE
Transportation

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 DATE
General

Comptroller
Title

PENNSYLVANIA MOTOR VEHICLE FINANCIAL RESPONSIBILITY LAW SELF INSURER'S BOND

SURETY COMPANY
AND PRINCIPLE PLACE
OF BUSINESS ADDRESS

PRINCIPAL AND
PRINCIPLE PLACE
OF BUSINESS

KNOW ALL MEN BY THESE PRESENTS, that we, _____ as Principal, and _____ a corporation authorized to do business in the Commonwealth of Pennsylvania, as Surety, and their heirs, administrators, successors, and assigns, jointly and severally are held and firmly bound unto the Department of Transportation, Commonwealth of Pennsylvania, in the penal sum of _____ dollars (\$ _____ . _____) lawful money of the United States, for the payment of any final judgment or judgments, arising from any motor vehicle accident, against the Principal.

Now, therefore, the condition of this obligation is such that, if the above bounden Principal shall fulfill the obligations under 75 Pa. C.S. 1787 SS 506, 1501, 1502 and 2001 of the Administrative Code (71 P.S. SS 186, 411, 412 and 511) then this obligation shall be void, otherwise to remain in full force and effect, subject, however, to the following express conditions:

This bond is effective ___ / ___ / ___ (12:01 a.m., standard time, at the address of the Principal as stated herein) and shall continue in force until terminated as described herein. The Principal or the Surety may at any time terminate this bond by giving sixty (60) days notice in writing to the other party and the Department of Transportation (The 60 day period shall commence on the date the notice is mailed. Proof of mailing shall be sufficient proof of notice). This bond may also be terminated by the Surety if the Principal's status as a self-insurer has been revoked or terminated by the Department of Transportation. The Surety shall not be liable for the payment of any judgment or judgments against the Principal for public liability or property damage resulting from motor vehicle accidents which occur after the termination of this bond as described herein, but such termination shall not affect the liability of the Surety for the payment of any such judgment or judgments resulting from accidents which occur during the time the bond is in effect.

The surety agrees, upon telephone request by an authorized representative of the Department of Transportation, to verify that the surety bond is in force as of a particular date. The telephone number to call is:

ATTEST _____ BY _____

ATTEST _____ BY _____

(AFFIX CORPORATE SEAL)

DATE:

SURETY:

CITY:

STATE:

BY:

ACKNOWLEDGEMENT OF SURETY

STATE OF:

COUNTY OF:

On this ____ day of _____, 20 ____, before me personally came _____ being duly sworn, did depose and say that he resides in _____, that he is the _____ of the _____, the corporation described in and which executed the foregoing instrument as surety; that he knows the seal of the corporation; that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the board of directors of the corporation; that he signed his name thereto by like order; and that he duly acknowledged that he executed the same for and on behalf of the corporation.

(OFFICIAL SEAL)

TITLE OF OFFICIAL ADMINISTERING OATH:

SURETY COMPANY FILE NO.:

LETTER OF CREDIT

ISSUE DATE:

BENEFICIARY: COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

SELF-INSURER:

EXPIRATION DATE:

AMOUNT:

Gentlemen:

We hereby establish our Irrevocable Letter of Credit in your favor and authorize you to draw upon it at our office, located at _____, up to an aggregate amount of _____ by presentment of

(i) your written demand to pay on sight, and (ii) a copy of this Irrevocable Letter of Credit.

On each occasion when a demand is made pursuant to this credit, the date and the amount of such demand shall be endorsed upon the reverse side of the last page of this letter.

This letter shall be valid for a period of three (3) years until _____.
This Letter is irrevocable and may not be terminated by this Bank or the Self-Insurer during this three (3) year period.
_____ (financial institution) agrees to notify the Pennsylvania Department of Transportation, Bureau of Motor Vehicles, Financial Responsibility Section, Box 68674, Harrisburg, PA 17106-8674, sixty (60) days prior to the expiration date of this Letter of Credit by registered mail.

You as the Beneficiary alone retain the right (a) to draw against this Irrevocable Letter of Credit; and (b) to determine whether the Self-Insurer is liable for the payment of any monies under the Master Self-Insurance Agreement, and other agreement incorporated therein by reference, and/or the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. 1701 - 1798).

ATTEST: _____
BANK NAME

SECRETARY OR TREASURER

PRESIDENT OF VICE-PRESIDENT

(SEAL)

ESCROW AGREEMENT

DATE: ___ / ___ / ___

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

Insurer means the _____, an organization qualifying as a self-insurer under the Act.

Security Agreement means the Master Self Insurance and Security Agreement executed by the Department and Insurer, and dated ___ / ___ / ___, and any security agreement provided thereunder as exhibits.

Bank means the _____, a banking association incorporated under the laws of the _____, and having an office at _____.

BACKGROUND

The INSURER has executed the Security Agreement and qualifies as a self-insurer of its members' motor vehicles.

The INSURER has promised to provide security in the sum of _____ (\$ _____) dollars for the payment of any liability or other sum payable under the Security Agreement and/or Act.

To comply with its promises in the Security Agreement, the INSURER deposits with the Bank the sum of _____ (\$ _____) dollars as security under the terms of this Escrow Agreement.

AGREEMENT

The DEPARTMENT, INSURER and BANK mutually agree:

1. The INSURER has deposited the sum of _____ (\$ _____) dollars (the "DEPOSIT") with the BANK in escrow, receipt of which is hereby acknowledged, upon the following terms and conditions.

The BANK shall pay to the DEPARTMENT upon written demand as many times as necessary as much of or all of the DEPOSIT as may be specified in the DEPARTMENT'S demand. The DEPARTMENT alone retains the right to determine whether the INSURER is liable under the Security Agreement and/or the ACT for the payment of any monies from the Deposit. The Deposit is held solely for the Department's benefit and only the Department may draw upon the DEPOSIT.

2. This Escrow Agreement shall remain in force for a period of three (3) years from the date of its execution. This Escrow Agreement shall not be cancelled or amended without the prior written consent of the DEPARTMENT.

The BANK'S only obligation under this Escrow Agreement shall be to hold the DEPOSIT and to pay the DEPOSIT in accordance with the terms hereof. The BANK shall have no obligation to verify the validity of any demand for payment of the DEPOSIT hereunder. The INSURER shall indemnify and reimburse the BANK for any and all liability, costs and expenses the BANK may suffer or incur by reason of its execution and performance of this Escrow Agreement.

ATTEST: _____
BANK NAME

SECRETARY OR TREASURER
(SEAL)

PRESIDENT OR VICE-PRESIDENT

ATTEST:

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

DEPUTY SECRETARY OF TRANSPORTATION

ATTEST:

INSURER

TITLE

BY _____
TITLE

APPROVED AS TO LEGALITY AND FORM

BY _____
DEPUTY ATTORNEY GENERAL

BY _____
CHIEF COUNSEL

ASSIGNMENT AGREEMENT

DEPOSIT OF SECURITIES

Made by and between _____
(SELF-INSURER)

of _____
(ADDRESS)

_____, hereinafter called the SELF-INSURER and the Department of Transportation, Commonwealth of Pennsylvania, hereinafter called the COMMONWEALTH.

WHEREAS, on _____, the SELF-INSURER entered into an agreement with the
(DATE) COMMONWEALTH, identified as Agreement No. _____, and

WHEREAS, said agreement contains a provision for retention by the COMMONWEALTH of securities in the total amount of \$ _____.

NOW, THEREFORE, in consideration of the foregoing premises and of the promises hereinafter contained, and for value received, the SELF-INSURER agrees to and does hereby deposit with the State Treasurer of the Commonwealth of Pennsylvania, as custodian, certain securities, more fully described and enumerated in the attached schedule, having a market value as stated therein, and does further agree that said securities are to be held by the State Treasurer until said agreement shall be completed and a final cancellation of the certificate of self-insurance has been issued by the COMMONWEALTH, without liability on the part of the COMMONWEALTH for any loss that might be sustained by reason of a decline in the value of said securities, and in this connection, the SELF-INSURER does hereby make the following representations: (1) that he is the true and lawful holder and owner of the said securities, free of pledge or hypothecation, (2) that he has the right to sell, transfer, assign or otherwise dispose the same, free of all restrictions, and (3) that said securities are of the market value as set forth in said schedule. If such securities are approved and accepted by the COMMONWEALTH, the SELF-INSURER agrees, in the event of bankruptcy, insolvency or other default of the entity issuing such securities, to replace the securities with funds of equivalent value.

The SELF-INSURER further agrees to file a quarterly notice with the COMMONWEALTH certifying as to the value of such securities (individual and total) at the end of a particular quarter. If the total value is less than the minimum requirements, then additional security equal to the difference between the minimum requirement and the actual value must be deposited with the State Treasurer of the Commonwealth of Pennsylvania. For purposes of this paragraph, the first quarter shall begin on the day when the aforesaid agreement has been fully approved by the COMMONWEALTH and extended three months. Thereafter, each three-month period shall constitute a quarter. Failure to deposit such additional security may be cause for termination or default under the aforesaid agreement.

The SELF-INSURER does hereby assign and transfer to the COMMONWEALTH the securities so deposited in trust for the aforesaid purposes as provided by the Act of 1984, February 12, P.L. 53, as amended, and does irrevocably constitute and appoint the Secretary of Transportation, its attorney-in-fact to transfer, if necessary, said securities on the books of any corporation, association, authority, municipality, political subdivision, State or the United State Government issuing the same and to do any and all acts necessary to the transfer and sale of the same, with full power of substitution in the premises. The SELF-INSURER shall not submit any securities without coupons attached.

Signed, sealed and delivered, pursuant to due and legal action authorizing the same to be done at Harrisburg, Pennsylvania on _____.

DATED _____

ATTEST

(SELF-INSURER)

(SEAL)

BY _____
(TITLE)

ATTEST:

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY _____
(TITLE)

APPROVED:

APPROVED AS TO LEGALITY AND FORM

ATTORNEY GENERAL

BY _____
CHIEF COUNSEL

ACKNOWLEDGEMENT OF INDIVIDUALS OR PARTNERS

STATE OF _____ :
COUNTY OF _____ : SS

On _____ , before me, the undersigned officer, personally
appeared _____
(NAME(S) and TITLE(S))

known to me (or satisfactorily proven) to be the person(s) whose name(s)
_____ subscribed to the within instrument, and
acknowledged that _____ executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL) _____ My Commission Expires: _____
(DATE)

SCHEDULE OF SECURITIES

TITLE OF LOAN and/or ISSUE _____
INCLUDE SERIES, ISSUE, CALL & MATURITY DATES

PAR VALUE	REGISTRATION (Include serial # and exact inscription on each security)	DENOMINATION	DUE	MARKET VALUE
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NOTE:

IF THE LEGAL OPINION IS NOT
IMPRINTED ON ANY BOND(S) SUBMITTED
AS COLLATERAL, THEN THE SELF-INSURER
WILL BE REQUIRED TO OBTAIN AND SUBMIT
A DETACHED LEGAL OPINION FROM THE BOND
COUNSEL TO SUPPORT THE VALIDITY OF ANY
SUCH BOND(S).

TOTAL

The above listed securities has been reviewed and approved.

FOR: _____
SECRETARY OF TRANSPORTATION

DATE: _____