

CHAPTER 223. SELF-INSURANCE

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Authority

The provisions of this Chapter 223 issued under sections 506 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 186 and 412); the Vehicle Code, 75 Pa.C.S. Chapter 17 and 75 Pa.C.S. § 6103, unless otherwise noted.

Source

The provisions of this Chapter 223 adopted September 28, 1984, effective September 29, 1984, 14 Pa.B. 3520; amended February 15, 1985, effective February 16, 1985, 15 Pa.B. 558, unless otherwise noted. Immediately preceding text appears at serial pages (91817) to (91820).

Cross References

This chapter cited in 67 Pa. Code § 179.7 (relating to indemnification, insurance and security).

§ 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).

§ 223.2. Definitions.

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

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

Department—The Department of Transportation of the Commonwealth.

Person—A natural person, firm, copartnership, association, corporation or government agency or authority.

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

§ 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. The 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 nonbusiness entity that it truly reflects his financial condition and income as of that time; and in the case of a corporation or partnership, it will be certified by a certified public accountant or responsible accounting officer of the entity. The information will be confidential, and the Department will not release the 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 preceding fiscal year; and in the case of an individual or nonbusiness 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. The information will be confidential, and the Department will not release the information unless it has the prior written consent of the self-insurer.

§ 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 subsection 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. 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 a bank in this Commonwealth or another bank as approved by the Department.

(4) Surety bonds issued by insurers authorized or eligible to do business in this Commonwealth.

(5) Bonds or other negotiable obligations issued by a state, 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 Record, Moody's Investors Service, Inc.

(7) Other security approved upon petition to the Department.

(d) The Department will 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 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 the collateral posted as is necessary to satisfy the obligations of the self-insurer.

(3) If 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. The 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.

§ 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. The certificate shall be renewed annually, after such review as the Department deems appropriate.

Cross References

This section cited in 31 Pa. Code § 67.22 (relating to definitions); and 52 Pa. Code § 32.15 (relating to applications to self-insure).

§ 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 31 Pa. Code Chapter 67 (relating to evidence of financial responsibility).

§ 223.7. Cancellation of certificate.

The Department will 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.

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