

Senate File 1182
Judiciary—
Kinley, Chairman
Glenn
McCartney

SENATE FILE 1182

FILED FEB 19 1974

By RILEY

Judiciary 2-21

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act regulating registration of motor vehicles by requiring
2 proof of financial responsibility at time of registration.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Chapter three hundred twenty-one A (321A),
2 Code 1973, is amended by adding the following new section:

3 NEW SECTION. 1. No motor vehicle shall be registered
4 in this state unless the owner at the time of registration
5 shows proof of financial responsibility and maintains proof
6 of financial responsibility continuously throughout the period
7 of registration.

8 2. When the proof of financial responsibility is a certif-
9 icate of insurance as provided for in this chapter, the fol-
10 lowing provisions shall apply:

11 a. The coverage evidenced by the certificate of insurance
12 need not be written for a period coterminous with the regis-
13 tration year.

14 b. No motor vehicle liability policy of insurance or re-
15 newal thereof shall be terminated by cancellation or failure
16 to renew by the insurer until at least ten days after the
17 insurer has mailed a notice of termination to the insured
18 at the address shown on the policy. The notice shall include
19 a statement that proof of financial responsibility must be
20 maintained continuously throughout the registration period
21 and that operation of a motor vehicle without maintaining
22 proof of financial responsibility is a public offense.

23 3. Every motor vehicle liability policy issued in this
24 state after the effective date of this Act shall include a
25 certificate of insurance executed in triplicate for the in-
26 sured's use in providing proof of financial responsibility
27 as required in this chapter, or the insurance carrier may
28 mail the certificate to its insureds or policyholders during
29 November of each year for all motor vehicle liability policies
30 which will be effective for part or all of the following
31 calendar year. The insured may file his certificate with
32 the county treasurer at the time the certificate is received
33 or at the time a motor vehicle is registered. The county
34 treasurer shall keep one copy of the certificate on file and
35 shall forward two copies to the commissioner. Certificates

1 shall be cross-indexed by the insured's name and the registration number of all covered motor vehicles.

3 4. The commissioner, upon receipt of evidence that proof
4 of financial responsibility for any motor vehicle registered
5 in this state is no longer in effect, shall revoke the registration
6 of the vehicle. The revocation shall continue until
7 proof of financial responsibility for the vehicle is shown.

8 5. The commissioner, immediately upon receipt of a report
9 of a motor vehicle accident within this state which has resulted
10 in bodily injury or death or damage to the property
11 of any one person in excess of one hundred dollars, shall
12 check to determine whether proof of financial responsibility
13 is on file for each motor vehicle involved.

14 6. If proof is not on file, or if the commissioner has
15 reason to believe, or receives evidence that the proof is
16 no longer in effect for any vehicle involved in an accident,
17 he shall immediately suspend the license of the operator of
18 the vehicle, and shall immediately revoke the registration
19 of the vehicle, or if the operator is a nonresident the
20 commissioner shall revoke the operator's privilege of operating
21 a motor vehicle within this state and shall revoke the owner's
22 privilege of the use within this state of any motor vehicle
23 owned by him, and the revocation shall continue until proof
24 of financial responsibility is shown.

25 7. If proof of financial responsibility, in the form of
26 a certificate of insurance or a bond as provided in chapter
27 three hundred twenty-one A (321A) of the Code, is on file
28 for any vehicle involved in an accident, the commissioner
29 shall immediately mail to the insurance carrier or surety
30 company notice that an accident has occurred involving a motor
31 vehicle for which proof is on file. The insurance carrier
32 or surety company shall notify the commissioner if the
33 insurance or bond is no longer in force. The commissioner
34 may presume that the insurance or bond was in effect and
35 covered both the operator and the owner of the motor vehicle

1 involved, unless the insurance carrier or surety company
2 notifies the commissioner to the contrary within fifteen days
3 of the date of mailing the notice.

4 8. If a motor vehicle involved in an accident within this
5 state has no registration, or the operator has no license,
6 a registration or license shall not be issued until the owner
7 has complied with the requirements of chapter three hundred
8 twenty-one A (321A) of the Code and if the owner of an unregis-
9 tered motor vehicle or the unlicensed operator is a resident
10 of this state, the commissioner shall order commencement of
11 proceedings to enforce criminal penalties against the owner
12 or operator for operating a motor vehicle without a registra-
13 tion or without an operator's license.

14 9. When suspension of a license or revocation of regis-
15 tration is required by chapter three hundred twenty-one A
16 (321A) of the Code, notice of the suspension or revocation
17 shall be given by personal delivery or by certified mail
18 addressed to the operator or owner at his address as shown
19 on the license or registration record, shall be delivered
20 or mailed at least seven days prior to the effective date
21 of the suspension or revocation, and shall direct the operator
22 to surrender his license or the owner to surrender his
23 registration certificate and plates to the commissioner within
24 five days after the effective date of the suspension or
25 revocation or be subject to criminal penalties.

26 Sec. 2. Section three hundred twenty-one point twenty
27 (321.20), Code 1973, is amended by adding the following new
28 subsection:

29 NEW SUBSECTION. Proof of financial responsibility as pro-
30 vided for by chapter three hundred twenty-one A (321A) of
31 the Code.

32 Sec. 3. Section three hundred twenty-one point twenty-
33 four (321.24), Code 1973, is amended to read as follows:

34 321.24 ISSUANCE OF REGISTRATION AND CERTIFICATE OF TITLE.
35 Upon receipt of the application for title, proof of financial

1 responsibility, and payment of the required fees for motor
2 vehicle, trailer*, or semitrailer, the county treasurer shall,
3 when satisfied as to the genuineness and regularity thereof,
4 issue a registration receipt and certificate of title and
5 shall file the application, the manufacturer's or importer's
6 certificate, certificate of title, or other evidence of
7 ownership, and proof of financial responsibility as prescribed
8 by the department. The registration receipt shall be delivered
9 to the owner and shall contain upon the face thereof the date
10 issued, the name and address of the owner, the registration
11 number assigned to the vehicle, the title number assigned
12 to the owner of the vehicle, the amount of the fee paid, the
13 amount of tax paid pursuant to section 423.7, type of fuel
14 used and such description of the vehicle as determined by
15 the department and upon the reverse side a form for notice
16 of transfer of the vehicle. One copy of the registration
17 receipt and one copy of the proof of financial responsibility
18 shall be retained by the county treasurer in a registration
19 number file and said file shall be open for public inspection
20 during reasonable business hours. Two copies of the
21 registration receipt and the proof of financial responsibility
22 shall be mailed to the department on date of issuance. The
23 certificate of title shall contain upon the face thereof the
24 identical information required upon the face of the
25 registration receipt and such information shall be so placed
26 on the title form as to permit the county treasurer to prepare
27 the certificate of title simultaneously with the registration
28 receipt. In addition thereto, the certificate of title shall
29 contain a statement of the owner's title, the amount of tax
30 paid pursuant to section 423.7, name and address of previous
31 owner, and a statement of all liens and encumbrances as shown
32 in the application, upon the vehicle therein described
33 including the nature of the ~~lien~~-~~er~~ liens, amount, date of
34 notation and name and address of ~~lienholder~~-~~er~~ lienholders.
35 Said certificate shall bear thereon the seal of the county

1 treasurer, his signature or that of his deputy, and shall
2 provide space for the signature of the owner. The owner shall
3 write his name in the space provided with pen and ink upon
4 receipt of certificate of title. The certificate of title
5 shall contain upon the reverse side a form for assignment
6 of title or interest and warranty thereof by the owner, for
7 reassignments by a licensed dealer and for application for
8 a new certificate of title by the transferee as provided in
9 this chapter. All certificates of title shall be typewritten
10 and shall be issued in triplicate. The original certificate
11 of title shall be delivered to the owner in the event no lien
12 or encumbrance appears thereon. Otherwise the certificate
13 of title shall be delivered by the county treasurer to the
14 person holding the first lien or encumbrance as shown in the
15 certificate. One copy of the certificate shall be retained
16 by the county treasurer in a title number file in the manner
17 prescribed by the department and shall remain in the file
18 of the county issuing the title for a period of three years
19 from the date of notification of cancellation or that a new
20 title has been issued as provided in this chapter after which
21 it may be destroyed. One copy shall be mailed to the
22 department on the date of issuance. The department shall
23 designate a uniform system of title numbers so as to indicate
24 the county of issuance.

25 Sec. 4. Section three hundred twenty-one point thirty
26 (321.30), Code 1973, is amended by adding the following new
27 subsection:

28 NEW SUBSECTION. If the application is not accompanied
29 by proof of financial responsibility as required in chapter
30 three hundred twenty-one A (321A) of the Code.

31 Sec. 5. Section three hundred twenty-one point forty-six
32 (321.46), unnumbered paragraph one (1), Code 1973, is amended
33 to read as follows:

34 The purchaser or transferee shall immediately apply for
35 and obtain from the county treasurer of his residence a

1 transfer of registration and a new certificate of title for
2 such vehicle except as provided in section 321.48. The
3 purchaser or transferee shall present with the application
4 the certificate of title endorsed and assigned by the previous
5 owner, and the signed registration card, and proof of financial
6 responsibility as required by chapter three hundred twenty-
7 one A (321A) of the Code, unless proof of financial
8 responsibility of the purchaser or transferee is already on
9 file and in effect.

10 Sec. 6. Section three hundred twenty-one point forty-seven
11 (321.47), Code 1973, is amended to read as follows:

12 321.47 TRANSFERS BY OPERATION OF LAW. In the event of
13 the transfer of ownership of any vehicle by operation of law
14 as upon inheritance, devise or bequest, order in bankruptcy,
15 insolvency, replevin, foreclosure or execution sale, or when-
16 ever the engine of a motor vehicle is replaced by another
17 engine, or whenever a vehicle is sold to satisfy an artisan's
18 lien as provided in chapter 577, or is sold to satisfy a land-
19 lord's lien as provided in chapter 570, or a storage lien
20 as provided in chapter 579, or repossession is had upon default
21 in performance of the terms of a security agreement, the
22 treasurer of the county in which the last certificate of title
23 to any such vehicle was issued, upon the surrender of the
24 prior certificate of title or the manufacturer's or importer's
25 certificate, or when that is not possible, upon presentation
26 of satisfactory proof to the county treasurer of ownership
27 and right of possession to such vehicle and upon payment of
28 a fee of two dollars and the presentation of an application
29 for registration and certificate of title and proof of
30 financial responsibility, may issue to the applicant a
31 registration card for such vehicle and a certificate of title
32 thereto. The person or persons entitled under the laws of
33 descent and distribution of an intestate's property to the
34 possession and ownership of a vehicle owned in whole or in
35 part by a decedent, upon filing an affidavit stating the name

1 and date of death of the decedent, the right to possession
 2 and ownership of the persons filing said affidavit, and that
 3 there has been no administration of the said decedent's estate,
 4 which instrument shall also contain an agreement to indemnify
 5 any creditors of the decedent who would be entitled to levy
 6 execution upon said motor vehicle to the extent of the value
 7 of said motor vehicle, shall be entitled upon fulfilling the
 8 other requirements of this chapter, to the issuance of a
 9 registration card for the interest of the decedent in such
 10 vehicle and a certificate of title thereto. No requirement
 11 of either chapter 450 ~~of~~ or 451 shall be considered satisfied
 12 by the filing of the affidavit provided for in this section.
 13 If, from the records in the office of the county treasurer,
 14 there appear to be any lien or liens on such vehicle, such
 15 certificate of title shall contain a statement of such liens
 16 unless the application is accompanied by proper evidence of
 17 their satisfaction or extinction. Evidence of extinction
 18 may consist of, but is not limited to, an affidavit of the
 19 applicant stating that a security interest was foreclosed
 20 as provided in Uniform Commercial Code, chapter 554, Article
 21 9, Part 5.

22 Sec. 7. Section three hundred twenty-one point fifty-eight
 23 (321.58), Code 1973, is amended to read as follows:

24 321.58 APPLICATION. Any dealer in new or used cars may,
 25 upon payment of a fee of thirty-five dollars, make application
 26 to the department upon the appropriate form for a certificate
 27 containing a general distinguishing number and for one or
 28 more pairs of special plates or single special plates as
 29 appropriate to various types of vehicles subject to
 30 registration hereunder, and all other dealers or transporters
 31 may, upon the payment of a fee of twenty-five dollars, make
 32 an application to the department in a like manner for a like
 33 certificate and number and plates as appropriate to various
 34 types of vehicles subject to registration hereunder. The
 35 applicant shall also submit proof of his status as a bona

1 fide transporter or dealer as may reasonably be required by
2 the department, and proof of financial responsibility as pro-
3 vided for by chapter three hundred twenty-one A (321A) of
4 the Code. Dealers in new vehicles shall furnish satisfactory
5 evidence of a valid franchise with the manufacturer of such
6 vehicles authorizing such dealership.

7 Sec. 8. Section three hundred twenty-one A point one
8 (321A.1), subsection ten (10), Code 1973, is amended to read
9 as follows:

10 10. PROOF OF FINANCIAL RESPONSIBILITY. Proof of ability
11 to respond in damages for liability, on account of accidents
12 occurring subsequent to the effective date of said proof,
13 arising out of the ownership, maintenance, or use of a motor
14 vehicle, in the amount of ten thousand dollars because of
15 bodily injury to or death of one person in any one accident,
16 and, subject to said limit for one person, in the amount of
17 twenty thousand dollars because of bodily injury to or death
18 of two or more persons in any one accident, and in the amount
19 of five thousand dollars because of injury to or destruction
20 of property of others in any one accident. Proof of financial
21 responsibility may be shown as provided in this chapter by
22 filing a certificate of insurance, a bond, a certificate of
23 deposit of money or securities, or a certificate of self-
24 insurance.

25 Sec. 9. Section three hundred twenty-one A point two
26 (321A.2), subsection one (1), Code 1973, is amended to read
27 as follows:

28 1. The commissioner shall administer and enforce the pro-
29 visions of this chapter and may make rules necessary for its
30 administration and shall provide for hearings upon request
31 of persons aggrieved by orders or acts of the commissioner
32 under the provisions of ~~sections 321A-4 to 321A-117~~-inclusive
33 chapter three hundred twenty-one A (321A) of the Code.

34 Such hearings shall be held before the commissioner or
35 his duly authorized agent as early as practicable within not

1 to exceed twenty days after receipt of such request in the
2 county wherein the requesting person resides unless the com-
3 missioner and such person agree that such hearing may be held
4 in some other county. Upon such hearing the commissioner
5 or his duly authorized agent may administer oaths and may
6 issue subpoenas for the attendance of witnesses and the
7 production of relevant books and papers and may require an
8 examination under oath of the person requesting such hearing.

9 Sec. 10. Section three hundred twenty-one A point eleven
10 (321A.11), Code 1973, is amended to read as follows:

11 321A.11 MATTERS NOT TO BE EVIDENCE IN CIVIL SUITS. Neither
12 the report required by section 321A.4, the action taken by
13 the commissioner pursuant to ~~sections 321A.4 to 321A.10,~~
14 ~~inclusive,~~ and this section chapter three hundred twenty-one
15 A (321A) of the Code, the findings, if any, of the commissioner
16 upon which action is based, nor the security proofs of
17 financial responsibility filed as provided in ~~said sections~~
18 chapter three hundred twenty-one A (321A) of the Code shall
19 be referred to in any way, or be any evidence of the negligence
20 or due care of either party, at the trial of any action at
21 law to recover damages.

22 Sec. 11. Section three hundred twenty-one A point nine-
23 teen (321A.19), subsection one (1), Code 1973, is amended
24 to read as follows:

25 1. Proof of financial responsibility may be furnished
26 by filing with the commissioner or with the county treasurer
27 the written certificate of any insurance carrier duly autho-
28 rized to do business in this state certifying that there is
29 in effect a motor vehicle liability policy for the benefit
30 of the person required to furnish proof of financial responsi-
31 bility. Such certificate shall give the effective date of
32 such motor vehicle liability policy, which date shall be the
33 same as the effective date of the certificate, and shall
34 designate by explicit description or by appropriate reference
35 all motor vehicles covered thereby, unless the policy is

1 issued to a person who is not the owner of a motor vehicle.

2 Sec. 12. Section three hundred twenty-one A point twenty-
3 nine (321A.29), subsection one (1), Code 1973, is amended
4 to read as follows:

5 1. The commissioner shall upon request consent to the
6 immediate cancellation of any bond or certificate of insurance,
7 or the commissioner shall direct and the state treasurer shall
8 return to the person entitled thereto any money or securities
9 deposited pursuant to this chapter as proof of financial
10 responsibility, or the commissioner shall waive the require-
11 ment of filing proof, in any of the following events:

12 a. ~~At any time after three years from the date such proof~~
13 ~~was required when, during the three-year period preceeding~~
14 ~~the request, the commissioner has not received record of a~~
15 ~~conviction or a forfeiture of bail which would require or~~
16 ~~permit the suspension or revocation of the license, registra-~~
17 ~~tion or nonresident's operating privilege of the person by~~
18 ~~or for whom such proof was furnished, or~~

19 b. ~~In the event of the death of the person on whose behalf~~
20 ~~such proof was filed or the permanent incapacity of such~~
21 ~~person to operate a motor vehicle, or~~

22 e. ~~In the event the person who has given proof surren-~~
23 ~~ders his license and registration to the commissioner.~~

24 Sec. 13. Section three hundred twenty-one A point twenty-
25 nine (321A.29), subsection three (3), Code 1973, is amended
26 by striking the subsection.

27 Sec. 14. Section three hundred twenty-one A point thirty-
28 two (321A.32), subsection three (3), Code 1973, is amended
29 to read as follows:

30 3. Any person who shall forge or, without authority,
31 sign any notice ~~provided for under section 324A-5~~ that a
32 policy or bond is in effect, or any evidence of proof of
33 financial responsibility, or who files or offers for filing
34 any such notice or evidence of proof knowing or having reason
35 to believe that it is forged or signed without authority,

1 shall be fined not more than one thousand dollars or impris-
2 oned not more than one year, or both.

3 Sec. 20. Sections three hundred twenty-one A point five
4 (321A.5) through three hundred twenty-one A point ten
5 (321A.10), three hundred twenty-one A point eighteen (321A.18),
6 and three hundred twenty-one A point thirty-seven (321A.37),
7 Code 1973, are repealed.

8 EXPLANATION

9 This bill will make motor vehicle liability insurance
10 compulsory by providing that a certificate of insurance or
11 other proof of financial responsibility must be presented
12 in order to obtain a registration certificate. Rather than
13 simply add to the present requirement for proof of financial
14 responsibility after an accident, the bill repeals sections
15 321A.5 through 321A.10 and inserts in chapter 321A provisions
16 requiring that proof must be given with every registration
17 and providing a procedure to determine if the proof is on
18 file after an accident. The insurance company is given the
19 duty to furnish a certificate to its policyholders, and must
20 notify the policyholder and the commissioner of public safety
21 whenever there is a cancellation or termination, but need
22 not write policies coterminous with the registration year.
23 The owner must file his proof either prior to or at the time
24 of registering, must keep the insurance in force, or if it
25 is cancelled or terminated, must turn in his registration
26 or provide other proof.

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