

Senate File 1019
Commerce
Carr, Chairperson
Rabedeaux
Glenn

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SENATE FILE 1019

By SHAW

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to compulsory financial responsibility for
2 owners and operators of motor vehicles and providing
3 penalties.

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

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1 Section 1. Section three hundred twenty-one A point one
2 (321A.1), unnumbered paragraph one (1), and subsections two
3 (2), four (4), six (6), eight (8), nine (9), and ten (10),
4 Code 1975, are amended to read as follows:

5 ~~The following words and phrases when~~ As used in this chapter
6 ~~shall, for the purposes of this chapter, have the meanings~~
7 ~~respectively ascribed to them in this section, except in those~~
8 ~~instances where~~ the following definitions shall apply unless
9 ~~the context clearly indicates a different meaning otherwise~~
10 requires:

11 2. JUDGMENT. Any judgment which shall have become final
12 by expiration without appeal during of the time within which
13 an appeal might have been perfected, or any judgment, if an
14 appeal ~~from such judgment~~ has been perfected, which has not
15 been stayed by the execution, filing and approval of a bond
16 as provided in rule 337 (a) of the rules of civil procedure,
17 or any judgment which shall have become final by affirmation
18 on appeal, rendered by a court of competent jurisdiction of
19 any state or of the United States, upon a cause of action
20 arising for damages, which arose out of the ownership,
21 maintenance, or use of any motor vehicle, for damages,
22 ~~including damages for care and loss of services, because of~~
23 ~~bodily injury to or death of any person, or for damages because~~
24 ~~of injury to or destruction of property, including the loss~~
25 ~~of use thereof,~~ or upon a cause of action on an agreement
26 of settlement for such those damages, and for the payment
27 of which this Act requires the maintenance of proof of
28 financial responsibility.

29 4. MOTOR VEHICLE. "Motor vehicle" means ~~every vehicle~~
30 ~~which is self-propelled but not including vehicles known as~~
31 ~~trackless trolleys which are propelled by electric power~~
32 ~~obtained from overhead trolley wires, but not operated upon~~
33 rails a motor vehicle as defined in section three hundred
34 twenty-one point one (321.1) of the Code and includes a motor
35 vehicle which either is subject to registration, or is exempt

1 from registration pursuant to either subsection one (1) of
2 section three hundred twenty-one point eighteen (321.18) of
3 the Code or section three hundred twenty-one point fifty-three
4 (321.53) of the Code. The term "car" or "automobile" shall
5 be synonymous with the term "motor vehicle".

6 6. NONRESIDENT OPERATING PRIVILEGE. The privilege
7 conferred upon a nonresident by the laws of this state
8 pertaining to the operation by ~~him~~ that person of a motor
9 vehicle, or the use of a motor vehicle owned by ~~him~~ that
10 person, in this state.

11 8. OWNER. A "Owner" means a person who holds the legal
12 title of a motor vehicle, ~~or in.~~ In the event a motor vehicle
13 is the subject of a security agreement with a right of
14 possession in the debtor, then ~~such~~ the debtor shall be deemed
15 the owner for the purpose of this chapter, and the secured
16 party shall be exempt from the requirements of this Act
17 respecting that vehicle.

18 9. PERSON. Every "Person" means and includes a natural
19 person, firm, ~~copartnership~~ partnership, association, or
20 corporation.

21 10. PROOF OF FINANCIAL RESPONSIBILITY. ~~Proof~~ "Proof of
22 financial responsibility" means proof of ability to respond
23 in damages for liability, ~~on account of accidents occurring~~
24 ~~subsequent to the effective date of said proof,~~ arising out
25 of the ownership, maintenance, or use of a motor vehicle,
26 in the amount of ten thousand dollars because of bodily injury
27 to or death of one person in any one accident, and, subject
28 to said limit for one person, in the amount of twenty thousand
29 dollars because of bodily injury to or death of two or more
30 persons in any one accident, and in the amount of five thousand
31 dollars because of injury to or destruction of property of
32 others in any one accident. "Damages" means and includes
33 any amounts recoverable either as compensation for loss or
34 as punitive or exemplary awards under the common law or
35 statutes of this state.

1 Sec. 2. Section three hundred twenty-one A point two
2 (321A.2), subsection one (1), Code 1975, is amended to read
3 as follows:

4 1. The director shall administer and enforce the provisions
5 of this chapter and may make rules necessary for its
6 administration and shall provide for hearings upon request
7 of persons aggrieved by orders or acts of the director ~~under~~
8 ~~the-provisions-of-sections-321A.4-to-321A.14~~ when issued or
9 taken in contested cases.

10 ~~Such-hearings~~ Hearings shall be held ~~before-the-director~~
11 in accordance with the administrative procedure act and as
12 early as practicable within not to exceed twenty days after
13 receipt of such request and in the county wherein the
14 requesting person resides unless the director and such person
15 agree that such hearing may be held in some other county.
16 Upon ~~such~~ hearing the director may administer oaths and may
17 issue subpoenas for the attendance of witnesses and the
18 production of relevant books and papers and may require an
19 examination under oath of the person requesting ~~such~~ the
20 hearing.

21 Sec. 3. Section three hundred twenty-one A point four
22 (321A.4), Code 1975, is amended by striking the section and
23 inserting in lieu thereof the following:

24 321A.4 FINANCIAL RESPONSIBILITY REQUIRED. Except as
25 provided in this Act, a motor vehicle shall not be registered
26 or operated in this state unless the owner has acquired and
27 maintains proof of financial responsibility in a form permitted
28 by this Act. With respect to a motor vehicle which is
29 registered or required to be registered in this state, proof
30 of financial responsibility is not in effect under this chapter
31 unless and until filed with the county in which the motor
32 vehicle is registered, or with the director. This section
33 shall take effect January 1, 1977.

34 Sec. 4. Section three hundred twenty-one A point five
35 (321A.5), Code 1975, as amended by Acts of the Sixty-sixth

1 General Assembly, 1975 Session, chapter one hundred forty-
2 three (143), section two (2), is amended by striking the
3 section and inserting in lieu thereof the following:

4 321A.5 FAILURE OF PROOF--REVOCATION OF REGISTRATION--RE-
5 ISSUANCE.

6 1. Upon receipt of evidence by the director that any of
7 the following conditions exist the director, without hearing,
8 immediately shall revoke the registration of the motor vehicle
9 involved or specified, and shall give notice thereof to the
10 owner by certified mail, and shall request the voluntary
11 surrender of registration to the department:

12 a. Failure by the owner to submit proof of financial
13 responsibility within the time specified in a notice issued
14 pursuant to section five (5) of this Act or within the time
15 specified in a subsequent order issued pursuant to section
16 five (5) of this Act.

17 b. Failure by the owner to satisfy a judgment against
18 him or her within sixty days after that judgment has become
19 final.

20 c. The occurrence of a motor vehicle accident within this
21 state which results in bodily injury or death to any person,
22 or in damage to the property of any person, where proof of
23 financial responsibility is not in effect for the motor vehicle
24 involved, if the motor vehicle is required to be registered
25 in this state.

26 d. The issuance of a uniform citation and complaint
27 pursuant to chapter seven hundred fifty-three (753) of the
28 Code, or the filing of a criminal complaint, information,
29 or indictment, alleging an offense involving the use of a
30 motor vehicle, where proof of financial responsibility is
31 not in effect for the motor vehicle involved, if that motor
32 vehicle is required to be registered in this state.

33 e. The conviction of an owner of a violation of section
34 six (6) of this Act.

35 2. The director may make application to the district court

1 for a warrant authorizing the seizure of the registration
2 plates of any motor vehicle for which registration has been
3 revoked by the director pursuant to subsection one (1) of
4 this section. The application shall be accompanied by
5 affidavit of the director stating the specific statutory
6 authority and the grounds upon which the revocation was based.
7 Upon receipt of an application which meets the requirements
8 of this subsection, the district court shall issue a warrant
9 authorizing the seizure of specified registration plates,
10 but without limit as to place of seizure or time of day.
11 A peace officer may execute the warrant of seizure with or
12 without the knowledge, consent or assistance of any operator
13 or the registered owner of the motor vehicle.

14 3. A registration which has been revoked pursuant to
15 subsection one (1) of this section shall not be reissued to
16 that owner for that vehicle until the owner has paid to the
17 department a reinstatement fee of ten dollars, has paid to
18 the district court any costs imposed for the issuance and
19 execution of any warrant, has satisfied or has been absolved
20 of liability for any outstanding judgment and has submitted
21 proof of financial responsibility in a form permitted by this
22 Act.

23 Sec. 5. Section three hundred twenty-one A point six
24 (321A.6), Code 1975, as amended by Acts of the Sixty-sixth
25 General Assembly, 1975 Session, chapter one hundred eighty-
26 four (184), section one (1), is amended by striking the section
27 and inserting in lieu thereof the following:

28 321A.6 NOTICE OF PROPOSED REVOCATION-HEARING.

29 1. Upon receipt of evidence by the director that any of
30 the following conditions exist, the director immediately shall
31 cause notice to be mailed by certified mail to the owner of
32 the motor vehicle:

33 a. The proof of financial responsibility on record is
34 by certificate of insurance and the Director has received
35 notice as provided in subsection three (3) of section twelve

1 (12) of this Act from the insurance carrier of the pending
2 cancellation by the carrier of the motor vehicle liability
3 policy.

4 b. The proof of financial responsibility on record is
5 by surety bond and a surety has given notice to the direc-
6 tor pursuant to subsection three (3) of section twelve (12)
7 of this Act of the pending cancellation of the bond.

8 c. The proof of financial responsibility on record is
9 by self-insurance and a judgment entered against the owner
10 has become final and has not been satisfied.

11 d. That proof of financial responsibility otherwise is
12 or will become ineffective with respect to any motor vehicle
13 being operated in this state.

14 e. The initiation of a criminal action in a manner
15 specified in paragraph d of subsection one (1) of section
16 four (4) of this Act where proof of financial responsibility
17 has not been filed with the director and the motor vehicle
18 is registered elsewhere than in this state or is not
19 registered.

20 2. The notice required by subsection one (1) of this
21 section shall be addressed to the owner at the address shown
22 on the registration records, and shall be in the following
23 form or in a similar form giving reasonable notice of the
24 intent to revoke and the right of hearing:

25 NOTICE

26 This is to notify you that it is unlawful to operate a
27 motor vehicle in Iowa unless the owner maintains proof of
28 financial responsibility in the manner permitted by chapter
29 321A of the Code of Iowa.

30 The Iowa state department of transportation has been given
31 notice by your _____ (department to insert "insurance
32 carrier", "surety", or "judgment creditor") that your proof
33 of financial responsibility will be ineffective as of
34 _____ (department to insert effective date of
35 cancellation of policy or bond, or the expiration date of

1 the sixty-day period after entry of final judgment) unless
2 you _____ (department to insert "submit new proof of
3 financial responsibility" or "satisfy the judgment rendered
4 against you".

5 You are given notice that unless you _____ (department
6 to insert "submit proof of financial responsibility to the
7 department", or "satisfy the judgment rendered against you
8 and submit evidence to the department") at _____ (department
9 to insert location of county registration office in county
10 of residence of owner) or at _____ (department to insert
11 location of department office) before the date specified
12 above, the department will revoke the registration for the
13 motor vehicle(s) with the following registration number(s):
14 _____ (department to insert motor vehicle registration
15 plate numbers).

16 You are entitled to have a hearing before the department
17 if you wish to contest the authority of the department to
18 revoke the registration(s) listed above; but in order to
19 obtain a hearing you must contact the department at _____
20 (department to insert telephone number in county where hearing
21 is required to be held) not later than 4:30 p.m., _____
22 (department to insert date not earlier than the tenth day
23 after the notice is to be mailed).

24 If you do not establish proof of financial responsibility
25 or request a hearing the department will revoke the
26 registration(s) listed in this notice as of the date specified
27 in paragraph two of this notice, and you then will have to
28 pay certain fees and costs in order to have the registration
29 reissued.

30 Director

31 Iowa Department of Transportation

32 3. If the owner requests a hearing as provided in
33 subsection two (2) of this section within the period specified
34 in the notice, the director shall cause a hearing to be held
35 not less than two business days prior to the date upon which

1 the proof of financial responsibility allegedly shall expire.
2 If upon hearing the director determines that the proof of
3 financial responsibility of the owner shall expire as alleged,
4 the director shall issue an order of revocation effective
5 as of the date the proof of financial responsibility shall
6 expire. The order shall take effect as of that date unless
7 the person submits proof of financial responsibility prior
8 to that date.

9 4. If the owner to whom notice was mailed fails to submit
10 proof of financial responsibility, and fails to request a
11 hearing or fails to appear in person at a scheduled hearing,
12 the director shall revoke the registration of that owner as
13 provided in section four (4) of this Act.

14 5. Nothing in this section shall be deemed to prohibit
15 informal settlement of any matter which could be resolved
16 at the hearing prescribed in subsection three (3) of this
17 section, but the director may not agree to any waiver of
18 section three (3) of this Act.

19 6. A notice mailed to an owner pursuant to this section
20 shall be effective with respect to any other registration
21 of the owner subject to revocation but not included in the
22 written notice, if the owner is present for and is given
23 actual notice at the time of hearing.

24 7. If proof of financial responsibility is to become
25 ineffective for more than one owner because of action taken
26 by the director with respect to an insurance carrier or a
27 surety company, the director may consolidate hearings with
28 respect to all owners affected by that action of the director.

29 Sec. 6. Section three hundred twenty-one A point seven
30 (321A.7), Code 1975, as amended by Acts of the Sixty-sixth
31 General Assembly, 1975 Session, chapter one hundred eighty-
32 four (184), sections two (2) and three (3), is amended by
33 striking the section and inserting in lieu thereof the
34 following:

35 321A.7 OPERATING VEHICLE WITHOUT PROOF OF RESPONSIBILITY-

1 PENALTY.

2 1. It is unlawful for the owner of a motor vehicle required
3 to be registered in this state, and for the nonresident owner
4 of a motor vehicle not required to be registered in this
5 state, to operate or to give permission, either express or
6 implied, to any other person to operate in this state the
7 motor vehicle of that owner when proof of financial
8 responsibility is not in effect for that vehicle.

9 2. It is unlawful for a person to operate a motor vehicle
10 in this state if the person has reason to know that proof
11 of financial responsibility is not in effect for that motor
12 vehicle.

13 3. A person convicted of violating this section shall
14 be punished by a fine not exceeding one hundred dollars, or
15 by imprisonment in the county jail for a term not exceeding
16 thirty days. However, upon any second or subsequent conviction
17 the punishment shall be by a fine not exceeding five hundred
18 dollars, or by imprisonment in the county jail for a term
19 not exceeding six months, or by both fine and imprisonment.

20 Sec. 7. Section three hundred twenty-one A point eight
21 (321A.8), Code 1975, is amended by striking the section and
22 inserting in lieu thereof the following:

23 321A.8 SUSPENSION OF OPERATING PRIVILEGE. The director,
24 upon receipt of notice of a conviction of violation of
25 subsections one (1) or two (2) of section six (6) of this
26 Act, shall suspend the operator's license or nonresident
27 operating privilege of the person convicted. Notice of the
28 suspension shall be mailed by certified mail to the owner
29 not less than ten days prior to the effective date of the
30 suspension. If the conviction is a first conviction the
31 suspension shall be in effect for a period of thirty days.
32 If the conviction is a second or subsequent conviction, the
33 suspension shall be in effect for a period of one year.

34 Sec. 3. Section three hundred twenty-one A point nine
35 (321A.9), Code 1975, is amended by striking the section and

1 inserting in lieu thereof the following:

2 321A.9 COURTS TO REPORT JUDGMENTS. Whenever a judgment
3 entered against a resident or a nonresident has become final,
4 or whenever a person is convicted of a violation of section
5 six (6) of this Act, the clerk of district court shall forward
6 to the director a certified copy of that judgment. If the
7 defendant is a nonresident, the director shall transmit a
8 certified copy to the official in charge of the issuance of
9 licenses and registrations of the state of which the defendant
10 is resident.

11 Sec. 9. Section three hundred twenty-one A point ten
12 (321A.10), Code 1975, is amended by striking the section and
13 inserting in lieu thereof the following:

14 321A.10 METHODS OF PROVIDING PROOF OF FINANCIAL
15 RESPONSIBILITY. Except as otherwise provided in this Act,
16 proof of financial responsibility may be established by any
17 of the following:

- 18 1. A motor vehicle liability policy.
- 19 2. A liability bond.
- 20 3. A certificate of self-insurance.

21 Sec. 10. Section three hundred twenty-one A point eleven
22 (321A.11), Code 1975, is amended by striking the section and
23 inserting in lieu thereof the following:

24 321A.11 CERTIFICATE OF INSURANCE OF RESIDENT. Proof of
25 financial responsibility may be established for a motor vehicle
26 required to be registered in this state by filing with the
27 county treasurer or with the director the written certificate
28 of any insurance carrier authorized to do business in this
29 state certifying that there is in effect a motor vehicle
30 liability policy for the benefit of the person required to
31 furnish proof of financial responsibility. The certificate
32 shall give the effective date and termination date of the
33 policy, and shall designate by explicit description or by
34 appropriate reference all motor vehicles covered by that
35 policy, unless the policy is issued to a person who is not

1 the owner of a motor vehicle.

2 Sec. 11. Section three hundred twenty-one A point twelve
3 (321A.12), Code 1975, is amended by striking the section and
4 inserting in lieu thereof the following:

5 321A.12 CERTIFICATE OF INSURANCE OF NONRESIDENT.

6 1. The nonresident owner of a motor vehicle not required
7 to be registered in this state may establish proof of financial
8 responsibility by maintaining a liability policy which provides
9 the coverages required by this chapter. That nonresident
10 owner may submit proof of financial responsibility when
11 required to do so by notice or order issued by the director
12 by filing with the director a written certificate of an
13 insurance carrier authorized to transact business in the state
14 in which the motor vehicle described in the certificate is
15 registered, or if the nonresident does not own a motor vehicle,
16 then in the state in which the insured resides, provided the
17 certificate otherwise conforms with the provisions of this
18 chapter, and the director shall accept the same upon condition
19 that the insurance carrier complies with the following
20 provisions with respect to the policies certified:

21 a. The insurance carrier shall execute a power of attorney
22 authorizing the director to accept on its behalf service of
23 original notice or process in any action arising out of a
24 motor vehicle accident in this state.

25 b. The insurance carrier shall agree in writing that all
26 policies shall be deemed to conform with the laws of this
27 state relating to the terms of motor vehicle liability policies
28 issued herein.

29 2. If any insurance carrier which has qualified to write
30 motor vehicle liability policies defaults in any undertakings
31 or agreements, the director, pursuant to an order issued after
32 notice and hearing, shall disqualify that carrier and shall
33 not thereafter accept as proof any certificate of that carrier
34 whether theretofore filed or thereafter tendered as proof,
35 so long as such default continues.

1 Sec. 12. Section three hundred twenty-one A point thirteen
2 (321A.13), Code 1975, is amended by striking the section and
3 inserting in lieu thereof the following:

4 321A.13 MOTOR VEHICLE LIABILITY POLICY--TERMS-CONDITIONS.

5 1. A "motor vehicle liability policy" or "liability
6 policy", means an owner's or an operator's policy of liability
7 insurance issued by an insurance carrier duly authorized to
8 transact business in this state, to or for the benefit of
9 the person named therein as insured.

10 2. A liability policy shall not be certified by an
11 insurance carrier or accepted by the director as proof of
12 financial responsibility unless all of the following conditions
13 are met:

14 a. All motor vehicles with respect to which coverage is
15 thereby to be granted are designated by explicit description
16 or appropriate reference.

17 b. The person named as insured and any other person using
18 a designated motor vehicle with the express or implied
19 permission of the named insured shall be insured against loss
20 from liability imposed by law for damages arising out of the
21 ownership, maintenance, or use of that motor vehicle within
22 the United States of America or the Dominion of Canada, but
23 subject to limits, exclusive of interest and costs, with
24 respect to each designated motor vehicle as follows: Ten
25 thousand dollars because of bodily injury to or death of one
26 person in any one accident and, subject to said limit for
27 one person, twenty thousand dollars because of bodily injury
28 to or death of two or more persons in any one accident, and
29 five thousand dollars because of injury to or destruction
30 of property of others in any one accident.

31 c. The person named as insured shall be insured against
32 loss from liability imposed by law for damages arising out
33 of the use by the insured of any motor vehicle not owned by
34 the insured, within the same territorial limits and subject
35 to the same limits of liability specified in paragraph b of

1 this subsection.

2 d. The name and address of the named insured, the coverage
3 afforded by the policy, the premium charged therefor, the
4 policy period, and the limits of liability shall be stated
5 in the liability policy, and the policy shall contain an
6 agreement or shall be endorsed that insurance is provided
7 thereunder in accordance with and is subject to all the
8 provisions of this chapter.

9 e. The liability policy shall contain the express condition
10 that the policy may not be terminated by cancellation by the
11 surety unless the insurance carrier mails notice of
12 cancellation to the insured not less than fifteen days prior
13 to the cancellation date.

14 f. The effective period of the policy shall be for a term
15 of not less than six months. However, this paragraph shall
16 not be deemed to prohibit a cancellation for cause.

17 3. A motor vehicle liability policy certified by an
18 insurance carrier as proof of financial responsibility shall
19 be subject to the following provisions:

20 a. The liability of the insurance carrier with respect
21 to the insurance coverage required by this Act shall become
22 absolute whenever injury or damage covered by said motor
23 vehicle liability policy occurs; the policy may not be canceled
24 or annulled as to any liability by any agreement between the
25 insurance carrier and the insured after the occurrence of
26 the injury or damage; and no oral or written statement made
27 by the insured or on the insured's behalf, and no violation
28 of the terms of the policy by the insured shall defeat or
29 void the policy.

30 b. The satisfaction by the insured of a final judgment
31 shall not be a condition precedent to the right or duty of
32 the insurance carrier to make payment on account of injury
33 or damage.

34 c. The liability policy may not be terminated by
35 cancellation unless the insurance carrier mails written

1 notification of the cancellation to the director not less
2 than fifteen days prior to the effective date of the
3 cancellation. An insurance carrier may consolidate
4 notifications respecting two or more insureds into a single
5 notification to the director.

6 d. A notice of cancellation mailed to an insured by an
7 insurance carrier pursuant to this Act either shall contain
8 a statement, or shall be accompanied by a statement, that
9 proof of financial responsibility must be maintained for all
10 nonexempt registered motor vehicles, and that operating or
11 permitting the operation of a nonexempt motor vehicle without
12 maintaining proof of financial responsibility is a public
13 offense.

14 Sec. 13. Section three hundred twenty-one A point fourteen
15 (321A.14), Code 1975, is amended by striking the section and
16 inserting in lieu thereof the following:

17 321A.14 TIME OF CERTIFICATION. A motor vehicle liability
18 policy issued, reissued, renewed, or endorsed to include
19 different or additional vehicles, in this state after November
20 1, 1976 shall be accompanied by a certificate of insurance
21 in a form prescribed by the director. Not later than December
22 1 of 1976 and of each year thereafter, every insurance carrier
23 which is authorized to certify motor vehicle liability policies
24 for use in this state shall mail to its existing insureds
25 a certificate of insurance for all liability policies. An
26 owner of an insured motor vehicle shall, after November 1,
27 1976, submit a certificate of insurance to the county treasurer
28 at the time of obtaining original registration of that motor
29 vehicle by that owner. An owner reregistering a motor vehicle
30 in this state for the year 1977 and for any year thereafter
31 shall submit a certificate to the county treasurer at the
32 time of applying for registration for that year.

33 Sec. 14. Section three hundred twenty-one A point fifteen
34 (321A.15), Code 1975, is amended by striking the section and
35 inserting in lieu thereof the following:

1 321A.15 SURETY BOND--TERMS--CONDITIONS.

2 1. Proof of financial responsibility may be evidenced
3 by the bond of a surety company authorized to transact business
4 within this state, or a bond with at least two individual
5 sureties each owning real estate within this state. The bond
6 shall be in a form prescribed by the director, and shall meet
7 the terms, conditions, and amounts required of a motor vehicle
8 liability insurance policy. In the case of a bond secured
9 by real estate, the value of the unencumbered equities in
10 the real estate must equal not less than fifty thousand
11 dollars. The bond shall be filed with the director and shall
12 constitute a lien in favor of the state upon the scheduled
13 real estate of each surety, which lien shall exist in favor
14 of any holder of a final judgment against the person because
15 of loss resulting from the ownership, maintenance, use, or
16 operation of a motor vehicle after the bond was filed, upon
17 the filing of a notice and copy of the bond by the director
18 in the office of the clerk of court of the county where such
19 real estate is located. Any individual surety shall furnish
20 satisfactory evidence of title to the real estate and the
21 nature and extent of all encumbrances thereon and the value
22 of the surety's interest therein, in such manner as the
23 director may require. The notice filed by the director shall
24 contain, in addition to any other matters deemed by the
25 director to be pertinent, a legal description of the real
26 estate so scheduled, the name of the holder of the record
27 title, the amount for which it stands as security, and the
28 name of the person in whose behalf proof is so being made.
29 Upon the filing of such notice the clerk of court shall retain
30 the same as part of the records of such court and enter upon
31 the encumbrance book the date and hour of filing, the name
32 of the surety, the name of the record titleholder, the descrip-
33 tion of the real estate, and the further notation that a lien
34 is charged on such real estate pursuant to the notice filed
35 hereunder. From and after the entry of the foregoing upon

1 the encumbrance book all persons shall be charged with notice
2 thereof.

3 2. If a final judgment rendered against the principal
4 on the bond shall not be satisfied within sixty days after
5 it has become final, the judgment creditor may, for his own
6 use and benefit and at his sole expense, bring an action or
7 actions in the name of the state against the company or persons
8 executing such bond, including an action or proceeding to
9 foreclose any lien that may exist upon the real estate of
10 a person who has executed such bond. An action to foreclose
11 any lien upon real estate scheduled by any surety under the
12 provisions of this chapter shall be by equitable proceeding
13 in the same manner as is provided for the foreclosure of real
14 estate mortgages.

15 3. A judgment creditor may give written notice to the
16 director after the expiration of not less than thirty days
17 after a judgment becomes final if the judgment has not been
18 satisfied. Upon receiving notice, or upon receipt of other
19 evidence, the director shall proceed as provided in sections
20 four (4) or five (5) of this Act, whichever is applicable.

21 4. If any surety defaults in any undertakings or
22 agreements, the director, pursuant to an order issued after
23 notice and hearing, shall not thereafter accept as proof of
24 financial responsibility any bond of that surety, whether
25 filed before or tendered after the effective date of that
26 order, so long as the default continues.

27 5. If an owner submitting real estate as surety fails
28 to satisfy a final judgment within sixty days after entry,
29 the registration of that owner shall be revoked until
30 compliance with this chapter is maintained, and that owner
31 may not thereafter submit proof of financial responsibility
32 in the form of either surety bond or self-insurance.

33 Sec. 15. Section three hundred twenty-one A point sixteen
34 (321A.16), Code 1975, is amended by striking the section and
35 inserting in lieu thereof the following:

1 321A.16 SELF-INSURANCE--TERMS--CONDITIONS.

2 1. Any person in whose name more than twenty-five motor
3 vehicles are registered either within this state or else-
4 where may qualify as a self-insurer by obtaining a certifi-
5 cate of self-insurance issued by the director as provided
6 in subsection two (2) of this section.

7 2. The director may, in his or her discretion, upon the
8 application of a person qualified under subsection one (1)
9 of this section, issue a certificate of self-insurance when
10 satisfied that the person is possessed and will continue to
11 be possessed of ability to pay judgments obtained against
12 that person for damages arising out of the ownership,
13 maintenance, or use of any vehicle owned by that person.

14 3. Upon not less than five-days' notice and a hearing
15 pursuant to such notice, the director upon reasonable grounds
16 may cancel a certificate of self-insurance. Failure to pay
17 any judgment within sixty days after that judgment shall have
18 become final shall constitute grounds for the cancellation
19 of a certificate of self-insurance.

20 Sec. 16. Section three hundred twenty-one A point seventeen
21 (321A.17), Code 1975, is amended by striking the section and
22 inserting in lieu thereof the following:

23 321A.17 OTHER PROOF MAY BE REQUIRED. Whenever any proof
24 of financial responsibility filed under the provisions of
25 this chapter no longer fulfills the purposes for which
26 required, the director shall, upon notice pursuant to section
27 five (5) of this Act, require other proof as required by this
28 Act and shall suspend the license and registration or the
29 nonresident's operating privilege pending the filing of such
30 other proof. The department may adopt, amend and repeal rules
31 specifying the conditions upon which proof of financial
32 responsibility shall fail to fulfill the purposes of this
33 chapter.

34 Sec. 17. Section three hundred twenty-one A point eighteen
35 (321A.18), Code 1975, is amended by striking the section and

1 inserting in lieu thereof the following:

2 321A.18 SURRENDER OF LICENSE AND REGISTRATION. Any person
3 whose license or registration shall have been suspended or
4 revoked as provided in this Act, upon request of the department
5 immediately shall return the license or registration to the
6 director. Failure to comply with this section is a violation
7 of this Act.

8 Sec. 18. Section three hundred twenty-one A point nineteen
9 (321A.19), Code 1975, is amended by striking the section and
10 inserting in lieu thereof the following:

11 321A.19 TRANSFERS OF OWNERSHIP. Nothing in this Act shall
12 be deemed to prevent the owner of a motor vehicle, the
13 registration of which has been suspended hereunder, from
14 effecting a sale of that motor vehicle to another person whose
15 rights or privileges are not suspended under this Act, nor
16 to prevent the registration of that motor vehicle by the
17 transferee.

18 Sec. 19. Section three hundred twenty-one A point twenty
19 (321A.20), Code 1975, is amended by striking the section and
20 inserting in lieu thereof the following:

21 321A.20 VIOLATIONS--PENALTIES.

22 1. Any person whose license or registration or
23 nonresident's operating privilege has been suspended, denied
24 or revoked under this Act, and who during such suspension,
25 denial or revocation drives any motor vehicle upon any highway
26 or knowingly permits any motor vehicle owned by him or her
27 to be operated by another upon any highway, except as permitted
28 under this Act, shall upon conviction be fined not more than
29 five hundred dollars or imprisoned not exceeding six months,
30 or both.

31 2. Any person convicted of willfully failing to return
32 license or registration when required by section seventeen
33 (17) of this Act shall be fined not more than five hundred
34 dollars or imprisoned not to exceed thirty days, or both.

35 3. Any person who shall forge, counterfeit, or without

1 authority sign, any evidence of proof of financial
2 responsibility, or who files or offers for filing any evidence
3 of proof knowing or having reason to believe that it is forged,
4 counterfeited, or signed without authority shall upon
5 conviction be fined not more than one thousand dollars or
6 imprisoned not more than one year, or both.

7 4. Any person who shall violate any provision of this
8 chapter for which no penalty is otherwise provided shall upon
9 conviction be fined not more than five hundred dollars or
10 imprisoned not more than ninety days, or both.

11 Sec. 20. Section three hundred twenty-one A point twenty-
12 one (321A.21), Code 1975, is amended by striking the section
13 and inserting in lieu thereof the following:

14 321A.21 EXEMPTIONS. A motor vehicle owned by the United
15 States or by this state shall be exempt from the requirements
16 of this Act.

17 Sec. 21. Section three hundred twenty-one A point twenty-
18 two (321A.22), Code 1975, is amended by striking the section
19 and inserting in lieu thereof the following:

20 321A.22 APPLICATION OF CHAPTER.

21 1. This chapter shall not apply with respect to any
22 accident, or judgment arising therefrom, or violation of the
23 motor vehicle laws of this state, occurring prior to January
24 1, 1977. Any person who has before January 1, 1977, had his
25 or her operator's license suspended or has had his or her
26 motor vehicle registration plates suspended or who has been
27 refused registration or license to operate a motor vehicle
28 upon the highways of the state of Iowa, under the provisions
29 of sections of the Code in effect before January 1, 1977,
30 and has not had such suspension removed, as therein provided,
31 shall not be issued an operator's license nor be entitled
32 to registration of a motor vehicle in this state until proof
33 of financial responsibility is filed with the director
34 establishing compliance with this Act.

35 2. Nothing in this Act shall be construed to limit or

1 in this state, and on an individual need basis, information
2 respecting the existence or nonexistence of proof of financial
3 responsibility respecting all persons subject to this Act.
4 The director also shall establish procedures for the forwarding
5 by county treasurers, and the recording with the department,
6 of evidence of proof of financial responsibility submitted
7 to county treasurers by persons subject to this Act.

8 Sec. 24. Section three hundred twenty-one A point twenty-
9 five (321A.25), Code 1975, is amended by striking the section
10 and inserting in lieu thereof the following:

11 321A.25 SHORT TITLE. This Act shall be known and may
12 be referred to as the Iowa Motor Vehicle Compulsory Financial
13 Responsibility Act.

14 Sec. 25. Section three hundred twenty-one point twenty
15 (321.20), Code 1975, is amended by adding the following new
16 subsection:

17 NEW SUBSECTION. Proof of financial responsibility when
18 required by chapter three hundred twenty-one A (321A) of the
19 Code.

20 Sec. 26. Section three hundred twenty-one point twenty-
21 four (321.24), Code 1975, is amended by adding the following
22 new unnumbered paragraph:

23 NEW UNNUMBERED PARAGRAPH. Prior to issuing any registra-
24 tion the county treasurer shall verify that either the
25 applicant has submitted proof of financial responsibility
26 as required by chapter three hundred twenty-one A (321A) of
27 the Code, or the director has certified proof of financial
28 responsibility of record for that owner as provided in section
29 twenty-three (23) of this Act, or the person is exempt from
30 submitting proof of financial responsibility. Where required
31 proof is not established by evidence submitted with the
32 application or by certification of the director, registration
33 shall not be issued. Proof of financial responsibility shall
34 not be required for issuance of a certificate of title. Proof
35 of financial responsibility submitted by an owner shall be

1 forwarded by the county treasurer to the director as provided
2 by departmental rule.

3 Sec. 26. Section three hundred twenty-one point forty-
4 six (321.46), Code 1975, is amended by adding the following
5 new unnumbered paragraph:

6 NEW UNNUMBERED PARAGRAPH. Prior to issuing any registration
7 the county treasurer shall verify that either the applicant
8 has submitted proof of financial responsibility as required
9 by chapter three hundred twenty-one A (321A) of the Code,
10 or the director has certified proof of financial responsibility
11 of record for that owner as provided in chapter three hundred
12 twenty-one A (321A) of the Code. Where required proof is
13 not established by evidence submitted with the application
14 or by certification of the director, registration shall not
15 be issued. Proof of financial responsibility shall not be
16 required for issuance of a certificate of title. Proof of
17 financial responsibility submitted by an owner shall be
18 forwarded by the county treasurer to the director as provided
19 by departmental rule.

20 Sec. 27. Section three hundred twenty-one point forty-
21 seven (321.47), Code 1975, is amended by adding the following
22 new unnumbered paragraph:

23 NEW UNNUMBERED PARAGRAPH. Prior to issuing any registration
24 the county treasurer shall verify that either the applicant
25 has submitted proof of financial responsibility as required
26 by chapter three hundred twenty-one A (321A) of the Code,
27 or the director has certified proof of financial responsibility
28 of record for that owner as provided in chapter three hundred
29 twenty-one A (321A) of the Code. Where required proof is
30 not established by evidence submitted with the application
31 or by certification of the director, registration shall not
32 be issued. Proof of financial responsibility shall not be
33 required for issuance of a certificate of title. Proof of
34 financial responsibility submitted by an owner shall be
35 forwarded by the county treasurer to the director as provided

1 by departmental rule.

2 Sec. 28. Section three hundred twenty-one point fifty-
3 one (321.51), Code 1975, is amended by adding the following
4 new subsection:

5 NEW SUBSECTION. Prior to issuing any registration the
6 county treasurer shall verify that either the applicant has
7 submitted proof of financial responsibility as required by
8 chapter three hundred twenty-one A (321A) of the Code, or
9 the director has certified proof of financial responsibility
10 of record for that owner as provided in chapter three hundred
11 twenty-one A (321A) of the Code. Where required proof is
12 not established by evidence submitted with the application
13 or by certification of the director, registration shall not
14 be issued. Proof of financial responsibility shall not be
15 required for issuance of a certificate of title. Proof of
16 financial responsibility submitted by an owner shall be
17 forwarded by the county treasurer to the director as provided
18 by departmental rule.

19 Sec. 29. Section three hundred twenty-one point fifty-
20 three (321.53), Code 1975, is amended to read as follows:

21 321.53 NONRESIDENT OWNERS OF PASSENGER VEHICLES AND TRUCKS.
22 A nonresident owner, except as provided in sections 321.54
23 and 321.55, of a private passenger motor vehicle, not operated
24 for hire, may operate or permit the operation of such vehicle
25 within this state without registering such vehicle in, or
26 paying any fees to this state subject to the condition that
27 such vehicle at all times when operated in this state is duly
28 registered in, and displays upon it a valid registration plate
29 or plates issued for such vehicle in the place of residence
30 of such owner, and subject to the condition that the owner
31 maintains proof of financial responsibility as required by
32 chapter three hundred twenty-one A (321A) of the Code. A
33 nonresident who leases a vehicle from a resident owner shall
34 not be considered a nonresident owner of such vehicle for
35 the purpose of exemption under this section. This section

1 shall be operative to the extent that under the laws of the
2 foreign country, state, territory, or federal district of
3 such nonresident owner's residence like exemptions and
4 privileges are granted to vehicles registered under the laws,
5 and owned by residents, of this state. A truck, truck tractor,
6 trailer or semitrailer owned by a nonresident and operated
7 on Iowa highways must have displayed upon it a valid
8 registration plate or plates and a valid registration cer-
9 tificate, card, or other official evidence of its allowable
10 weight in the state, district or county in which it is
11 registered.

12 Sec. 30. Section three hundred twenty-one point fifty-
13 nine (321.59), Code 1975, is amended by adding the following
14 new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. Prior to issuing any certificate
16 and special plates the department shall verify that either
17 the applicant has submitted proof of financial responsibility
18 where required by chapter three hundred twenty-one A (321A)
19 of the Code, or the director has certified proof of financial
20 responsibility of record for that owner as provided in chapter
21 three hundred twenty-one A (321A) of the Code. Where required
22 proof is not established by evidence submitted with the
23 application or by certification of the director, a certificate
24 or special plates shall not be issued.

25 Sec. 31. Section three hundred twenty-one point one hundred
26 eight-one (321.181), unnumbered paragraph three (3), sections
27 three hundred twenty-one A point twenty-six (321A.26) through
28 three hundred twenty-one A point thirty-nine (321A.39), section
29 three hundred twenty-one point four hundred ninety-four
30 (321.494), and section five hundred sixteen A point one
31 (516A.1), unnumbered paragraph two (2), Code 1975, are
32 repealed.

33 EXPLANATION

34 This bill modifies the motor vehicle insurance laws by
35 mandating as of January 1, 1977 that owners and operators

1 of motor vehicles registered or operated in this state maintain
2 liability insurance coverage at 10,000/20,000/5,000 dollar
3 levels. Enforcement of the law is accomplished by granting
4 to the director of transportation the authority to suspend
5 or revoke operator's licenses, nonresident privileges and
6 motor vehicle registrations of persons found to be in viola-
7 tion of the provisions of the bill. Proof of financial
8 responsibility may be established by liability insurance,
9 a liability bond, or in limited instances through self-
10 insurance.

11 The bill requires resident owners of motor vehicles to
12 submit evidence of financial responsibility in order to obtain
13 registration. In the event of motor vehicle accidents,
14 cancellations of insurance coverage, convictions of traffic
15 law violations, and failures to satisfy judgments rendered
16 in motor vehicle accident cases, provisions are made for the
17 reporting of this information to the director who then
18 initiates procedures to verify the existence of proof of
19 financial responsibility, and procedures for suspension or
20 revocation where warranted.

21 The director is authorized by the bill to petition the
22 district court for a warrant authorizing the confiscation
23 of registration plates where persons in violation fail to
24 voluntarily submit proof or surrender registrations. It is
25 made unlawful for an owner to permit the operation of an
26 uninsured owned motor vehicle, or for a person to knowingly
27 operate an uninsured motor vehicle. The penalty for a first
28 offense is \$100 or 30 days.

29 Motor vehicles owned by federal or Iowa state government
30 are exempt from the provisions of this Act.

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