

Judiciary
Rush, Chairperson
Ramsey
Coleman

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SENATE FILE 139

By GLENN and SHAW

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

A BILL FOR

1 An Act providing for 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 1977, 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 1977, 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.44~~ 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 1977, is amended by striking the section and
23 inserting in lieu thereof the following:

24 321A.4 FINANCIAL RESPONSIBILITY REQUIRED. A motor vehicle
25 shall not be registered or operated in this state unless the
26 owner has acquired and maintains proof of financial
27 responsibility in a form permitted by this Act. With respect
28 to a motor vehicle which is registered or required to be
29 registered in this state, proof of financial responsibility
30 is not in effect under this chapter unless and until filed
31 with the county in which the motor vehicle is registered,
32 or with the director. This section shall take effect January
33 1, 1978.

34 Sec. 4. Section three hundred twenty-one A point five
35 (321A.5), Code 1977, is amended by striking the section and

1 inserting in lieu thereof the following:

2 321A.5 FAILURE OF PROOF--REVOCATION OF REGISTRATION--RE-
3 ISSUANCE.

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

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

15 b. Failure by the owner to pay against a judgment rendered
16 against him or her, within sixty days after that judgment
17 has become final, not less than five thousand dollars toward
18 that portion, if any, of the judgment which represents damages
19 to property of others in any one accident, plus not less than
20 ten thousand dollars toward that portion, if any, of the
21 judgment which represents damages to any one person in any
22 one accident, and subject to said limit for any one person,
23 not less than twenty thousand dollars toward that portion,
24 if any, of the judgment which represents damages to all persons
25 in any one accident.

26 c. The occurrence of a motor vehicle accident within this
27 state which results in bodily injury or death to any person,
28 or in damage to the property of any person, where proof of
29 financial responsibility is not in effect for the motor vehicle
30 involved, if the motor vehicle is required to be registered
31 in this state.

32 d. The issuance of a uniform citation and complaint
33 pursuant to chapter seven hundred fifty-three (753) of the
34 Code, or the filing of a criminal complaint, information,
35 or indictment, alleging an offense involving the use of a

1 motor vehicle, where proof of financial responsibility is
2 not in effect for the motor vehicle involved, if that motor
3 vehicle is required to be registered in this state.

4 e. The conviction of an owner of a violation of section
5 six (6) of this Act, or the issuance of an order against an
6 owner deferring judgment in a criminal action charging a
7 violation by the owner of section six (6) of this Act.

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

22 3. A registration which has been revoked pursuant to
23 subsection one (1) of this section shall not be reissued to
24 that owner for that vehicle until the owner has paid to the
25 department a reinstatement fee of ten dollars, has paid to
26 the district court any costs imposed for the issuance and
27 execution of any warrant, has made payment against any
28 outstanding judgment to the extent required by paragraph b
29 of subsection one (1) of section three hundred twenty-one
30 A point five (321A.5) of the Code, and has submitted proof
31 of financial responsibility in a form permitted by this Act.

32 Sec. 5. Section three hundred twenty-one A point six
33 (321A.6), Code 1977, is amended by striking the section and
34 inserting in lieu thereof the following:

35 321A.6 NOTICE OF PROPOSED REVOCATION-HEARING.

1 321A of the Code of Iowa.

2 The Iowa state department of transportation has been given
3 notice by your _____ (department to insert "insurance
4 carrier", "surety", or "judgment creditor") that your proof
5 of financial responsibility will be ineffective as of
6 _____ (department to insert effective date of
7 cancellation of policy or bond, or the expiration date of
8 the sixty-day period after entry of final judgment) unless
9 you _____ (department to insert "submit new proof of
10 financial responsibility" or "make payment to the judgment
11 creditor to the extent required by section three hundred
12 twenty-one A point five (321A.5) of the Code of Iowa").

13 You are given notice that unless you _____ (department
14 to insert "submit proof of financial responsibility to the
15 department", or "make the required payment toward the judgment
16 rendered against you and submit evidence to the department")
17 at _____ (department to insert location of county
18 registration office in county of residence of owner) or at
19 _____ (department to insert location of department office)
20 before the date specified above, the department will revoke
21 the registration for the motor vehicle(s) with the following
22 registration number(s): _____ (department to insert
23 motor vehicle registration plate numbers).

24 You are entitled to have a hearing before the department
25 if you wish to contest the authority of the department to
26 revoke the registration(s) listed above, but in order to
27 obtain a hearing you must contact the department at _____
28 (department to insert telephone number in county where hearing
29 is required to be held) not later than 4:30 p.m., _____
30 (department to insert date not earlier than the tenth day
31 after the notice is to be mailed).

32 If you do not establish proof of financial responsibility
33 as required by this notice or request a hearing the department
34 will revoke the registration(s) listed in this notice as of
35 the date specified in paragraph two of this notice, and you

1 then will have to pay certain fees and costs in order to have
2 the registration reissued.

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Director

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Iowa Department of Transportation

5 3. If the owner requests a hearing as provided in
6 subsection two (2) of this section within the period specified
7 in the notice, the director shall cause a hearing to be held
8 not less than two business days prior to the date upon which
9 the proof of financial responsibility allegedly shall expire.
10 If upon hearing the director determines that the proof of
11 financial responsibility of the owner shall expire as alleged,
12 the director shall issue an order of revocation effective
13 as of the date the proof of financial responsibility shall
14 expire. The order shall take effect as of that date unless
15 the person submits proof of financial responsibility prior
16 to that date.

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

22 5. Nothing in this section shall be deemed to prohibit
23 informal settlement of any matter which could be resolved
24 at the hearing prescribed in subsection three (3) of this
25 section, but the director may not agree to any waiver of
26 section three (3) of this Act.

27 6. A notice mailed to an owner pursuant to this section
28 shall be effective with respect to any other registration
29 of the owner subject to revocation but not included in the
30 written notice, if the owner is present for and is given
31 actual notice at the time of hearing.

32 7. If proof of financial responsibility is to become
33 ineffective for more than one owner because of action taken
34 by the director with respect to an insurance carrier or a
35 surety company, the director may consolidate hearings with

1 respect to all owners affected by that action of the director.

2 Sec. 6. Section three hundred twenty-one A point seven
3 (321A.7), Code 1977, is amended by striking the section and
4 inserting in lieu thereof the following:

5 321A.7 OPERATING VEHICLE WITHOUT PROOF OF RESPONSIBILITY-
6 PENALTY.

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

14 2. It is unlawful for a person to operate a motor vehicle
15 in this state if the person has reason to know that proof
16 of financial responsibility is not in effect for that motor
17 vehicle.

18 3. A person who violates this section commits a simple
19 misdemeanor. However, upon any second or subsequent conviction
20 or deferral of judgment of a violation of this section the
21 penalty shall be as provided for a serious misdemeanor.

22 Sec. 7. Section three hundred twenty-one A point eight
23 (321A.8), Code 1977, is amended by striking the section and
24 inserting in lieu thereof the following:

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

1 If the conviction or deferred judgment is a second or
2 subsequent determination, the suspension shall be in effect
3 for a period of one year.

4 Sec. 8. Section three hundred twenty-one A point nine
5 (321A.9), Code 1977, is amended by striking the section and
6 inserting in lieu thereof the following:

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

16 Sec. 9. Section three hundred twenty-one A point ten
17 (321A.10), Code 1977, is amended by striking the section and
18 inserting in lieu thereof the following:

19 321A.10 METHODS OF PROVIDING PROOF OF FINANCIAL
20 RESPONSIBILITY. Except as otherwise provided in this Act,
21 proof of financial responsibility may be established by any
22 of the following:

- 23 1. A motor vehicle liability policy.
- 24 2. A liability bond.
- 25 3. A certificate of self-insurance.

26 Sec. 10. Section three hundred twenty-one A point eleven
27 (321A.11), Code 1977, is amended by striking the section and
28 inserting in lieu thereof the following:

29 321A.11 CERTIFICATE OF INSURANCE OF RESIDENT. Proof of
30 financial responsibility may be established for a motor vehicle
31 required to be registered in this state by filing with the
32 county treasurer or with the director the written certificate
33 of any insurance carrier authorized to do business in this
34 state certifying that there is in effect a motor vehicle
35 liability policy for the benefit of the person required to

1 furnish proof of financial responsibility. The certificate
2 shall give the effective date and termination date of the
3 policy, and shall designate by explicit description or by
4 appropriate reference all motor vehicles covered by that
5 policy, unless the policy is issued to a person who is not
6 the owner of a motor vehicle.

7 Sec. 11. Section three hundred twenty-one A point twelve
8 (321A.12), Code 1977, is amended by striking the section and
9 inserting in lieu thereof the following:

10 321A.12 CERTIFICATE OF INSURANCE OF NONRESIDENT.

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

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

30 b. The insurance carrier shall agree in writing that all
31 policies shall be deemed to conform with the laws of this
32 state relating to the terms of motor vehicle liability policies
33 issued herein.

34 2. If any insurance carrier which has qualified to write
35 motor vehicle liability policies defaults in any undertakings

1 or agreements, the director, pursuant to an order issued after
2 notice and hearing, shall disqualify that carrier and shall
3 not thereafter accept as proof any certificate of that carrier
4 whether theretofore filed or thereafter tendered as proof,
5 so long as such default continues.

6 Sec. 12. Section three hundred twenty-one A point thirteen
7 (321A.13), Code 1977, is amended by striking the section and
8 inserting in lieu thereof the following:

9 321A.13 MOTOR VEHICLE LIABILITY POLICY--TERMS-CONDITIONS.

10 1. A "motor vehicle liability policy" or "liability
11 policy", means an owner's or an operator's policy of liability
12 insurance issued by an insurance carrier duly authorized to
13 transact business in this state, to or for the benefit of
14 the person named therein as insured.

15 2. A liability policy shall not be certified by an
16 insurance carrier or accepted by the director as proof of
17 financial responsibility unless all of the following conditions
18 are met:

19 a. All motor vehicles with respect to which coverage is
20 thereby to be granted are designated by explicit description
21 or appropriate reference.

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

1 c. The person named as insured shall be insured against
2 loss from liability imposed by law for damages arising out
3 of the use by the insured of any motor vehicle not owned by
4 the insured, within the same territorial limits and subject
5 to the same limits of liability specified in paragraph b of
6 this subsection.

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

14 e. The liability policy shall contain the express condition
15 that the policy may not be terminated by cancellation by the
16 surety unless the insurance carrier mails notice of
17 cancellation to the insured not less than fifteen days prior
18 to the cancellation date.

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

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

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

35 b. The satisfaction by the insured of a final judgment

1 shall not be a condition precedent to the right or duty of
2 the insurance carrier to make payment on account of injury
3 or damage.

4 c. The liability policy may not be terminated by
5 cancellation unless the insurance carrier mails written
6 notification of the cancellation to the director not less
7 than fifteen days prior to the effective date of the
8 cancellation. An insurance carrier may consolidate
9 notifications respecting two or more insureds into a single
10 notification to the director.

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

19 Sec. 13. Section three hundred twenty-one A point fourteen
20 (321A.14), Code 1977, is amended by striking the section and
21 inserting in lieu thereof the following:

22 321A.14 TIME OF CERTIFICATION. A motor vehicle liability
23 policy issued, reissued, renewed, or endorsed to include
24 different or additional vehicles, in this state after November
25 1, 1977 shall be accompanied by a certificate of insurance
26 in a form prescribed by the director. Not later than December
27 1 of 1977 and of each year thereafter, every insurance carrier
28 which is authorized to certify motor vehicle liability policies
29 for use in this state shall mail to its existing insureds
30 a certificate of insurance for all liability policies. An
31 owner of an insured motor vehicle shall, after November 1,
32 1977, submit a certificate of insurance to the county treasurer
33 at the time of obtaining original registration of that motor
34 vehicle by that owner. An owner reregistering a motor vehicle
35 in this state for the year 1978 and for any year thereafter

1 shall submit a certificate to the county treasurer at the
2 time of applying for registration for that year.

3 Sec. 14. Section three hundred twenty-one A point fifteen
4 (321A.15), Code 1977, is amended by striking the section and
5 inserting in lieu thereof the following:

6 321A.15 SURETY BOND--TERMS--CONDITIONS.

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

1 same as part of the records of such court and enter upon the
2 encumbrance book the date and hour of filing, the name of
3 the surety, the name of the record titleholder, the descrip-
4 tion of the real estate, and the further notation that a lien
5 is charged on such real estate pursuant to the notice filed
6 hereunder. From and after the entry of the foregoing upon
7 the encumbrance book all persons shall be charged with notice
8 thereof.

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

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

27 4. If any surety defaults in any undertakings or
28 agreements, the director, pursuant to an order issued after
29 notice and hearing, shall not thereafter accept as proof of
30 financial responsibility any bond of that surety, whether
31 filed before or tendered after the effective date of that
32 order, so long as the default continues.

33 5. If an owner submitting real estate as surety fails
34 to satisfy a final judgment within sixty days after entry,
35 the registration of that owner shall be revoked until

1 compliance with this chapter is maintained, and that owner
2 shall not thereafter submit proof of financial responsibility
3 in the form of either surety bond or self-insurance.

4 Sec. 15. Section three hundred twenty-one A point sixteen
5 (321A.16), Code 1977, is amended by striking the section and
6 inserting in lieu thereof the following:

7 321A.16 SELF-INSURANCE--TERMS--CONDITIONS.

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

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

20 3. Upon not less than five-days' notice and a hearing
21 pursuant to such notice, the director upon reasonable grounds
22 may cancel a certificate of self-insurance. Failure to pay
23 not less than the minimum amounts specified in paragraph b of
24 subsection one (1) of section four (4) of this Act toward
25 any judgment within sixty days after that judgment shall have
26 become final shall constitute grounds for the cancellation
27 of a certificate of self-insurance.

28 Sec. 16. Section three hundred twenty-one A point seventeen
29 (321A.17), Code 1977, is amended by striking the section and
30 inserting in lieu thereof the following:

31 321A.17 OTHER PROOF MAY BE REQUIRED. Whenever any proof
32 of financial responsibility filed under the provisions of
33 this chapter fails to fulfill the purposes for which required,
34 the director shall, upon notice pursuant to section five (5)
35 of this Act, require other proof as required by this Act and

1 shall suspend the license and registration or the nonresident's
2 operating privilege pending the filing of such other proof.
3 The department may adopt, amend and repeal rules specifying
4 the conditions upon which proof of financial responsibility
5 shall fail to fulfill the purposes of this chapter.

6 Sec. 17. Section three hundred twenty-one A point eighteen
7 (321A.18), Code 1977, is amended by striking the section and
8 inserting in lieu thereof the following:

9 321A.18 SURRENDER OF LICENSE AND REGISTRATION. Any person
10 whose license or registration shall have been suspended or
11 revoked as provided in this Act immediately shall return upon
12 request of the department the license or registration to the
13 director. Failure to comply with this section is a violation
14 of this Act.

15 Sec. 18. Section three hundred twenty-one A point nineteen
16 (321A.19), Code 1977, is amended by striking the section and
17 inserting in lieu thereof the following:

18 321A.19 TRANSFERS OF OWNERSHIP. Nothing in this Act shall
19 be deemed to prevent the owner of a motor vehicle, the
20 registration of which has been suspended hereunder, from
21 effecting a sale of that motor vehicle to another person whose
22 rights or privileges are not suspended under this Act, or
23 to prevent the registration of that motor vehicle by the
24 transferee.

25 Sec. 19. Section three hundred twenty-one A point twenty
26 (321A.20), Code 1977, is amended by striking the section and
27 inserting in lieu thereof the following:

28 321A.20 VIOLATIONS--PENALTIES.

29 1. Any person whose license or registration or
30 nonresident's operating privilege has been suspended, denied
31 or revoked under this Act, and who during such suspension,
32 denial or revocation drives any motor vehicle upon any highway
33 or knowingly permits any motor vehicle owned by him or her
34 to be operated by another upon any highway, except as permitted
35 under this Act, commits a serious misdemeanor.

1 2. Any person who willfully fails to return license or
2 registration when required by section seventeen (17) of this
3 Act commits a simple misdemeanor.

4 3. Any person who shall forge, counterfeit, or without
5 authority sign, any evidence of proof of financial
6 responsibility, or who files or offers for filing any evidence
7 of proof knowing or having reason to believe that it is forged,
8 counterfeited, or signed without authority commits a serious
9 misdemeanor.

10 4. Any person who violates any provision of this chapter
11 for which no penalty is otherwise provided commits a serious
12 misdemeanor.

13 Sec. 20. Section three hundred twenty-one A point twenty-
14 one (321A.21), Code 1977, is amended by striking the section
15 and inserting in lieu thereof the following:

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

19 Sec. 21. Section three hundred twenty-one A point twenty-
20 two (321A.22), Code 1977, is amended by striking the section
21 and inserting in lieu thereof the following:

22 321A.22 APPLICATION OF CHAPTER.

23 1. This chapter shall not apply with respect to any
24 accident, or judgment arising therefrom, or any violation
25 of the motor vehicle laws of this state, occurring prior to
26 January 1, 1978. However, any person who before January 1,
27 1978, has had his or her operator's license suspended or has
28 had his or her motor vehicle registration plates suspended
29 or who has been refused registration or license to operate
30 a motor vehicle upon the highways of the state of Iowa, under
31 the provisions of sections of the Code in effect before January
32 1, 1978, and has not had such suspension removed, as therein
33 provided, shall not be issued an operator's license and shall
34 not be entitled to registration of a motor vehicle in this
35 state until proof of financial responsibility is filed with

1 the director establishing compliance with this Act.

2 2. Nothing in this Act shall be construed to limit or
3 reduce any remedies of a plaintiff in any action at law.

4 Sec. 22. Section three hundred twenty-one A point twenty-
5 three (321A.23), Code 1977, is amended by striking the section
6 and inserting in lieu thereof the following:

7 321A.23 DISCLOSURE REQUIRED BY MOTOR VEHICLE DEALERS.

8 Whenever any dealer licensed under chapter three hundred
9 twenty-two (322) of the Code sells a motor vehicle at retail
10 and the transaction does not include the sale of liability
11 insurance coverage which meets the requirements of this Act,
12 the purchase order or invoice evidencing the transaction shall
13 contain a statement in the following form:

14 "I understand that liability insurance coverage which is
15 required by the Iowa Motor Vehicle Compulsory Financial
16 Responsibility Act IS NOT INCLUDED in my purchase of the
17 herein described motor vehicle. I have received a copy of
18 this statement.

19

20 _____
(Purchaser's signature)

21 The seller shall print or stamp said statement on the
22 purchase order or invoice in a distinctive color of ink and
23 with clearly visible letters. Said statement shall be signed
24 by the purchaser in the space provided therein on or before
25 the date of delivery of the motor vehicle described in the
26 purchase order or invoice and a copy thereof shall be given
27 to the purchaser by the seller.

28 No civil liability shall arise on account of the failure
29 of any person to comply with the provisions of this section.

30 Any person violating any provisions of this section commits
31 a violation of this Act.

32 Sec. 23. Section three hundred twenty-one A point twenty-
33 four (321A.24), Code 1977, is amended by striking the section
34 and inserting in lieu thereof the following:

35 321A.24 COORDINATION WITH COUNTIES. The director shall

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

10 Sec. 24. Section three hundred twenty-one A point twenty-
11 five (321A.25), Code 1977, is amended by striking the section
12 and inserting in lieu thereof the following:

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

16 Sec. 25. Section three hundred twenty-one point twenty
17 (321.20), Code 1977, is amended by adding the following new
18 subsection:

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

22 Sec. 26. Section three hundred twenty-one point twenty-
23 four (321.24), Code 1977, is amended by adding the following
24 new unnumbered paragraph:

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

1 not be required for issuance of a certificate of title. Proof
2 of financial responsibility submitted by an owner shall be
3 forwarded by the county treasurer to the director as provided
4 by departmental rule.

5 Sec. 27. Section three hundred twenty-one point forty-
6 six (321.46), Code 1977, is amended by adding the following
7 new unnumbered paragraph:

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

22 Sec. 28. Section three hundred twenty-one point forty-
23 seven (321.47), Code 1977, is amended by adding the following
24 new unnumbered paragraph:

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

1 financial responsibility submitted by an owner shall be
2 forwarded by the county treasurer to the director as provided
3 by departmental rule.

4 Sec. 29. Section three hundred twenty-one point fifty-
5 one (321.51), Code 1977, is amended by adding the following
6 new subsection:

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

21 Sec. 30. Section three hundred twenty-one point fifty-
22 three (321.53), Code 1977, is amended to read as follows:

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

1 not be considered a nonresident owner of such vehicle for
2 the purpose of exemption under this section. This section
3 shall be operative to the extent that under the laws of the
4 foreign country, state, territory, or federal district of
5 such nonresident owner's residence like exemptions and
6 privileges are granted to vehicles registered under the laws,
7 and owned by residents, of this state. A truck, truck tractor,
8 trailer or semitrailer owned by a nonresident and operated
9 on Iowa highways must have displayed upon it a valid
10 registration plate or plates and a valid registration cer-
11 tificate, card, or other official evidence of its allowable
12 weight in the state, district or county in which it is
13 registered.

14 Sec. 31. Section three hundred twenty-one point fifty-
15 nine (321.59), Code 1977, is amended by adding the following
16 new unnumbered paragraph:

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

27 Sec. 32. Section three hundred twenty-one point four
28 hundred ninety-one (321.491), unnumbered paragraphs two (2)
29 and four (4), Code 1977, are amended to read as follows:

30 Within ten days after the conviction, entry of deferred
31 judgment or forfeiture of bail of a person upon a charge of
32 violating any provision of this chapter or other law regulating
33 the operation of vehicles on highways every said magistrate
34 of the court or clerk of the court of record in which such
35 conviction was had or bail was forfeited shall prepare and

1 immediately forward to the department an abstract of the
2 record of said court covering the case in which said person
3 was so convicted or forfeited bail, which abstract must be
4 certified by the person so required to prepare the same to
5 be true and correct.

6 Every clerk of a court of record shall also forward a like
7 report to the department upon the conviction or deferred
8 judgment of any person of manslaughter or other felony in
9 the commission of which a vehicle was used.

10 Sec. 3. Section three hundred twenty-one point one hundred
11 eight-one (321.181), unnumbered paragraph three (3), and
12 sections three hundred twenty-one A point twenty-six (321A.26)
13 through three hundred twenty-one A point thirty-nine (321A.39),
14 Code 1977, are repealed.

15 EXPLANATION

16 This bill modifies the motor vehicle insurance laws by
17 mandating as of January 1, 1978 that owners and operators
18 of motor vehicles registered or operated in this state maintain
19 liability insurance coverage at 10,000/20,000/5,000 dollar
20 levels. Enforcement of the law is accomplished by granting
21 to the director of transportation the authority to suspend
22 or revoke operator's licenses, nonresident privileges and
23 motor vehicle registrations of persons found to be in viola-
24 tion of the provisions of the bill. Proof of financial
25 responsibility may be established by liability insurance or
26 by a liability bond, or in limited instances through self-
27 insurance.

28 The bill requires resident owners of motor vehicles to
29 submit evidence of financial responsibility in order to obtain
30 registration. In the event of motor vehicle accidents,
31 cancellations of insurance coverage, convictions of traffic
32 law violations, and failures to make the required minimum
33 payment toward judgments rendered in motor vehicle accident
34 cases, provisions are made for the reporting of this
35 information to the director who then initiates procedures

1 to verify the existence of proof of financial responsibility,
2 and procedures for suspension or revocation where warranted.

3 The director is authorized by the bill to petition the
4 district court for a warrant authorizing the confiscation
5 of registration plates where persons in violation fail to
6 voluntarily submit proof or surrender registrations. It is
7 made unlawful for an owner to permit the operation of an
8 uninsured owned motor vehicle, or for a person to knowingly
9 operate an uninsured motor vehicle. A first offense is a
10 simple misdemeanor.

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

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