

State for table

Senate File 426

TRANSPORTATION: Coleman, Chair; Doyle and Nystrom

SENATE FILE 426

BY RODGERS

FILED MAR 12 1985

Passed Senate, Date _____ Passed House, Date _____

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

Approved _____

A BILL FOR

1 An Act relating to liability insurance requirements for the
2 operation and registration of motor vehicles in this
3 state, making penalties applicable.

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

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1 Section 1. NEW SECTION. 321.20A PROOF OF SECURITY
2 AGAINST LIABILITY.

3 1. Notwithstanding chapter 321A, as it pertains to who is
4 required to maintain proof of financial responsibility, a
5 person shall not operate a motor vehicle which is registered
6 in this state on the highways of this state unless liability
7 insurance coverage as defined in section 321.1, subsection 86,
8 is in effect for the motor vehicle.

9 2. The department shall not register a motor vehicle or
10 issue a registration certificate or registration plates unless
11 the applicant has submitted proof of liability insurance
12 coverage. The department shall revoke a registration upon
13 receipt of a notice of cancellation under subsection 3, unless
14 the person submits proof of substitute liability insurance
15 coverage.

16 3. An insurance company transacting business in this state
17 shall notify the state department of transportation, in a
18 manner prescribed by the commissioner of insurance after
19 consultation with the state department of transportation, of a
20 cancellation of an insurance policy issued to an owner of a
21 motor vehicle registered in this state to satisfy the
22 requirements of liability insurance coverage.

23 4. The state department of transportation and the
24 insurance department shall adopt rules pursuant to chapter 17A
25 to implement this section.

26 Sec. 2. Section 321.1, Code 1985, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 86. "Liability insurance coverage" means
29 an owner's policy of liability insurance which is issued by an
30 insurance carrier authorized to do business in this state to
31 or for the benefit of the person named in the policy as
32 insured, and insuring the person named as insured and any
33 person using an insured motor vehicle with the express or
34 implied permission of the named insured against loss from
35 liability imposed by law for damages arising out of the

1 ownership, maintenance, or use of an insured motor vehicle
2 within the United States of America or the Dominion of Canada,
3 but subject to minimum limits, exclusive of interest and
4 costs, in the amounts specified in section 321A.21. However,
5 if another provision of the Code requires a person to have
6 liability insurance coverage which exceeds the minimum
7 requirements of this subsection, that provision of the Code
8 supersedes the minimum requirements of this subsection.

9 Sec. 3. Section 321.20, Code 1985, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 6. Proof of liability insurance coverage
12 as required under section 321.20A.

13 Sec. 4. Section 321.24, Code 1985, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. Prior to issuing a registration,
16 the county treasurer shall verify that the applicant has
17 submitted proof of liability insurance coverage as required
18 under section 321.20A. If proof is not submitted,
19 registration shall not be issued. Proof of liability
20 insurance coverage is not required for issuance of a
21 certificate of title.

22 Sec. 5. Section 321.30, Code 1985, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 11. If the application does not include
25 proof of liability insurance coverage as required under
26 section 321.20A.

27 Sec. 6. Section 321.40, unnumbered paragraph 1, Code 1985,
28 is amended to read as follows:

29 Application for renewal of a vehicle registration shall be
30 made on or after the first day of the month of expiration of
31 registration and up to and including the last day of the month
32 following the month of expiration of registration. The
33 registration shall be renewed upon payment of the appropriate
34 registration fee and upon submission of proof of liability
35 insurance coverage as defined in section 321.1, subsection 86.

1 Sec. 7. Section 321.46, subsection 2, Code 1985, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. Prior to issuing a registration
4 the county treasurer shall verify that the applicant has
5 submitted proof of liability insurance coverage as defined in
6 section 321.1, subsection 86. If proof is not submitted,
7 registration shall not be issued. Proof of liability
8 insurance coverage is not required for issuance of a
9 certificate of title.

10 Sec. 8. Section 321.54, unnumbered paragraph 1, Code 1985,
11 is amended to read as follows:

12 Nonresident owners of foreign vehicles operated within this
13 state for the intrastate transportation of persons or property
14 for compensation or for the intrastate transportation of
15 merchandise shall register and maintain liability insurance
16 coverage for each such vehicle and pay the same fees therefor
17 ~~as-is~~ required ~~with-reference-to~~ for like vehicles owned by
18 residents of this state.

19 Sec. 9. Section 321.55, Code 1985, is amended to read as
20 follows:

21 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR
22 OPERATED BY NONRESIDENTS.

23 A nonresident owner or operator engaged in remunerative
24 employment within the state or carrying on business within the
25 state and owning or operating a motor vehicle, trailer, or
26 semitrailer within the state shall register and maintain
27 liability insurance coverage for each such vehicle and pay the
28 same fees for registration as are paid for like vehicles owned
29 by residents of this state. However, this paragraph does not
30 apply to a person commuting from the person's residence in
31 another state or whose employment is seasonal or temporary,
32 not exceeding ninety days.

33 A nonresident owner of a motor vehicle operated within the
34 state by a resident of the state shall register the vehicle
35 and shall maintain liability insurance coverage for the

1 vehicle. The nonresident owner shall pay the same fees for
2 registration as are paid for like vehicles owned by residents
3 of this state. However, registration under this paragraph
4 does-not-apply-to is not required for vehicles being operated
5 by residents temporarily, not exceeding ninety days. It is
6 unlawful for a resident to operate within the state an
7 unregistered motor vehicle required to be registered under
8 this paragraph.

9 Sec. 10. Section 321.57, unnumbered paragraph 1, Code
10 1985, is amended to read as follows:

11 A dealer owning any vehicle of a type otherwise required to
12 be registered hereunder under this chapter may operate or move
13 the same vehicle upon the highways solely for purposes of
14 transporting, testing, demonstrating or selling the same
15 vehicle without registering each-such the vehicle upon
16 condition that any-such the vehicle display in the manner
17 prescribed in sections 321.37 and 321.38 a special plate
18 issued to such the owner as provided in sections 321.58 to
19 321.62. ~~In-addition-to-the-foregoing,-a~~ However, if the
20 vehicle is a motor vehicle the dealer shall maintain liability
21 insurance coverage for the motor vehicle as required under
22 section 321.20A. A new car dealer or a used car dealer may
23 operate or move upon the highways any new or used car or
24 trailer owned by the dealer for either private or business
25 purposes without registering ~~the-same~~ it providing ~~{1}~~-such
26 the new or used car or trailer is in the dealer's inventory
27 and is continuously offered for sale at retail, and ~~{2}~~ there
28 is displayed thereon on it a special plate issued to such the
29 dealer as provided in sections 321.58 to 321.62.

30 Sec. 11. Section 321A.5, subsection 2, paragraph d, Code
31 1985, is amended by striking the paragraph.

32 Sec. 12. Section 321A.17, subsections 1 through 3, Code
33 1985, are amended to read as follows:

34 1. Whenever When the director, under any law of this
35 state, suspends or revokes the license of any a person upon

1 receiving record of a conviction or a forfeiture of bail or
2 revokes the license of any a person pursuant to chapter 321B,
3 the director shall also suspend the registration for all motor
4 vehicles registered in the name of the person, except that the
5 director shall not suspend the registration, unless otherwise
6 required by law, if the person has previously given or
7 immediately gives and thereafter maintains proof of financial
8 responsibility liability insurance coverage, as defined in
9 section 321.1, subsection 86, with respect to all motor
10 vehicles registered by the person.

11 2. Such The license and-registration shall remain
12 suspended or revoked and shall not at-any-time-thereafter be
13 renewed nor shall any a license be thereafter issued to such
14 the person, nor-shall-any-motor-vehicle-be-thereafter
15 registered-in-the-name-of-such-person until permitted under
16 the motor vehicle laws of this state and not then unless and
17 until the person shall-give gives and thereafter-maintain
18 maintains proof of financial responsibility. The registration
19 shall remain suspended and no motor vehicle shall be
20 registered in the name of the person until the person gives
21 and maintains proof of liability insurance coverage, as
22 defined in section 321.1, subsection 86.

23 3. If a person is not licensed, but by final order or
24 judgment is convicted of or forfeits any bail or collateral
25 deposited to secure an appearance for trial for any offense
26 requiring the suspension or revocation of license, or for
27 operating an unregistered motor vehicle upon the highways, no
28 license shall be thereafter issued to such that person and-no
29 motor-vehicle-shall-continue-to-be-registered-or-thereafter-be
30 registered-in-the-name-of-such-person until the person shall
31 give gives and thereafter-maintain maintains proof of
32 financial responsibility. A motor vehicle shall not continue
33 to be registered nor thereafter be registered until the person
34 gives and maintains proof of liability insurance coverage as
35 defined in section 321.1, subsection 86.

1 Sec. 13. Section 321A.26, Code 1985, is amended to read as
2 follows:

3 321A.26 OWNER MAY GIVE PROOF FOR OTHERS.

4 ~~Whenever-any~~ When a person required to give proof of
5 financial responsibility hereunder is or later becomes an
6 operator in the employ of any an owner, or is or later becomes
7 a member of the immediate family or household of the owner,
8 the director shall accept proof given by ~~such~~ the owner in
9 lieu of proof by ~~such-other~~ the person to permit ~~such-other~~
10 the person to operate a motor vehicle for which the owner has
11 given proof ~~as-herein-provided-or-has-qualified-as-a-self-~~
12 ~~insurer-under-section-321A-34~~. The director shall designate
13 the restrictions imposed by this section on the face of ~~such~~
14 the person's motor vehicle license.

15 Sec. 14. Section 321A.32, subsection 3, Code 1985, is
16 amended to read as follows:

17 3. ~~Any~~ A person who ~~shall-forge~~ forges or, without
18 authority, ~~sign-any~~ signs a notice provided for under section
19 321A.5 that a policy or bond is in effect, or any evidence of
20 proof of financial responsibility, or any evidence of proof of
21 liability insurance coverage as defined in section 321.1,
22 subsection 86, or who files or offers for filing any such
23 notice or evidence of proof knowing or having reason to
24 believe that it is forged or signed without authority, ~~shall~~
25 be is guilty of a serious misdemeanor.

26 Sec. 15. Section 326.6, Code 1985, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 4. Commercial vehicles shall not be
29 registered proportionally unless the owners submit proof to
30 the department of liability insurance coverage for the
31 vehicles as required under section 321.20A.

32 Sec. 16. Section 326.7, unnumbered paragraph 1, Code 1985,
33 is amended to read as follows:

34 ~~Notwithstanding-any-other-law-to-the-contrary,-and-as~~ As an
35 alternative to the procedure set out in section 326.6, the

1 department may enter into agreements providing for
2 proportional registration between this state and other
3 jurisdictions of fleets of commercial vehicles owned by
4 residents or nonresidents engaged in interstate commerce or
5 simultaneously engaged in interstate and intrastate commerce
6 on the basis of compact miles. However, commercial vehicles
7 shall not be registered proportionally unless the owner
8 submits proof of liability insurance coverage for the vehicles
9 as required under section 321.20A.

10 Sec. 17. Section 326.11, Code 1985, is amended to read as
11 follows:

12 326.11 SUBSEQUENTLY ACQUIRED VEHICLES.

13 Vehicles acquired by a fleet owner after the commencement
14 of the registration year and subsequently added to the fleet
15 shall be prorated by applying the mileage percentage used in
16 the original application for such the fleet for such the
17 registration period to registration fees due under chapter 321
18 but in no case less than that required by section 326.10. A
19 supplemental report shall be filed with the department not
20 later than ten days after such an addition to the fleet and
21 shall include proof that the additional vehicles have
22 liability insurance coverage as required under section
23 321.20A.

24 The director may issue temporary written authorization to
25 carriers for vehicles acquired by a fleet owner and added to
26 the fleet owner's prorate fleet after the beginning of the
27 registration year. Temporary authorization shall not be
28 issued unless the owner submits proof that the additional
29 vehicles have liability insurance coverage as defined in
30 section 321.1, subsection 86. The temporary authority shall
31 permit the operation of a commercial vehicle until permanent
32 identification is issued, except that the temporary authority
33 shall expire after forty-five days.

34 Sec. 18. Section 326.25, Code 1985, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 4. Upon a determination that the vehicle
2 does not have liability insurance coverage as required under
3 section 321.20A.

4 Sec. 19. Section 321A.34, Code 1985, is repealed.

5 EXPLANATION

6 This bill provides that a person must submit proof of the
7 existence of liability insurance coverage as a condition
8 precedent to obtaining registration or registration plates for
9 a motor vehicle. The liability insurance must be obtained
10 from an insurance policy issued by an insurance carrier
11 authorized to transact insurance in this state which covers
12 the insured and any person operating an insured motor vehicle
13 with the express or implied consent of the insured against
14 loss through legal liability for damages arising from the
15 ownership, operation, or maintenance of the motor vehicle.
16 The coverage would have to be applicable throughout the United
17 States and Canada, and would have to be not less than the
18 amounts specified in chapter 321A.

19 The bill creates and internally cites new section 321.20A.

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