

Commerce 4/8/85

Senate File 543

COMMERCE: Palmer, Chair; Kinley and Holden

SENATE FILE

543

BY COMMITTEE ON COMMERCE

Approved 3/22 (7 988)

FILED MAR 22 1985

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to underinsured and uninsured motorist coverage.

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

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

87543

1 Section 1. Section 516A.2, Code 1985, is amended by adding  
2 the following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. This chapter does not require an  
4 insurer offering underinsured motorists coverage to offer the  
5 coverage in amounts greater than twenty-five thousand dollars  
6 because of bodily injury to or death of one person in any one  
7 accident and a total of fifty thousand dollars because of  
8 bodily injury to or death of two or more persons in any one  
9 accident.

10 NEW UNNUMBERED PARAGRAPH. The maximum liability of the  
11 insurer under the underinsured motorists coverage provided  
12 shall be the lesser of the following:

13 1. The difference between the limit of underinsured  
14 motorists coverage mandated and the amount paid to the insured  
15 by or for any person or organization who may be held legally  
16 liable for the bodily injury.

17 2. The amount of damages sustained but not recovered.

18 3. The limits of the underinsured motorists coverage  
19 provided.

20 Sec. 2. Section 516A.3, Code 1985, is amended to read as  
21 follows:

22 516A.3 DEFINITION.

23 1. For the purpose of this chapter, ~~the term~~ subject to  
24 the terms and conditions of the required coverage, "uninsured  
25 motor vehicle" ~~shall; subject to the terms and conditions of~~  
26 ~~the coverage herein required, be deemed to include~~ includes an  
27 insured motor vehicle with respect to which insolvency  
28 proceedings have been instituted against the liability insurer  
29 thereof of the motor vehicle by the insurance regulatory  
30 official of this or any other state or territory of the United  
31 States or of the District of Columbia.

32 An insurer's insolvency protection ~~shall be~~ is applicable  
33 only to accidents occurring during a policy period in which  
34 its insured's uninsured motorist coverage is in effect and  
35 only if the liability insurer of the tort-feasor is insolvent

1 at the time of such-an the accident or becomes insolvent  
2 within one year after such-an the accident.

3 2. As used in this chapter, "underinsured motor vehicle"  
4 means a motor vehicle with respect to the ownership,  
5 operation, maintenance or use of which there is bodily injury  
6 liability or a bond applicable at the time of the accident and  
7 the amount of insurance or bond is less than the statutory  
8 minimum underinsurance coverage as defined in this chapter.

9 3. "Uninsured motor vehicle" and "underinsured motor  
10 vehicle" do not include a motor vehicle with any of the  
11 following characteristics:

12 a. Insured under the liability coverage of the policy of  
13 which the uninsured motorists or underinsured motorists  
14 coverage is a part.

15 b. Owned by, furnished or available for the regular use of  
16 the named insured or any resident of the same household.

17 c. Self-insured within the meaning of the financial  
18 responsibility law of the state in which the motor vehicle is  
19 registered or any similar state or federal law which requires  
20 maintenance of financial responsibility.

21 d. Owned by any government, political subdivision or  
22 agency of the government or political subdivision.

23 e. Located for use as a residence or premises and not as a  
24 vehicle.

25 Sec. 3. NEW SECTION. 516A.5 CALCULATION OF DAMAGES OR  
26 COVERAGE.

27 Damages payable under the terms of the uninsured or un-  
28 derinsured motorists coverage to or for any person shall be  
29 reduced by subtracting any of the following that are  
30 applicable:

31 1. The amount paid and the present value of all amounts  
32 payable under a workers' compensation or other similar law  
33 exclusive of nonoccupational disability benefits.

34 2. The amounts paid or payable under a valid and collect-  
35 able automobile medical payments insurance or a similar auto-

1 mobile personal injury protection insurance payable without  
2 regard to fault.

3 3. An amount paid to or for the insured by or for any  
4 person or organization who is or may be held legally liable  
5 for bodily injury, sickness, disease or death of the insured.

6 Regardless of the number of vehicles involved, persons  
7 covered, claims made, vehicles or premiums shown on the policy  
8 or premiums paid, the limit of liability for uninsured  
9 motorists coverage or underinsured motorists coverage for two  
10 or more vehicles insured under the same policy shall not be  
11 added together, combined, or stacked to determine the limit of  
12 insurance coverage available to an injured person for any one  
13 accident.

14 EXPLANATION

15 This bill adds several provisions regarding the insurance  
16 coverage for underinsured and uninsured motorists. Section 1  
17 establishes the maximum amount of underinsured motorists  
18 coverage that may be required. Section 2 provides a  
19 definition for underinsured motor vehicle and exclusions from  
20 that definition and also from the definition of uninsured  
21 motor vehicle. Section 3 establishes a method for determining  
22 damages payable under underinsured or uninsured motorist  
23 coverage as well as a prohibition against combining or  
24 stacking of coverage.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

S-3972

SENATE FILE 543

1 Amend Senate File 543 as follows:

2 1. Page 1, by inserting before line 1 the  
3 following:

4 "Section 1. NEW SECTION. 321.20A PROOF OF  
5 SECURITY AGAINST LIABILITY.

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

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

21 3. An insurance company transacting business in  
22 this state shall notify the state department of  
23 transportation, in a manner prescribed by the  
24 commissioner of insurance after consultation with the  
25 state department of transportation, of a cancellation  
26 of an insurance policy issued to an owner of a motor  
27 vehicle registered in this state to satisfy the  
28 requirements of liability insurance coverage.

29 4. The state department of transportation and the  
30 insurance department shall adopt rules pursuant to  
31 chapter 17A to implement this section.

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

34 NEW SUBSECTION. 86. "Liability insurance  
35 coverage" means an owner's policy of liability  
36 insurance which is issued by an insurance carrier  
37 authorized to do business in this state to or for the  
38 benefit of the person named in the policy as insured,  
39 and insuring the person named as insured and any  
40 person using an insured motor vehicle with the express  
41 or implied permission of the named insured against  
42 loss from liability imposed by law for damages arising  
43 out of the ownership, maintenance, or use of an  
44 insured motor vehicle within the United States of  
45 America or the Dominion of Canada, but subject to  
46 minimum limits, exclusive of interest and costs, in  
47 the amounts specified in section 321A.21. However, if  
48 another provision of the Code requires a person to  
49 have liability insurance coverage which exceeds the  
50 minimum requirements of this subsection, that

S-3572 page 2

1 provision of the Code supersedes the minimum  
2 requirements of this subsection.

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

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

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

9 NEW UNNUMBERED PARAGRAPH. Prior to issuing a  
10 registration, the county treasurer shall verify that  
11 the applicant has submitted proof of liability  
12 insurance coverage as required under section 321.20A.  
13 If proof is not submitted, registration shall not be  
14 issued. Proof of liability insurance coverage is not  
15 required for issuance of a certificate of title.

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

18 NEW SUBSECTION. 11. If the application does not  
19 include proof of liability insurance coverage as  
20 required under section 321.20A.

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

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

32 Sec. 7. Section 321.46, subsection 2, Code 1985,  
33 is amended by adding the following new unnumbered  
34 paragraph:

35 NEW UNNUMBERED PARAGRAPH. Prior to issuing a  
36 registration the county treasurer shall verify that  
37 the applicant has submitted proof of liability  
38 insurance coverage as defined in section 321.1,  
39 subsection 86. If proof is not submitted, registra-  
40 tion shall not be issued. Proof of liability  
41 insurance coverage is not required for issuance of a  
42 certificate of title.

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

45 Nonresident owners of foreign vehicles operated  
46 within this state for the intrastate transportation of  
47 persons or property for compensation or for the  
48 intrastate transportation of merchandise shall  
49 register and maintain liability insurance coverage for  
50 each such vehicle and pay the same fees therefor-as-is

S-3572 page 3

1 required ~~with-reference-to~~ for like vehicles owned by  
2 residents of this state.

3 Sec. 9. Section 321.55, Code 1985, is amended to  
4 read as follows:

5 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES  
6 OWNED OR OPERATED BY NONRESIDENTS.

7 A nonresident owner or operator engaged in  
8 remunerative employment within the state or carrying  
9 on business within the state and owning or operating a  
10 motor vehicle, trailer, or semitrailer within the  
11 state shall register and maintain liability insurance  
12 coverage for each such vehicle and pay the same fees  
13 for registration as are paid for like vehicles owned  
14 by residents of this state. However, this paragraph  
15 does not apply to a person commuting from the person's  
16 residence in another state or whose employment is  
17 seasonal or temporary, not exceeding ninety days.

18 A nonresident owner of a motor vehicle operated  
19 within the state by a resident of the state shall  
20 register the vehicle and shall maintain liability  
21 insurance coverage for the vehicle. The nonresident  
22 owner shall pay the same fees for registration as are  
23 paid for like vehicles owned by residents of this  
24 state. However, registration under this paragraph  
25 does-not-apply-to is not required for vehicles being  
26 operated by residents temporarily, not exceeding  
27 ninety days. It is unlawful for a resident to operate  
28 within the state an unregistered motor vehicle  
29 required to be registered under this paragraph.

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

32 A dealer owning any vehicle of a type otherwise  
33 required to be registered ~~hereunder~~ under this chapter  
34 may operate or move the same vehicle upon the highways  
35 solely for purposes of transporting, testing,  
36 demonstrating or selling the same vehicle without  
37 registering each-such the vehicle upon condition that  
38 any-such the vehicle display in the manner prescribed  
39 in sections 321.37 and 321.38 a special plate issued  
40 to such the owner as provided in sections 321.58 to  
41 321.62. In-addition-to-the-foregoing, a However, if  
42 the vehicle is a motor vehicle the dealer shall  
43 maintain liability insurance coverage for the motor  
44 vehicle as required under section 321.20A. A new car  
45 dealer or a used car dealer may operate or move upon  
46 the highways any new or used car or trailer owned by  
47 the dealer for either private or business purposes  
48 without registering the-same it providing, -{ }-such  
49 the new or used car or trailer is in the dealer's  
50 inventory and is continuously offered for sale at

1 retail, and ~~†2†~~ there is displayed thereon on it a  
2 special plate issued to ~~such the~~ dealer as provided in  
3 sections 321.58 to 321.62.

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

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

8 1. ~~Whenever~~ When the director, under any law of  
9 this state, suspends or revokes the license of any a  
10 person upon receiving record of a conviction or a  
11 forfeiture of bail or revokes the license of any a  
12 person pursuant to chapter 321B, the director shall  
13 also suspend the registration for all motor vehicles  
14 registered in the name of the person, except that the  
15 director shall not suspend the registration, unless  
16 otherwise required by law, if the person has  
17 previously given or immediately gives and thereafter  
18 maintains proof of ~~financial-responsibility liability~~  
19 insurance coverage, as defined in section 321.1,  
20 subsection 86, with respect to all motor vehicles  
21 registered by the person.

22 2. ~~Such The~~ license and-registration shall remain  
23 suspended or revoked and shall not ~~at-any-time~~  
24 thereafter be renewed nor shall any a license be  
25 thereafter issued to ~~such the~~ person, ~~nor-shall-any~~  
26 ~~motor-vehicle-be-thereafter-registered-in-the-name-of~~  
27 ~~such-person~~ until permitted under the motor vehicle  
28 laws of this state and not then unless and until the  
29 person ~~shall-give~~ gives and thereafter-maintain  
30 maintains proof of financial responsibility. The  
31 registration shall remain suspended and no motor  
32 vehicle shall be registered in the name of the person  
33 until the person gives and maintains proof of  
34 liability insurance coverage, as defined in section  
35 321.1, subsection 86.

36 3. If a person is not licensed, but by final order  
37 or judgment is convicted of or forfeits any bail or  
38 collateral deposited to secure an appearance for trial  
39 for any offense requiring the suspension or revocation  
40 of license, or for operating an unregistered motor  
41 vehicle upon the highways, no license shall be  
42 thereafter issued to ~~such that~~ person and-no-motor  
43 ~~vehicle-shall-continue-to-be-registered-or-thereafter~~  
44 ~~be-registered-in-the-name-of-such-person~~ until the  
45 person ~~shall-give~~ gives and thereafter-maintain  
46 maintains proof of financial responsibility. A motor  
47 vehicle shall not continue to be registered nor  
48 thereafter be registered until the person gives and  
49 maintains proof of liability insurance coverage as  
50 defined in section 321.1, subsection 86.

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

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

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

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

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

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

30 NEW SUBSECTION. 4. Commercial vehicles shall not  
31 be registered proportionally unless the owners submit  
32 proof to the department of liability insurance  
33 coverage for the vehicles as required under section  
34 321.20A.

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

37 ~~Notwithstanding-any-other-law-to-the-contrary,-and~~  
38 ~~as~~ As an alternative to the procedure set out in  
39 section 326.6, the department may enter into  
40 agreements providing for proportional registration  
41 between this state and other jurisdictions of fleets  
42 of commercial vehicles owned by residents or  
43 nonresidents engaged in interstate commerce or  
44 simultaneously engaged in interstate and intrastate  
45 commerce on the basis of compact miles. However,  
46 commercial vehicles shall not be registered  
47 proportionally unless the owner submits proof of  
48 liability insurance coverage for the vehicles as  
49 required under section 321.20A.

50 Sec. 17. Section 326.11, Code 1985, is amended to

S-3572 page 6

1 read as follows:

2 326.11 SUBSEQUENTLY ACQUIRED VEHICLES.

3 Vehicles acquired by a fleet owner after the  
4 commencement of the registration year and subsequently  
5 added to the fleet shall be prorated by applying the  
6 mileage percentage used in the original application  
7 for such the fleet for such the registration period to  
8 registration fees due under chapter 321 but in no case  
9 less than that required by section 326.10. A  
10 supplemental report shall be filed with the department  
11 not later than ten days after such an addition to the  
12 fleet and shall include proof that the additional  
13 vehicles have liability insurance coverage as required  
14 under section 321.20A.

15 The director may issue temporary written  
16 authorization to carriers for vehicles acquired by a  
17 fleet owner and added to the fleet owner's prorate  
18 fleet after the beginning of the registration year.  
19 Temporary authorization shall not be issued unless the  
20 owner submits proof that the additional vehicles have  
21 liability insurance coverage as defined in section  
22 321.1, subsection 86. The temporary authority shall  
23 permit the operation of a commercial vehicle until  
24 permanent identification is issued, except that the  
25 temporary authority shall expire after forty-five  
26 days.

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

29 NEW SUBSECTION. 4. Upon a determination that the  
30 vehicle does not have liability insurance coverage as  
31 required under section 321.20A.

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

1 Amend Senate File 543 as follows:

2 1. Page 1, by striking lines 1 through 19 and  
3 inserting the following:

4 "Section 1. Section 516A.1, Code 1985, is amended  
5 to read as follows:

6 516A.1 COVERAGE INCLUDED IN EVERY LIABILITY POLICY  
7 -- REJECTION BY INSURED.

8 No An automobile liability or motor vehicle  
9 liability insurance policy insuring against liability  
10 for bodily injury or death arising out of the  
11 ownership, maintenance, or use of a motor vehicle  
12 shall not be delivered or issued for delivery in this  
13 state with respect to any motor vehicle registered or  
14 principally garaged in this state, unless coverage is  
15 provided in such the policy or supplemental thereto to  
16 the policy, for the protection of persons insured  
17 under such the policy who are legally entitled to  
18 recover damages from the owner or operator of an  
19 uninsured motor vehicle or a hit-and-run motor vehicle  
20 or an underinsured motor vehicle because of bodily  
21 injury, sickness, or disease, including death  
22 resulting ~~therefrom~~ from, caused by accident and  
23 arising out of the ownership, maintenance, or use of  
24 such the uninsured or underinsured motor vehicle, or  
25 arising out of physical contact of such the hit-and-  
26 run motor vehicle with the person insured or with a  
27 motor vehicle which the person insured is occupying at  
28 the time of the accident. ~~Both the uninsured motor~~  
29 ~~vehicle or hit and run motor vehicle coverage, and the~~  
30 ~~underinsured motor vehicle coverage~~ Such coverage  
31 shall be included in a single policy or supplement to  
32 the policy. The coverage shall include limits for  
33 bodily injury or death at least equal to those stated  
34 in section 321A.1, subsection 10. The form and  
35 provisions of such the coverage shall be examined and  
36 approved by the commissioner of insurance.

37 However, the named insured may reject ~~all of such~~  
38 ~~the coverage, or reject the uninsured motor vehicle or~~  
39 ~~hit and run motor vehicle coverage, or reject the~~  
40 ~~underinsured motor vehicle coverage,~~ by written  
41 rejections signed by the named insured. If rejection  
42 is made on a form or document furnished by an  
43 insurance company or insurance agent, it shall be on a  
44 separate sheet of paper which contains only the  
45 rejection and information directly related to it.  
46 ~~Such coverage need not be provided in or supplemental~~  
47 ~~to a renewal policy if the named insured has rejected~~  
48 ~~the coverage in connection with a policy previously~~  
49 ~~issued to the named insured by the same insurer."~~

50 2. Page 2, by striking line 27 and inserting the

S-3581 page 2

1 following:

2 "The maximum damages payable under the terms of the  
3 uninsured-un".

4 3. Page 2, line 28, by inserting after the word  
5 "be" the following: "the policy limits under the  
6 coverage".

7 4. Page 3, by inserting after line 13 the  
8 following:

9 "Sec. \_\_\_\_ Section 516A.2, Code 1985, is  
10 repealed."

S-3581 Filed April 2, 1985

By BRUNER

SSB 345  
Commerce

COMMERCE: Palmer, Chair; Kinley and Holden

New  
SF 543

SENATE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
COMMERCE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to underinsured and uninsured motorist coverage.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section 516A.2, Code 1985, is amended by adding  
2 the following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. This chapter does not require an  
4 insurer offering underinsured motorists coverage to offer the  
5 coverage in amounts greater than twenty-five thousand dollars  
6 because of bodily injury to or death of one person in any one  
7 accident and a total of fifty thousand dollars because of  
8 bodily injury to or death of two or more persons in any one  
9 accident.

10 NEW UNNUMBERED PARAGRAPH. The maximum liability of the  
11 insurer under the underinsured motorists coverage provided  
12 shall be the lesser of the following:

13 1. The difference between the limit of underinsured  
14 motorists coverage mandated and the amount paid to the insured  
15 by or for any person or organization who may be held legally  
16 liable for the bodily injury.

17 2. The amount of damages sustained but not recovered.

18 3. The limits of the underinsured motorists coverage  
19 provided.

20 Sec. 2. Section 516A.3, Code 1985, is amended to read as  
21 follows:

22 516A.3 DEFINITION.

23 1. For the purpose of this chapter, the term subject to  
24 the terms and conditions of the required coverage, "uninsured  
25 motor vehicle" ~~shall, subject to the terms and conditions of~~  
26 ~~the coverage herein required, be deemed to include~~ includes an  
27 insured motor vehicle with respect to which insolvency  
28 proceedings have been instituted against the liability insurer  
29 thereof of the motor vehicle by the insurance regulatory  
30 official of this or any other state or territory of the United  
31 States or of the District of Columbia.

32 An insurer's insolvency protection ~~shall be~~ is applicable  
33 only to accidents occurring during a policy period in which  
34 its insured's uninsured motorist coverage is in effect and  
35 only if the liability insurer of the tort-feasor is insolvent

1 at the time of ~~such-an~~ the accident or becomes insolvent  
2 within one year after ~~such-an~~ the accident.

3 2. As used in this chapter, "underinsured motor vehicle"  
4 means a motor vehicle with respect to the ownership,  
5 operation, maintenance or use of which there is bodily injury  
6 liability or a bond applicable at the time of the accident and  
7 the amount of insurance or bond is less than the statutory  
8 minimum underinsurance coverage as defined in this chapter.

9 3. "Uninsured motor vehicle" and "underinsured motor  
10 vehicle" do not include a motor vehicle with any of the  
11 following characteristics:

12 a. Insured under the liability coverage of the policy of  
13 which the uninsured motorists or underinsured motorists  
14 coverage is a part.

15 b. Owned by, furnished or available for the regular use of  
16 the named insured or any resident of the same household.

17 c. Self-insured within the meaning of the financial  
18 responsibility law of the state in which the motor vehicle is  
19 registered or any similar state or federal law which requires  
20 maintenance of financial responsibility.

21 d. Owned by any government, political subdivision or  
22 agency of the government or political subdivision.

23 e. Located for use as a residence or premises and not as a  
24 vehicle.

25 Sec. 3. NEW SECTION. 516A.5 CALCULATION OF DAMAGES OR  
26 COVERAGE.

27 Damages payable under the terms of the uninsured or un-  
28 derinsured motorists coverage to or for any person shall be  
29 reduced by subtracting any of the following that are  
30 applicable:

31 1. The amount paid and the present value of all amounts  
32 payable under a workers' compensation or other similar law  
33 exclusive of nonoccupational disability benefits.

34 2. The amounts paid or payable under a valid and collect-  
35 able automobile medical payments insurance or a similar auto-

1 mobile personal injury protection insurance payable without  
2 regard to fault.

3 3. An amount paid to or for the insured by or for any  
4 person or organization who is or may be held legally liable  
5 for bodily injury, sickness, disease or death of the insured.

6 Regardless of the number of vehicles involved, persons  
7 covered, claims made, vehicles or premiums shown on the policy  
8 or premiums paid, the limit of liability for uninsured  
9 motorists coverage or underinsured motorists coverage for two  
10 or more vehicles insured under the same policy shall not be  
11 added together, combined, or stacked to determine the limit of  
12 insurance coverage available to an injured person for any one  
13 accident.

14 EXPLANATION

15 This bill adds several provisions regarding the insurance  
16 coverage for underinsured and uninsured motorists. Section 1  
17 establishes the maximum amount of underinsured motorists  
18 coverage that may be required. Section 2 provides a  
19 definition for underinsured motor vehicle and exclusions from  
20 that definition and also from the definition of uninsured  
21 motor vehicle. Section 3 establishes a method for determining  
22 damages payable under underinsured or uninsured motorist  
23 coverage as well as a prohibition against combining or  
24 stacking of coverage.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35