

TRANSPORTATION: Coleman, Chair; Doyle and Nystrom

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SENATE FILE 362  
BY VANDE HOEF

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

**A BILL FOR**

1 An Act relating to proof of financial responsibility and  
2 requiring certain motor vehicles operated in this state to  
3 have liability insurance coverage, as defined in the Act, and  
4 providing a penalty and effective dates.

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

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SF 362

1 Section 1. Section 321.1, Code 1987, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 87. "Liability insurance coverage" means  
4 any of the following:

5 a. An owner's policy of liability insurance which is  
6 issued by an insurance carrier authorized to do business in  
7 this state to or for the benefit of the person named in the  
8 policy as insured, and insuring the person named as insured  
9 and any person using an insured motor vehicle with the express  
10 or implied permission of the named insured against loss from  
11 liability imposed by law for damages arising out of the  
12 ownership, maintenance, or use of an insured motor vehicle  
13 within the United States of America or the Dominion of Canada,  
14 but subject to minimum limits, exclusive of interest and  
15 costs, in the amounts specified in section 321A.21. However,  
16 if another provision of the Code requires a person to have  
17 liability insurance coverage which exceeds the minimum  
18 requirements of this subsection, that provision of the Code  
19 supersedes the minimum requirements of this subsection.

20 b. A bond filed with the director pursuant to section  
21 321A.24.

22 c. A valid certificate of deposit of money or security  
23 issued by the treasurer of state pursuant to section 321A.25.

24 NEW SUBSECTION. 88. "Proof of insurance card" means  
25 either a liability insurance card issued under section  
26 321.20A, bond insurance card issued under section 321A.24, or  
27 security insurance card issued under section 321A.25.

28 Sec. 2. NEW SECTION. 321.20A PROOF OF SECURITY AGAINST  
29 LIABILITY.

30 1. Notwithstanding chapter 321A, as it pertains to who is  
31 required to maintain proof of financial responsibility, a  
32 person shall not drive a motor vehicle which is registered in  
33 this state on the highways of this state unless liability  
34 insurance coverage as defined in section 321.1, subsection 87,  
35 is in effect for the motor vehicle and unless the driver has

1 in the motor vehicle the proof of insurance card issued for  
2 the motor vehicle.

3 2. An insurance company transacting business in this state  
4 shall issue to its insured owners of motor vehicles registered  
5 in this state a liability insurance card for each registered  
6 motor vehicle insured. The liability insurance card shall be  
7 in accordance with rules adopted by the commissioner of  
8 insurance pursuant to chapter 17A after consultation with the  
9 state department of transportation. Each liability insurance  
10 card shall identify the registration number of the motor  
11 vehicle insured and shall indicate the expiration date of the  
12 applicable insurance coverage. The liability insurance card  
13 shall also contain the name and address of the insured and  
14 insurer.

15 3. An owner or driver of a motor vehicle who is charged  
16 with violating subsection 1 shall not be convicted if the  
17 person produces in court, within a reasonable time, proof that  
18 the motor vehicle had liability insurance coverage at the time  
19 of the person's arrest.

20 4. The requirements of this section do not apply to  
21 insured owners of motor vehicles required to maintain minimum  
22 limits of liability coverage as required in section 325.26,  
23 327.15, 327A.5, 327B.1, or 327B.6.

24 Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1987,  
25 is amended to read as follows:

26 Nonresident owners of foreign vehicles operated within this  
27 state for the intrastate transportation of persons or property  
28 for compensation or for the intrastate transportation of  
29 merchandise shall register and maintain liability insurance  
30 coverage for each such vehicle and pay the same fees therefor  
31 ~~as-is required with-reference-to~~ for like vehicles owned by  
32 residents of this state.

33 Sec. 4. Section 321.55, Code 1987, is amended to read as  
34 follows:

35 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR

1 OPERATED BY NONRESIDENTS.

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

12 A nonresident owner of a motor vehicle operated within the  
13 state by a resident of the state shall register the vehicle  
14 and shall maintain liability insurance coverage for the  
15 vehicle. The nonresident owner shall pay the same fees for  
16 registration as are paid for like vehicles owned by residents  
17 of this state. However, registration under this paragraph  
18 does-not-apply-to is not required for vehicles being operated  
19 by residents temporarily, not exceeding ninety days. It is  
20 unlawful for a resident to operate within the state an  
21 unregistered or uninsured motor vehicle required to be  
22 registered and insured under this paragraph.

23 Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1987,  
24 is amended to read as follows:

25 A dealer owning any vehicle of a type otherwise required to  
26 be registered hereunder under this chapter may operate or move  
27 the same vehicle upon the highways solely for purposes of  
28 transporting, testing, demonstrating, or selling the same  
29 vehicle without registering each-such the vehicle upon  
30 condition that any-such the vehicle display in the manner  
31 prescribed in sections 321.37 and 321.38 a special plate  
32 issued to such the owner as provided in sections 321.58 to  
33 321.62. ~~In-addition-to-the-foregoing-~~ A new car dealer or a  
34 used car dealer may operate or move upon the highways any new  
35 or used car or trailer owned by the dealer for either private

1 or business purposes without registering ~~the same~~ it  
2 providing, ~~(1) such~~ the new or used car or trailer is in the  
3 dealer's inventory and is continuously offered for sale at  
4 retail, and ~~(2) there is displayed thereon~~ on it a special  
5 plate issued to ~~such~~ the dealer as provided in sections 321.58  
6 to 321.62. However, if the vehicle not required to be  
7 registered under this paragraph is a motor vehicle the dealer  
8 shall maintain liability insurance coverage for the motor  
9 vehicle as required under section 321.20A.

10 Sec. 6. Section 321.492, unnumbered paragraph 1, Code  
11 1987, is amended to read as follows:

12 Any A peace officer is authorized to stop any vehicle to  
13 require exhibition of the driver's motor vehicle license, to  
14 require exhibition of the proof of insurance card issued for  
15 the vehicle if the vehicle is a motor vehicle required to be  
16 registered in this state, to serve a summons or memorandum of  
17 traffic violation, to inspect the condition of the vehicle, to  
18 inspect the vehicle with reference to size, weight, cargo, log  
19 book, bills of lading or other manifest of employment, tires,  
20 and safety equipment, or to inspect the registration  
21 certificate, the compensation certificate, travel order, or  
22 permit of the vehicle.

23 Sec. 7. Section 321A.5, subsection 2, paragraph d, Code  
24 1987, is amended by striking the paragraph.

25 Sec. 8. Section 321A.24, subsection 1, Code 1987, is  
26 amended to read as follows:

27 1. Proof of financial responsibility may be evidenced by  
28 the bond of a surety company duly authorized to transact  
29 business within this state, or a bond with at least two  
30 individual sureties each owning real estate within this state,  
31 and together having equities equal in value to at least twice  
32 the amount of the bond, which real estate shall be scheduled  
33 in the bond approved by a judge or clerk of a court of record,  
34 ~~which said.~~ The bond shall be conditioned for payment of the  
35 amounts specified in section 321A.1, subsection 10. See The

1 bond shall be filed with the director and shall not be  
2 cancelable except after ten days' written notice to the  
3 director. Such The director shall issue to the person filing  
4 the bond, a bond insurance card for each motor vehicle  
5 registered by the person in the state. The bond insurance  
6 card shall state the name and address of the person and the  
7 motor vehicle registration number of the vehicle for which the  
8 card is issued.

9 PARAGRAPH DIVIDED. The bond shall constitute a lien in  
10 favor of the state upon the real estate so scheduled of any  
11 surety, which lien shall exist in favor of any holder of a  
12 final judgment against the person who has filed such the bond,  
13 for damages, including damages for care and loss of services,  
14 because of bodily injury to or death of any person, or for  
15 damage because of injury to or destruction of property,  
16 including the loss of use thereof of the property, resulting  
17 from the ownership, maintenance, use, or operation of a motor  
18 vehicle after such the bond was filed, upon the filing of  
19 notice to that effect by the director in the office of the  
20 proper clerk of court of the county where such the real estate  
21 shall-be is located. Any An individual surety so scheduling  
22 real estate security shall furnish satisfactory evidence of  
23 title thereto to the property and the nature and extent of all  
24 encumbrances thereon on the property and the value of the  
25 surety's interest therein in the property, in such the manner  
26 as the judge or clerk of the court of record approving the  
27 bond may-require requires.

28 PARAGRAPH DIVIDED. The notice filed by the director shall,  
29 in addition to any other matters deemed by the director to be  
30 pertinent, contain a legal description of the real estate so  
31 scheduled, the name of the holder of the record title, the  
32 amount for which it stands as security, and the name of the  
33 person in whose behalf proof is so being made. Upon the  
34 filing of such the notice the clerk of the court of such that  
35 county shall retain the same notice as part of the records of

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

9 Sec. 9. Section 321A.25, subsection 1, Code 1987, is  
10 amended to read as follows:

11 1. With respect to accidents occurring on or after January  
12 1, 1981, and before January 1, 1983, proof of financial  
13 responsibility may be evidenced by the certificate of the  
14 state treasurer that the person named in the certificate has  
15 deposited with the treasurer forty thousand dollars in cash,  
16 or securities such as may legally be purchased by a state bank  
17 or for trust funds of a market value of forty thousand  
18 dollars; and with respect to accidents occurring on or after  
19 January 1, 1983, proof of financial responsibility may be  
20 evidenced by the certificate of the state treasurer of state  
21 that the person named in the certificate has deposited with  
22 the treasurer of state fifty-five thousand dollars in cash, or  
23 securities such-as which may legally be purchased by a state  
24 bank or for trust funds of a market value of fifty-five  
25 thousand dollars. The treasurer of state shall promptly  
26 notify the director of transportation of the name and address  
27 of the person who has been issued the certificate. Upon  
28 receipt of the notification, the director of transportation  
29 shall issue to the person a security insurance card for each  
30 motor vehicle registered in this state by the person. The  
31 security insurance card shall state the name and address of  
32 the person and the registration number of the motor vehicle  
33 for which the card is issued. The state treasurer of state  
34 shall not accept a deposit and issue a certificate for it and  
35 the director shall not accept the certificate unless

1 accompanied by evidence that there are no unsatisfied  
2 judgments of any character against the depositor in the county  
3 where the depositor resides.

4 Sec. 10. Section 321A.26, Code 1987, is amended to read as  
5 follows:

6 321A.26 OWNER MAY GIVE PROOF FOR OTHERS.

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

18 Sec. 11. Section 805.6, Code 1987, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. 6. A person who has been stopped by a  
21 peace officer pursuant to section 321.492 and who exhibited to  
22 the peace officer a proof of insurance card as defined under  
23 section 321.1, subsection 88, issued for the driven motor  
24 vehicle which, upon subsequent investigation by the peace  
25 officer, is found to be invalid, may be issued a uniform  
26 citation and complaint for a violation of section 321.20A,  
27 subsection 1, without the need of obtaining the signature of  
28 the person to whom the uniform citation and complaint is  
29 issued. The uniform citation and complaint shall be served in  
30 the manner of an original notice by R.C.P. 56.1, paragraph "a"  
31 or by certified mail addressed to the person at the address  
32 shown by the records of the state department of  
33 transportation. Return acknowledgement is required to prove  
34 the latter service.

35 Sec. 12. Section 805.8, subsection 2, Code 1987, is

1 amended by adding the following new lettered paragraph:

2 NEW LETTERED PARAGRAPH. u. If, in connection with a motor  
3 vehicle accident, a person is charged and found guilty of a  
4 violation of section 321.20A, subsection 1, the scheduled fine  
5 is five hundred dollars, otherwise the scheduled fine for  
6 violations of section 321.20A, subsection 1, is one hundred  
7 dollars.

8 Sec. 13. Section 321A.34, Code 1987, is repealed.

9 Sec. 14. This Act takes effect January 1, 1988. In order  
10 to implement this Act, the division of insurance of the  
11 department of commerce and the state department of  
12 transportation shall adopt rules as required under this Act by  
13 October 1, 1987. The treasurer of state shall notify the  
14 director of transportation of the names and addresses of  
15 persons who are issued valid certificates under section  
16 321A.25, subsection 1, by November 1, 1987, and after that  
17 date the treasurer of state shall notify the director of  
18 transportation as required under section 321A.25, subsection  
19 1, as amended by this Act. Insurance carriers authorized to  
20 do business in this state and the director of transportation  
21 shall distribute proof of insurance cards as required under  
22 this Act by December 1, 1987.

23

#### EXPLANATION

24 This bill requires Iowa-registered motor vehicles operating  
25 on the highways of this state to have liability insurance  
26 coverage as defined under the bill. Such liability insurance  
27 coverage includes owners' policies of liability insurance,  
28 bonds filed with the director of transportation, and valid  
29 certificates of deposit of money or securities issued by the  
30 treasurer of state. The bill repeals the section providing  
31 for self-insurance, thus subjecting such persons to obtaining  
32 liability insurance, bond filing, or deposits of money or  
33 securities as other persons are required.

34 A violation for failing to maintain the liability insurance  
35 coverage results in a five hundred dollar scheduled fine if

1 the violation is in connection with a motor vehicle accident,  
2 or otherwise results in a one hundred dollar scheduled fine.

3 The driver of the motor vehicle is required to have in the  
4 motor vehicle a proof of insurance card issued for the motor  
5 vehicle. An officer may stop a vehicle and require the  
6 exhibition of the proof of insurance card.

7 The bill generally takes effect on January 1, 1988, al-  
8 though the state department of transportation, the insurance  
9 division of the department of commerce, the treasurer of  
10 state, and insurance carriers are required to do certain acts  
11 prior to that date to implement the bill in section 14.

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

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