3-10-97 Commerce

FILED MAR 10 1997

SENATE FILE 366
BY JUDGE

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

A BILL FOR

1 An Act relating to insurance coverage and registration
2 requirements for motor vehicles in this state, providing for
3 the seizure of motor vehicle registration plates, and
4 providing penalties and conditional effective dates.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

S.F. 366

TLSB 2278XS 77
mj/jw/5

S.F. 366 H.F. _____

1 Section 1. Section 321.1, Code 1997, is amended by adding
2 the following new subsections:
3 NEW SUBSECTION. 34A. "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 Iowa to or for the benefit of the person named in the policy
8 as insured, and insuring the person named as insured and any
9 person using an insured motor vehicle with the express or
10 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 Canada, but subject to
14 minimum limits, exclusive of interest and costs, in the
15 amounts specified in section 321A.21 or specified in another
16 provision of the Code, whichever is greater.
17 b. A bond filed with the department pursuant to section
18 321A.24.
19 c. A valid certificate of deposit of money or security
20 issued by the treasurer of state pursuant to section 321A.25.
21 d. A valid certificate of self-insurance issued by the
22 department pursuant to section 321A.34.
23 NEW SUBSECTION. 54A. "Proof of insurance card" means
24 either a liability insurance card issued under section
25 321.20B, a bond insurance card issued under section 321A.24, a
26 security insurance card issued under section 321A.25, or a
27 self-insurance card issued under section 321A.34.
28 Sec. 2. Section 321.20, Code 1997, is amended by adding
29 the following new subsection:
30 NEW SUBSECTION. 6. Proof of liability insurance coverage
31 if the registration is for a motor vehicle.
32 Sec. 3. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST
33 LIABILITY.
34 1. Notwithstanding chapter 321A, which requires certain
35 persons to maintain proof of financial responsibility, a

1 person shall not drive a motor vehicle which is registered in
2 this state on the highways of this state unless liability
3 insurance coverage as defined in section 321.1, subsection
4 34A, is in effect for the motor vehicle and unless the driver
5 has in the motor vehicle the proof of insurance card issued
6 for the motor vehicle.
7 2. The department shall not register a motor vehicle or
8 issue a registration certificate or registration plates unless
9 the applicant has submitted proof of liability insurance
10 coverage. This subsection shall only apply to the applicant's
11 initial registration of the motor vehicle and does not apply
12 to a subsequent renewal of registration of the motor vehicle,
13 unless the applicant is required to maintain proof of
14 financial responsibility under chapter 321A or other
15 applicable law.
16 3. An insurance company transacting business in this state
17 shall issue to its insured owners of motor vehicles registered
18 in this state a liability insurance card for each registered
19 motor vehicle insured. Each liability insurance card shall
20 identify the registration number of the motor vehicle insured
21 and shall indicate the expiration date of the applicable
22 insurance coverage. The liability insurance card shall also
23 contain the name and address of the insured and insurer, the
24 type of coverage provided, and an emergency telephone number
25 of the insurer.
26 4. If the liability insurance coverage for a motor vehicle
27 which is registered in this state is canceled or terminated
28 effective prior to the expiration date indicated on the
29 liability insurance card issued for the vehicle, the person to
30 whom the liability insurance card was issued shall return the
31 liability insurance card to the insurer which issued the card.
32 5. If a peace officer stops a motor vehicle and the driver
33 is unable to provide proof of insurance, the peace officer
34 shall do one of the following:
35 a. Issue a warning citation to the driver.

1 b. Issue a citation and remove the registration plates
2 from the motor vehicle which has been operated on the highways
3 of this state without liability insurance coverage being in
4 effect for the motor vehicle, and remove the registration
5 plates from any other vehicle registered to the person in
6 violation of this section for which the person is unable to
7 show proof of liability insurance coverage. Upon removing the
8 registration plates the peace officer shall issue a temporary
9 registration permit and forward the plates to the county
10 treasurer of the county in which the plates were issued along
11 with a copy of the citation issued by the peace officer. An
12 owner or driver of a motor vehicle who is charged with a
13 violation of subsection 1 and whose registration plates have
14 been removed is subject to the following:
15 (1) An owner or driver who produces to the county
16 treasurer, within thirty days of the time the person's
17 registration plates are removed, proof that liability
18 insurance coverage was in effect for the motor vehicle at the
19 time the person was stopped and cited, shall be assessed a
20 fifteen dollar administrative fee by the county treasurer who
21 shall return the registration plates to the person after
22 payment of the fee.
23 (2) An owner or driver who is unable to show that
24 liability insurance coverage was in effect for the motor
25 vehicle at the time the person was stopped and cited, and
26 signs an admission of violation on the citation, may do either
27 of the following:
28 (a) Sign an admission of violation on the citation and
29 remit to the county treasurer a scheduled fine of two hundred
30 fifty dollars plus a fifteen dollar administrative fee. Upon
31 payment of the fine and fee, and providing proof of insurance
32 to the county treasurer, the county treasurer shall return the
33 registration plates to the person.
34 (b) Request an appearance before the court on the matter.
35 If the matter goes before the court, and the owner or driver

1 is found guilty of a violation of subsection 1, the court may
2 impose a fine of two hundred fifty dollars, or the court may
3 order the person to perform unpaid community service instead
4 of the fine. Upon the payment of the fine or the entry of the
5 order for unpaid community service, the county treasurer shall
6 return the registration plates to the person upon the person
7 providing proof of insurance and paying a fifteen dollar
8 administrative fee to the county treasurer.
9 (3) An owner or driver who fails to provide to the county
10 treasurer, within thirty days of the time the person's
11 registration plates are removed, proof that liability
12 insurance coverage was in effect for the motor vehicle at the
13 time the person was stopped and cited, shall not have the
14 person's registration plates returned. The county treasurer
15 shall destroy the plates and provide notification to the state
16 department of transportation that the plates have been
17 destroyed, including a copy of the citation.
18 c. Issue a citation and impound the motor vehicle. A
19 vehicle which is impounded may be claimed by a person if the
20 owner provides proof of liability insurance coverage and pays
21 any applicable fine and the costs of towing and storage for
22 the motor vehicle. The amount for the costs of towing and
23 storage shall be paid to the law enforcement agency which
24 impounds the motor vehicle. If the motor vehicle is not
25 claimed within thirty days after impoundment, the motor
26 vehicle may be treated as an abandoned vehicle pursuant to
27 section 321.89. If the law enforcement agency elects to treat
28 the motor vehicle as abandoned, the agency shall notify the
29 registered owner of the motor vehicle that the vehicle shall
30 be deemed abandoned and shall be sold in the manner provided
31 in section 321.89 if payment of the total cost of impoundment
32 is not received within twenty-one days of the mailing of the
33 notice.
34 6. The director of transportation and the commissioner of
35 insurance shall adopt rules pursuant to chapter 17A to

1 administer this section.
2 Sec. 4. Section 321.24, Code 1997, is amended by adding
3 the following new unnumbered paragraph:
4 NEW UNNUMBERED PARAGRAPH. Before issuing a new
5 registration for a motor vehicle, the county treasurer shall
6 verify that the applicant has submitted proof of liability
7 insurance coverage as required under section 321.20B. If
8 proof is not submitted, registration shall not be issued.
9 Proof of liability insurance coverage is not required for
10 issuance of a certificate of title.
11 Sec. 5. Section 321.30, Code 1997, is amended by adding
12 the following new subsection preceding the last unnumbered
13 paragraph:
14 NEW SUBSECTION. 14. If the application is for a new
15 registration of a motor vehicle and the application does not
16 include proof of liability insurance coverage as required
17 under section 321.20B. However, proof of liability insurance
18 is not required for issuance of a certificate of title.
19 Sec. 6. Section 321.46, subsection 2, Code 1997, is
20 amended by adding the following new unnumbered paragraph:
21 NEW UNNUMBERED PARAGRAPH. Prior to issuing a new
22 registration for a motor vehicle, the county treasurer shall
23 verify that the applicant has submitted proof of liability
24 insurance coverage as required under section 321.20B. If
25 proof is not submitted, the registration shall not be issued.
26 Proof of liability insurance coverage is not required for
27 issuance of a certificate of title.
28 Sec. 7. Section 321.54, unnumbered paragraph 1, Code 1997,
29 is amended to read as follows:
30 Nonresident owners of foreign vehicles operated within this
31 state for the intrastate transportation of persons or property
32 for compensation or for the intrastate transportation of
33 merchandise shall register and maintain liability insurance
34 coverage as required under section 321.20B for each such
35 vehicle and pay the same fees ~~therefor as is required with~~

1 ~~reference to~~ for like vehicles owned by residents of this
2 state.
3 Sec. 8. Section 321.55, Code 1997, is amended to read as
4 follows:
5 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR
6 OPERATED BY NONRESIDENTS.
7 A nonresident owner or operator engaged in remunerative
8 employment within the state or carrying on business within the
9 state and owning or operating a motor vehicle, trailer, or
10 semitrailer within the state shall register and maintain
11 liability insurance coverage as required under section 321.20B
12 for each ~~such~~ vehicle and pay the same fees for registration
13 as are paid for like vehicles owned by residents of this
14 state. However, this paragraph does not apply to a person
15 commuting from the person's residence in another state or
16 whose employment is seasonal or temporary, not exceeding
17 ninety days.
18 A nonresident owner of a motor vehicle operated within the
19 state by a resident of the state shall register the vehicle
20 and shall maintain liability insurance coverage as required
21 under section 321.20B for the vehicle. The nonresident owner
22 shall pay the same fees for registration as are paid for like
23 vehicles owned by residents of this state. However,
24 registration under this paragraph ~~does not apply to~~ is not
25 required for vehicles being operated by residents temporarily,
26 not exceeding ninety days. It is unlawful for a resident to
27 operate within the state an unregistered motor vehicle
28 required to be registered under this paragraph.
29 Sec. 9. Section 321.57, unnumbered paragraph 1, Code 1997,
30 is amended to read as follows:
31 A dealer owning any vehicle of a type otherwise required to
32 be registered ~~hereunder~~ under this chapter may operate or move
33 the ~~same~~ vehicle upon the highways solely for purposes of
34 transporting, testing, demonstrating, or selling the ~~same~~
35 vehicle without registering ~~each such~~ the vehicle, upon

1 condition that ~~any such~~ the vehicle display in the manner
2 prescribed in sections 321.37 and 321.38 a special plate
3 issued to ~~such~~ the owner as provided in sections 321.58 to
4 321.62. ~~In addition to the foregoing, a~~ However, if the
5 vehicle is a motor vehicle the dealer shall maintain liability
6 insurance coverage for the motor vehicle as required under
7 section 321.20B. A new car dealer or a used car dealer may
8 operate or move upon the highways ~~any~~ a new or used car or
9 trailer owned by the dealer for either private or business
10 purposes without registering ~~the same providing, (1) such~~ it
11 if the new or used car or trailer is in the dealer's inventory
12 and is continuously offered for sale at retail, and ~~(2)~~ there
13 is displayed ~~thereon~~ on it a special plate issued to ~~such~~ the
14 dealer as provided in sections 321.58 to 321.62.
15 Sec. 10. Section 321.492, unnumbered paragraph 1, Code
16 1997, is amended to read as follows:
17 ~~Any~~ A peace officer is authorized to stop ~~any~~ a vehicle to
18 require exhibition of the driver's motor vehicle license, to
19 require exhibition of the proof of insurance card issued for
20 the vehicle if the vehicle is a motor vehicle registered in
21 this state, to serve a summons or memorandum of traffic
22 violation, to inspect the condition of the vehicle, to inspect
23 the vehicle with reference to size, weight, cargo, log book,
24 bills of lading or other manifest of employment, tires, and
25 safety equipment, or to inspect the registration certificate,
26 the compensation certificate, travel order, or permit of the
27 vehicle. A peace officer shall require the exhibition of the
28 proof of insurance card issued for a vehicle if the vehicle is
29 a motor vehicle registered in this state and the vehicle has
30 been stopped for the purpose of issuing a citation for a
31 traffic violation, the vehicle is involved in a traffic
32 accident, or the vehicle has been stopped for the purpose of
33 conducting a safety inspection.
34 Sec. 11. Section 321A.17, subsections 1 through 3, Code
35 1997, are amended to read as follows:

1. ~~Whenever~~ If the department, under ~~any~~ a law of this state, suspends or revokes the license of ~~any~~ a person upon receiving record of a conviction or a forfeiture of bail or revokes the license of ~~any~~ a person pursuant to chapter 321J, the department shall also suspend the registration for all motor vehicles registered in the name of the person, except that the department shall not suspend the registration, unless otherwise required by law, if the person has previously given or immediately gives and ~~thereafter~~ maintains proof of ~~financial-responsibility~~ liability insurance coverage, as defined in section 321.1, with respect to all motor vehicles registered by the person.

2. ~~Such~~ The license ~~and-registration~~ shall remain suspended or revoked and shall not ~~at-any-time-thereafter~~ be renewed nor shall ~~any~~ a license be ~~thereafter~~ issued to ~~such~~ the person~~,-nor-shall-any-motor-vehicle-be-thereafter registered-in-the-name-of-such-person~~ until permitted under the motor vehicle laws of this state and not then unless and until the person ~~shall-give~~ gives and ~~thereafter-maintain~~ maintains proof of financial responsibility. The registration shall remain suspended and a motor vehicle shall not be registered in the name of the person until the person gives and maintains proof of liability insurance coverage, as defined in section 321.1, subsection 34A.

3. If a person is not licensed, but by final order or judgment is convicted of or forfeits any bail or collateral deposited to secure an appearance for trial for ~~any~~ an offense requiring the suspension or revocation of license, or for operating an unregistered motor vehicle upon the highways, no license shall be ~~thereafter~~ issued to ~~such~~ that person ~~and-no motor-vehicle-shall-continue-to-be-registered-or-thereafter-be registered-in-the-name-of-such-person~~ until the person ~~shall give~~ gives and ~~thereafter-maintain~~ maintains proof of financial responsibility. A motor vehicle registered in the name of the person shall not continue to be registered and

1 shall not thereafter be registered until the person gives and
2 maintains proof of liability insurance coverage, as defined in
3 section 321.1.
4 Sec. 12. Section 321A.24, subsection 1, Code 1997, is
5 amended to read as follows:
6 1. a. Proof of financial responsibility may be evidenced
7 by the bond of a surety company duly authorized to transact
8 business within this state, or a bond with at least two
9 individual sureties each owning real estate within this state,
10 and together having equities equal in value to at least twice
11 the amount of the bond, which real estate shall be scheduled
12 in the bond approved by a judge or clerk of ~~a~~ the district
13 court ~~of record~~, and which ~~said~~ bond shall be conditioned for
14 payment of the amounts specified in section 321A.1, subsection
15 10.
16 b. ~~Such~~ The bond shall be filed with the department and
17 ~~shall~~ is not be cancelable except after ten days' written
18 notice to the department. ~~Such~~ The director shall issue to
19 the person filing the bond a bond insurance card for each
20 motor vehicle registered by the person in the state. The bond
21 insurance card shall state the name and address of the person
22 and the motor vehicle registration number of the vehicle for
23 which the card is issued.
24 c. The bond ~~shall constitute~~ constitutes a lien in favor
25 of the state upon the real estate so scheduled of any surety,
26 which lien ~~shall exist~~ exists in favor of any holder of a
27 final judgment against the person who has filed ~~such~~ the bond,
28 for damages, including damages for care and loss of services,
29 because of bodily injury to or death of any person, or for
30 damage because of injury to or destruction of property,
31 including the loss of use ~~thereof~~ of the property, resulting
32 from the ownership, maintenance, use, or operation of a motor
33 vehicle after ~~such~~ the bond was filed, upon the filing of
34 notice to that effect by the department in the office of the
35 proper clerk of the district court of the county where ~~such~~

1 the real estate ~~shall be~~ is located. ~~Any~~ An individual surety
2 ~~so~~ scheduling real estate security shall furnish satisfactory
3 evidence of title ~~thereto~~ to the property and the nature and
4 extent of all encumbrances ~~thereon~~ on the property and the
5 value of the surety's interest ~~therein~~ in the property, in
6 ~~such~~ the manner ~~as~~ the judge or clerk of the district court ~~of~~
7 ~~record~~ approving the bond ~~may require~~ requires. The notice
8 filed by the department shall contain, in addition to any
9 other matters deemed by the department to be pertinent,
10 ~~contain~~ a legal description of the real estate ~~so~~ scheduled,
11 the name of the holder of the record title, the amount for
12 which it stands as security, and the name of the person in
13 whose behalf proof is so being made. Upon the filing of ~~such~~
14 the notice the clerk of the district court ~~of such county~~
15 shall retain the ~~same~~ notice as part of the records of ~~such~~
16 the court and enter upon the encumbrance book the date and
17 hour of filing, the name of the surety, the name of the record
18 titleholder, the description of the real estate, and the
19 further notation that a lien is charged on ~~such~~ the real
20 estate pursuant to the filed notice ~~filed hereunder~~. From and
21 after the entry of the ~~foregoing~~ notice upon the encumbrance
22 book all persons ~~whomsoever shall be~~ are charged with notice
23 ~~thereof~~ of it.
24 d. If the bond is canceled, the person who filed the bond
25 shall surrender to the director all bond insurance cards
26 issued to the person.
27 Sec. 13. Section 321A.25, subsection 1, Code 1997, is
28 amended to read as follows:
29 1. ~~With respect to accidents occurring on or after January~~
30 ~~1, 1981, and before January 1, 1983, proof of financial~~
31 ~~responsibility may be evidenced by the certificate of the~~
32 ~~state treasurer that the person named in the certificate has~~
33 ~~deposited with the treasurer forty thousand dollars in cash,~~
34 ~~or securities such as may legally be purchased by a state bank~~
35 ~~or for trust funds of a market value of forty thousand~~

1 ~~dollars,-and-with-respect-to-accidents-occurring-on-or-after~~
2 ~~January-1,-1983,~~ ~~proof~~ Proof of financial responsibility may
3 be evidenced by the certificate of the ~~state~~ treasurer of
4 state that the person named in the certificate has deposited
5 with the treasurer of state fifty-five thousand dollars in
6 cash, or securities ~~such-as~~ which may legally be purchased by
7 a state bank or ~~for~~ trust funds of a market value of fifty-
8 five thousand dollars. The treasurer of state shall promptly
9 notify the director of transportation of the name and address
10 of the person to whom the certificate has been issued. Upon
11 receipt of the notification, the director of transportation
12 shall issue to the person a security insurance card for each
13 motor vehicle registered in this state by the person. The
14 security insurance card shall state the name and address of
15 the person and the registration number of the motor vehicle
16 for which the card is issued. The ~~state~~ treasurer of state
17 shall not accept a deposit and issue a certificate for it and
18 the department shall not accept the certificate unless
19 accompanied by evidence that there are no unsatisfied
20 judgments of any character against the depositor in the county
21 where the depositor resides.
22 Sec. 14. Section 321A.32, subsection 3, Code 1997, is
23 amended to read as follows:
24 3. ~~Any~~ A person who ~~shall-forge~~ forges or, without
25 authority, ~~sign any~~ signs a notice provided for under section
26 321A.5 that a policy or bond is in effect, or any evidence of
27 ~~proof-of~~ financial responsibility, or any evidence of
28 liability insurance coverage as defined in section 321.1, or
29 who files or offers for filing any such notice or evidence ~~of~~
30 ~~proof~~ knowing or having reason to believe that it is forged or
31 signed without authority, ~~shall-be~~ is guilty of a serious
32 misdemeanor.
33 Sec. 15. Section 321A.34, subsections 2 and 3, Code 1997,
34 are amended to read as follows:
35 2. The department may, ~~in-the-department's-discretion,~~

1 upon the application of such a person, issue a certificate of
2 self-insurance ~~when~~ if the department is satisfied that ~~such~~
3 the person ~~is possessed~~ has and will continue to ~~be possessed~~
4 ~~of~~ have the ability to pay judgments obtained against ~~such~~ the
5 person for damages arising out of the ownership, maintenance,
6 or use of any vehicle owned by ~~such~~ the person. The
7 department shall issue to each person who has in effect a
8 valid certificate of self-insurance, a self-insurance card for
9 each motor vehicle registered in this state by the person.
10 The card shall state the name and address of the person and
11 shall state the registration number of the motor vehicle for
12 which the card was issued.
13 3. Upon not less than five days' notice and a hearing
14 pursuant to ~~such~~ the notice, the department may upon
15 reasonable grounds cancel a certificate of self-insurance.
16 Failure to pay ~~any~~ a judgment for damages arising out of the
17 ownership, maintenance, or use of any vehicle owned by ~~such~~
18 the self-insurer within thirty days after ~~such~~ the judgment
19 ~~shall have become~~ becomes final ~~shall constitute~~ constitutes a
20 reasonable ground for the cancellation of a certificate of
21 self-insurance. Upon the cancellation of a certificate of
22 self-insurance, the person who was issued the certificate
23 shall surrender to the director all self-insurance cards
24 issued to the person.
25 Sec. 16. Section 326.6, Code 1997, is amended by adding
26 the following new subsection:
27 NEW SUBSECTION. 4. Commercial vehicles shall not be
28 registered proportionally unless the owners submit to the
29 department proof of liability insurance coverage for the
30 vehicles as required under section 321.20B.
31 Sec. 17. Section 326.7, unnumbered paragraph 1, Code 1997,
32 is amended to read as follows:
33 ~~Notwithstanding any other law to the contrary, and as~~ As an
34 alternative to the procedure set out in section 326.6, the
35 department may enter into agreements providing for

1 proportional registration between this state and other
2 jurisdictions of fleets of commercial vehicles owned by
3 residents or nonresidents engaged in interstate commerce or
4 simultaneously engaged in interstate and intrastate commerce
5 on the basis of compact miles. However, commercial vehicles
6 shall not be registered proportionally unless the owner
7 submits proof of liability insurance coverage for the vehicles
8 as required under section 321.20B.
9 Sec. 18. Section 326.11, Code 1997, is amended to read as
10 follows:
11 326.11 SUBSEQUENTLY ACQUIRED VEHICLES.
12 Vehicles acquired by a fleet owner after the commencement
13 of the registration year and subsequently added to the fleet
14 shall be prorated by applying the mileage percentage used in
15 the original application for ~~such~~ the fleet for ~~such~~ the
16 registration period to registration fees due under chapter 321
17 but in no case less than that required by section 326.10. A
18 supplemental report shall be filed with the department not
19 later than ten days after ~~such~~ an addition to the fleet and
20 shall include proof that the additional motor vehicles have
21 liability insurance coverage as required under section
22 321.20B.
23 The director may issue temporary written authorization to
24 carriers for vehicles acquired by a fleet owner and added to
25 the fleet owner's prorate fleet after the beginning of the
26 registration year. Temporary authorization shall not be
27 issued unless the owner submits proof that the additional
28 motor vehicles have liability insurance coverage as defined in
29 section 321.1. The temporary authority shall permit the
30 operation of a commercial vehicle until permanent
31 identification is issued, except that the temporary authority
32 shall expire after ninety days.
33 Sec. 19. Section 326.25, Code 1997, is amended by adding
34 the following new subsection:
35 NEW SUBSECTION. 4. Upon a determination that the motor

1 vehicle does not have liability insurance coverage as required
2 under section 321.20B.
3 Sec. 20. Section 805.8, subsection 2, Code 1997, is
4 amended by adding the following new paragraph:
5 NEW PARAGRAPH. ad. If, in connection with a motor vehicle
6 accident, a person is charged and found guilty of a violation
7 of section 321.20B, subsection 1, the scheduled fine is five
8 hundred dollars, otherwise the scheduled fine for a violation
9 of section 321.20B, subsection 1, is two hundred fifty
10 dollars. If the violation is admitted and section 805.9
11 applies, the violation shall be chargeable upon uniform
12 citation and complaint, indictment, or county attorney's
13 information. If the violation is not admitted, the violation
14 shall be chargeable only upon indictment or county attorney's
15 information. In either case, if the defendant is convicted,
16 the conviction shall be of an indictable offense.
17 Notwithstanding section 805.12, fines collected pursuant to
18 this paragraph shall be submitted to the state court
19 administrator and distributed fifty percent to the victim
20 compensation fund established in section 912.14, twenty-five
21 percent to the county in which such fine is imposed, and
22 twenty-five percent to the general fund of the state.
23 Sec. 21. EFFECTIVE DATES -- RULES -- NOTIFICATION.
24 Sections 1 through 20 of this Act take effect January 1, 1998.
25 However, in order to implement this Act, the insurance
26 division of the department of commerce and the director of
27 transportation shall each adopt rules as required under this
28 Act which shall be effective by October 1, 1997. The
29 treasurer of state shall notify the director of transportation
30 of the names and addresses of persons who are issued valid
31 certificates under section 321A.25, subsection 1, Code 1997,
32 by November 1, 1997, and after that date the treasurer of
33 state shall notify the director of transportation as required
34 under section 13 of this Act. Insurance carriers authorized
35 to do business in this state and the director of

1 transportation shall distribute proof of insurance cards as
2 required under this Act by December 1, 1997.
3 This section, being deemed of immediate importance, takes
4 effect upon enactment.
5 Sec. 22. CONDITIONAL EFFECTIVENESS PROVISION.
6 Notwithstanding section 21 of this Act, this Act shall not
7 take effect unless an appropriation is made in accordance with
8 section 25B.2, subsection 3.
9 EXPLANATION
10 This bill prohibits a person from driving a motor vehicle
11 registered in this state on the highways of this state unless
12 liability insurance coverage is in effect for the motor
13 vehicle. A violation is subject to a $500 fine if the
14 violation is in connection with a motor vehicle accident,
15 otherwise the scheduled fine is $250. Pursuant to Article 1,
16 section 11, of the Iowa Constitution, because the fine is
17 greater than $100, it must be treated as an indictable
18 offense.
19 The driver of the motor vehicle is also subject to a
20 conviction for a violation if the driver does not have in the
21 motor vehicle a proof of insurance card issued for the motor
22 vehicle. However, a person charged with not having in the
23 motor vehicle a proof of insurance card will not be convicted
24 if the person produces in court, within 30 days after being
25 charged, proof that the motor vehicle was covered by liability
26 insurance at the time of the driver's arrest. Under the bill,
27 liability insurance coverage includes either liability
28 insurance, the filing of a bond, the deposit of money or
29 securities, or a certification of self-insurance.
30 The bill provides that if a peace officer stops a motor
31 vehicle and the driver is unable to provide proof of
32 insurance, the peace officer is to issue a warning citation to
33 the driver, issue a citation and remove the registration
34 plates from the motor vehicle which has been operated on the
35 highways of this state without liability insurance coverage

1 being in effect for the motor vehicle, and remove the
2 registration plates from any other vehicle registered to the
3 person in violation of this section for which the person is
4 unable to show proof of liability insurance coverage, or issue
5 a citation and impound the motor vehicle. The bill provides
6 for the return of the registration plates or vehicle upon the
7 payment of certain costs, including a $15 administrative fee
8 to the county treasurer. A vehicle which is impounded and
9 which is not claimed is deemed abandoned.
10 The bill requires proof of liability insurance coverage
11 before registering a motor vehicle for the first time in this
12 state. However, proof of liability insurance coverage is not
13 required for issuance of a certificate of title.
14 The bill creates and internally cites new section 321.20B
15 and new subsections 34A and 54A of section 321.1.
16 The bill generally takes effect January 1, 1998, but
17 certain administrative actions are required prior to that date
18 to allow for the bill's implementation.
19 This bill may create a state mandate under chapter 25B.
20 The bill's effectiveness is conditioned upon an appropriation
21 being made in accordance with section 25B.2, which provides
22 that a political subdivision is not required to perform a
23 mandated activity unless the legislation specifies the amount
24 or proportion of the cost of the state mandate which the state
25 is to pay annually.
26
27
28
29
30
31
32
33
34
35