

TRANSPORTATION DEPARTMENT[761]

Notice of Intended Action

Proposing rule making related to motor vehicle financial responsibility and providing an opportunity for public comment

The Transportation Department hereby proposes to amend Chapter 640, “Financial Responsibility,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code sections 307.12 and 321A.2.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code chapter 321A and sections 321.269 and 321.493.

Purpose and Summary

This proposed rule making aligns Chapter 640 with existing legal authority and Department practice, eliminates outdated or irrelevant requirements, eliminates or replaces redundant and confusing language and accommodates current office structure and terminology. This rule making also reduces the regulatory burden on vehicle owners and operators by creating additional options and increased flexibility to demonstrate lawful compliance to avoid or lift license and registration suspension following an accident or a judgment.

Throughout the chapter, the name “Driver and Identification Services Bureau” is proposed to be changed to “Motor Vehicle Division” to reflect the structure of the work units responsible for processing submissions and information under the chapter. Additionally, the term “suspension termination notice” is proposed to be replaced with “notice terminating the suspension” and the associated form number is proposed to be eliminated to align with current Department practice, the terms “proof” and “proof of financial responsibility for the future” are proposed to be replaced with “proof of financial responsibility” to align with the language in Iowa Code chapter 321A, and other minor terminology and form changes are proposed to clarify existing Department terminology and procedures.

A definition of “security” is proposed to be added that utilizes language in Iowa Code section 321A.5. The definition clarifies the portions of the chapter that refer to the term.

The implementation sentence of rule 761—640.3(321A) is proposed to be amended to add a reference to Iowa Code section 321.269, which is the statute that requires the Department to prepare and supply accident report forms.

The proposed amendments to rule 761—640.4(321A), related to license and registration suspension for failure to deposit security following an accident, specify what types of reports qualify as a “report of a motor vehicle accident” under Iowa Code section 321A.5(1), which requires the Department to initiate suspension procedures for an uninsured vehicle owner or operator who is involved in a motor vehicle accident that results in bodily injury, death, or damage exceeding \$1,500. This proposed clarification is intended to ensure that suspension procedures are properly initiated pursuant to Iowa Code section 321A.5 if the initially submitted accident report underestimates the personal or property damage to be under \$1,500, or if the vehicle owner or operator is misidentified and the correct identity is later ascertained. Under the proposed clarified rule, all of the following are considered a “report of a motor vehicle accident”: a new or amended accident report submitted by a law enforcement officer or a driver, any supplemental accident report submitted by a driver, proof of transfer of ownership of a vehicle involved in the accident that occurred prior to the date of the accident, proof of identity of a driver incorrectly identified in an initial accident report, and proof of loss submitted by an insurance carrier

authorized to transact insurance business in Iowa or by an insurance carrier authorized by power of attorney.

The proposed amendments to subparagraph 640.4(4)“b”(2), related to security disposition, clarify that the security can be refunded only after one year has elapsed from the date of the accident in accordance with Iowa Code section 321A.10, and that upon receipt of the applicable form, the Motor Vehicle Division may confirm with the district court that no court action has been initiated or judgment rendered as a result of the accident prior to refunding the security to the depositor, which aligns with current Department practice.

The proposed new introductory paragraph in subrule 640.4(5), related to exceptions to the requirement of security, adds cross-references to Iowa Code sections 321A.6 and 321A.7, which establish certain exceptions from security requirements. Paragraphs 640.4(5)“a” through “h” and proposed new paragraphs 640.4(5)“i” through “k” explain the specific forms and proofs that the Department can accept to prove that the person meets a statutory exception from security requirements. No new exceptions are proposed to be added; rather, the proposed amendments revise the terminology of the exceptions to more closely align with and avoid duplication of the language used in Iowa Code sections 321A.6 and 321A.7 and provide additional details about the requirements for such proof. Specifically, the proposed amendments establish that certain proofs must be signed by the parent or legal guardian of a minor (not the minor), that the Department may in some cases accept alternate forms of proof if the alternate form contains substantially the same information as the Department-prescribed form and add criteria that must be included on certain proofs to be accepted by the Department.

Vehicle owner exceptions, formerly under paragraphs 640.4(6)“a,” “b,” and “c,” are proposed to be moved under new paragraphs 640.4(5)“i,” “j,” and “k” for clarity and consistency. The proposed new paragraphs create flexibility by allowing a vehicle owner to be excepted from security requirements if the vehicle had been sold but Department records do not show that vehicle ownership had been transferred when the accident occurred (because of the buyer’s failure to submit documentation to complete the title transfer), even if the seller is unable to obtain the buyer’s signature on the required form, provided the seller makes a certification under penalty of perjury and provides evidence to support the certification. This accommodates situations where the seller, following the sale of the vehicle and assignment (signing) of the title over to the buyer, makes a good-faith attempt to obtain the signature of the buyer on Form 431125, “Affidavit of Seller,” but the buyer is unresponsive or refuses to sign the affidavit. The proposed amendments also provide that a sworn seller affidavit does not need to include the names of witnesses to the sale if there were no witnesses to the sale, which accommodates situations where the vehicle sale occurred one-on-one between the buyer and seller, and clarify under what conditions an owner may be exempt from security requirements because of ownership transfer by operation of law.

Rule 761—640.5(321A), related to suspensions for certified judgments under Iowa Code section 321A.13, is proposed to be amended to align with the current procedures and forms. The proposed amendments accomplish the following: update terminology to reflect the forms and processes used by clerks of court to report a certified copy of a judgment to the Department, add cross-references to include the Iowa Code sections that enumerate the exceptions from a suspension because of a judgment, eliminate or replace redundant and confusing language, provide that a new court order authorizing payment of a judgment in installments is acceptable to lift a defaulted judgment suspension, and clarify the conditions under which the insurance coverage exception can apply.

The proposed amendments to rule 761—640.6(321A) clarify that a person’s license or operating privilege remains suspended or revoked until the person files proof of financial responsibility with the Department, and that a person’s motor vehicle registrations remain suspended until the person files proof of financial responsibility for all vehicles registered to that person. The amendments to subrule 640.6(1) propose to add a cross-reference to include the Iowa Code section that enumerates triggering suspensions or revocations and propose clarifying language to eliminate confusion surrounding the requirements to maintain proof of financial responsibility within the two-year period.

The proposed amendments to subrule 640.6(3) specify that a person who has filed proof of financial responsibility with the Department and obtained a driver’s license will receive a card that lists the restriction code described in subrule 605.8(1) in accordance with current Department practice.

The proposed amendments to subrule 640.6(4) clarify that a person who has proof of financial responsibility as an operator only (but not as an owner) may operate any nonowned vehicle that has the applicable liability coverage.

Finally, the proposed amendments to subrule 640.6(7) remove the provision that a suspension termination notice may be presented to a county treasurer to obtain a new registration when a person has completed future proof requirements, which aligns with current Department practice and the Iowa Code.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 761—Chapter 11.

Public Comment

Any interested person may submit written comments concerning this proposed rule making or may submit a written request to make an oral presentation at a public hearing. Written comments or requests to present oral comments in response to this rule making must be received by the Department no later than 4:30 p.m. on March 14, 2023. Comments should be directed to:

Tracy George
Department of Transportation
DOT Rules Administrator, Government and Community Relations
800 Lincoln Way
Ames, Iowa 50010
Email: tracy.george@iowadot.us

Public Hearing

If requested, a public hearing to hear oral presentations will be held on March 16, 2023, via conference call at 10 a.m. Persons who wish to participate in the conference call should contact Tracy George before 4:30 p.m. on March 14, 2023, to facilitate an orderly hearing. A conference call number will be provided to participants prior to the hearing.

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact Tracy George and advise of specific needs.

The public hearing will be canceled without further notice if no oral presentation is requested.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Adopt the following new paragraph **640.1(1)“b”**:

b. “Security” means an amount of money sufficient in the determination of the department to satisfy any judgment or judgments for damages resulting from the accident as may be recovered against the operator or owner. Security is subject to the limitations and requirements of Iowa Code sections 321A.5 and 321A.9

ITEM 2. Amend subrule 640.1(3) as follows:

640.1(3) Submissions and information. Except as otherwise provided in this chapter, required submissions shall be either mailed to the ~~Driver and Identification Services Bureau~~ Motor Vehicle Division, Iowa Department of Transportation, P.O. Box 9204, Des Moines, Iowa 50306-9204; delivered in person to 6310 SE Convenience Blvd., Ankeny, Iowa; or sent by facsimile to (515)239-1837. Information about the motor vehicle financial responsibility law in Iowa Code chapter 321A is available from these sources or by telephone at (515)244-8725.

ITEM 3. Amend rule 761—640.3(321A) as follows:

761—640.3(321A) Accident reporting requirements. Accident reporting requirements are specified in Iowa Code section 321.266 and on Form 433002, “Iowa Accident Report Form,” which is available from law enforcement officers, driver’s license service centers, or from the ~~driver and identification services bureau~~ motor vehicle division at the address in subrule 640.1(3).

This rule is intended to implement Iowa Code sections 321.266, 321.269 and 321A.4.

ITEM 4. Amend rule 761—640.4(321A) as follows:

761—640.4(321A) Security required following accident. Following an accident, security is required pursuant to Iowa Code section 321A.5. For the purposes of determining the 60-day time frame under Iowa Code section 321A.5(1), a “report of a motor vehicle accident” includes a new or amended law enforcement officer accident report submitted to the department under Iowa Code section 321.266(3); a new or amended driver accident report, Form 433002, submitted to the department under Iowa Code section 321.266(2); any supplemental report submitted to the department under Iowa Code section 321.267; proof of transfer of ownership of a vehicle involved in the accident that occurred prior to the date of the accident; proof of identity of a driver incorrectly identified in an initial accident report; or proof of loss submitted by an insurance carrier authorized to transact insurance business in Iowa or its authorized subrogation provider. Nothing in this rule shall be construed to extend the duration of a suspension issued under Iowa Code section 321A.5 beyond the period authorized in Iowa Code section 321A.7.

640.4(1) Suspension.

a. No change.

b. The suspension shall become effective 30 days after a suspension notice is served pursuant to rule 761—615.37(321). The notice shall inform the person of the amount of security required. The duration of the suspension is provided in Iowa Code section 321A.7. When the suspension ends, the department shall issue to the person a ~~suspension termination~~ notice ~~to the person~~ terminating the suspension.

640.4(2) No change.

640.4(3) Security—amounts and type.

a. No change.

b. The security shall be deposited with the ~~driver and identification services bureau~~ department at the address in subrule 640.1(3). The department shall issue to the depositor a receipt when the security is received. Security shall be one of the following types:

(1) to (3) No change.

640.4(4) Security disposition.

a. No change.

b. The security can be refunded at any time as follows:

(1) When compliance as provided in 640.4(5) is presented to the ~~driver and identification services bureau~~ motor vehicle division at the address in subrule 640.1(3); or

(2) When, after one year has elapsed from the date of the accident, Form 433007, “~~District Court Affidavit for Reinstatement or Refund of Security,~~” is completed by the ~~clerk of the district court of the county where the accident occurred~~ depositor, the form indicates that no action has been initiated or judgment rendered, and the form is submitted to the ~~driver and identification services bureau~~ motor vehicle division. Upon receipt of the form, the motor vehicle division may confirm the facts contained therein with the district court of the county where the accident occurred or any other court of competent jurisdiction.

640.4(5) Exceptions to requirement of security. ~~Compliance can be shown as follows: general releases, agreement releases, confession of judgment, accord and satisfaction, covenant not to sue, no fault or no reasonable possibility of judgment, adjudication nonliability, and bankruptcy. A person who meets the requirements under Iowa Code section 321A.6(1) or 321A.6(2) is exempt from security requirements. A person who qualifies for an exception under Iowa Code section 321A.6(3), 321A.6(4) or 321A.7(3) must submit proof to the department at the address in subrule 640.1(3) showing that the person qualifies for the applicable exception as follows:~~

a. General release from liability. ~~To qualify for this exception, a person shall submit Form 431036, “General Release,” may be obtained from the driver and identification services bureau at the address in subrule 640.1(3). “General Release.”~~ The signature of the party giving the release shall be notarized or witnessed by a disinterested person. The release shall be accompanied by a power of attorney or subrogation authority if signed by a person other than the party sustaining damage or injury. If the party giving release is a minor, the release shall be signed by the parent or legal guardian of the minor. The department may accept an equivalent alternative form to prove a person’s general release from liability.

b. Agreement Duly acknowledged written agreement release. ~~To qualify for this exception, a person shall submit Form 181301, “Agreement,” may be obtained from the driver and identification services bureau at the address in subrule 640.1(3). “Agreement.”~~ Complete information shall be provided on the form including the total amount of settlement agreed upon by the parties involved and a release of liability upon fulfillment of payments. The signatures of all parties to the agreement shall be notarized. The release shall be accompanied by a power of attorney or subrogation authority if signed by a person other than a party sustaining damage or injury. ~~Compliance shall be credited only to~~ If the party giving release is a minor, the release shall be signed by the parent or legal guardian of the minor. This documentation demonstrates compliance only for a party who has agreed to make payment and whose signature appears on the agreement release. The department may accept an equivalent alternative form to prove that a person has executed a duly acknowledged written agreement.

c. Confession Court-certified confession of judgment. ~~A court-certified~~ To qualify for this exception, a person shall submit a court-certified copy of a confession of judgment including, which must include the total sum to be paid, the payment schedule agreed to by the parties is acceptable compliance. No specific form is provided by the driver and identification services bureau, the signature of both parties, and proof of loss if the judgment is to be paid to a subrogation authority.

d. Accord and satisfaction. ~~Accord and satisfaction may be shown by~~ To qualify for this exception, a person shall submit documentation that one party to an accident or the party’s insurance carrier has accepted liability for the accident and has compensated the other party to the accident for damages and injuries. This documentation does not serve as demonstrate compliance for a third party.

e. Covenant not to sue. ~~A~~ To qualify for this exception, a person shall submit documentation of a covenant not to sue can be that is given to a party to an accident as compliance by another party to the accident when a release would damage any claim against a third party.

f. No fault Proof of no-fault or no reasonable possibility of judgment. ~~Security cannot be required of a person if there is no reasonable possibility that judgment could be rendered against such person. Freedom from fault or immunity from judgment is acceptable compliance when presented~~ To qualify for this exception, a person shall submit proof that the person is not at fault for the accident or that there is no reasonable possibility of judgment being rendered against a person in any of the following manner ways:

- (1) The investigating officer's report of the accident indicates the other driver caused the accident.
- (2) The other driver admits causing the accident.
- (3) Witness statements indicate the other driver caused the accident.
- (4) The other driver is convicted of a violation which caused the accident.

~~g. Adjudication of nonliability. Adjudication of nonliability may be shown by~~ To qualify for this exception, a person shall submit a certified copy of a final court judgment that is rendered in a civil damage action resulting from the accident and that relieves the uninsured person of any obligation to pay damages.

~~h. Bankruptcy. Security is not required of a person when~~ To qualify for this exception, a person shall submit a copy of the decree for bankruptcy showing that all possible claims against the person arising from the accident have been scheduled in the bankruptcy petition decree. To establish this exception, the person shall submit a copy of the petition for bankruptcy to the driver and identification services bureau at the address in subrule 640.1(3).

~~640.4(6) i. Owner exceptions—requirements exception under Iowa Code section 321A.6(3).~~ To qualify for this exception, a vehicle owner shall submit documentation that the vehicle was being operated at the time of an accident without the owner's permission, express or implied. This exception does not apply to a person who was driving the vehicle at the time of the accident. Acceptable documentation includes the following:

- (1) A police report indicating the vehicle was stolen.
- (2) Proof of the driver's conviction of operating the vehicle without the owner's consent at the time of the accident.
- (3) A sworn affidavit that the vehicle was being operated without permission at the time of the accident.
- (4) A witness affidavit that the driver had been denied use of the vehicle.

~~a. An owner can be exempted from the security requirements if the vehicle was being used at the time of an accident without the owner's consent. The owner may qualify for this exception if the police report indicates the vehicle was stolen, or if the driver was convicted of operating without the owner's consent. In the absence of such police report or conviction, the owner may furnish a sworn affidavit that the vehicle was operated without permission or the owner may furnish affidavits of witnesses that the driver had been denied use of the vehicle.~~

~~b. j. Owner exception for vehicle sale. A person may be exempted from the security requirements applicable to an owner if the motor vehicle had been sold but the title had not been transferred when the accident occurred.~~ To qualify for this exception, a vehicle owner shall submit documentation that the vehicle owner had sold the vehicle involved in the accident and the title had been reassigned to the new owner, but departmental records did not yet show that the title had been transferred when the accident occurred. This exception does not apply to a person who was driving the vehicle at the time of the accident. Acceptable documentation includes the following:

(1) The person who sold the motor vehicle may qualify for this exemption by submitting to the department Form 431125, "Affidavit of Seller." This form must be "Affidavit of Seller," completed by both the buyer and seller with signatures notarized or attested to by an officer a member of the department, unless the seller certifies under penalty of perjury that the buyer's signature could not be obtained and provides evidence to the satisfaction of the department that supports this certification.

(2) A sworn affidavit by the seller and witnesses to the sale, if any, that the vehicle had been sold may be furnished in lieu of Form 431125, "Affidavit of Seller." The affidavit must include, including a description of the vehicle, the date of the sale, the monetary consideration, facts concerning the assignment of title and delivery of possession, and the names of witnesses to the sale, if any.

~~e. k. Owner exception for vehicle transfer. Ownership transferred by operation of law can be shown by furnishing~~ To qualify for this exception, a vehicle owner shall submit certified copies of any court order by which ownership of a vehicle was awarded to another party prior to the date of the accident. This exception does not apply to a person who was driving the vehicle at the time of the accident.

This rule is intended to implement Iowa Code sections 321A.4 to 321A.11 and 321A.31.

ITEM 5. Amend rule 761—640.5(321A) as follows:

761—640.5(321A) Judgments. A suspension of license and registrations is required under Iowa Code section 321A.13 when the department receives a certified copy of a from the clerk of court a certification of judgment which has remained unsatisfied for at least 60 days pursuant to Iowa Code section 321A.12. Form 431126, “Certification of Judgment,” may be used by the clerk of court to report a certified judgment to the department.

640.5(1) Suspension. The suspension becomes effective on the date ~~Form 431010, “Suspension Notice,”~~ the suspension notice is served pursuant to 761—615.37(321). The notice shall inform the person that the privilege to operate and register motor vehicles in Iowa is suspended until the judgment is satisfied and proof of financial responsibility is shown. The duration of the suspension is provided in Iowa Code section 321A.14. When the suspension ends, the department shall issue to the person ~~Form 431009, “Suspension Termination Notice,”~~ a notice terminating the suspension.

640.5(2) Suspension—exceptions. A person who qualifies for an exception under Iowa Code section 321A.13, 321A.14 or 321A.16 must submit proof to the department at the address in subrule 640.1(3) that the person qualifies for the applicable exception in one of the following ways:

a. *Creditor’s consent.* ~~The~~ To qualify for this exception, the judgment debtor ~~may request~~ must obtain written consent from the judgment creditor for issuance of the debtor’s license and registrations while paying the judgment. ~~If the creditor consents in writing and the debtor provides proof of financial responsibility, the suspension shall be terminated.~~ If this consent is withdrawn, a new suspension is required in accordance with subrule 640.5(1).

b. *Satisfaction of judgment.* ~~The judgment suspension will be terminated when the~~ To qualify for this exception, the judgment debtor ~~obtains from the clerk of court~~ must submit a certificate of satisfaction or receipt for payment of the judgment ~~and presents the certificate or receipt to the department and files proof of financial responsibility from the clerk of court.~~

c. *Bankruptcy.* ~~If the~~ To qualify for this exception, the judgment debtor ~~submits to the department~~ must submit a copy of the ~~petition decree~~ for bankruptcy which includes the judgment debt; ~~the department shall terminate the suspension.~~

d. *Court order for installment payments.* ~~If the~~ To qualify for this exception, the judgment debtor ~~submits to the department~~ must submit a court order authorizing payment of the judgment in installments ~~and files proof of financial responsibility, the department shall terminate the suspension.~~ A new suspension, as provided in subrule 640.5(1), is required when the department receives notice of a default in the payments. The default suspension ~~continues~~ shall continue until the judgment is satisfied or a new court order authorizing payment of the judgment in installments is received.

e. *Insurance coverage exception.* ~~The debtor can be relieved of the suspension if there was liability insurance coverage in effect at the time of the accident from which the judgment was rendered. The requirements are the same as provided in Iowa Code section 321A.13. The department will accept~~ To qualify for this exception, the judgment debtor who held effective liability insurance coverage at the time of the accident from which the judgment was rendered shall submit a copy of the insurance policy and a letter from the insurance carrier confirming that ~~they were~~ the insurance carrier was authorized to issue liability insurance, ~~and that they~~ the insurance carrier did provide coverage for the debtor in amounts required by the financial responsibility law, ~~and the reason why the insurance carrier has not paid such judgment.~~

This rule is intended to implement Iowa Code sections 321A.12 to 321A.29 and 321A.31.

ITEM 6. Amend rule 761—640.6(321A) as follows:

761—640.6(321A) Proof of financial responsibility for the future. Proof of financial responsibility ~~for the future~~ is required pursuant to Iowa Code sections 321A.13, 321A.14, 321A.16 and 321A.17. ~~Unless~~ A person’s driver’s license or nonresident operating privilege shall remain suspended or revoked until the person has filed proof of financial responsibility with the department. In addition, a person’s motor vehicle registrations shall remain suspended until the person has filed with the department proof of

financial responsibility for all motor vehicles registered to that person, ~~the department shall also suspend the person's motor vehicle registrations.~~

640.6(1) *Duration of proof of financial responsibility.* Proof of financial responsibility is required for two years starting on the effective date of the person's last suspension or revocation that qualifies under Iowa Code section 321A.17. The requirement terminates if the person required to give proof dies or becomes incapable of operating a motor vehicle, or surrenders the driver's license and the plates of all vehicles registered in the person's name to the department. Reinstatement of the person's driver's license or nonresident operating privilege and motor vehicle registrations within the two-year requirement is possible only if the person refiles such proof.

640.6(2) *Methods of giving proof of financial responsibility.*

a. Proof of financial responsibility may be shown by a liability insurance certificate pursuant to Iowa Code section 321A.19. Form SR-22, "AAMVA Uniform Financial Responsibility Form," is required as the form of the certificate except when proof of financial responsibility is submitted electronically. ~~When proof of financial responsibility is submitted electronically, the proof shall be in a format approved by the department.~~ The form may describe an owner's or operator's policy and shall identify the policyholder by name, address, driver's license number, and birth date. The effective date of the policy shall be the same as the effective date on the form. The vehicles covered shall be identified by year, make, model and vehicle identification number. The form shall be certified in accordance with the Iowa financial responsibility law by an insurance carrier authorized to transact insurance business in Iowa or by a an insurance carrier authorized by power of attorney. The policy shall be canceled only as provided in Iowa Code section 321A.22. Certification of coverage for an owner's policy authorizes the policyholder to have registrations for the described vehicles. Certification of coverage for an operator's policy does not authorize registrations.

b. Proof of financial responsibility may be given for a person who is an operator in the employ of the owner of the motor vehicle, or who is a member of the immediate family or household of the owner pursuant to Iowa Code section 321A.26, if the owner's insurance carrier certifies for the person required to show proof of financial responsibility. In addition to the requirements in paragraph 640.6(2) "*a.*" the proof of financial responsibility shall identify both the policyholder and the person for whom proof of financial responsibility is given. This certification does not authorize the person required to give proof of financial responsibility to register a motor vehicle.

c. Proof of financial responsibility may be given for a person who is an operator in the employ of an owner of a fleet of motor vehicles, if the owner's insurance carrier certifies for the person required to show proof, ~~by submitting of financial responsibility.~~ Form SR-23, "AAMVA Uniform Financial Responsibility Form," ~~except when~~ is required as the form of the certificate except when proof of financial responsibility is submitted electronically. ~~When proof of financial responsibility is submitted electronically, the proof shall be in a format approved by the department.~~ The form shall identify the policyholder's name and address, policy number, policy dates and effective date. This certification does not authorize the person required to give proof of financial responsibility to register a motor vehicle.

d. Proof of financial responsibility may be given for a person who is an operator in the employ of an owner who has qualified as a self-insurer pursuant to Iowa Code section 321A.34. A certificate of self-insurance may be issued by the department to a person in whose name more than 25 vehicles are registered and who submits a financial statement which is found to be satisfactory to the department. Form SR-1, "Application for Self Insurance," shall be completed and submitted to the department with a list of all the owner's motor vehicles registered in Iowa identified by make, year, model, and vehicle identification number. When the application is approved, the department shall issue Form SR-2, "Self Insurance Certificate." Failure to pay a judgment pursuant to Iowa Code section 321A.34 or failure to submit an annual financial statement shall be reasonable grounds for cancellation of the certificate.

640.6(3) *Rescinded, effective 1/26/83. Proof of financial responsibility restriction.* When a person has filed satisfactory proof of financial responsibility in accordance with subrule 640.6(2), and the person applies for and is otherwise eligible for a driver's license, the department shall issue the driver's license with a restriction indicating that the person is subject to proof of financial responsibility requirements. The restriction code shall be the same as described in 761—subrule 605.8(1).

640.6(4) *Terminating the suspension upon filing of proof of financial responsibility.* When ~~future~~ proof of financial responsibility is ~~shown~~ provided under subrule 640.6(2) and the person is otherwise eligible for licensing or registration, the department shall issue Form 431009, “~~Suspension Termination Notice~~,” a notice terminating the suspension to the person whose privileges were suspended under Iowa Code section 321A.13, 321A.14, 321A.16 or 321A.17 or ~~rules~~ rule 761—640.5(321A) ~~and or~~ 761—640.6(321A). To regain operating privileges, the person shall pass the required examinations and pay the required fees. The person’s operating and registration privileges are restricted to the motor vehicles covered under the proof of financial responsibility filed by the applicant, except that a person required to give proof of financial responsibility who holds proof of financial responsibility as an operator may operate a nonowned vehicle provided the owner of that vehicle has liability coverage required under Iowa Code chapter 321A.

640.6(5) *Cancellation of ~~future~~ proof of financial responsibility.* An insurance carrier shall only cancel or terminate a certificate of insurance pursuant to Iowa Code section 321A.22. The cancellation shall be certified by an authorized insurance carrier representative on Form SR-26, “AAMVA Uniform Financial Responsibility Form,” except when cancellation of ~~future~~ proof of financial responsibility is submitted electronically. ~~When cancellation of future proof of financial responsibility is submitted electronically, the cancellation shall be in a format approved by the department.~~ The cancellation of ~~future~~ proof of financial responsibility shall identify the proof of financial responsibility certificate to be canceled by name and address of the person, social security number, birth date, driver’s license number, number of the policy to be canceled and the effective date of cancellation.

640.6(6) *Suspension when ~~future~~ proof of financial responsibility is canceled.*

a. When a person’s ~~future~~ proof of financial responsibility is canceled, the person shall immediately refile ~~future~~ proof of financial responsibility or surrender the license and registrations to the department.

b. If the person fails to refile proof of financial responsibility, Form 431010, “~~Suspension Notice~~,” a suspension notice shall be served in accordance with 761—615.37(321). The effective date of the suspension shall be the date the notice is served. The notice shall inform the person that the privilege to operate and register motor vehicles in Iowa is suspended until ~~future~~ proof of financial responsibility is refiled. When the person refiles ~~future~~ proof of financial responsibility, the department shall issue to the person Form 431009, “~~Suspension Termination Notice~~,” a notice terminating the suspension.

640.6(7) *Terminating the ~~two-year~~ proof of financial responsibility requirement.* ~~Form 431009, “Suspension Termination Notice,”~~ A notice terminating the requirement to maintain proof of financial responsibility shall be issued to a person who has ~~completed future~~ satisfied proof of financial responsibility requirements pursuant to Iowa Code section 321A.29. The form shall notify the person that proof of financial responsibility is no longer required and that the person may operate and register motor vehicles without the ~~proof restrictions~~ maintaining and filing with the department proof of financial responsibility. If the person’s driver’s license is still valid, the person may obtain a duplicate driver’s license without the ~~proof restrictions~~ restriction under subrule 640.6(3). If the driver’s license has expired or has not been reinstated and the person is otherwise eligible for licensing, the person shall pass the required examinations and pay the required fees. ~~The suspension termination notice may also be presented to the county treasurer to obtain a new registration.~~

640.6(8) *Electronic submission of proof of financial responsibility and cancellation of ~~future~~ proof of financial responsibility.* Prior to July 1, 2021, an insurance carrier authorized to transact business in the state of Iowa may electronically submit proof of financial responsibility and cancellation of ~~future~~ proof of financial responsibility in a format approved by the department. An insurance carrier that submits proof of financial responsibility or cancellation of ~~future~~ proof of financial responsibility under this rule shall implement electronic submission of such proof no later than July 1, 2021. As of July 1, 2021, no paper submissions of such proof shall be accepted by the department from the insurance carrier, and all submissions of proof of financial responsibility and cancellation of ~~future~~ proof of financial responsibility shall be submitted electronically in a format approved by the department.

This rule is intended to implement Iowa Code sections 321A.12 to 321A.29, 321A.31 and 321A.34.

ITEM 7. Amend rule 761—640.7(321A) as follows:

761—640.7(321A) Transfer of suspended registration. A person whose motor vehicle registration privileges have been suspended may make a bona fide sale pursuant to Iowa Code sections 321.493 and 321A.30. The department shall release the suspended registration to permit the registration of the motor vehicle by the purchaser when presented with either the seller's sworn statement on Form 433015, ~~"Affidavit of Bona Fide Sale,"~~ 411107, "Notice of Sale of Vehicle and Delivery of Title," or confirmation from the county treasurer that the sale has been made and release of the registration is necessary to complete the transfer of title.

This rule is intended to implement Iowa Code sections 321.493 and 321A.30.