

FEEDER PIG DEALERS

202C.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. *"Dealer"* means a person required to be licensed as a dealer pursuant to section 163.30. However, a dealer does not include a person who operates a livestock market, as defined in section 459.102.
2. *"Department"* means the department of agriculture and land stewardship.
3. *"Feeder pig"* means an immature swine fed for purposes of direct slaughter which weighs one hundred pounds or less.
4. *"Financial institution"* means a bank or savings and loan association authorized by this state or by the laws of the United States, which is a member of the federal deposit insurance corporation, the federal savings and loan insurance corporation, or the national bank for cooperatives established in the Agricultural Credit Act, Pub. L. No. 100-233.
5. *"Purchaser"* means the owner or operator of a farm as provided in section 163.30 who is delivered feeder pigs pursuant to a sales agreement in which the owner or operator is a party.
6. *"Sales agreement"* means an oral or written contract executed between a dealer and a purchaser for the sale of feeder pigs.

2003 Acts, ch 90, §2; 2004 Acts, ch 1095, §2, 6

202C.2 Evidence of financial responsibility requirements.

1. A dealer shall provide the department with evidence of financial responsibility as required by the department. The evidence of financial responsibility shall consist of a surety bond furnished by a surety or an irrevocable letter of credit issued by a financial institution.
2. The evidence of financial responsibility shall be provided to the department before the dealer's license is issued or renewed pursuant to section 163.30.
3. The amount of the evidence of financial responsibility shall be established by rules which shall be adopted by the department. Unless the department otherwise has good cause, the rules shall be based upon the volume of sales reported by the dealer to the United States department of agriculture grain inspection, packers and stockyards administration. However, the evidence of financial responsibility shall not be for less than five thousand dollars or for more than twenty-five thousand dollars. The department may increase the amount of the evidence of financial responsibility for a dealer upon a showing of good cause.
4. The evidence of financial responsibility must be conditioned upon the dealer's faithful performance of the terms and conditions of the sales agreement. The surety's or issuer's liability extends to each such sales agreement executed while the surety bond or letter of credit is in force and until performance or the rescission of the sales agreement.
5. The evidence of financial responsibility shall be continuous in nature until canceled by the surety or issuer. The surety or issuer shall provide at least ninety days' notice in writing to the dealer and the department indicating the surety's or issuer's intent to cancel the surety bond or letter of credit and the effective date of

the cancellation. The dealer shall have sixty days from the date of receipt of the surety's or issuer's notice of cancellation to file a replacement. However, the surety or issuer remains liable for damages arising from sales agreements which were executed during the effective period of the evidence of financial responsibility.

2003 Acts, ch 90, §3; 2004 Acts, ch 1095, §3, 6

202C.3 Surety or issuer liability.

1. The purchaser may bring a legal action arising from the breach of a sales agreement against the surety on the bond or issuer on the irrevocable letter of credit in the purchaser's own name in district court to recover any damages as allowed by law. The purchaser may also be awarded interest as determined pursuant to section 668.13, beginning from the date that the sales agreement was executed. The purchaser may also be awarded court costs and reasonable attorney fees, which shall be taxed as part of the costs of the legal action.
2. The aggregate liability of the surety or issuer due to a breach of a sales agreement shall not exceed the amount of the evidence of financial responsibility.
3. A legal action brought by a purchaser against the surety on the bond or the issuer of the irrevocable letter of credit shall be brought not later than one hundred eighty days after the date that the dealer delivers the feeder pigs to the purchaser pursuant to the sales agreement.

2003 Acts, ch 90, §4; 2004 Acts, ch 1095, §4, 6

202C.4 Departmental rules.

The department shall adopt rules as required to administer this chapter, including but not limited to rules providing for amounts of evidence of financial responsibility, qualifications for a surety or financial institution, procedures for filing evidence of financial responsibility, including replacement bonds or letters of credit, requirements for the cancellation of the evidence of financial responsibility, and the liability of a surety or issuer after cancellation.

2003 Acts, ch 90, §5