

**203C.15 Insurance required — exception.**

1. A warehouse operator shall maintain insurance coverage as provided in [this section](#). In order to maintain insurance coverage, all agricultural products in storage in a licensed warehouse and all agricultural products which have been deposited temporarily in a licensed warehouse pending storage or for purposes other than storage, shall be kept fully insured by the warehouse operator as provided in [this section](#) for the current value of the agricultural products against loss by fire, inherent explosion, windstorm, or any other similar catastrophe designated by rules which may be adopted by the department.

2. The insurance coverage required in [subsection 1](#) shall be carried by one or more insurance companies. Such an insurance company must be all of the following:

a. Organized or operating under the laws of this state or authorized by the laws of this state to do business in this state.

b. An insurer of agricultural products in this state as provided in [subsection 1](#).

3. Insurance coverage may be terminated by its expiration without renewal, or canceled by the insurance company on its own volition or as a result of an action or inaction by the insured licensed warehouse operator.

4. A licensed warehouse operator shall be responsible for providing the department with all of the following:

a. Evidence of insurance coverage as required in [subsection 2](#) that is an insurance policy or other document approved by the department which evidences property and casualty insurance.

b. Proof of insurance which verifies that evidence of insurance coverage submitted by a licensed warehouse operator complies with [subsection 1](#).

5. A warehouse operator must submit evidence of insurance coverage with the department as required by the department. The department must approve the evidence of insurance coverage before the department files it. A warehouse operator shall not be issued a license or retain a license unless evidence of insurance coverage is on file with the department.

6. The department may demand proof of insurance coverage by the licensed warehouse operator, regardless of whether the department has previously approved proof of insurance or approved or filed evidence of insurance coverage. The demand must be in writing and must explain the department's enforcement action resulting from the warehouse operator's noncompliance.

a. The licensed warehouse operator may comply with the demand by doing any of the following:

(1) Assuring the department that existing evidence of insurance coverage filed with the department complies with the requirements of [this section](#).

(2) Obtaining additional or new insurance coverage. The licensed warehouse operator must submit and the department must approve and file the supplemental or new evidence of insurance coverage necessary to comply with the requirements of [this section](#).

b. If the licensed warehouse operator fails to comply with the requirements of the demand letter as set out in paragraph "a", the department shall take enforcement action as follows:

(1) Thirty days after delivering the demand letter to the licensed warehouse operator, the department shall suspend the warehouse license.

(2) Forty days after delivering the demand letter to the licensed warehouse operator, the department shall revoke the warehouse license.

c. The department may inspect a licensed warehouse at any time.

d. The department shall terminate an enforcement action as provided in paragraph "b", if the licensed warehouse operator submits any proof of insurance or supplemental or new evidence of insurance which the department approves. However, this paragraph "d" applies only if the licensed warehouse operator submits the proof of insurance or evidence of insurance prior to the effective date of the revocation.

7. An insurance company shall not cancel insurance coverage unless any of the following applies:

a. The insurance company provides the department and the licensed warehouse operator with at least ninety days' notice of cancellation by mail.

b. The insurance coverage is renewed or replaced by the licensed warehouse operator,

and the department has approved and filed the evidence of insurance coverage at the time that the department would have received the mailed notice of cancellation.

8. The department shall take enforcement action against a licensed warehouse whose insurance coverage has been terminated by cancellation or expiration.

a. The department shall suspend the warehouse license. The suspension shall take effect on the date that the insurance coverage terminates. However, the department shall terminate the suspension if the licensed warehouse operator submits proof of insurance or any renewed or new evidence of insurance coverage to the department. In addition, all of the following requirements apply:

(1) The department must receive the proof of insurance or evidence of insurance coverage within ten days after the effective date of the suspension.

(2) The department must approve the proof of insurance or evidence of insurance coverage.

b. The department shall revoke the warehouse license. The revocation shall take effect eleven days after the effective date of the suspension, unless the suspension is terminated as provided in paragraph “a”.

9. When a license is revoked, the department shall notify each holder of an outstanding warehouse receipt and all known persons who have grain retained in open storage of the revocation. The department shall further notify each receipt holder and all known persons who have grain retained in open storage that the grain must be removed from the warehouse not later than the thirtieth day following the revocation. The notice shall be sent by ordinary mail to the last known address of each person having grain in storage as provided in [this subsection](#).

10. Claimants against the insurance have precedence in the following order:

a. Holders of warehouse receipts other than the warehouse operator and owners of bulk grain other than the warehouse operator.

b. Owners of all other agricultural products as their interests appear.

c. Warehouse operators who have warehouse receipts.

d. Warehouse operators who are the owners of bulk grain.

11. However, notwithstanding the insurance requirements set forth in [this section](#), a licensed warehouse may exclude from the insurance coverage stored grain to which title is fully vested in the United States government or any of its subdivisions or agencies, provided that the licensed warehouse has on file with the United States government or any of its subdivisions or agencies a current and accepted uninsured storage rate under the provisions of their uniform grain storage agreement. The licensed warehouse shall file a copy of the current uninsured tariff rate with the department immediately upon acceptance of the uninsured rate by the United States government or any of its subdivisions or agencies.

[C24, 27, 31, §9725; C35, §9751-g7; C39, §9751.07; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §543.15]

[86 Acts, ch 1006, §6](#); [86 Acts, ch 1103, §1](#); [86 Acts, ch 1152, §26](#); [89 Acts, ch 143, §804](#)

[C93, §203C.15](#)

[2009 Acts, ch 41, §217](#); [2012 Acts, ch 1095, §108 – 110](#); [2013 Acts, ch 30, §42](#); [2014 Acts, ch 1092, §38](#)

Referred to in [§203C.11](#)