

CHAPTER 515D

AUTOMOBILE INSURANCE CANCELLATION CONTROL

Referred to in §87.4, 296.7, 331.301, 364.4, 505.8, 505.28, 505.29, 669.14, 670.7

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515D.1 Title.

This chapter shall be known as the “*Iowa Automobile Insurance Cancellation Control Act*”.
[C71, 73, 75, 77, 79, 81, §515D.1]

515D.2 Definitions.

As used in **this chapter**, unless otherwise required by the context:

1. “*Policy*” means an automobile insurance policy providing bodily injury liability, property damage liability, medical payments, uninsured motorist coverage, physical damage coverage, or any combination thereof, delivered or issued for delivery in this state, insuring a single individual or one or more related individuals resident in the same household, as named insured, and insuring vehicles of the following types only:

a. Motor vehicles of the private passenger or station wagon type which are not used as public conveyances nor rented to others.

b. Any other four-wheel motor vehicles with a load capacity of one thousand five hundred pounds or less which are not used in the business or profession of the insured.

2. “*Renewal*” or “*to renew*” means the issuance and delivery by an insurer of a policy replacing at the end of the previous policy term a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the coverage of the policy beyond its original term.

a. Any renewal policy, other than a replacement policy for an unfinished term, with a term of six months or less shall be considered written, for the purposes of **this chapter**, for a term of six months.

b. Any policy written for a term longer than one year or with no fixed expiration date shall be considered written for successive policy terms of one year.

3. “*Nonpayment of premium*” means failure of the named insured to discharge when due any of the named insured’s obligations in connection with the payment of premiums on the policy, or any installment of a premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

[C71, 73, 75, 77, 79, 81, §515D.2]

[2012 Acts, ch 1023, §157](#)

515D.3 When not applicable.

This chapter shall not apply to any policy:

1. Issued under an automobile assigned risk plan.
2. Covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

3. Insuring more than four automobiles.

4. Issued principally to cover personal or premises liability of an insured even though such insurance may also provide some incidental coverage for liability arising out of the ownership, maintenance, or use of a motor vehicle on the premises of such insured or on the ways immediately adjoining the premises.

[C71, 73, 75, 77, 79, 81, §515D.3]

515D.4 Notice of cancellation — reasons.

1. A policy shall not be canceled except by notice to the insured as provided in [this chapter](#). Notice of cancellation of a policy is not effective unless it is based on one or more of the following reasons:

a. Nonpayment of premium.

b. Nonpayment of dues to an association or organization other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing insurance in force and the dues payment requirement was in effect prior to January 1, 1969.

c. Fraud or material misrepresentation affecting the policy or the presentation of a claim.

d. Violation of terms or conditions of the policy.

e. Any reason permitted in [subsection 2](#) for exclusion of a person from the policy.

2. A person shall not be excluded from the policy unless the exclusion is based on one or more of the following reasons, or is agreed upon by both the named insured and the insurer:

a. The named insured or any operator who either resides in the same household or customarily operates an automobile insured under the policy has that person's driver's license suspended or revoked during any of the following:

(1) The term of the policy.

(2) The term of a renewal policy.

(3) Within one hundred eighty calendar days immediately preceding the effective date of a renewal of the policy.

b. The named insured or any operator who either resides in the same household or customarily operates an automobile insured under the policy has during the term of the policy engaged in a competitive speed contest while operating an automobile insured under the policy.

c. The named insured or any operator who either resides in the same household or customarily operates an automobile insured under the policy, during the thirty-six months immediately preceding the notice of cancellation or nonrenewal, has been convicted of or forfeited bail for any of the following:

(1) Criminal negligence resulting in death, homicide, or assault and arising out of the operation of a motor vehicle.

(2) Operating a motor vehicle while intoxicated or while under the influence of a drug.

(3) A violation of [section 321.261](#).

3. [This section](#) shall not apply to any policy or coverage which has been in effect less than sixty calendar days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy. [This section](#) shall not apply to the nonrenewal of a policy.

4. During the policy period, a modification of automobile physical damage coverage, other than coverage for loss caused by collision, where provision is made for the application of a deductible amount not exceeding one hundred dollars, shall not be deemed a cancellation of the coverage or of the policy.

[C71, 73, 75, 77, 79, 81, §515D.4]

[96 Acts, ch 1045, §6; 97 Acts, ch 186, §20; 2002 Acts, ch 1111, §22; 2021 Acts, ch 181, §18, 19](#)

Referred to in [§515D.5](#)

515D.5 Delivery of notice.

1. a. Notwithstanding the provisions of [section 515.129A](#), a notice of cancellation of a policy shall not be effective unless mailed or delivered by the insurer to the named insured at least thirty calendar days prior to the effective date of cancellation, or, where the cancellation is for nonpayment of premium notwithstanding the provisions of [section 515.129A](#), at least ten calendar days prior to the date of cancellation. A post office department certificate of mailing to the named insured at the address shown in the policy shall be proof of receipt of such mailing. Unless the reason accompanies the notice of cancellation, the notice shall state that upon written request of the named insured, mailed or delivered to the insurer not less than fifteen calendar days prior to the date of cancellation, the insurer will state the reason

for cancellation together with notification of the right to a hearing before the commissioner within fifteen calendar days as provided in [this chapter](#).

b. When the reason does not accompany the notice of cancellation, the insurer shall, upon receipt of a timely request by the named insured, state in writing the reason for cancellation. A statement of reason shall be mailed or delivered to the named insured within five calendar days after receipt of a request.

2. A notice of exclusion of a person under a policy pursuant to [section 515D.4](#), is not effective unless written notice is mailed or delivered to the named insured at least twenty calendar days prior to the effective date of the exclusion. The written notice shall state the reason for the exclusion, together with notification of the right to a hearing before the commissioner pursuant to [section 515D.10](#) within fifteen calendar days of receipt or delivery of a statement of reason as provided in [this section](#).

[C71, 73, 75, 77, 79, 81, §515D.5]

88 Acts, ch 1112, §601; 97 Acts, ch 186, §21; 2003 Acts, ch 91, §44; 2007 Acts, ch 152, §79; 2011 Acts, ch 70, §32; 2021 Acts, ch 181, §20

515D.6 Prohibited reasons for nonrenewal.

1. An insurer shall not refuse to renew a policy solely because of age, residence, sex, race, color, creed, or occupation.

2. An insurer shall not require a physical examination of a policyholder as a condition for renewal solely on the basis of age or other arbitrary reason. In the event that an insurer requires a physical examination of a policyholder, the burden of proof in establishing reasonable and sufficient grounds for the requirement shall rest with the insurer and the expenses incident to the examination shall be borne by the insurer.

[C71, 73, 75, 77, 79, 81, §515D.6]

2021 Acts, ch 76, §128; 2021 Acts, ch 181, §21

515D.7 Notice of intent.

1. Notwithstanding the provisions of [sections 515.125](#) and [515.128](#), an insurer shall not fail to renew a policy except by notice to the insured as provided in [this chapter](#). A notice of intention not to renew shall not be effective unless mailed or delivered by the insurer to the named insured at least thirty calendar days prior to the expiration date of the policy. A post office department certificate of mailing to the named insured at the address shown in the policy shall be proof of receipt of such mailing. Unless the reason accompanies the notice of intent not to renew, the notice shall state that, upon written request of the named insured, mailed or delivered to the insurer not less than thirty calendar days prior to the expiration date of the policy, the insurer will state the reason for nonrenewal.

2. Notwithstanding the provisions of [sections 515.129B](#) and [515.129C](#), an insurer shall not fail to renew a policy except by notice to the insured as provided in [this chapter](#). A notice of intention not to renew shall not be effective unless mailed or delivered by the insurer to the named insured at least sixty calendar days prior to the expiration date of the policy. A post office department certificate of mailing to the named insured at the address shown in the policy shall be proof of receipt of such mailing. Unless the reason accompanies the notice of intent not to renew, the notice shall state that, upon written request of the named insured, mailed or delivered to the insurer not less than sixty calendar days prior to the expiration date of the policy, the insurer will state the reason for nonrenewal.

3. When the reason does not accompany the notice of intent not to renew, the insurer shall, upon receipt of a timely request by the named insured, state in writing the reason for nonrenewal, together with notification of the right to a hearing before the commissioner within fifteen calendar days as provided in [section 515D.10](#). A statement of reason shall be mailed or delivered to the named insured within ten days after receipt of a request.

4. [This section](#) shall not apply:

- a. If the insurer has manifested its willingness to renew.
- b. If the insured fails to pay any premium due or any advance premium required by the insurer for renewal.
- c. If the insured is transferred from an insurer to an affiliate for future coverage as a result

of a merger, acquisition, or company restructuring and if the transfer results in the same or broader coverage.

[C71, 73, 75, 77, 79, 81, §515D.7]

88 Acts, ch 1112, §602; 2002 Acts, ch 1111, §23; 2007 Acts, ch 152, §80; 2011 Acts, ch 70, §33; 2021 Acts, ch 181, §22; 2022 Acts, ch 1021, §152; 2024 Acts, ch 1116, §1, 2, 7

Referred to in §515D.8

2024 amendment to subsection 1 effective January 1, 2025; 2024 Acts, ch 1116, §7

Subsection 2 effective January 1, 2025; 2024 Acts, ch 1116, §7

Subsection 1 amended

NEW subsection 2 and former subsections 2 and 3 renumbered as 3 and 4

515D.8 Duplicate coverage.

If an insured obtains a second policy which provides equal or more extensive coverage for any vehicle designated in both policies, the first policy's coverage of such vehicle may be terminated by failure to renew as of the effective time and date of the second policy, whether or not the first policy insurer complies with all provisions of [section 515D.7](#).

[C71, 73, 75, 77, 79, 81, §515D.8]

515D.9 Renewal not a waiver or estoppel.

Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of renewal.

[C71, 73, 75, 77, 79, 81, §515D.9]

515D.10 Hearing before commissioner.

Any named insured who has received a statement of reason for cancellation, or of reason for an insurer's intent not to renew a policy, may, within fifteen calendar days of the receipt or delivery of a statement of reason, request a hearing before the commissioner of insurance. The purpose of this hearing shall be limited to establishing the existence of the proof or evidence stated by the insurer as its reason for cancellation or intent not to renew. The burden of proof of the reason for cancellation or intent not to renew shall be upon the insurer. Other than the sharing of information required by [this chapter](#) and the rules adopted pursuant to the provisions of [this chapter](#), the commissioner shall keep confidential the information obtained from the insured or in the hearing process, pursuant to [section 505.8, subsection 8](#). The commissioner of insurance shall adopt rules pursuant to [chapter 17A](#) to implement the provisions of [this section](#).

[C71, 73, 75, 77, 79, 81, §515D.10]

2003 Acts, ch 91, §45; 2021 Acts, ch 181, §23

Referred to in §515D.5, 515D.7

515D.11 Insured told of alternate coverage.

When automobile bodily injury and property damage liability coverage is canceled or not renewed, other than for nonpayment of premium, the insurer shall notify the named insured of the insured's possible eligibility for automobile liability insurance through the Iowa automobile insurance plan. Such notice shall accompany the notice of cancellation or intent not to renew.

[C71, 73, 75, 77, 79, 81, §515D.11]

515D.12 Immunity of liability.

There shall be no liability on the part of, and no cause of action of any nature shall arise against the commissioner of insurance or any employee of the division or against any insurer, its authorized representatives, its agents, its employees, or against any firm, person, or corporation furnishing to the insurer information as to reasons for cancellation or intent not to renew, for any statement made by any of them in any written notice of cancellation or notice of intent not to renew or in any other communication, oral or written, specifying the reasons for cancellation or intent not to renew, or for any information provided or evidence submitted at any hearings conducted in connection with reasons for cancellation or intent not to renew.

[C71, 73, 75, 77, 79, 81, §515D.12]