

21—66.13(163,202C) Feeder pig dealer bonding/letter of credit requirement and claims procedures.

66.13(1) General requirement. In addition to the bond required in Iowa Code section 163.30, a feeder pig dealer shall maintain on file with the department evidence of financial responsibility consisting of a surety bond furnished by a surety or an irrevocable letter of credit issued by a financial institution. “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.

Bonds and irrevocable letters of credit filed with the department shall be on the forms prescribed by the animal industry bureau. Bonds and irrevocable letters of credit shall be written so as to provide funds to protect purchasers of feeder pigs who incur damages in Iowa as a result of sick or diseased pigs obtained from a feeder pig dealer or who otherwise suffer damages arising from a breach of contract relating to the sale of feeder pigs by the feeder pig dealer described in the bond or irrevocable letter of credit.

Evidence of financial responsibility shall be provided to the department before the feeder pig dealer’s license is issued or renewed pursuant to Iowa Code section 163.30. The evidence of additional financial responsibility shall not be for less than \$5,000 or for more than \$25,000. The department may increase the amount of the evidence of financial responsibility for a dealer upon a showing of good cause. Terms of the bond or irrevocable letter of credit shall provide that if the bond or irrevocable letter of credit is canceled as to future transactions, written notice of the cancellation shall be provided to the department at least 30 days in advance of the cancellation. Such notice shall be provided to the department either by personal delivery to the department or by certified mail. The feeder pig dealer shall provide an adequate replacement bond or irrevocable letter of credit prior to the effective date of the cancellation. The dealer’s failure to submit an adequate replacement bond or irrevocable letter of credit shall result in the immediate suspension of the dealer’s license to do business until such bond or irrevocable letter of credit is provided.

66.13(2) Applicability. A bond or irrevocable letter of credit filed pursuant to this rule shall only be subject to claims which arise after July 1, 2004, and are subsequent to feeder pig dealer licensing or relicensing with the department.

66.13(3) Amount of bond. The amount of financial responsibility shall be based on the annual volume of feeder pig sales in Iowa reported by the feeder pig dealer to the department or, at the option of the feeder pig dealer, the annual volume of all livestock or feeder pig sales reported to the United States Packers and Stockyards Administration. The following table shall be used to determine the level of additional financial responsibility:

TABLE FOR COMPUTING SURETY BOND
OR IRREVOCABLE LETTER OF CREDIT EQUIVALENTS

Volume Range in Dollars		Additional Financial Responsibility Required
(not less than)	(not more than)	
\$ 1	\$ 6,500,000	\$ 5,000
\$ 6,500,001	\$ 7,150,000	\$ 6,000
\$ 7,150,001	\$ 7,800,000	\$ 7,000
\$ 7,800,001	\$ 8,450,000	\$ 8,000
\$ 8,450,001	\$ 9,100,000	\$ 9,000
\$ 9,100,001	\$ 9,750,000	\$10,000
\$ 9,750,001	\$16,250,000	\$11,000
\$16,250,001	\$22,750,000	\$12,000
\$22,750,001	\$29,250,000	\$13,000
\$29,250,001	\$35,750,000	\$14,000
\$35,750,001	\$42,250,000	\$15,000
\$42,250,001	\$48,750,000	\$16,000
\$48,750,001	\$55,250,000	\$17,000
\$55,250,001	\$61,750,000	\$18,000
\$61,750,001	\$68,250,000	\$19,000

Volume Range in Dollars		Additional Financial Responsibility Required
(not less than)	(not more than)	
\$68,250,001	\$74,750,000	\$20,000
\$74,750,001	\$81,250,000	\$21,000
\$81,250,001	\$87,750,000	\$22,000
\$87,750,001	\$94,250,000	\$23,000
\$94,250,001	\$100,750,000	\$24,000
\$100,750,001	And higher	\$25,000

66.13(4) Claims. A person who has suffered damages in Iowa as a result of sick or diseased pigs obtained from a feeder pig dealer, or who otherwise suffers damages arising from a breach of contract relating to the sale of feeder pigs by the feeder pig dealer, may file a claim against a bond or irrevocable letter of credit provided under this rule. A claim against the bond shall be valid only for a claim incurred in the state of Iowa for which there is a final judgment from a court of competent jurisdiction.

66.13(5) Procedure. A person filing a claim against the bond or irrevocable letter of credit shall submit both of the following before such claim shall be considered to be completed:

1. A notarized and completed copy of the claim form.
2. An official copy of the court judgment or other order which has established the debt as a bona fide adjudicated debt, including the date that the judgment was entered.

66.13(6) Disputes. The department shall review any claim filed and, upon determining that a completed form and the required documents have been submitted, shall provide written notification of the claim to both the feeder pig dealer and the issuer of the bond or irrevocable letter of credit. The feeder pig dealer and the issuer of the bond or irrevocable letter of credit shall have 20 calendar days to file a written dispute of the claim. The dispute of the claim shall be limited to the following grounds only:

- a. The claim is not covered by the bond or irrevocable letter of credit.
- b. The claim is not a final adjudicated judgment.
- c. The claim does not relate to damages incurred in Iowa.
- d. The claim is for a judgment which has already been settled or compromised.

66.13(7) Costs of settling disputes. If a dispute is filed on a claim, the department shall schedule an administrative hearing to determine whether the dispute is valid. The costs of the department in resolving the dispute, including the costs incurred in holding the administrative hearing, shall be paid out of the proceeds of the bond or irrevocable letter of credit prior to distribution of any proceeds, whether the dispute is upheld or denied.

This rule is intended to implement Iowa Code section 163.30, Iowa Code Supplement chapter 202C and 2004 Iowa Acts, House File 2475.