

701—1000.14(123) Dramshop liability insurance requirements. For the purpose of providing proof of financial responsibility, as required under the provisions of Iowa Code section 123.92, a dramshop liability insurance policy must meet the following requirements:

1000.14(1) Requirements.

a. Proof of coverage—current certificate required. The dramshop liability certificate of insurance must be issued by a company holding a current certificate of authority from the Iowa insurance commissioner authorizing the company to issue dramshop liability insurance in Iowa. A new dramshop liability certificate of insurance must be provided in the manner designated by the director each time the department issues a license. The dramshop liability certificate of insurance must contain the following information:

- (1) The name of the insurance provider.
- (2) The policy number.
- (3) The name and address of the insured.
- (4) The policy effective dates.
- (5) The license number of the insured, if applicable.

b. Dates of coverage.

(1) If dramshop liability insurance coverage is required as a condition of the license under Iowa Code section 123.92, the applicant or licensee must have and maintain dramshop liability insurance that covers the entire license term.

(2) If an applicant or licensee has proof of a dramshop liability insurance policy that does not cover the entire license term, the applicant or licensee will be required to provide, prior to the policy's expiration date, proof that the policy has been renewed and coverage will continue or proof that a new policy meeting the necessary requirements has been obtained.

c. Electronic attestation. The applicant or licensee must agree as a condition of license issuance that the applicant has read and will abide by all of the dramshop liability insurance requirements set forth in Iowa Code chapter 123 and this rule. The applicant or licensee understands that failure to adhere to these rules means the applicant no longer possesses the statutory requirement for licensure and the applicant's license may be suspended or canceled. The burden is upon the applicant or licensee to ensure that the department has on file valid proof of dramshop liability insurance.

d. Electronic verification/endorsement by an authorized insurance representative. An authorized representative of the insurance carrier providing dramshop liability insurance for the applicant or licensee must electronically register with the department. The insurer must electronically provide verification of coverage and notice of cancellation or expiration in accordance with the Iowa Code and this rule. Upon request, an insurance company or an insured applicant or licensee must provide a duplicate original of the policy and all pertinent endorsements.

1000.14(2) Minimum coverage required. The dramshop liability insurance policy must provide the following minimum liability coverage, exclusive in interests and cost of action, per occurrence:

- a.* Fifty thousand dollars for bodily injury to or death of one person in each claim or occurrence.
- b.* One hundred thousand dollars for bodily injury to or death of two or more persons in each occurrence.
- c.* Twenty-five thousand dollars for loss of means of support of any one person in each occurrence.
- d.* Fifty thousand dollars for loss of means of support of two or more persons in each occurrence.

1000.14(3) Permitted policies. All dramshop liability insurance policies issued under this rule must be occurrence-based policies, not claims-made-based policies.

a. Claims-made-based policies. Claims-made-based policies provide liability coverage only if a written claim is made during the policy period, or any applicable extended reporting period.

b. Occurrence-based policies. Occurrence-based policies provide liability coverage only for injuries or damages that occur during the policy period regardless of the number of written claims made.

1000.14(4) Civil tort liability. Subject to the ordinary or customary exclusions usually found in a policy of dramshop liability insurance, the policy must contain coverage to insure against civil tort liability of the insured, created under Iowa Code sections 123.92, 123.93, and 123.94.

1000.14(5) *Assault and battery policy requirement.* Any dramshop liability insurance policy issued under this rule must not contain an exclusionary clause for assault and battery or intentional force with regard to:

- a. Employees, agents, or any person acting as an agent of the establishment.
- b. All patrons or visitors to the establishment.

1000.14(6) *Single insurance policies for multiple establishments.* Any licensee that holds multiple licenses throughout the state may purchase a single dramshop liability insurance policy for all locations provided that:

- a. The single dramshop liability insurance policy provides at least the minimum level of coverage required under this rule for each and every location covered by the policy.
- b. All other provisions of this rule are met by the single dramshop liability insurance policy.

1000.14(7) *Change of coverage by licensee.* A licensee may change its dramshop liability insurer at any time, but the duty is upon the licensee to provide proof of its new insurer as set out in this rule. Additionally, the licensee must maintain dramshop liability insurance coverage with no gaps in its coverage.

1000.14(8) *Cancellation of coverage by insurer.*

a. An insurance company may cancel a dramshop liability insurance policy by giving a minimum of 30 days' prior notice in writing or electronically to the department of the party's intent to cancel the policy. The 30-day period will begin on the date that the notice of cancellation is received by the department. The dramshop insurance company must also mail a copy of the notice of cancellation to its insured licensee.

b. The insurance company's notice of cancellation must contain the following information:

- (1) The name of the party to whom the copy of the notice of cancellation was mailed and, if different, the name of the affected licensee;
- (2) The address to which the copy of the notice of cancellation was sent and, if different, the address of the affected licensee;
- (3) The date on which the notice of cancellation was mailed;
- (4) The date the dramshop liability insurance policy is being canceled;
- (5) The dramshop liability insurance policy number;
- (6) The affected licensee's retail alcohol license number; and
- (7) The reason for canceling the dramshop liability insurance policy.

1000.14(9) *Violations.* Failure to comply with this rule may subject the applicant or licensee to the penalty provisions provided in Iowa Code chapter 123, including but not limited to denial, suspension, or revocation.

This rule is intended to implement Iowa Code sections 123.92 through 123.94.

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