

*Transp. Amend for 5368 & Do Pass 3/6 (p. 904)*

FEB 13 1990

HOUSE FILE 2393

Place On Calendar

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 717)

Passed House, Date 2/17/90 (p. 451) Passed Senate, Date 4/8/90 (p. 1739)

Vote: Ayes 94 Nays 0 Vote: Ayes 45 Nays 1

Approved May 1, 1990

**A BILL FOR**

1 An Act relating to minimum liability limits for motor carriers  
2 and related procedures.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2393

1 Section 1. Section 325.26, subsection 1, paragraph d, Code  
2 1989, is amended by striking the paragraph and inserting in  
3 lieu thereof the following:

4 d. To cover the assured's legal liability as a regular  
5 route motor carrier of passengers or as a charter carrier  
6 operating a motor vehicle with a seating capacity of sixteen  
7 or more persons, for bodily injury or death resulting from any  
8 one accident or other cause, three hundred thousand dollars  
9 for any recovery by one person, and two million dollars for  
10 recovery by more than one person subject to the limit for  
11 recovery by one person, and for damage to or destruction of  
12 property other than that of or in charge of the assured, as a  
13 result of any one accident or other cause, ten thousand  
14 dollars.

15 Sec. 2. Section 325.26, subsection 2, paragraphs a and b,  
16 Code 1989, are amended to read as follows:

17 a. To cover the assured's legal liability as a motor  
18 carrier for bodily injury or death resulting therefrom, as a  
19 result of any one accident or other cause, one hundred  
20 thousand dollars for any recovery by one person and subject to  
21 the limit for one person three hundred thousand dollars for  
22 more than one person. However, ~~the minimum limits of~~  
23 liability for motor carriers of hazardous materials are  
24 subject to federal minimum limits of liability are those  
25 specified adopted under United States Code, title 49, and  
26 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published  
27 in the federal register on June 11, 1981.

28 b. To cover the assured's legal liability as a motor  
29 carrier for damage to or destruction of any property other  
30 than that of or in charge of the assured, as a result of any  
31 one accident or other cause, ten thousand dollars. However,  
32 ~~the minimum limits of liability for~~ motor carriers of  
33 hazardous materials are subject to federal minimum limits of  
34 liability are those specified adopted under United States  
35 Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and

1 sec. 387.9 ~~as-published-in-the-federal-register-on-June-11,~~  
2 ~~1981.~~

3 Sec. 3. Section 327.15, subsections 1 and 2, Code 1989,  
4 are amended to read as follows:

5 1. To cover the assured's legal liability as a truck  
6 operator or contract carrier for bodily injury or death  
7 resulting therefrom as a result of any one accident or other  
8 cause, one hundred thousand dollars for any recovery by one  
9 person, and subject to the limit for one person three hundred  
10 thousand dollars for more than one person. However, ~~the~~  
11 ~~minimum-limits-of-liability-for~~ truck operators and contract  
12 carriers of hazardous materials are subject to federal minimum  
13 limits of liability ~~are-these-specified~~ adopted under United  
14 States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3  
15 and sec. 387.9 ~~as-published-in-the-federal-register-on-June~~  
16 ~~11,-1981.~~

17 2. To cover the assured's legal liability as a truck  
18 operator or contract carrier for damage to or destruction of  
19 any property other than that of or in charge of the assured,  
20 as a result of any one accident or other cause, ten thousand  
21 dollars. However, ~~the-minimum-limits-of-liability-for~~ truck  
22 operators and contract carriers of hazardous materials are  
23 subject to federal minimum limits of liability ~~are-these~~  
24 specified adopted under United States Code, title 49, and  
25 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 ~~as-published~~  
26 ~~in-the-federal-register-on-June-11,-1981.~~

27 Sec. 4. Section 327A.5, subsections 1 and 2, Code 1989,  
28 are amended to read as follows:

29 1. To cover the assured's legal liability as a liquid  
30 transport carrier for bodily injury or death resulting  
31 therefrom as a result of any one accident or other cause, one  
32 hundred thousand dollars for any recovery by one person, and  
33 subject to the limit for one person, three hundred thousand  
34 dollars, for more than one person. However, ~~the-minimum~~  
35 ~~limits-of-liability-for~~ liquid transport carriers of hazardous

1 materials are subject to federal minimum limits of liability  
2 ~~are-those-specified~~ adopted under United States Code, title  
3 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as  
4 ~~published-in-the-federal-register-on-June-11, 1981.~~

5 2. To cover the assured's legal liability as a liquid  
6 transport carrier for damages to or destruction of any  
7 property other than that of or in charge of the assured, as a  
8 result of any one accident or other cause one hundred thousand  
9 dollars. However, ~~the minimum limits of liability for~~ liquid  
10 transport carriers of hazardous materials are subject to  
11 federal minimum limits of liability ~~are-those-specified~~  
12 adopted under United States Code, title 49, and prescribed in  
13 49 C.F.R. sec. 387.3 and sec. 387.9 as-published-in-the  
14 ~~federal-register-on-June-11, 1981.~~

15 Sec. 5. Section 327B.6, unnumbered paragraph 1, Code 1989,  
16 is amended to read as follows:

17 Registration under section 327B.1 shall not be granted  
18 until the carrier has filed with the state department of  
19 transportation evidence of insurance or surety bond issued by  
20 an insurance carrier or bonding company authorized to do  
21 business in this state and in the form prescribed ~~by-the-rules~~  
22 ~~adopted-under-49-U.S.C.-302(b)-(2)-(1965)~~ in 49 C.F.R. sec.  
23 387.15 for motor carriers of property and in 49 C.F.R. sec.  
24 387.39 for motor carriers of passengers. The minimum limits  
25 of liability for each interstate motor carrier for hire  
26 subject to federal minimum limits of liability are those  
27 specified adopted under United States Code, title 49, and  
28 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as-published  
29 ~~in-the-federal-register-on-June-11, 1981~~ for motor carriers of  
30 property and in 49 C.F.R. sec. 1043.5-as-published-in-the  
31 ~~federal-register-on-June-11, 1981~~ 387.27 and sec. 387.33 for  
32 motor carriers of passengers.

33 EXPLANATION

34 Current law requires that intrastate regular route motor  
35 carriers of passengers and charter carriers operating motor

1 vehicles with seating capacity of 16 or more persons have the  
2 minimum levels of financial responsibility as required by  
3 federal law pursuant to 49 U.S.C. § 10927(a)(1). Under the  
4 federal law, the minimum level of liability coverage is  
5 \$5,000,000 applicable to for-hire motor carriers with seating  
6 capacity for 16 or more passengers operating in interstate or  
7 foreign commerce. After an investigation and a hearing, the  
8 state department of transportation could provide for lesser  
9 levels by administrative rule. This bill strikes these  
10 provisions and sets forth the levels of liability which a  
11 carrier is required to have. An intrastate regular route  
12 motor carrier of passengers and a charter carrier operating a  
13 motor vehicle with a seating capacity of 16 or more persons  
14 must have minimum liability coverage of \$300,000 for one  
15 person per accident, \$2,000,000 for more than one person per  
16 accident and \$10,000 for property damage per accident.

17 This bill updates references to the United States Code and  
18 the Code of Federal Regulations in sections relating to  
19 minimum liability limits for motor carriers. In addition, the  
20 bill updates the federal citations relating to the requisite  
21 forms to be filed by a motor carrier with the state department  
22 of transportation showing evidence of insurance or issuance of  
23 a surety bond.

24 The state department of transportation may revoke and  
25 cancel a person's motor carrier's certificate for violation of  
26 the financial responsibility requirements. In addition, a  
27 person in violation commits a simple misdemeanor.

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HOUSE FILE 2393

S-5368

- 1 Amend House File 2393, as passed by the House, as  
2 follows:
- 3 1. Page 1, line 27, by inserting after the figure  
4 "1981" the following: "adopted as of a specific date  
5 by rule by the department".
  - 6 2. Page 2, line 2, by inserting after the figure  
7 "1981" the following: "adopted as of a specific date  
8 by rule by the department".
  - 9 3. Page 2, line 16, by inserting after the figure  
10 "1981" the following: "adopted as of a specific date  
11 by rule by the department".
  - 12 4. Page 2, line 26, by inserting after the figure  
13 "1981" the following: "adopted as of a specific date  
14 by rule by the department".
  - 15 5. Page 3, line 4, by inserting after the figure  
16 "1981" the following: "adopted as of a specific date  
17 by rule by the department".
  - 18 6. Page 3, line 14, by inserting after the figure  
19 "1981" the following: "adopted as of a specific date  
20 by rule by the department".
  - 21 7. Page 3, line 24, by inserting after the word  
22 "passengers" the following: "adopted as of a specific  
23 date by rule by the department".
  - 24 8. Page 3, line 32, by inserting after the word  
25 "passengers" the following: "adopted as of a specific  
26 date by rule by the department".

By COMMITTEE ON TRANSPORTATION  
C. JOSEPH COLEMAN, Chairperson

S-5368 FILED MARCH 6, 1990

w/d 4/8 (p. 1738)

(TRANSPORTATION)

HOUSE FILE 2393  
BY (PROPOSED DEPARTMENT OF  
TRANSPORTATION BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to minimum liability limits for motor carriers  
2 and related procedures.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 17 Section 325.26, subsection 1, paragraph d, Code  
2 1989, is amended to read as follows:

3 d. Unless the department determines ~~after an~~  
4 ~~investigation and hearing, and adopts rules based on that~~  
5 ~~determination,~~ that lesser levels of financial responsibility  
6 will protect the public interest and adopts the lesser limits  
7 by administrative rule, a regular route motor carrier of  
8 passengers and a charter carrier operating a motor vehicle  
9 with a seating capacity of sixteen or more persons shall have  
10 the minimum levels of financial responsibility established as  
11 adopted under ~~49-U.S.C. - §-10927(a)(1)~~ United States Code,  
12 title 49, and prescribed in 49 C.F.R. sec. 387.27 and sec.  
13 387.33.

14 Sec. 2. Section 325.26, subsection 2, paragraphs a and b,  
15 Code 1989, are amended to read as follows:

16 a. To cover the assured's legal liability as a motor  
17 carrier for bodily injury or death resulting therefrom, as a  
18 result of any one accident or other cause, one hundred  
19 thousand dollars for any recovery by one person and subject to  
20 the limit for one person three hundred thousand dollars for  
21 more than one person. However, ~~the minimum limits of~~  
22 ~~liability for~~ motor carriers of hazardous materials are  
23 subject to federal minimum limits of liability ~~are those~~  
24 specified adopted under United States Code, title 49, and  
25 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published  
26 ~~in the federal register on June 11, 1981.~~

27 b. To cover the assured's legal liability as a motor  
28 carrier for damage to or destruction of any property other  
29 than that of or in charge of the assured, as a result of any  
30 one accident or other cause, ten thousand dollars. However,  
31 ~~the minimum limits of liability for~~ motor carriers of  
32 hazardous materials are subject to federal minimum limits of  
33 liability ~~are those specified~~ adopted under United States  
34 Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and  
35 sec. 387.9 as published in the federal register on June 11,

1 1981.

2 Sec. 3. Section 327.15, subsections 1 and 2, Code 1989,  
3 are amended to read as follows:

4 1. To cover the assured's legal liability as a truck  
5 operator or contract carrier for bodily injury or death  
6 resulting therefrom as a result of any one accident or other  
7 cause, one hundred thousand dollars for any recovery by one  
8 person, and subject to the limit for one person three hundred  
9 thousand dollars for more than one person. However, the  
10 ~~minimum-limits-of-liability-for~~ truck operators and contract  
11 carriers of hazardous materials are subject to federal minimum  
12 limits of liability ~~are-those-specified~~ adopted under United  
13 States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3  
14 and sec. 387.9 as-published-in-the-federal-register-on-June  
15 11-1981.

16 2. To cover the assured's legal liability as a truck  
17 operator or contract carrier for damage to or destruction of  
18 any property other than that of or in charge of the assured,  
19 as a result of any one accident or other cause, ten thousand  
20 dollars. However, ~~the-minimum-limits-of-liability-for~~ truck  
21 operators and contract carriers of hazardous materials are  
22 subject to federal minimum limits of liability ~~are-those~~  
23 specified adopted under United States Code, title 49, and  
24 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as-published  
25 in-the-federal-register-on-June-11-1981.

26 Sec. 4. Section 327A.5, subsections 1 and 2, Code 1989,  
27 are amended to read as follows:

28 1. To cover the assured's legal liability as a liquid  
29 transport carrier for bodily injury or death resulting  
30 therefrom as a result of any one accident or other cause, one  
31 hundred thousand dollars for any recovery by one person, and  
32 subject to the limit for one person, three hundred thousand  
33 dollars, for more than one person. However, ~~the-minimum~~  
34 ~~limits-of-liability-for~~ liquid transport carriers of hazardous  
35 materials are subject to federal minimum limits of liability

1 ~~are-those-specified~~ adopted under United States Code, title  
2 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as  
3 ~~published-in-the-federal-register-on-June-117-1981.~~

4 2. To cover the assured's legal liability as a liquid  
5 transport carrier for damages to or destruction of any  
6 property other than that of or in charge of the assured, as a  
7 result of any one accident or other cause one hundred thousand  
8 dollars. However, ~~the-minimum-limits-of-liability-for~~ liquid  
9 transport carriers of hazardous materials are subject to  
10 federal minimum limits of liability ~~are-those-specified~~  
11 adopted under United States Code, title 49, and prescribed in  
12 49 C.F.R. sec. 387.3 and sec. 387.9 as-published-in-the  
13 ~~federal-register-on-June-117-1981.~~

14 Sec. 5. Section 327B.6, unnumbered paragraph 1, Code 1989,  
15 is amended to read as follows:

16 Registration under section 327B.1 shall not be granted  
17 until the carrier has filed with the state department of  
18 transportation evidence of insurance or surety bond issued by  
19 an insurance carrier or bonding company authorized to do  
20 business in this state and in the form ~~prescribed by-the-rules~~  
21 ~~adopted-under-49-U.S.C.-302(b)-(2)-(1965)~~ in 49 C.F.R. sec.  
22 387.15 for motor carriers of property and in 49 C.F.R. sec.  
23 387.39 for motor carriers of passengers. The minimum limits  
24 of liability for each interstate motor carrier for hire  
25 subject to federal minimum limits of liability are those  
26 ~~specified~~ adopted under United States Code, title 49, and  
27 prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as-published  
28 ~~in-the-federal-register-on-June-117-1981~~ for motor carriers of  
29 property and in 49 C.F.R. sec. 1043-5-as-published-in-the  
30 ~~federal-register-on-June-117-1981~~ 387.27 and sec. 387.33 for  
31 motor carriers of passengers.

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#### EXPLANATION

33 This bill updates references to the United States Code and  
34 the Code of Federal Regulations in sections relating to  
35 minimum liability limits for motor carriers. Current law

1 allows the department to determine a lesser level of financial  
2 liability for a regular route motor carrier of passengers and  
3 a charter carrier with 16 or more passengers if the public  
4 interest will be protected. After investigation and a  
5 hearing, the department can set these lesser levels by  
6 administrative rule. This bill strikes the investigation and  
7 hearing requirement and allows for lesser levels to be set  
8 solely by administrative rule. This bill also updates the  
9 federal citations relating to the requisite forms to be filed  
10 by a motor carrier with the state department of transportation  
11 showing evidence of insurance or issuance of a surety bond.

12 BACKGROUND STATEMENT

13 SUBMITTED BY THE AGENCY

14 Federal regulations regarding insurance requirements for  
15 interstate motor carriers have changed several times since  
16 Iowa adopted the regulations in 1981. This bill updates Iowa  
17 Code references to meet current federal liability limits for  
18 motor carriers of passengers and hazardous materials. This  
19 bill adopts only those federal regulations that directly apply  
20 to intrastate carriers of hazardous materials. Iowa carriers  
21 will be able to locate federal Code and rule sections where  
22 the liability limits and forms can be found. Updating the  
23 references will make it easier to maintain consistency between  
24 the federal and state regulations and will provide Iowa  
25 carriers easier identification of current regulations.

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## HOUSE FILE 2393

## AN ACT

## RELATING TO MINIMUM LIABILITY LIMITS FOR MOTOR CARRIERS AND RELATED PROCEDURES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 325.26, subsection 1, paragraph d, Code 1989, is amended by striking the paragraph and inserting in lieu thereof the following:

d. To cover the assured's legal liability as a regular route motor carrier of passengers or as a charter carrier operating a motor vehicle with a seating capacity of sixteen or more persons, for bodily injury or death resulting from any one accident or other cause, three hundred thousand dollars for any recovery by one person, and two million dollars for recovery by more than one person subject to the limit for recovery by one person, and for damage to or destruction of property other than that of or in charge of the assured, as a result of any one accident or other cause, ten thousand dollars.

Sec. 2. Section 325.26, subsection 2, paragraphs a and b, Code 1989, are amended to read as follows:

a. To cover the assured's legal liability as a motor carrier for bodily injury or death resulting therefrom, as a result of any one accident or other cause, one hundred thousand dollars for any recovery by one person and subject to the limit for one person three hundred thousand dollars for more than one person. However, ~~the minimum limits of liability for~~ motor carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

b. To cover the assured's legal liability as a motor carrier for damage to or destruction of any property other than that of or in charge of the assured, as a result of any one accident or other cause, ten thousand dollars. However, ~~the minimum limits of liability for~~ motor carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

Sec. 3. Section 327.15, subsections 1 and 2, Code 1989, are amended to read as follows:

1. To cover the assured's legal liability as a truck operator or contract carrier for bodily injury or death resulting therefrom as a result of any one accident or other cause, one hundred thousand dollars for any recovery by one person, and subject to the limit for one person three hundred thousand dollars for more than one person. However, ~~the minimum limits of liability for~~ truck operators and contract carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

2. To cover the assured's legal liability as a truck operator or contract carrier for damage to or destruction of any property other than that of or in charge of the assured, as a result of any one accident or other cause, ten thousand dollars. However, ~~the minimum limits of liability for~~ truck operators and contract carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

Sec. 4. Section 327A.5, subsections 1 and 2, Code 1989, are amended to read as follows:

1. To cover the assured's legal liability as a liquid transport carrier for bodily injury or death resulting therefrom as a result of any one accident or other cause, one hundred thousand dollars for any recovery by one person, and subject to the limit for one person, three hundred thousand dollars, for more than one person. However, ~~the minimum limits of liability for~~ liquid transport carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

2. To cover the assured's legal liability as a liquid transport carrier for damages to or destruction of any property other than that of or in charge of the assured, as a result of any one accident or other cause one hundred thousand dollars. However, ~~the minimum limits of liability for~~ liquid transport carriers of hazardous materials are subject to federal minimum limits of liability are those specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981.

Sec. 5. Section 327B.6, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Registration under section 327B.1 shall not be granted until the carrier has filed with the state department of transportation evidence of insurance or surety bond issued by an insurance carrier or bonding company authorized to do business in this state and in the form prescribed ~~by the rules adopted under 49 U.S.C. 302(b)-(2)-(1965)~~ in 49 C.F.R. sec. 387.15 for motor carriers of property and in 49 C.F.R. sec. 387.39 for motor carriers of passengers. The minimum limits of liability for each interstate motor carrier for hire subject to federal minimum limits of liability are those

specified adopted under United States Code, title 49, and prescribed in 49 C.F.R. sec. 387.3 and sec. 387.9 as published in the federal register on June 11, 1981 for motor carriers of property and in 49 C.F.R. sec. 387.27 and sec. 387.33 for motor carriers of passengers.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2393, Seventy-third General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved May, 1990

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TERRY E. BRANSTAD  
Governor