

FEB 16 1996
COMMERCE - REGULATION

HOUSE FILE 2244
BY BRADLEY and RANTS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to insurance coverage and registration
2 requirements for motor vehicles in this state, providing for
3 the seizure of motor vehicle registration plates, and
4 providing penalties and conditional effective dates.

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

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HF 2244

1 Section 1. Section 321.1, Code Supplement 1995, is amended
2 by adding the following new subsections:

3 NEW SUBSECTION. 34A. "Liability insurance coverage" means
4 any of the following:

5 a. An owner's policy of liability insurance which is
6 issued by an insurance carrier authorized to do business in
7 Iowa to or for the benefit of the person named in the policy
8 as insured, and insuring the person named as insured and any
9 person using an insured motor vehicle with the express or
10 implied permission of the named insured against loss from
11 liability imposed by law for damages arising out of the
12 ownership, maintenance, or use of an insured motor vehicle
13 within the United States of America or Canada, but subject to
14 minimum limits, exclusive of interest and costs, in the
15 amounts specified in section 321A.21 or specified in another
16 provision of the Code, whichever is greater.

17 b. A bond filed with the department pursuant to section
18 321A.24.

19 c. A valid certificate of deposit of money or security
20 issued by the treasurer of state pursuant to section 321A.25.

21 d. A valid certificate of self-insurance issued by the
22 department pursuant to section 321A.34.

23 NEW SUBSECTION. 54A. "Proof of insurance card" means
24 either a liability insurance card issued under section
25 321.20B, a bond insurance card issued under section 321A.24, a
26 security insurance card issued under section 321A.25, or a
27 self-insurance card issued under section 321A.34.

28 Sec. 2. Section 321.20, Code Supplement 1995, is amended
29 by adding the following new subsection:

30 NEW SUBSECTION. 6. Proof of liability insurance coverage
31 if the registration is for a motor vehicle.

32 Sec. 3. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST
33 LIABILITY.

34 1. Notwithstanding chapter 321A, which requires certain
35 persons to maintain proof of financial responsibility, a

1 person shall not drive a motor vehicle which is registered in
2 this state on the highways of this state unless liability
3 insurance coverage as defined in section 321.1, subsection
4 34A, is in effect for the motor vehicle and unless the driver
5 has in the motor vehicle the proof of insurance card issued
6 for the motor vehicle.

7 2. The department shall not register a motor vehicle or
8 issue a registration certificate or registration plates unless
9 the applicant has submitted proof of liability insurance
10 coverage. This subsection shall only apply to the applicant's
11 initial registration of the motor vehicle and does not apply
12 to a subsequent renewal of registration of the motor vehicle,
13 unless the applicant is required to maintain proof of
14 financial responsibility under chapter 321A or other
15 applicable law.

16 3. An insurance company transacting business in this state
17 shall issue to its insured owners of motor vehicles registered
18 in this state a liability insurance card for each registered
19 motor vehicle insured. Each liability insurance card shall
20 identify the registration number of the motor vehicle insured
21 and shall indicate the expiration date of the applicable
22 insurance coverage. The liability insurance card shall also
23 contain the name and address of the insured and insurer, the
24 type of coverage provided, and an emergency telephone number
25 of the insurer.

26 4. If the liability insurance coverage for a motor vehicle
27 which is registered in this state is canceled or terminated
28 effective prior to the expiration date indicated on the
29 liability insurance card issued for the vehicle, the person to
30 whom the liability insurance card was issued shall return the
31 liability insurance card to the insurer which issued the card.

32 5. If a peace officer stops a motor vehicle and the driver
33 is unable to provide proof of insurance, the peace officer
34 shall do one of the following:

35 a. Issue a warning citation to the driver.

1 b. Issue a citation and remove the registration plates
2 from the motor vehicle which has been operated on the highways
3 of this state without liability insurance coverage being in
4 effect for the motor vehicle, and remove the registration
5 plates from any other vehicle registered to the person in
6 violation of this section for which the person is unable to
7 show proof of liability insurance coverage. Upon removing the
8 registration plates the peace officer shall issue a temporary
9 registration permit and forward the plates to the county
10 treasurer of the county in which the plates were issued along
11 with a copy of the citation issued by the peace officer. An
12 owner or driver of a motor vehicle who is charged with a
13 violation of subsection 1 and whose registration plates have
14 been removed is subject to the following:

15 (1) An owner or driver who produces to the county
16 treasurer, within thirty days of the time the person's
17 registration plates are removed, proof that liability
18 insurance coverage was in effect for the motor vehicle at the
19 time the person was stopped and cited, shall be assessed a
20 fifteen dollar administrative fee by the county treasurer who
21 shall return the registration plates to the person after
22 payment of the fee.

23 (2) An owner or driver who is unable to show that
24 liability insurance coverage was in effect for the motor
25 vehicle at the time the person was stopped and cited, and
26 signs an admission of violation on the citation, may do either
27 of the following:

28 (a) Sign an admission of violation on the citation and
29 remit to the county treasurer a scheduled fine of two hundred
30 fifty dollars plus a fifteen dollar administrative fee. Upon
31 payment of the fine and fee, and providing proof of insurance
32 to the county treasurer, the county treasurer shall return the
33 registration plates to the person.

34 (b) Request an appearance before the court on the matter.
35 If the matter goes before the court, and the owner or driver

1 is found guilty of a violation of subsection 1, the court may
2 impose a fine of two hundred fifty dollars, or the court may
3 order the person to perform unpaid community service instead
4 of the fine. Upon the payment of the fine or the entry of the
5 order for unpaid community service, the county treasurer shall
6 return the registration plates to the person upon the person
7 providing proof of insurance and paying a fifteen dollar
8 administrative fee to the county treasurer.

9 (3) An owner or driver who fails to provide to the county
10 treasurer, within thirty days of the time the person's
11 registration plates are removed, proof that liability
12 insurance coverage was in effect for the motor vehicle at the
13 time the person was stopped and cited, shall not have the
14 person's registration plates returned. The county treasurer
15 shall destroy the plates and provide notification to the state
16 department of transportation that the plates have been
17 destroyed, including a copy of the citation.

18 c. Issue a citation and impound the motor vehicle. A
19 vehicle which is impounded may be claimed by a person if the
20 owner provides proof of liability insurance coverage and pays
21 any applicable fine and the costs of towing and storage for
22 the motor vehicle. The amount for the costs of towing and
23 storage shall be paid to the law enforcement agency which
24 impounds the motor vehicle. If the motor vehicle is not
25 claimed within thirty days after impoundment, the motor
26 vehicle may be treated as an abandoned vehicle pursuant to
27 section 321.89. If the law enforcement agency elects to treat
28 the motor vehicle as abandoned, the agency shall notify the
29 registered owner of the motor vehicle that the vehicle shall
30 be deemed abandoned and shall be sold in the manner provided
31 in section 321.89 if payment of the total cost of impoundment
32 is not received within twenty-one days of the mailing of the
33 notice.

34 6. The director of transportation and the commissioner of
35 insurance shall adopt rules pursuant to chapter 17A to

1 administer this section.

2 Sec. 4. Section 321.24, Code Supplement 1995, is amended
3 by adding the following new unnumbered paragraph:

4 NEW UNNUMBERED PARAGRAPH. Before issuing a new
5 registration for a motor vehicle, the county treasurer shall
6 verify that the applicant has submitted proof of liability
7 insurance coverage as required under section 321.20B. If
8 proof is not submitted, registration shall not be issued.
9 Proof of liability insurance coverage is not required for
10 issuance of a certificate of title.

11 Sec. 5. Section 321.30, Code Supplement 1995, is amended
12 by adding the following new subsection preceding the last
13 unnumbered paragraph:

14 NEW SUBSECTION. 14. If the application is for a new
15 registration of a motor vehicle and the application does not
16 include proof of liability insurance coverage as required
17 under section 321.20B. However, proof of liability insurance
18 is not required for issuance of a certificate of title.

19 Sec. 6. Section 321.46, subsection 2, Code 1995, is
20 amended by adding the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. Prior to issuing a new
22 registration for a motor vehicle, the county treasurer shall
23 verify that the applicant has submitted proof of liability
24 insurance coverage as required under section 321.20B. If
25 proof is not submitted, the registration shall not be issued.
26 Proof of liability insurance coverage is not required for
27 issuance of a certificate of title.

28 Sec. 7. Section 321.54, unnumbered paragraph 1, Code 1995,
29 is amended to read as follows:

30 Nonresident owners of foreign vehicles operated within this
31 state for the intrastate transportation of persons or property
32 for compensation or for the intrastate transportation of
33 merchandise shall register and maintain liability insurance
34 coverage as required under section 321.20B for each such
35 vehicle and pay the same fees ~~therefor-as-is~~ required with

1 ~~reference-to~~ for like vehicles owned by residents of this
2 state.

3 Sec. 8. Section 321.55, Code 1995, is amended to read as
4 follows:

5 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR
6 OPERATED BY NONRESIDENTS.

7 A nonresident owner or operator engaged in remunerative
8 employment within the state or carrying on business within the
9 state and owning or operating a motor vehicle, trailer, or
10 semitrailer within the state shall register and maintain
11 liability insurance coverage as required under section 321.20B
12 for each ~~such~~ vehicle and pay the same fees for registration
13 as are paid for like vehicles owned by residents of this
14 state. However, this paragraph does not apply to a person
15 commuting from the person's residence in another state or
16 whose employment is seasonal or temporary, not exceeding
17 ninety days.

18 A nonresident owner of a motor vehicle operated within the
19 state by a resident of the state shall register the vehicle
20 and shall maintain liability insurance coverage as required
21 under section 321.20B for the vehicle. The nonresident owner
22 shall pay the same fees for registration as are paid for like
23 vehicles owned by residents of this state. However,
24 registration under this paragraph does-not-apply-to is not
25 required for vehicles being operated by residents temporarily,
26 not exceeding ninety days. It is unlawful for a resident to
27 operate within the state an unregistered motor vehicle
28 required to be registered under this paragraph.

29 Sec. 9. Section 321.57, unnumbered paragraph 1, Code 1995,
30 is amended to read as follows:

31 A dealer owning any vehicle of a type otherwise required to
32 be registered ~~hereunder~~ under this chapter may operate or move
33 the ~~same~~ vehicle upon the highways solely for purposes of
34 transporting, testing, demonstrating, or selling the ~~same~~
35 vehicle without registering ~~each-such~~ the vehicle, upon

1 condition that ~~any-such~~ the vehicle display in the manner
2 prescribed in sections 321.37 and 321.38 a special plate
3 issued to ~~such~~ the owner as provided in sections 321.58 to
4 321.62. ~~In-addition-to-the-foregoing,~~ a However, if the
5 vehicle is a motor vehicle the dealer shall maintain liability
6 insurance coverage for the motor vehicle as required under
7 section 321.20B. A new car dealer or a used car dealer may
8 operate or move upon the highways any a new or used car or
9 trailer owned by the dealer for either private or business
10 purposes without registering ~~the-same-providing,~~ ~~(1)-such~~ it
11 if the new or used car or trailer is in the dealer's inventory
12 and is continuously offered for sale at retail, and ~~(2)~~ there
13 is displayed ~~thereon~~ on it a special plate issued to ~~such~~ the
14 dealer as provided in sections 321.58 to 321.62.

15 Sec. 10. Section 321.492, unnumbered paragraph 1, Code
16 1995, is amended to read as follows:

17 Any A peace officer is authorized to stop ~~any~~ a vehicle to
18 require exhibition of the driver's motor vehicle license, to
19 require exhibition of the proof of insurance card issued for
20 the vehicle if the vehicle is a motor vehicle registered in
21 this state, to serve a summons or memorandum of traffic
22 violation, to inspect the condition of the vehicle, to inspect
23 the vehicle with reference to size, weight, cargo, log book,
24 bills of lading or other manifest of employment, tires, and
25 safety equipment, or to inspect the registration certificate,
26 the compensation certificate, travel order, or permit of the
27 vehicle. A peace officer shall require the exhibition of the
28 proof of insurance card issued for a vehicle if the vehicle is
29 a motor vehicle registered in this state and the vehicle has
30 been stopped for the purpose of issuing a citation for a
31 traffic violation, the vehicle is involved in a traffic
32 accident, or the vehicle has been stopped for the purpose of
33 conducting a safety inspection.

34 Sec. 11. Section 321A.17, subsections 1 through 3, Code
35 Supplement 1995, are amended to read as follows:

1 1. Whenever If the department, under any a law of this
2 state, suspends or revokes the license of any a person upon
3 receiving record of a conviction or a forfeiture of bail or
4 revokes the license of any a person pursuant to chapter 321J,
5 the department shall also suspend the registration for all
6 motor vehicles registered in the name of the person, except
7 that the department shall not suspend the registration, unless
8 otherwise required by law, if the person has previously given
9 or immediately gives and ~~thereafter~~ maintains proof of
10 ~~financial-responsibility~~ liability insurance coverage, as
11 defined in section 321.1, with respect to all motor vehicles
12 registered by the person.

13 2. Such The license and-registration shall remain
14 suspended or revoked and shall not ~~at-any-time-thereafter~~ be
15 renewed nor shall any a license be ~~thereafter~~ issued to such
16 ~~the person, nor shall any motor vehicle be thereafter~~
17 ~~registered in the name of such person~~ until permitted under
18 the motor vehicle laws of this state and not then unless and
19 until the person ~~shall give~~ gives and ~~thereafter maintain~~
20 maintains proof of financial responsibility. The registration
21 shall remain suspended and no motor vehicle shall be
22 registered in the name of the person until the person gives
23 and maintains proof of liability insurance coverage, as
24 defined in section 321.1, subsection 34A.

25 3. If a person is not licensed, but by final order or
26 judgment is convicted of or forfeits any bail or collateral
27 deposited to secure an appearance for trial for any an offense
28 requiring the suspension or revocation of license, or for
29 operating an unregistered motor vehicle upon the highways, no
30 license shall be ~~thereafter~~ issued to such that person and ~~no~~
31 ~~motor vehicle shall continue to be registered or thereafter be~~
32 ~~registered in the name of such person~~ until the person ~~shall~~
33 give gives and ~~thereafter maintain~~ maintains proof of
34 financial responsibility. A motor vehicle registered in the
35 name of the person shall not continue to be registered and

1 shall not thereafter be registered until the person gives and
2 maintains proof of liability insurance coverage, as defined in
3 section 321.1.

4 Sec. 12. Section 321A.24, subsection 1, Code 1995, is
5 amended to read as follows:

6 1. a. Proof of financial responsibility may be evidenced
7 by the bond of a surety company duly authorized to transact
8 business within this state, or a bond with at least two
9 individual sureties each owning real estate within this state,
10 and together having equities equal in value to at least twice
11 the amount of the bond, which real estate shall be scheduled
12 in the bond approved by a judge or clerk of a the district
13 court of record, and which ~~said~~ bond shall be conditioned for
14 payment of the amounts specified in section 321A.1, subsection
15 10.

16 b. ~~Such~~ The bond shall be filed with the department and
17 ~~shall is~~ not be cancelable except after ten days' written
18 notice to the department. ~~Such~~ The director shall issue to
19 the person filing the bond a bond insurance card for each
20 motor vehicle registered by the person in the state. The bond
21 insurance card shall state the name and address of the person
22 and the motor vehicle registration number of the vehicle for
23 which the card is issued.

24 c. ~~The bond shall-constitute~~ constitutes a lien in favor
25 of the state upon the real estate so scheduled of any surety,
26 which lien ~~shall-exist~~ exists in favor of any holder of a
27 final judgment against the person who has filed ~~such~~ the bond,
28 for damages, including damages for care and loss of services,
29 because of bodily injury to or death of any person, or for
30 damage because of injury to or destruction of property,
31 including the loss of use ~~thereof~~ of the property, resulting
32 from the ownership, maintenance, use, or operation of a motor
33 vehicle after ~~such~~ the bond was filed, upon the filing of
34 notice to that effect by the department in the office of the
35 proper clerk of the district court of the county where ~~such~~

1 ~~the~~ real estate ~~shall-be~~ is located. Any An individual surety
2 ~~so~~ scheduling real estate security shall furnish satisfactory
3 evidence of title ~~thereto~~ to the property and the nature and
4 extent of all encumbrances ~~thereon~~ on the property and the
5 value of the surety's interest ~~therein~~ in the property, in
6 ~~such~~ the manner as the judge or clerk of the district court of
7 ~~record~~ approving the bond ~~may-require~~ requires. The notice
8 filed by the department shall contain, in addition to any
9 other matters deemed by the department to be pertinent,
10 ~~contain~~ a legal description of the real estate ~~so~~ scheduled,
11 the name of the holder of the record title, the amount for
12 which it stands as security, and the name of the person in
13 whose behalf proof is so being made. Upon the filing of ~~such~~
14 the notice the clerk of the district court ~~of-such-county~~
15 shall retain the ~~same~~ notice as part of the records of ~~such~~
16 the court and enter upon the encumbrance book the date and
17 hour of filing, the name of the surety, the name of the record
18 titleholder, the description of the real estate, and the
19 further notation that a lien is charged on ~~such~~ the real
20 estate pursuant to the filed notice ~~filed-hereunder~~. From and
21 after the entry of the ~~foregoing~~ notice upon the encumbrance
22 book all persons ~~whomsoever-shall-be~~ are charged with notice
23 ~~thereof~~ of it.

24 d. If the bond is canceled, the person who filed the bond
25 shall surrender to the director all bond insurance cards
26 issued to the person.

27 Sec. 13. Section 321A.25, subsection 1, Code 1995, is
28 amended to read as follows:

29 ~~1. With-respect-to-accidents-occurring-on-or-after-January~~
30 ~~17-19817-and-before-January-17-19837-proof-of-financial~~
31 ~~responsibility-may-be-evidenced-by-the-certificate-of-the~~
32 ~~state-treasurer-that-the-person-named-in-the-certificate-has~~
33 ~~deposited-with-the-treasurer-forty-thousand-dollars-in-cash,~~
34 ~~or-securities-such-as-may-legally-be-purchased-by-a-state-bank~~
35 ~~or-for-trust-funds-of-a-market-value-of-forty-thousand~~

1 dollars; ~~and with respect to accidents occurring on or after~~
2 ~~January 1, 1983,~~ Proof of financial responsibility may
3 be evidenced by the certificate of the state treasurer of
4 state that the person named in the certificate has deposited
5 with the treasurer of state fifty-five thousand dollars in
6 cash, or securities such as which may legally be purchased by
7 a state bank or ~~for~~ trust funds of a market value of fifty-
8 five thousand dollars. The treasurer of state shall promptly
9 notify the director of transportation of the name and address
10 of the person to whom the certificate has been issued. Upon
11 receipt of the notification, the director of transportation
12 shall issue to the person a security insurance card for each
13 motor vehicle registered in this state by the person. The
14 security insurance card shall state the name and address of
15 the person and the registration number of the motor vehicle
16 for which the card is issued. The state treasurer of state
17 shall not accept a deposit and issue a certificate for it and
18 the department shall not accept the certificate unless
19 accompanied by evidence that there are no unsatisfied
20 judgments of any character against the depositor in the county
21 where the depositor resides.

22 Sec. 14. Section 321A.32, subsection 3, Code 1995, is
23 amended to read as follows:

24 3. Any A person who ~~shall forge~~ forges or, without
25 authority, ~~sign any~~ signs a notice provided for under section
26 321A.5 that a policy or bond is in effect, or any evidence of
27 ~~proof of~~ financial responsibility, or any evidence of
28 liability insurance coverage as defined in section 321.1, or
29 who files or offers for filing any such notice or evidence of
30 ~~proof~~ knowing or having reason to believe that it is forged or
31 signed without authority, ~~shall be~~ is guilty of a serious
32 misdemeanor.

33 Sec. 15. Section 321A.34, subsections 2 and 3, Code 1995,
34 are amended to read as follows:

35 2. The department may, ~~in the department's discretion,~~

1 upon the application of such a person, issue a certificate of
2 self-insurance ~~when if~~ the department is satisfied that ~~such~~
3 ~~the person is-possessed~~ has and will continue to ~~be-possessed~~
4 ~~of~~ have the ability to pay judgments obtained against ~~such the~~
5 person for damages arising out of the ownership, maintenance,
6 or use of any vehicle owned by ~~such the~~ person. The
7 department shall issue to each person who has in effect a
8 valid certificate of self-insurance, a self-insurance card for
9 each motor vehicle registered in this state by the person.
10 The card shall state the name and address of the person and
11 shall state the registration number of the motor vehicle for
12 which the card was issued.

13 3. Upon not less than five days' notice and a hearing
14 pursuant to ~~such the~~ notice, the department may upon
15 reasonable grounds cancel a certificate of self-insurance.
16 Failure to pay any a judgment for damages arising out of the
17 ownership, maintenance, or use of any vehicle owned by ~~such~~
18 ~~the~~ self-insurer within thirty days after ~~such the~~ judgment
19 ~~shall-have-become~~ becomes final ~~shall-constitute~~ constitutes a
20 reasonable ground for the cancellation of a certificate of
21 self-insurance. Upon the cancellation of a certificate of
22 self-insurance, the person who was issued the certificate
23 shall surrender to the director all self-insurance cards
24 issued to the person.

25 Sec. 16. Section 326.6, Code 1995, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 4. Commercial vehicles shall not be
28 registered proportionally unless the owners submit to the
29 department proof of liability insurance coverage for the
30 vehicles as required under section 321.20B.

31 Sec. 17. Section 326.7, unnumbered paragraph 1, Code 1995,
32 is amended to read as follows:

33 ~~Notwithstanding any other law to the contrary, and as~~ As an
34 alternative to the procedure set out in section 326.6, the
35 department may enter into agreements providing for

1 proportional registration between this state and other
2 jurisdictions of fleets of commercial vehicles owned by
3 residents or nonresidents engaged in interstate commerce or
4 simultaneously engaged in interstate and intrastate commerce
5 on the basis of compact miles. However, commercial vehicles
6 shall not be registered proportionally unless the owner
7 submits proof of liability insurance coverage for the vehicles
8 as required under section 321.20B.

9 Sec. 18. Section 326.11, Code 1995, is amended to read as
10 follows:

11 326.11 SUBSEQUENTLY ACQUIRED VEHICLES.

12 Vehicles acquired by a fleet owner after the commencement
13 of the registration year and subsequently added to the fleet
14 shall be prorated by applying the mileage percentage used in
15 the original application for ~~such~~ the fleet for ~~such~~ the
16 registration period to registration fees due under chapter 321
17 but in no case less than that required by section 326.10. A
18 supplemental report shall be filed with the department not
19 later than ten days after ~~such~~ an addition to the fleet and
20 shall include proof that the additional motor vehicles have
21 liability insurance coverage as required under section
22 321.20B.

23 The director may issue temporary written authorization to
24 carriers for vehicles acquired by a fleet owner and added to
25 the fleet owner's prorate fleet after the beginning of the
26 registration year. Temporary authorization shall not be
27 issued unless the owner submits proof that the additional
28 motor vehicles have liability insurance coverage as defined in
29 section 321.1. The temporary authority shall permit the
30 operation of a commercial vehicle until permanent
31 identification is issued, except that the temporary authority
32 shall expire after ninety days.

33 Sec. 19. Section 326.25, Code 1995, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 4. Upon a determination that the motor

1 vehicle does not have liability insurance coverage as required
2 under section 321.20B.

3 Sec. 20. Section 805.8, subsection 2, Code Supplement
4 1995, is amended by adding the following new paragraph:

5 NEW PARAGRAPH. z. If, in connection with a motor vehicle
6 accident, a person is charged and found guilty of a violation
7 of section 321.20B, subsection 1, the scheduled fine is five
8 hundred dollars, otherwise the scheduled fine for a violation
9 of section 321.20B, subsection 1, is two hundred fifty
10 dollars.

11 Sec. 21. EFFECTIVE DATES -- RULES -- NOTIFICATION.
12 Sections 1 through 20 of this Act take effect January 1, 1997.
13 However, in order to implement this Act, the insurance
14 division of the department of commerce and the director of
15 transportation shall each adopt rules as required under this
16 Act which shall be effective by October 1, 1996. The
17 treasurer of state shall notify the director of transportation
18 of the names and addresses of persons who are issued valid
19 certificates under section 321A.25, subsection 1, Code 1995,
20 by November 1, 1996, and after that date the treasurer of
21 state shall notify the director of transportation as required
22 under section 13 of this Act. Insurance carriers authorized
23 to do business in this state and the director of
24 transportation shall distribute proof of insurance cards as
25 required under this Act by December 1, 1996.

26 This section, being deemed of immediate importance, takes
27 effect upon enactment.

28 Sec. 22. CONDITIONAL EFFECTIVENESS PROVISION. Not-
29 withstanding section 21 of this Act, this Act shall not take
30 effect unless an appropriation is made in accordance with
31 section 25B.2, subsection 3.

32

EXPLANATION

33 This bill prohibits a person from driving a motor vehicle
34 registered in this state on the highways of this state unless
35 liability insurance coverage is in effect for the motor

1 vehicle. A violation is subject to a \$500 fine if the
2 violation is in connection with a motor vehicle accident,
3 otherwise the scheduled fine is \$250.

4 The driver of the motor vehicle is also subject to a
5 conviction for a violation if the driver does not have in the
6 motor vehicle a proof of insurance card issued for the motor
7 vehicle. However, a person charged with not having in the
8 motor vehicle a proof of insurance card will not be convicted
9 if the person produces in court, within 30 days after being
10 charged, proof that the motor vehicle was covered by liability
11 insurance at the time of the driver's arrest. Under the bill,
12 liability insurance coverage includes either liability
13 insurance, the filing of a bond, the deposit of money or
14 securities, or a certification of self-insurance.

15 The bill provides that if a peace officer stops a motor
16 vehicle and the driver is unable to provide proof of
17 insurance, the peace officer is to issue a warning citation to
18 the driver, issue a citation and remove the registration
19 plates from the motor vehicle which has been operated on the
20 highways of this state without liability insurance coverage
21 being in effect for the motor vehicle, and remove the
22 registration plates from any other vehicle registered to the
23 person in violation of this section for which the person is
24 unable to show proof of liability insurance coverage, or issue
25 a citation and impound the motor vehicle. The bill provides
26 for the return of the registration plates or vehicle upon the
27 payment of certain costs, including a \$15 administrative fee
28 to the county treasurer. A vehicle which is impounded and
29 which is not claimed is deemed abandoned.

30 The bill requires proof of liability insurance coverage
31 before registering a motor vehicle for the first time in this
32 state. However, proof of liability insurance coverage is not
33 required for issuance of a certificate of title.

34 The bill creates and internally cites new section 321.20B
35 and new subsections 34A and 54A of section 321.1.

1 The bill generally takes effect January 1, 1997, but
2 certain administrative actions are required prior to that date
3 to allow for the bill's implementation.

4 This bill may create a state mandate under chapter 25B.
5 The bill's effectiveness is conditioned upon an appropriation
6 being made in accordance with section 25B.2, which provides
7 that a political subdivision is not required to perform a
8 mandated activity unless the legislation specifies the amount
9 or proportion of the cost of the state mandate which the state
10 is to pay annually.

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