

MAR 5 1997
COMMERCE AND REGULATION

HOUSE FILE 460
BY BRADLEY

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

A BILL FOR

1 An Act relating to underinsured or uninsured motor vehicle
2 insurance coverage for damages to property.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 460

1 Section 1. Section 516A.1, Code 1997, is amended to read
2 as follows:

3 516A.1 COVERAGE INCLUDED IN EVERY LIABILITY POLICY --
4 REJECTION BY INSURED.

5 No An automobile liability or motor vehicle liability
6 insurance policy insuring against liability for bodily injury
7 or death arising out of the ownership, maintenance, or use of
8 a motor vehicle shall not be delivered or issued for delivery
9 in this state with respect to any motor vehicle registered or
10 principally garaged in this state, unless coverage is provided
11 in such policy or supplemental ~~thereto~~ to such policy, for the
12 protection of persons insured under such policy who are
13 legally entitled to recover damages from the owner or operator
14 of an uninsured motor vehicle or a hit-and-run motor vehicle
15 or an underinsured motor vehicle because of bodily injury,
16 sickness, or disease, including death resulting therefrom, or
17 because of property damage, caused by accident and arising out
18 of the ownership, maintenance, or use of such uninsured or
19 underinsured motor vehicle, or arising out of physical contact
20 of such hit-and-run motor vehicle with the person insured or
21 with a motor vehicle which the person insured is occupying at
22 the time of the accident. Both the uninsured motor vehicle or
23 hit-and-run motor vehicle coverage, and the underinsured motor
24 vehicle coverage shall include limits for bodily injury or
25 death, and for property damage, at least equal to those stated
26 in section 321A.1, subsection 10. The form and provisions of
27 such coverage shall be examined and approved by the
28 commissioner of insurance.

29 Coverage provided under this section for property damage,
30 at the option of the insurer, may be conditioned on the
31 identification of the operator of the vehicle causing the
32 damage. An insurer providing coverage for property damage
33 under this section shall make available a deductible option of
34 two hundred fifty dollars, in addition to any other deductible
35 option the insurer decides to offer.

1 However, the named insured may reject all of such coverage,
2 or reject the uninsured motor vehicle (hit-and-run motor
3 vehicle) coverage for bodily injury or death, or reject the
4 uninsured motor vehicle (hit-and-run motor vehicle) coverage
5 for property damage, or reject the underinsured motor vehicle
6 coverage for bodily injury or death, or reject the
7 underinsured motor vehicle coverage for property damage, by
8 written rejections signed by the named insured. If rejection
9 is made on a form or document furnished by an insurance
10 company or insurance agent, it shall be on a separate sheet of
11 paper which contains only the rejection and information
12 directly related to it. Such coverage need not be provided in
13 or supplemental to a renewal policy if the named insured has
14 rejected the coverage in connection with a policy previously
15 issued to the named insured by the same insurer.

16 Sec. 2. Section 516A.2, subsection 1, unnumbered paragraph
17 1, Code 1997, is amended to read as follows:

18 Except with respect to a policy containing both
19 underinsured motor vehicle coverage and uninsured or hit-and-
20 run motor vehicle coverage, nothing contained in this chapter
21 shall be construed as requiring forms of coverage provided
22 pursuant hereto to this chapter, whether alone or in
23 combination with similar coverage afforded under other
24 automobile liability or motor vehicle liability policies, to
25 afford limits in excess of those that would be afforded had
26 the insured thereunder under such liability policy been
27 involved in an accident with a motorist who was insured under
28 a policy of liability insurance with the minimum limits for
29 bodily injury or death, or for property damage, prescribed in
30 subsection 10 of section 321A.1. Such forms of coverage may
31 include terms, exclusions, limitations, conditions, and
32 offsets which are designed to avoid duplication of insurance
33 or other benefits.

34 Sec. 3. Section 516A.4, Code 1997, is amended to read as
35 follows:

1 516A.4 INSURER MAKING PAYMENT -- REIMBURSEMENT.

2 In the event of payment to any person under the coverage
3 required by this chapter and subject to the terms and
4 conditions of such coverage, the insurer making such payment
5 shall, to the extent thereof of the payment, shall be entitled
6 to the proceeds of any settlement or judgment resulting from
7 the exercise of any rights of recovery of such person against
8 any person or organization legally responsible for the bodily
9 injury or property damage for which such payment is made,
10 including the proceeds recoverable from the assets of the
11 insolvent insurer. The person to whom said the payment is
12 made under the insolvency protection required by this chapter,
13 shall to the extent thereof of the payment, shall be deemed to
14 have waived any right to proceed to enforce such a judgment
15 against the assets of the judgment debtor who was insured by
16 the insolvent insurer whose insolvency resulted in said the
17 payment being made, other than assets recovered or recoverable
18 by such the judgment debtor from such the insolvent insurer.

19 EXPLANATION

20 This bill provides that an automobile liability or motor
21 vehicle liability insurance policy insuring against liability
22 for bodily injury or death arising out of the ownership,
23 maintenance, or use of a motor vehicle which is delivered or
24 issued for delivery in this state with respect to any motor
25 vehicle registered or principally garaged in this state must
26 provide coverage for the protection of persons insured under
27 the policy who are legally entitled to recover damages from
28 the owner or operator of an uninsured motor vehicle or a hit-
29 and-run motor vehicle or an underinsured motor vehicle because
30 of property damage in the same manner as is provided for
31 bodily injury or death. Such coverage may be conditioned on
32 the identification of the operator of the vehicle causing the
33 damage. The bill provides that an insurer providing such
34 coverage is to make available a deductible option of \$250 in
35 addition to any other deductible option offered. The named

1 insured must be able to reject such coverage by written
2 rejection signed by the named insured.

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