

MAR 5 1997

COMMERCE AND REGULATION

HOUSE FILE 463
BY VEENSTRA

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

A BILL FOR

1 An Act relating to the cancellation of certain motor vehicle
2 insurance policies.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

HF 463

1 Section 1. Section 515D.4, subsections 1 and 2, Code 1997,
2 are amended to read as follows:

3 1. A policy shall not be canceled except by notice to the
4 insured as provided in this chapter. Notice of cancellation
5 of a policy is not effective unless it is based on one or more
6 of the following reasons:

7 a. Nonpayment of premium.

8 b. Nonpayment of dues to an association or organization
9 other than an insurance association or organization, where
10 payment of dues is a prerequisite to obtaining or continuing
11 insurance in force and the dues payment requirement was in
12 effect prior to January 1, 1969.

13 c. Fraud or material misrepresentation affecting the
14 policy or the presentation of a claim.

15 d. Violation of terms or conditions of the policy.

16 e. Suspension or revocation of the driver's license of the
17 named insured or spouse of the named insured during the policy
18 term, or if the policy is a renewal, during the policy's term
19 or the one hundred eighty days immediately preceding the
20 effective date of the renewal.

21 2. Coverage under a policy for a person other than the
22 named insured or spouse of the named insured shall not be
23 canceled excluded except by notice to the insured as provided
24 in this chapter. Notice-of-cancellation Exclusion of coverage
25 under a policy is not effective unless it is based on one or
26 more of the following reasons:

27 a. The An operator other than the named insured or any
28 operator spouse of the named insured who either resides in the
29 same household or customarily operates an automobile insured
30 under the policy has that person's driver's license suspended
31 or revoked during the policy term or, if the policy is a
32 renewal, during its term or the one hundred eighty days
33 immediately preceding its effective date.

34 b. The An operator other than the named insured or any
35 operator spouse of the named insured who either resides in the

1 same household or customarily operates an automobile insured
2 under the policy has during the term of the policy engaged in
3 a competitive speed contest while operating an automobile
4 insured under the policy.

5 c. The An operator other than the named insured or any
6 operator spouse of the named insured who either resides in the
7 same household or customarily operates an automobile insured
8 under the policy, during the thirty-six months immediately
9 preceding the notice of cancellation or nonrenewal, has been
10 convicted of or forfeited bail for any of the following:

11 (1) Criminal negligence resulting in death, homicide, or
12 assault and arising out of the operation of a motor vehicle.

13 (2) Operating a motor vehicle while intoxicated or while
14 under the influence of a drug.

15 (3) A violation of section 321.261.

16

EXPLANATION

17 This bill amends section 515D.4, relating to the reasons
18 for which an automobile insurance policy, or coverage under
19 such policy, may be cancelled.

20 The bill provides that in addition to the existing reasons,
21 a policy may be cancelled if the driver's license of the named
22 insured or the spouse of the named insured is suspended or
23 revoked during the term of the policy, or if the policy is a
24 renewal, during such policy's term or within 180 days
25 immediately preceding the effective date of the renewal.

26 The bill provides that coverage under a policy may be
27 excluded for a person other than the named insured or spouse
28 of the named insured for the reasons provided under section
29 515D.4, subsection 2. Currently, the section provides that
30 coverage under a policy may be cancelled for the named insured
31 or any operator residing in the same household or who
32 customarily operates an automobile insured under the policy of
33 the named insured for the reasons provided under that
34 subsection.

35