

# REPRINTED

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HOUSE FILE 514  
BY COMMITTEE ON COMMERCE AND  
REGULATION

(SUCCESSOR TO HF 280)

Passed House, <sup>(P.644)</sup> Date 3-18-97 Passed Senate, Date 4-16-97 <sup>(P.1218)</sup>  
Vote: Ayes 98 Nays 2 Vote: Ayes 37 Nays 12  
Approved May 9, 1997

## A BILL FOR

1 An Act relating to the offense of driving a motor vehicle when a  
2 license has been revoked or denied for driving while  
3 intoxicated, financial liability coverage and registration  
4 requirements for motor vehicles in this state, providing for  
5 the seizure of motor vehicle registration plates, and  
6 providing penalties and effective dates.

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

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HF 514

1 Section 1. Section 321.1, Code 1997, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 24A. "Financial liability 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 financial liability  
24 coverage card" means either a liability insurance card issued  
25 under section 321.20B, a bond insurance card issued under  
26 section 321A.24, a security insurance card issued under  
27 section 321A.25, or a self-insurance card issued under section  
28 321A.34.

29 Sec. 2. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST  
30 LIABILITY.

31 1. Notwithstanding chapter 321A, which requires certain  
32 persons to maintain proof of financial responsibility, a  
33 person shall not drive a motor vehicle which is registered in  
34 this state on the highways of this state unless financial  
35 liability coverage, as defined in section 321.1, subsection

1 24A, is in effect for the motor vehicle and unless the driver  
2 has in the motor vehicle the proof of financial liability  
3 coverage card issued for the motor vehicle.

4 2. An insurance company transacting business in this state  
5 shall issue to its insured owners of motor vehicles registered  
6 in this state a financial liability coverage card for each  
7 registered motor vehicle insured. Each financial liability  
8 coverage card shall identify the registration number of the  
9 motor vehicle insured and shall indicate the expiration date  
10 of the applicable insurance coverage. The financial liability  
11 coverage card shall also contain the name and address of the  
12 insurer, the name of the insured, the type of coverage  
13 provided, and an emergency telephone number of the insurer.

14 3. If the financial liability coverage for a motor vehicle  
15 which is registered in this state is canceled or terminated  
16 effective prior to the expiration date indicated on the  
17 financial liability coverage card issued for the vehicle, the  
18 person to whom the financial liability coverage card was  
19 issued shall destroy the card.

20 4. If a peace officer stops a motor vehicle and the driver  
21 is unable to provide proof of financial liability coverage,  
22 the peace officer shall do one of the following:

23 a. Issue a warning citation to the driver.

24 b. Issue a citation and remove the motor vehicle's license  
25 plates and registration from the motor vehicle which has been  
26 operated on the highways of this state without financial  
27 liability coverage being in effect for the motor vehicle, and  
28 remove the license plates and registration from any other  
29 vehicle registered to the person in violation of this section  
30 for which the person is unable to show proof of financial  
31 liability coverage. Upon removing the license plates and  
32 registration the peace officer shall issue a temporary  
33 registration permit and forward the plates to the county  
34 treasurer of the county in which the plates were issued along  
35 with a copy of the citation issued by the peace officer. An

1 owner or driver of a motor vehicle who is charged with a  
2 violation of subsection 1 and whose license plates and  
3 registration have been removed is subject to the following:

4 (1) An owner or driver who produces to the county  
5 treasurer, within thirty days of the time the person's license  
6 plates and registration are removed, proof that financial  
7 liability coverage was in effect for the motor vehicle at the  
8 time the person was stopped and cited, shall be assessed a  
9 fifteen dollar administrative fee by the county treasurer who  
10 shall return the license plates and registration to the person  
11 after payment of the fee.

12 (2) An owner or driver who is unable to show that  
13 financial liability coverage was in effect for the motor  
14 vehicle at the time the person was stopped and cited, and  
15 signs an admission of violation on the citation, may do either  
16 of the following:

17 (a) Sign an admission of violation on the citation and  
18 remit to the county treasurer a scheduled fine of two hundred  
19 fifty dollars plus a fifteen dollar administrative fee. Upon  
20 payment of the fine and fee, and providing proof of financial  
21 liability coverage to the county treasurer, the county  
22 treasurer shall return the license plates and registration to  
23 the person.

24 (b) Request an appearance before the court on the matter.  
25 If the matter goes before the court, and the owner or driver  
26 is found guilty of a violation of subsection 1, the court may  
27 impose a fine of two hundred fifty dollars, or the court may  
28 order the person to perform unpaid community service instead  
29 of the fine. Upon the payment of the fine or the entry of the  
30 order for unpaid community service, the county treasurer shall  
31 return the license plates and registration to the person upon  
32 the person providing proof of financial liability coverage and  
33 paying a fifteen dollar administrative fee to the county  
34 treasurer.

35 (3) An owner or driver who fails to provide to the county

1 treasurer, within thirty days of the time the person's  
2 registration plates are removed, proof that financial  
3 liability coverage was in effect for the motor vehicle at the  
4 time the person was stopped and cited, and does not sign an  
5 admission of violation on the citation, shall not have the  
6 person's license plates or registration returned. The county  
7 treasurer shall destroy the plates and registration and  
8 provide notification to the state department of transportation  
9 that the plates and registration have been destroyed,  
10 including a copy of the citation.

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

29 5. This section applies to a motor vehicle subject to  
30 registration under this chapter other than a motor vehicle  
31 identified in section 321.18, subsections 1 through 6, and  
32 subsection 8.

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

1 Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1997,  
2 is amended to read as follows:

3 Nonresident owners of foreign vehicles operated within this  
4 state for the intrastate transportation of persons or property  
5 for compensation or for the intrastate transportation of  
6 merchandise shall register and maintain financial liability  
7 coverage as required under section 321.20B for each such  
8 vehicle and pay the same fees ~~therefor-as-is~~ required with  
9 ~~reference-to~~ for like vehicles owned by residents of this  
10 state.

11 Sec. 4. Section 321.55, Code 1997, is amended to read as  
12 follows:

13 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR  
14 OPERATED BY NONRESIDENTS.

15 A nonresident owner or operator engaged in remunerative  
16 employment within the state or carrying on business within the  
17 state and owning or operating a motor vehicle, trailer, or  
18 semitrailer within the state shall register and maintain  
19 financial liability coverage as required under section 321.20B  
20 for each such vehicle and pay the same fees for registration  
21 as are paid for like vehicles owned by residents of this  
22 state. However, this paragraph does not apply to a person  
23 commuting from the person's residence in another state or  
24 whose employment is seasonal or temporary, not exceeding  
25 ninety days.

26 A nonresident owner of a motor vehicle operated within the  
27 state by a resident of the state shall register the vehicle  
28 and shall maintain financial liability coverage as required  
29 under section 321.20B for the vehicle. The nonresident owner  
30 shall pay the same fees for registration as are paid for like  
31 vehicles owned by residents of this state. However,  
32 registration under this paragraph ~~does-not-apply-to~~ is not  
33 required for vehicles being operated by residents temporarily,  
34 not exceeding ninety days. It is unlawful for a resident to  
35 operate within the state an unregistered motor vehicle

1 required to be registered under this paragraph.

2 Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1997,  
3 is amended to read as follows:

4 A dealer owning any vehicle of a type otherwise required to  
5 be registered ~~hereunder~~ under this chapter may operate or move  
6 the ~~same~~ vehicle upon the highways solely for purposes of  
7 transporting, testing, demonstrating, or selling the ~~same~~  
8 vehicle without registering ~~each-such~~ the vehicle, upon  
9 condition that ~~any-such~~ the vehicle display in the manner  
10 prescribed in sections 321.37 and 321.38 a special plate  
11 issued to ~~such~~ the owner as provided in sections 321.58 to  
12 321.62. ~~In-addition-to-the-foregoing,-a~~ However, if the  
13 vehicle is a motor vehicle the dealer shall maintain financial  
14 liability coverage for the motor vehicle as required under  
15 section 321.20B. A new car dealer or a used car dealer may  
16 operate or move upon the highways ~~any~~ a new or used car or  
17 trailer owned by the dealer for either private or business  
18 purposes without registering ~~the-same-providing,-(1)-such~~ it  
19 if the new or used car or trailer is in the dealer's inventory  
20 and is continuously offered for sale at retail, and ~~(2)~~ there  
21 is displayed ~~thereon~~ on it a special plate issued to ~~such~~ the  
22 dealer as provided in sections 321.58 to 321.62.

23 Sec. 6. Section 321.492, unnumbered paragraph 1, Code  
24 1997, is amended to read as follows:

25 Any A peace officer is authorized to stop ~~any~~ a vehicle to  
26 require exhibition of the driver's motor vehicle license, to  
27 require exhibition of the proof of insurance card issued for  
28 the vehicle if the vehicle is a motor vehicle registered in  
29 this state, to serve a summons or memorandum of traffic  
30 violation, to inspect the condition of the vehicle, to inspect  
31 the vehicle with reference to size, weight, cargo, log book,  
32 bills of lading or other manifest of employment, tires, and  
33 safety equipment, or to inspect the registration certificate,  
34 the compensation certificate, travel order, or permit of the  
35 vehicle. A peace officer shall require the exhibition of the

1 proof of financial liability coverage card issued for a  
2 vehicle if the vehicle is a motor vehicle registered in this  
3 state and the vehicle has been stopped for the purpose of  
4 issuing a citation for a traffic violation, the vehicle is  
5 involved in a traffic accident, or the vehicle has been  
6 stopped for the purpose of conducting a safety inspection.

7 Sec. 7. Section 321A.17, subsections 1 through 3, Code  
8 1997, are amended to read as follows:

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

21 2. ~~Such~~ The license and ~~registration~~ shall remain  
22 suspended or revoked and shall not ~~at-any-time-thereafter~~ be  
23 renewed nor shall ~~any~~ a license be ~~thereafter~~ issued to ~~such~~  
24 ~~the person,~~ ~~nor shall any motor vehicle be thereafter~~  
25 ~~registered in the name of such person~~ until permitted under  
26 the motor vehicle laws of this state and not then unless and  
27 until the person ~~shall give~~ gives and ~~thereafter maintain~~  
28 maintains proof of financial responsibility. The registration  
29 shall remain suspended and a motor vehicle shall not be  
30 registered in the name of the person until the person gives  
31 and maintains proof of financial liability coverage, as  
32 defined in section 321.1.

33 3. If a person is not licensed, but by final order or  
34 judgment is convicted of or forfeits any bail or collateral  
35 deposited to secure an appearance for trial for ~~any~~ an offense



1 requiring the suspension or revocation of license, or for  
2 operating an unregistered motor vehicle upon the highways, no  
3 license shall be ~~thereafter~~ issued to ~~such~~ that person and no  
4 ~~motor-vehicle-shall-continue-to-be-registered-or-thereafter-be~~  
5 ~~registered-in-the-name-of-such-person~~ until the person shall  
6 ~~give~~ gives and ~~thereafter-maintain~~ maintains proof of  
7 financial responsibility. A motor vehicle registered in the  
8 name of the person shall not continue to be registered and  
9 shall not thereafter be registered until the person gives and  
10 maintains proof of financial liability coverage, as defined in  
11 section 321.1.

12 Sec. 8. Section 321A.24, subsection 1, Code 1997, is  
13 amended to read as follows:

14 1. a. Proof of financial responsibility may be evidenced  
15 by the bond of a surety company duly authorized to transact  
16 business within this state, or a bond with at least two  
17 individual sureties each owning real estate within this state,  
18 and together having equities equal in value to at least twice  
19 the amount of the bond, which real estate shall be scheduled  
20 in the bond approved by a judge or clerk of ~~a~~ the district  
21 ~~court of-record,~~ and which ~~said~~ bond shall be conditioned for  
22 payment of the amounts specified in section 321A.1, subsection  
23 10.

24 b. ~~Such~~ The bond shall be filed with the department and  
25 ~~shall~~ is not be cancelable except after ten days' written  
26 notice to the department. ~~Such~~ The director shall issue to  
27 the person filing the bond a bond insurance card for each  
28 motor vehicle registered by the person in the state. The bond  
29 insurance card shall state the name and address of the person  
30 and the motor vehicle registration number of the vehicle for  
31 which the card is issued.

32 c. The bond ~~shall-constitute~~ constitutes a lien in favor  
33 of the state upon the real estate so scheduled of any surety,  
34 which lien ~~shall-exist~~ exists in favor of any holder of a  
35 final judgment against the person who has filed ~~such~~ the bond,

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

32 d. If the bond is canceled, the person who filed the bond  
33 shall surrender to the director all bond insurance cards  
34 issued to the person.

35 Sec. 9. Section 321A.25, subsection 1, Code 1997, is

1 amended to read as follows:

2 1. ~~With respect to accidents occurring on or after January~~  
3 ~~17, 1981, and before January 17, 1983, proof of financial~~  
4 ~~responsibility may be evidenced by the certificate of the~~  
5 ~~state treasurer that the person named in the certificate has~~  
6 ~~deposited with the treasurer forty thousand dollars in cash,~~  
7 ~~or securities such as may legally be purchased by a state bank~~  
8 ~~or for trust funds of a market value of forty thousand~~  
9 ~~dollars; and with respect to accidents occurring on or after~~  
10 ~~January 17, 1983, proof~~ Proof of financial responsibility may  
11 be evidenced by the certificate of the state treasurer of  
12 state that the person named in the certificate has deposited  
13 with the treasurer of state fifty-five thousand dollars in  
14 cash, or securities such as which may legally be purchased by  
15 a state bank or ~~for~~ trust funds of a market value of fifty-  
16 five thousand dollars. The treasurer of state shall promptly  
17 notify the director of transportation of the name and address  
18 of the person to whom the certificate has been issued. Upon  
19 receipt of the notification, the director of transportation  
20 shall issue to the person a security insurance card for each  
21 motor vehicle registered in this state by the person. The  
22 security insurance card shall state the name and address of  
23 the person and the registration number of the motor vehicle  
24 for which the card is issued. The state treasurer of state  
25 shall not accept a deposit and issue a certificate for it and  
26 the department shall not accept the certificate unless  
27 accompanied by evidence that there are no unsatisfied  
28 judgments of any character against the depositor in the county  
29 where the depositor resides.

30 Sec. 10. Section 321A.32, subsection 3, Code 1997, is  
31 amended to read as follows:

32 3. Any A person who ~~shall forge~~ forges or, without  
33 authority, ~~sign any~~ signs a notice provided for under section  
34 321A.5 that a policy or bond is in effect, or any evidence of  
35 ~~proof of~~ financial responsibility, or any evidence of

1 financial liability coverage as defined in section 321.1, or  
2 who files or offers for filing any such notice or evidence of  
3 ~~proof~~ knowing or having reason to believe that it is forged or  
4 signed without authority, ~~shall-be~~ is guilty of a serious  
5 misdemeanor.

6 Sec. 11. Section 321A.34, subsections 2 and 3, Code 1997,  
7 are amended to read as follows:

8 2. The department may, ~~in-the-department's-discretion,~~  
9 upon the application of such a person, issue a certificate of  
10 self-insurance ~~when~~ if the department is satisfied that ~~such~~  
11 ~~the person is-possessed~~ has and will continue to ~~be-possessed~~  
12 ~~of~~ have the ability to pay judgments obtained against ~~such the~~  
13 person for damages arising out of the ownership, maintenance,  
14 or use of any vehicle owned by ~~such the~~ person. The  
15 department shall issue to each person who has in effect a  
16 valid certificate of self-insurance, a self-insurance card for  
17 each motor vehicle registered in this state by the person.  
18 The card shall state the name and address of the person and  
19 shall state the registration number of the motor vehicle for  
20 which the card was issued.

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

33 Sec. 12. Section 321J.21, Code 1997, is amended to read as  
34 follows:

35 321J.21 DRIVING WHILE LICENSE DENIED OR REVOKED.

1     1. A person whose motor vehicle license or nonresident  
2 operating privilege has been denied or revoked as provided in  
3 this chapter and who drives a motor vehicle upon the highways  
4 of this state while the license or privilege is denied or  
5 revoked commits a serious misdemeanor, punishable as a  
6 scheduled fine under section 805.8, subsection 2, paragraph  
7 "ae", except that, notwithstanding section 805.12, the clerk  
8 of the district court shall remit one-quarter of the fine to  
9 the law enforcement agency of the peace officer making the  
10 arrest. If the court determines that the defendant is guilty  
11 of the offense but is unable to pay the fine, the court may  
12 alternatively order the defendant to perform unpaid community  
13 service instead of the fine.

14     2. The In addition to the imposition of the fine or  
15 sentence of community service, the department, upon receiving  
16 the record of the conviction of a person under this section  
17 upon a charge of driving a motor vehicle while the license of  
18 the person was revoked or denied, shall extend the period of  
19 revocation or denial for an additional like period, and the  
20 department shall not issue a new license during the additional  
21 period.

22     Sec. 13. Section 326.25, Code 1997, is amended by adding  
23 the following new subsection:

24     NEW SUBSECTION. 4. Upon a determination that the motor  
25 vehicle does not have financial liability coverage as required  
26 under section 321.20B.

27     Sec. 14. Section 805.8, subsection 2, Code 1997, is  
28 amended by adding the following new paragraph:

29     NEW PARAGRAPH. ad. If, in connection with a motor vehicle  
30 accident, a person is charged and found guilty of a violation  
31 of section 321.20B, subsection 1, the scheduled fine is one  
32 hundred dollars.

33     Sec. 15. Section 805.8, subsection 2, Code 1997, is  
34 amended by adding the following new paragraph:

35     NEW PARAGRAPH. ae. For violation of section 321J.21, the

1 scheduled fine is one thousand dollars. If the violation is  
2 admitted and section 805.9 applies, the violation shall be  
3 chargeable upon uniform citation and complaint, indictment, or  
4 county attorney's information. If the violation is not  
5 admitted, the violation shall be chargeable only upon  
6 indictment or county attorney's information. In either case,  
7 if the defendant is convicted, the conviction shall be of an  
8 indictable offense.

9 Sec. 16. Section 805.8, subsection 2, Code 1997, is  
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. af. If, in connection with a motor vehicle  
12 accident, a person is charged and found guilty of a violation  
13 of section 321.20B, subsection 1, the scheduled fine is five  
14 hundred dollars, otherwise the scheduled fine for a violation  
15 of section 321.20B, subsection 1, is two hundred fifty  
16 dollars. Notwithstanding section 805.12, fines collected  
17 pursuant to this paragraph shall be submitted to the state  
18 court administrator and distributed fifty percent to the  
19 victim compensation fund established in section 912.14,  
20 twenty-five percent to the county in which such fine is  
21 imposed, and twenty-five percent to the general fund of the  
22 state.

23 Sec. 17. EFFECTIVE DATES -- RULES -- NOTIFICATION.  
24 Sections 1 through 11 and 13 and 14 of this Act take effect  
25 January 1, 1998. However, in order to implement this Act, the  
26 insurance division of the department of commerce and the  
27 director of transportation shall each adopt rules as required  
28 under this Act which shall be effective by October 1, 1997.  
29 The treasurer of state shall notify the director of  
30 transportation of the names and addresses of persons who are  
31 issued valid certificates under section 321A.25, subsection 1,  
32 Code 1997, by November 1, 1997, and after that date the  
33 treasurer of state shall notify the director of transportation  
34 as required under section 9 of this Act. Insurance carriers  
35 authorized to do business in this state and the director of

1 transportation shall distribute proof of insurance cards as  
2 required under this Act by December 1, 1997.

3 This section, being deemed of immediate importance, takes  
4 effect upon enactment.

5 Sections 12 and 15 of this Act take effect July 1, 1997.

6 Section 16 of this Act takes effect July 1, 1999.

7 Sec. 18. CONDITIONAL EFFECTIVENESS PROVISION.

8 Notwithstanding section 17 of this Act, sections 1 through 11  
9 and 13 and 14 of this Act shall not take effect unless an  
10 appropriation is made in accordance with section 25B.2,  
11 subsection 3.

12 Sec. 19. Section 805.8, subsection 2, paragraph "ad", as  
13 enacted by this Act, is amended by striking the paragraph  
14 effective July 1, 1999.

15 EXPLANATION

16 This bill prohibits a person from driving a motor vehicle  
17 registered in this state on the highways of this state unless  
18 financial liability coverage is in effect for the motor  
19 vehicle. A violation of the requirement to maintain financial  
20 liability coverage is subject to a scheduled fine of \$100.  
21 The bill provides that effective July 1, 1999, a violation is  
22 subject to a \$500 fine if the violation is in connection with  
23 a motor vehicle accident, otherwise the scheduled fine is  
24 \$250. The bill provides, effective July 1, 1999, that fines  
25 collected are to be distributed by the state court  
26 administrator 50 percent to the victim compensation fund, 25  
27 percent to the county in which the fine is collected, and 25  
28 percent to the general fund of the state.

29 The driver of the motor vehicle is also subject to a  
30 conviction for a violation if the driver does not have in the  
31 motor vehicle a proof of financial liability coverage card  
32 issued for the motor vehicle. However, a person charged with  
33 not having in the motor vehicle a proof of financial liability  
34 coverage card will not be convicted if the person produces in  
35 court, within 30 days after being charged, proof that the

1 motor vehicle was covered by financial liability coverage at  
2 the time of the driver's arrest. Under the bill, financial  
3 liability coverage includes either liability insurance, the  
4 filing of a bond, the deposit of money or securities, or a  
5 certification of self-insurance.

6 The bill provides that if a peace officer stops a motor  
7 vehicle and the driver is unable to provide proof of financial  
8 liability coverage, the peace officer is to issue a warning  
9 citation to the driver, issue a citation and remove the  
10 license plates and registration from the motor vehicle which  
11 has been operated on the highways of this state without  
12 financial liability coverage being in effect for the motor  
13 vehicle, and remove the license plates and registration from  
14 any other vehicle registered to the person in violation of  
15 this section for which the person is unable to show proof of  
16 financial liability coverage, or issue a citation and impound  
17 the motor vehicle. The bill provides for the return of the  
18 license plates and registration, or vehicle upon the payment  
19 of certain costs, including a \$15 administrative fee to the  
20 county treasurer. A vehicle which is impounded and which is  
21 not claimed is deemed abandoned. Any amount received from the  
22 sale of the motor vehicle is to be retained by the law  
23 enforcement agency impounding the vehicle.

24 Proof of financial liability coverage is not required for  
25 issuance of a certificate of title.

26 The bill creates and internally cites new Code section  
27 321.20B and new subsections 24A and 54A of Code section 321.1.

28 This bill provides for a scheduled fine of \$1,000 for  
29 driving a motor vehicle when the defendant's license has been  
30 revoked or denied for operating a motor vehicle while  
31 intoxicated under Code chapter 321J. If the court determines  
32 the defendant cannot afford to pay such a fine, the court may  
33 alternatively sentence the defendant to perform community  
34 service as determined by the court. One-quarter of the fine  
35 amount shall be allocated by the court to the arresting



1 entity. Pursuant to Article 1, section 11, of the Iowa  
2 Constitution, because the fine is greater than \$100, it must  
3 be treated as an indictable offense.

4 The bill generally takes effect January 1, 1998, but  
5 certain administrative actions are required prior to that date  
6 to allow for the bill's implementation and the increased  
7 penalties of \$250 and \$500 for a violation of maintaining  
8 financial liability coverage is effective July 1, 1999.

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

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## HOUSE FILE 514

H-1206

1 Amend House File 514 as follows:

2 1. Page 2, by inserting after line 13 the  
3 following:

4 "The insurance division shall adopt rules regarding  
5 the contents of a financial liability coverage card to  
6 be issued pursuant to this section. Notwithstanding  
7 the provisions of this section, a fleet owner shall  
8 not be required to maintain in each vehicle a  
9 liability coverage card with the individual  
10 registration number of the vehicle included on the  
11 card. Such fleet owner shall be required to maintain  
12 a liability coverage card in each vehicle in the fleet  
13 including information deemed appropriate by the  
14 commissioner of insurance."

15 2. Page 2, line 23, by striking the word  
16 "citation" and inserting the following: "memorandum".

17 3. Page 2, by striking lines 27 through 31 and  
18 inserting the following: "liability coverage being in  
19 effect for the motor vehicle. Upon removing the  
20 license plates and".

21 4. Page 2, lines 32 and 33 by striking the words  
22 "issue a temporary registration permit and".

23 5. Page 2, lines 34 and 35 by striking the words  
24 "along with a copy of the citation issued by the peace  
25 officer".

26 6. Page 3, line 18, by striking the words "county  
27 treasurer" and inserting the following: "clerk of  
28 court".

29 7. Page 3, by striking lines 19 through 23 and  
30 inserting the following: "fifty dollars. Upon  
31 payment of the fine, payment of a fifteen dollar  
32 administrative fee to the county treasurer, and  
33 providing proof of financial liability coverage to the  
34 county treasurer, the treasurer shall issue new  
35 license plates and registration to the person."

36 8. Page 3, line 31, by striking the words "return  
37 the" and inserting the following: "issue new".

38 9. Page 4, by striking lines 6 through 10 and  
39 inserting the following: "person's license plates or  
40 registration returned."

41 10. Page 4, by striking lines 15 through 17 and  
42 inserting the following: "the motor vehicle. If the  
43 motor vehicle is not".

44 11. Page 4, by striking lines 20 through 28 and  
45 inserting the following: "section 321.89."

46 12. Page 4, by inserting after line 32 the  
47 following:

48 "5A. This section does not apply to a motor  
49 vehicle owned by a motor vehicle dealer licensed  
50 pursuant to chapter 322."

H-1206

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Page 2

- 1 13. Page 6, line 13, by inserting after the word  
2 "dealer" the following: ", if subject to section  
3 321.20B,".
- 4 14. By striking page 6, line 35, through page 7,  
5 line 6, and inserting the following: "vehicle."
- 6 15. By striking page 7, line 7, through page 8,  
7 line 11.
- 8 16. By striking page 11, line 33, through page  
9 12, line 21 and inserting the following:  
10 "Sec. 1001. Section 322.4, Code 1997, is amended  
11 by adding the following new subsection:  
12 NEW SUBSECTION. 7A. Proof that the applicant has  
13 financial liability coverage as defined in section  
14 321.1, except that such coverage shall be in limits of  
15 not less than one hundred thousand dollars because of  
16 bodily injury to or death of one person in any one  
17 accident and, subject to the limit for one person,  
18 three hundred thousand dollars because of bodily  
19 injury to or death of two or more persons in any one  
20 accident, and fifty thousand dollars because of injury  
21 to or destruction of property of others in any one  
22 accident.
- 23 Sec. 1002. Section 322.8, Code 1997, is amended by  
24 adding the following new unnumbered paragraph:  
25 NEW UNNUMBERED PARAGRAPH. A supplemental statement  
26 shall include any change in the licensee's financial  
27 liability coverage."
- 28 17. By striking page 12, line 33, through page  
29 13, line 8.
- 30 18. Page 13, line 24, by striking the word and  
31 figures "11 and 13" and inserting the following: "11,  
32 1001, 1002, 13,".
- 33 19. Page 13, by striking line 28 and inserting  
34 the following: "under this Act."
- 35 20. Page 14, by striking line 5.
- 36 21. Title page, by striking lines 1 through 3 and  
37 inserting the following: "An Act relating to  
38 financial liability coverage and registration".
- 39 22. By renumbering as necessary.

By BRADLEY of Clinton

H-1206 FILED MARCH 17, 1997

*Adapted 3-18-97  
(P. 644)*

5-3/19/97 Commerce  
5-4/2/97 Do Pass  
5-4/10/97 Unfinished Business Calendar

HOUSE FILE 514  
BY COMMITTEE ON COMMERCE AND  
REGULATION

(SUCCESSOR TO HF 280)

(As Amended and Passed by the House, March 18 , 1997)

Passed House, Date 4-23-97 (p.1475) Passed Senate, Date 4-16-97 (p.1218)  
Vote: Ayes 96 Nays 2 Vote: Ayes 37 Nays 12  
Approved May 9, 1997 MTR Sen. Rife  
4-16-97 (p.1229)

A BILL FOR

1 An Act relating to financial liability 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 effective dates.

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

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House Amendments \_\_\_\_\_

Deleted Language \*

1 Section 1. Section 321.1, Code 1997, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 24A. "Financial liability 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 financial liability  
24 coverage card" means either a liability insurance card issued  
25 under section 321.20B, a bond insurance card issued under  
26 section 321A.24, a security insurance card issued under  
27 section 321A.25, or a self-insurance card issued under section  
28 321A.34.

29 Sec. 2. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST  
30 LIABILITY.

31 1. Notwithstanding chapter 321A, which requires certain  
32 persons to maintain proof of financial responsibility, a  
33 person shall not drive a motor vehicle which is registered in  
34 this state on the highways of this state unless financial  
35 liability coverage, as defined in section 321.1, subsection

1 24A, is in effect for the motor vehicle and unless the driver  
2 has in the motor vehicle the proof of financial liability  
3 coverage card issued for the motor vehicle.

4 2. An insurance company transacting business in this state  
5 shall issue to its insured owners of motor vehicles registered  
6 in this state a financial liability coverage card for each  
7 registered motor vehicle insured. Each financial liability  
8 coverage card shall identify the registration number of the  
9 motor vehicle insured and shall indicate the expiration date  
10 of the applicable insurance coverage. The financial liability  
11 coverage card shall also contain the name and address of the  
12 insurer, the name of the insured, the type of coverage  
13 provided, and an emergency telephone number of the insurer.

14 The insurance division shall adopt rules regarding the  
15 contents of a financial liability coverage card to be issued  
16 pursuant to this section. Notwithstanding the provisions of  
17 this section, a fleet owner shall not be required to maintain  
18 in each vehicle a liability coverage card with the individual  
19 registration number of the vehicle included on the card. Such  
20 fleet owner shall be required to maintain a liability coverage  
21 card in each vehicle in the fleet including information deemed  
22 appropriate by the commissioner of insurance.

23 3. If the financial liability coverage for a motor vehicle  
24 which is registered in this state is canceled or terminated  
25 effective prior to the expiration date indicated on the  
26 financial liability coverage card issued for the vehicle, the  
27 person to whom the financial liability coverage card was  
28 issued shall destroy the card.

29 4. If a peace officer stops a motor vehicle and the driver  
30 is unable to provide proof of financial liability coverage,  
31 the peace officer shall do one of the following:

32 a. Issue a warning memorandum to the driver.

33 b. Issue a citation and remove the motor vehicle's license  
34 plates and registration from the motor vehicle which has been  
35 operated on the highways of this state without financial

1 liability coverage being in effect for the motor vehicle.

2 Upon removing the license plates and registration the peace

\* 3 officer shall forward the plates to the county treasurer of

\* 4 the county in which the plates were issued. An owner or

5 driver of a motor vehicle who is charged with a violation of

6 subsection 1 and whose license plates and registration have

7 been removed is subject to the following:

8 (1) An owner or driver who produces to the county

9 treasurer, within thirty days of the time the person's license

10 plates and registration are removed, proof that financial

11 liability coverage was in effect for the motor vehicle at the

12 time the person was stopped and cited, shall be assessed a

13 fifteen dollar administrative fee by the county treasurer who

14 shall return the license plates and registration to the person

15 after payment of the fee.

16 (2) An owner or driver who is unable to show that

17 financial liability coverage was in effect for the motor

18 vehicle at the time the person was stopped and cited, and

19 signs an admission of violation on the citation, may do either

20 of the following:

21 (a) Sign an admission of violation on the citation and

22 remit to the clerk of court a scheduled fine of two hundred

23 fifty dollars. Upon payment of the fine, payment of a fifteen

24 dollar administrative fee to the county treasurer, and

25 providing proof of financial liability coverage to the county

26 treasurer, the treasurer shall issue new license plates and

27 registration to the person.

28 (b) Request an appearance before the court on the matter.

29 If the matter goes before the court, and the owner or driver

30 is found guilty of a violation of subsection 1, the court may

31 impose a fine of two hundred fifty dollars, or the court may

32 order the person to perform unpaid community service instead

33 of the fine. Upon the payment of the fine or the entry of the

34 order for unpaid community service, the county treasurer shall

35 issue new license plates and registration to the person upon

1 the person providing proof of financial liability coverage and  
2 paying a fifteen dollar administrative fee to the county  
3 treasurer.

4 (3) An owner or driver who fails to provide to the county  
5 treasurer, within thirty days of the time the person's  
6 registration plates are removed, proof that financial  
7 liability coverage was in effect for the motor vehicle at the  
8 time the person was stopped and cited, and does not sign an  
9 admission of violation on the citation, shall not have the  
10 person's license plates or registration returned.

11 c. Issue a citation and impound the motor vehicle. A  
12 vehicle which is impounded may be claimed by a person if the  
13 owner provides proof of financial liability coverage and pays  
14 any applicable fine and the costs of towing and storage for  
15 the motor vehicle. If the motor vehicle is not claimed within  
16 thirty days after impoundment, the motor vehicle may be  
17 treated as an abandoned vehicle pursuant to section 321.89.

18 5. This section applies to a motor vehicle subject to  
19 registration under this chapter other than a motor vehicle  
20 identified in section 321.18, subsections 1 through 6, and  
21 subsection 8.

22 6. This section does not apply to a motor vehicle owned by  
23 a motor vehicle dealer licensed pursuant to chapter 322.

24 7. The director of transportation and the commissioner of  
25 insurance shall adopt rules pursuant to chapter 17A to  
26 administer this section.

27 Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1997,  
28 is amended to read as follows:

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



1 state.

2 Sec. 4. Section 321.55, Code 1997, is amended to read as  
3 follows:

4 321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR  
5 OPERATED BY NONRESIDENTS.

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

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

28 Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1997,  
29 is amended to read as follows:

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

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

15 Sec. 6. Section 321.492, unnumbered paragraph 1, Code  
16 1997, 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.

\* 28 Sec. 7. Section 321A.24, subsection 1, Code 1997, is  
29 amended to read as follows:

30 1. a. Proof of financial responsibility may be evidenced  
31 by the bond of a surety company duly authorized to transact  
32 business within this state, or a bond with at least two  
33 individual sureties each owning real estate within this state,  
34 and together having equities equal in value to at least twice  
35 the amount of the bond, which real estate shall be scheduled

1 in the bond approved by a judge or clerk of ~~a~~ the district  
2 ~~court of-record~~, and which ~~said~~ bond shall be conditioned for  
3 payment of the amounts specified in section 321A.1, subsection  
4 10.

5 b. ~~Such~~ The bond shall be filed with the department and  
6 ~~shall~~ is not be cancelable except after ten days' written  
7 notice to the department. ~~Such~~ The director shall issue to  
8 the person filing the bond a bond insurance card for each  
9 motor vehicle registered by the person in the state. The bond  
10 insurance card shall state the name and address of the person  
11 and the motor vehicle registration number of the vehicle for  
12 which the card is issued.

13 c. ~~The~~ bond ~~shall-constitute~~ constitutes a lien in favor  
14 of the state upon the real estate so scheduled of any surety,  
15 which lien ~~shall-exist~~ exists in favor of any holder of a  
16 final judgment against the person who has filed ~~such~~ the bond,  
17 for damages, including damages for care and loss of services,  
18 because of bodily injury to or death of any person, or for  
19 damage because of injury to or destruction of property,  
20 including the loss of use ~~thereof~~ of the property, resulting  
21 from the ownership, maintenance, use, or operation of a motor  
22 vehicle after ~~such~~ the bond was filed, upon the filing of  
23 notice to that effect by the department in the office of the  
24 proper clerk of the district court of the county where ~~such~~  
25 the real estate ~~shall-be~~ is located. ~~Any~~ An individual surety  
26 ~~so~~ scheduling real estate security shall furnish satisfactory  
27 evidence of title ~~thereto~~ to the property and the nature and  
28 extent of all encumbrances ~~thereon~~ on the property and the  
29 value of the surety's interest ~~therein~~ in the property, in  
30 ~~such~~ the manner as the judge or clerk of the district court of  
31 ~~record~~ approving the bond ~~may-require~~ requires. The notice  
32 filed by the department shall contain, in addition to any  
33 other matters deemed by the department to be pertinent,  
34 ~~contain~~ a legal description of the real estate ~~so~~ scheduled,  
35 the name of the holder of the record title, the amount for

1 which it stands as security, and the name of the person in  
2 whose behalf proof is so being made. Upon the filing of such  
3 the notice the clerk of the district court ~~of such county~~  
4 shall retain the same notice as part of the records of such  
5 the court and enter upon the encumbrance book the date and  
6 hour of filing, the name of the surety, the name of the record  
7 titleholder, the description of the real estate, and the  
8 further notation that a lien is charged on such the real  
9 estate pursuant to the filed notice ~~filed hereunder~~. From and  
10 after the entry of the foregoing notice upon the encumbrance  
11 book all persons ~~whomsoever shall be~~ are charged with notice  
12 thereof of it.

13 d. If the bond is canceled, the person who filed the bond  
14 shall surrender to the director all bond insurance cards  
15 issued to the person.

16 Sec. 8. Section 321A.25, subsection 1, Code 1997, is  
17 amended to read as follows:

18 1. With respect to accidents occurring on or after January  
19 17, 1981, and before January 17, 1983, proof of financial  
20 responsibility may be evidenced by the certificate of the  
21 state treasurer that the person named in the certificate has  
22 deposited with the treasurer forty thousand dollars in cash,  
23 or securities such as may legally be purchased by a state bank  
24 or for trust funds of a market value of forty thousand  
25 dollars; and with respect to accidents occurring on or after  
26 January 17, 1983, proof Proof of financial responsibility may  
27 be evidenced by the certificate of the state treasurer of  
28 state that the person named in the certificate has deposited  
29 with the treasurer of state fifty-five thousand dollars in  
30 cash, or securities ~~such as~~ which may legally be purchased by  
31 a state bank or ~~for~~ trust funds of a market value of fifty-  
32 five thousand dollars. The treasurer of state shall promptly  
33 notify the director of transportation of the name and address  
34 of the person to whom the certificate has been issued. Upon  
35 receipt of the notification, the director of transportation

1 shall issue to the person a security insurance card for each  
2 motor vehicle registered in this state by the person. The  
3 security insurance card shall state the name and address of  
4 the person and the registration number of the motor vehicle  
5 for which the card is issued. The state treasurer of state  
6 shall not accept a deposit and issue a certificate for it and  
7 the department shall not accept the certificate unless  
8 accompanied by evidence that there are no unsatisfied  
9 judgments of any character against the depositor in the county  
10 where the depositor resides.

11 Sec. 9. Section 321A.32, subsection 3, Code 1997, is  
12 amended to read as follows:

13 3. Any A person who ~~shall-forge~~ forges or, without  
14 authority, ~~sign-any~~ signs a notice provided for under section  
15 321A.5 that a policy or bond is in effect, or any evidence of  
16 ~~proof-of~~ financial responsibility, or any evidence of  
17 financial liability coverage as defined in section 321.1, or  
18 who files or offers for filing any such notice or evidence of  
19 ~~proof~~ knowing or having reason to believe that it is forged or  
20 signed without authority, ~~shall-be~~ is guilty of a serious  
21 misdemeanor.

22 Sec. 10. Section 321A.34, subsections 2 and 3, Code 1997,  
23 are amended to read as follows:

24 2. The department may, ~~in-the-department's-discretion,~~  
25 upon the application of such a person, issue a certificate of  
26 self-insurance ~~when~~ if the department is satisfied that such  
27 ~~the person is-possessed~~ has and will continue to ~~be-possessed~~  
28 ~~of have the~~ ability to pay judgments obtained against ~~such the~~  
29 person for damages arising out of the ownership, maintenance,  
30 or use of any vehicle owned by ~~such the~~ person. The  
31 department shall issue to each person who has in effect a  
32 valid certificate of self-insurance, a self-insurance card for  
33 each motor vehicle registered in this state by the person.  
34 The card shall state the name and address of the person and  
35 shall state the registration number of the motor vehicle for

1 which the card was issued.

2 3. Upon not less than five days' notice and a hearing  
3 pursuant to such the notice, the department may upon  
4 reasonable grounds cancel a certificate of self-insurance.  
5 Failure to pay any a judgment for damages arising out of the  
6 ownership, maintenance, or use of any vehicle owned by such  
7 the self-insurer within thirty days after such the judgment  
8 ~~shall-have-become~~ becomes final ~~shall-constitute~~ constitutes a  
9 reasonable ground for the cancellation of a certificate of  
10 self-insurance. Upon the cancellation of a certificate of  
11 self-insurance, the person who was issued the certificate  
12 shall surrender to the director all self-insurance cards  
13 issued to the person.

14 Sec. 11. Section 322.4, Code 1997, is amended by adding  
15 the following new subsection:

16 NEW SUBSECTION. 7A. Proof that the applicant has  
17 financial liability coverage as defined in section 321.1,  
18 except that such coverage shall be in limits of not less than  
19 one hundred thousand dollars because of bodily injury to or  
20 death of one person in any one accident and, subject to the  
21 limit for one person, three hundred thousand dollars because  
22 of bodily injury to or death of two or more persons in any one  
23 accident, and fifty thousand dollars because of injury to or  
24 destruction of property of others in any one accident.

25 Sec. 12. Section 322.8, Code 1997, is amended by adding  
26 the following new unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. A supplemental statement shall  
28 include any change in the licensee's financial liability  
29 coverage.

30 Sec. 13. Section 326.25, Code 1997, is amended by adding  
31 the following new subsection:

32 NEW SUBSECTION. 4. Upon a determination that the motor  
33 vehicle does not have financial liability coverage as required  
34 under section 321.20B.

35 Sec. 14. Section 805.8, subsection 2, Code 1997, is

1 amended by adding the following new paragraph:

2 NEW PARAGRAPH. ad. If, in connection with a motor vehicle  
3 accident, a person is charged and found guilty of a violation  
4 of section 321.20B, subsection 1, the scheduled fine is one  
5 hundred dollars.

\* 6 Sec. 15. Section 805.8, subsection 2, Code 1997, is  
7 amended by adding the following new paragraph:

8 NEW PARAGRAPH. af. If, in connection with a motor vehicle  
9 accident, a person is charged and found guilty of a violation  
10 of section 321.20B, subsection 1, the scheduled fine is five  
11 hundred dollars, otherwise the scheduled fine for a violation  
12 of section 321.20B, subsection 1, is two hundred fifty  
13 dollars. Notwithstanding section 805.12, fines collected  
14 pursuant to this paragraph shall be submitted to the state  
15 court administrator and distributed fifty percent to the  
16 victim compensation fund established in section 912.14,  
17 twenty-five percent to the county in which such fine is  
18 imposed, and twenty-five percent to the general fund of the  
19 state.

20 Sec. 16. EFFECTIVE DATES -- RULES -- NOTIFICATION.  
21 Sections 1 through 14 of this Act take effect January 1, 1998.  
22 However, in order to implement this Act, the insurance  
23 division of the department of commerce and the director of  
24 transportation shall each adopt rules as required under this  
25 Act. The treasurer of state shall notify the director of  
26 transportation of the names and addresses of persons who are  
27 issued valid certificates under section 321A.25, subsection 1,  
28 Code 1997, by November 1, 1997, and after that date the  
29 treasurer of state shall notify the director of transportation  
30 as required under section 8 of this Act. Insurance carriers  
31 authorized to do business in this state and the director of  
32 transportation shall distribute proof of insurance cards as  
33 required under this Act by December 1, 1997.

\* 34 This section, being deemed of immediate importance, takes  
35 effect upon enactment.

1 Section 15 of this Act takes effect July 1, 1999.

2 Sec. 17. CONDITIONAL EFFECTIVENESS PROVISION.

3 Notwithstanding section 16 of this Act, sections 1 through 10  
4 and 13 and 14 of this Act shall not take effect unless an  
5 appropriation is made in accordance with section 25B.2,  
6 subsection 3.

7 Sec. 18. Section 805.8, subsection 2, paragraph "ad", as  
8 enacted by this Act, is amended by striking the paragraph  
9 effective July 1, 1999.

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## HOUSE FILE 514

S-3490

1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. By striking everything after the enacting  
4 clause and inserting the following:  
5 "Section 1. The legislative council is requested  
6 to establish an interim committee to study issues  
7 concerning uninsured drivers and appropriate and  
8 effective means for reducing the number of such  
9 drivers in this state. The committee shall solicit  
10 and consider input from the insurance division, the  
11 state department of transportation, the insurance  
12 industry, and any other persons deemed appropriate by  
13 the committee. The interim committee shall submit a  
14 report and any recommendations to the general assembly  
15 by January 1, 1998."  
16 2. Title page, by striking lines 2 through 4 and  
17 inserting the following: "requirements for motor  
18 vehicles in this state."

By JACK RIFE

S-3490 FILED APRIL 14, 1997

*Lost 4-16-97 (p. 1210)*

HOUSE FILE 514

S-3492

1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 6, by striking lines 18 through 21 and  
4 inserting the following: "require exhibition of the  
5 driver's motor vehicle license, to serve a summons or  
6 memorandum of traffic".  
7 2. Page 6, by inserting after line 27 the  
8 following:  
9 "Sec. \_\_\_\_ . Section 321.492, Code 1997, is amended  
10 by adding the following new unnumbered paragraph after  
11 unnumbered paragraph 1:  
12 NEW UNNUMBERED PARAGRAPH. A peace officer having  
13 probable cause to stop a vehicle may require  
14 exhibition of the proof of insurance card issued for  
15 the vehicle if the vehicle is a motor vehicle  
16 registered in this state."  
17 3. By renumbering as necessary.

By MARY NEUHAUSER

S-3492 FILED APRIL 14, 1997

*Adopted 4-16-97 (p. 1211)*

HOUSE FILE 514

S-3550

- 1 Amend House File 514, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. By striking page 1, line 31, through page 2,
- 4 line 3.
- 5 2. Page 2, line 29, by inserting after the word
- 6 "driver" the following: ", if subject to chapter
- 7 321A,".
- 8 3. By striking page 4, line 27, through page 6,
- 9 line 14.
- 10 4. By striking page 10, line 30, through page 11,
- 11 line 19.
- 12 5. Page 12, by striking line 1.
- 13 6. Page 12, line 4, by striking the words and
- 14 figures "and 13 and 14".
- 15 7. Page 12, by striking lines 7 through 9.
- 16 8. By renumbering and correcting internal
- 17 references as necessary.

By MARY NEUHAUSER

S-3550 FILED APRIL 16, 1997  
WITHDRAWN (p. 1218)

HOUSE FILE 514

S-3500

- 1 Amend House File 514, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, by inserting before line 1 the
- 4 following:
- 5 "Section 1. NEW SECTION. 307.55 UNINSURED
- 6 MOTORIST FUND.
- 7 An uninsured motorist fund is established as a
- 8 separate fund in the state treasury. Moneys deposited
- 9 in the fund shall be administered by the department
- 10 and dedicated and used for providing services and
- 11 support to individuals injured in accidents involving
- 12 other individuals who are in violation of section
- 13 321.20B. Such services and support shall only be
- 14 provided if the person who is in violation of section
- 15 321.20B would otherwise be subject to liability for
- 16 injury caused in the accident. The fund shall be used
- 17 to provide for costs associated with personal injury
- 18 and property damage resulting from the accident. The
- 19 department shall establish procedures by rule for
- 20 making application for and receiving services and
- 21 support from the fund."
- 22 2. Page 11, by striking lines 14 through 19 and
- 23 inserting the following: "pursuant to this paragraph
- 24 shall be deposited in the uninsured motorist fund
- 25 established in section 307.55."
- 26 3. By renumbering as necessary.

By MARY NEUHAUSER

S-3500 FILED APRIL 14, 1997

Last 4-16-97 (p. 1210)

## HOUSE FILE 514

S-3541

- 1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 2, by inserting after line 3 the  
4 following:  
5 "This subsection does not apply to the operator of  
6 a motor vehicle owned or leased to the United States,  
7 this state, or any political subdivision of this state  
8 or to a motor vehicle which is subject to section  
9 325.26, 327.15, 327A.5, or 327B.6."  
10 2. Page 2, line 4, by inserting after the figure  
11 "2." the following: "a."  
12 3. Page 2, by striking line 14 and inserting the  
13 following:  
14 "b. The insurance division and the department, as  
15 appropriate, shall adopt rules regarding the".  
16 4. Page 2, line 18, by inserting after the word  
17 "a" the following: "financial".  
18 5. Page 2, line 20, by inserting after the word  
19 "a" the following: "financial".  
20 6. Page 2, line 22, by inserting after the word  
21 "insurance" the following: "or the director, as  
22 applicable".  
23 7. By striking page 9, line 30, through page 10,  
24 line 1, and inserting the following: "or use of any  
25 vehicle owned by ~~such~~ the person. A person issued a  
26 certificate of self-insurance pursuant to this section  
27 shall maintain a financial liability coverage card as  
28 provided in section 321.20B, subsection 2, paragraph  
29 "b"."  
30 8. By renumbering as necessary.

By JOANN DOUGLAS

S-3541 FILED APRIL 16, 1997  
ADOPTED (p. 1211)

## HOUSE FILE 514

S-3544

- 1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 4, by inserting after line 17 the  
4 following:  
5 "4A. The department shall establish by rule  
6 standardized criteria for determining whether to  
7 impound a vehicle or remove the license plates and  
8 registration under subsection 4. The department shall  
9 provide a copy of such criteria to local jurisdictions  
10 for use in developing local standardized criteria for  
11 such actions when taken by a peace officer associated  
12 with a local law enforcement agency."

By TOM VILSACK

RICHARD F. DRAKE

S-3544 FILED APRIL 16, 1997  
ADOPTED (p. 1210)

## HOUSE FILE 514

S-3594

1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 6, by inserting after line 27 the  
4 following:

5 "Sec. \_\_\_\_ . Section 321A.1, subsection 10, Code  
6 1997, is amended to read as follows:

7 10. PROOF OF FINANCIAL RESPONSIBILITY. Proof of  
8 ability to respond in damages for liability, on  
9 account of accidents occurring subsequent to the  
10 effective date of the proof, arising out of the  
11 ownership, maintenance, or use of a motor vehicle, in  
12 ~~amounts-as-follows:--With-respect-to-accidents~~  
13 ~~occurring-on-or-after-January-1, 1981, and prior to~~  
14 ~~January-1, 1983, the amount of fifteen thousand~~  
15 ~~dollars because of bodily injury to or death of one~~  
16 ~~person in any one accident, and, subject to the limit~~  
17 ~~for one person, the amount of thirty thousand dollars~~  
18 ~~because of bodily injury to or death of two or more~~  
19 ~~persons in any one accident, and the amount of ten~~  
20 ~~thousand dollars because of injury to or destruction~~  
21 ~~of property of others in any one accident, and with~~  
22 ~~respect to accidents occurring on or after January 1,~~  
23 ~~1983, the amount of twenty~~ twenty-five ~~thousand~~  
24 ~~dollars because of bodily injury to or death of one~~  
25 ~~person in any one accident, and, subject to the limit~~  
26 ~~for one person, the amount of forty~~ fifty ~~thousand~~  
27 ~~dollars because of bodily injury to or death of two or~~  
28 ~~more persons in any one accident, and the amount of~~  
29 ~~fifteen~~ twenty-five ~~thousand dollars because of injury~~  
30 ~~to or destruction of property of others in any one~~  
31 ~~accident.~~

32 Sec. \_\_\_\_ . Section 321A.5, subsection 3, unnumbered  
33 paragraph 1, Code 1997, is amended to read as follows:

34 A policy or bond is not effective under this  
35 section unless issued by an insurance company or  
36 surety company authorized to do business in this  
37 state, except that if the motor vehicle was not  
38 registered in this state, or was a motor vehicle which  
39 was registered elsewhere than in this state at the  
40 effective date of the policy or bond, or the most  
41 recent renewal thereof of the policy or bond, the  
42 policy or bond is not effective under this section  
43 unless the insurance company or surety company if not  
44 authorized to do business in this state executes a  
45 power of attorney authorizing the department to accept  
46 service on its behalf of notice or process in any  
47 action upon the policy or bond arising out of the  
48 accident. ~~However, with respect to accidents~~  
49 ~~occurring on or after January 1, 1981, and before~~  
50 ~~January 1, 1983, every such policy or bond is subject,~~

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Page 2

1 if-the-accident-has-resulted-in-bodily-injury-or  
2 death,-to-a-limit,-exclusive-of-interest-and-costs,-of  
3 not-less-than-fifteen-thousand-dollars-because-of  
4 bodily-injury-to-or-death-of-one-person-in-any-one  
5 accident-and,-subject-to-the-limit-for-one-person,-to  
6 a-limit-of-not-less-than-thirty-thousand-dollars  
7 because-of-bodily-injury-to-or-death-of-two-or-more  
8 persons-in-any-one-accident,-and,-if-the-accident-has  
9 resulted-in-injury-to-or-destruction-of-property,-to-a  
10 limit-of-not-less-than-ten-thousand-dollars-because-of  
11 injury-to-or-destruction-of-property-of-others-in-any  
12 one-accident,-and-with-respect-to-accidents-occurring  
13 on-or-after-January-1,-1983,-every-such Every policy  
14 or bond is subject, if the accident has resulted in  
15 bodily injury or death, to a limit, exclusive of  
16 interest and costs, of not less than twenty twenty-  
17 five thousand dollars because of bodily injury to or  
18 death of one person in any one accident and, subject  
19 to the limit for one person, to a limit of not less  
20 than forty fifty thousand dollars because of bodily  
21 injury to or death of two or more persons in any one  
22 accident, and, if the accident has resulted in injury  
23 to or destruction of property, to a limit of not less  
24 than fifteen twenty-five thousand dollars because of  
25 injury to or destruction of property of others in any  
26 one accident.

27 Sec. \_\_\_\_ . Section 321A.15, subsection 1, Code  
28 1997, is amended to read as follows:

29 1. a. ~~Judgments-referred-to-in-this-chapter-and~~  
30 ~~rendered-upon-claims-arising-from-accidents-occurring~~  
31 ~~on-or-after-January-1,-1981,-and-before-January-1,~~  
32 ~~1983,-shall,-for-the-purpose-of-this-chapter-only,-be~~  
33 ~~deemed-satisfied-when-the-following-occur:~~

34 (1) ~~When-fifteen-thousand-dollars-has-been~~  
35 ~~credited-upon-any-judgment-or-judgments-rendered-in~~  
36 ~~excess-of-that-amount-because-of-bodily-injury-to-or~~  
37 ~~death-of-one-person-as-the-result-of-any-one-accident.~~

38 (2) ~~When,-subject-to-the-limit-of-fifteen-thousand~~  
39 ~~dollars-because-of-bodily-injury-to-or-death-of-one~~  
40 ~~person,-the-sum-of-thirty-thousand-dollars-has-been~~  
41 ~~credited-upon-any-judgment-or-judgments-rendered-in~~  
42 ~~excess-of-that-amount-because-of-bodily-injury-to-or~~  
43 ~~death-of-two-or-more-persons-as-the-result-of-any-one~~  
44 ~~accident.~~

45 (3) ~~When-ten-thousand-dollars-has-been-credited~~  
46 ~~upon-any-judgment-or-judgments-rendered-in-excess-of~~  
47 ~~that-amount-because-of-injury-to-or-destruction-of~~  
48 ~~property-of-others-as-a-result-of-any-one-accident.~~

49 b. ~~Judgments-referred-to-in-this-chapter-and~~  
50 ~~rendered-upon-claims-arising-from-accidents-occurring~~

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Page 3

1 ~~on-or-after-January-17-1983, shall~~, for the purpose of  
2 this chapter only, be are deemed satisfied when the  
3 following occur:

4 (1) a. When twenty twenty-five thousand dollars  
5 has been credited upon any judgment or judgments  
6 rendered in excess of that amount because of bodily  
7 injury to or death of one person as the result of any  
8 one accident.

9 (2) b. When, subject to the limit of twenty  
10 twenty-five thousand dollars because of bodily injury  
11 to or death of one person, the sum of forty fifty  
12 thousand dollars has been credited upon any judgment  
13 or judgments rendered in excess of that amount because  
14 of bodily injury to or death of two or more persons as  
15 the result of any one accident.

16 (3) c. When fifteen twenty-five thousand dollars  
17 has been credited upon any judgment or judgments  
18 rendered in excess of that amount because of injury to  
19 or destruction of property of others as a result of  
20 any one accident.

21 Sec. \_\_\_\_ . Section 321A.21, subsection 2, paragraph  
22 b, Code 1997, is amended to read as follows:

23 b. Shall insure the person named in the policy and  
24 any other person, as insured, using the motor vehicles  
25 with the express or implied permission of the named  
26 insured, against loss from the liability imposed by  
27 law for damages arising out of the ownership,  
28 maintenance, or use of the motor vehicles within the  
29 United States of America or the Dominion of Canada,  
30 subject to limits exclusive of interest and costs,  
31 with respect to each such motor vehicle, ~~as follows:~~  
32 ~~With respect to all accidents which occur on or after~~  
33 ~~January 17, 1981, and before January 17, 1983, fifteen~~  
34 ~~thousand dollars because of bodily injury to or death~~  
35 ~~of one person in any one accident and, subject to said~~  
36 ~~limit for one person, thirty thousand dollars because~~  
37 ~~of bodily injury to or death of two or more persons in~~  
38 ~~any one accident, and ten thousand dollars because of~~  
39 ~~injury to or destruction of property of others in any~~  
40 ~~one accident, and with respect to all accidents which~~  
41 ~~occur on or after January 17, 1983, twenty twenty-five~~  
42 thousand dollars because of bodily injury to or death  
43 of one person in any one accident and, subject to said  
44 limit for one person, forty fifty thousand dollars  
45 because of bodily injury to or death of two or more  
46 persons in any one accident, and fifteen twenty-five  
47 thousand dollars because of injury to or destruction  
48 of property of others in any one accident."

49 2. By renumbering as necessary.

By MARY A. LUNDBY

S-3594 FILED APRIL 17, 1997

*Order 4/22/97*  
*(P. 1336)*

## SENATE AMENDMENT TO HOUSE FILE 514

H-1864

1 Amend House File 514, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 2, by inserting after line 3 the  
4 following:

5 "This subsection does not apply to the operator of  
6 a motor vehicle owned or leased to the United States,  
7 this state, or any political subdivision of this state  
8 or to a motor vehicle which is subject to section  
9 325.26, 327.15, 327A.5, or 327B.6."

10 2. Page 2, line 4, by inserting after the figure  
11 "2." the following: "a."

12 3. Page 2, by striking line 14 and inserting the  
13 following:

14 "b. The insurance division and the department, as  
15 appropriate, shall adopt rules regarding the".

16 4. Page 2, line 18, by inserting after the word  
17 "a" the following: "financial".

18 5. Page 2, line 20, by inserting after the word  
19 "a" the following: "financial".

20 6. Page 2, line 22, by inserting after the word  
21 "insurance" the following: "or the director, as  
22 applicable".

23 7. Page 4, by inserting after line 17 the  
24 following:

25 "4A. The department shall establish by rule  
26 standardized criteria for determining whether to  
27 impound a vehicle or remove the license plates and  
28 registration under subsection 4. The department shall  
29 provide a copy of such criteria to local jurisdictions  
30 for use in developing local standardized criteria for  
31 such actions when taken by a peace officer associated  
32 with a local law enforcement agency."

33 8. Page 6, by striking lines 18 through 21 and  
34 inserting the following: "require exhibition of the  
35 driver's motor vehicle license, to serve a summons or  
36 memorandum of traffic".

37 9. Page 6, by inserting after line 27 the  
38 following:

39 "Sec. \_\_\_\_ . Section 321.492, Code 1997, is amended  
40 by adding the following new unnumbered paragraph after  
41 unnumbered paragraph 1:

42 NEW UNNUMBERED PARAGRAPH. A peace officer having  
43 probable cause to stop a vehicle may require  
44 exhibition of the proof of insurance card issued for  
45 the vehicle if the vehicle is a motor vehicle  
46 registered in this state."

47 10. By striking page 9, line 30, through page 10,  
48 line 1, and inserting the following: "or use of any  
49 vehicle owned by such the person. A person issued a  
50 certificate of self-insurance pursuant to this section

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Page 2

1 shall maintain a financial liability coverage card as  
2 provided in section 321.20B, subsection 2, paragraph  
3 "b".

4 ll. By renumbering, relettering, or redesignating  
5 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-1864 FILED APRIL 23, 1997

CONCURRED

(P. 1475)



HOUSE FILE 514

AN ACT

RELATING TO FINANCIAL LIABILITY COVERAGE AND REGISTRATION REQUIREMENTS FOR MOTOR VEHICLES IN THIS STATE, PROVIDING FOR THE SEIZURE OF MOTOR VEHICLE REGISTRATION PLATES, AND PROVIDING PENALTIES AND EFFECTIVE DATES.

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

Section 1. Section 321.1, Code 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 24A. "Financial liability coverage" means any of the following:

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

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

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

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

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

321A.34.

Sec. 2. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST LIABILITY.

1. Notwithstanding chapter 321A, which requires certain persons to maintain proof of financial responsibility, a person shall not drive a motor vehicle which is registered in this state on the highways of this state unless financial liability coverage, as defined in section 321.1, subsection 24A, is in effect for the motor vehicle and unless the driver has in the motor vehicle the proof of financial liability coverage card issued for the motor vehicle.

This subsection does not apply to the operator of a motor vehicle owned or leased to the United States, this state, or any political subdivision of this state or to a motor vehicle which is subject to section 325.26, 327.15, 327A.5, or 327B.6.

2. a. An insurance company transacting business in this state shall issue to its insured owners of motor vehicles registered in this state a financial liability coverage card for each registered motor vehicle insured. Each financial liability coverage card shall identify the registration number of the motor vehicle insured and shall indicate the expiration date of the applicable insurance coverage. The financial liability coverage card shall also contain the name and address of the insurer, the name of the insured, the type of coverage provided, and an emergency telephone number of the insurer.

b. The insurance division and the department, as appropriate, shall adopt rules regarding the contents of a financial liability coverage card to be issued pursuant to this section. Notwithstanding the provisions of this section, a fleet owner shall not be required to maintain in each vehicle a financial liability coverage card with the individual registration number of the vehicle included on the card. Such fleet owner shall be required to maintain a financial liability coverage card in each vehicle in the fleet including information deemed appropriate by the commissioner of insurance or the director, as applicable.

3. If the financial liability coverage for a motor vehicle which is registered in this state is canceled or terminated effective prior to the expiration date indicated on the financial liability coverage card issued for the vehicle, the person to whom the financial liability coverage card was issued shall destroy the card.

4. If a peace officer stops a motor vehicle and the driver is unable to provide proof of financial liability coverage, the peace officer shall do one of the following:

a. Issue a warning memorandum to the driver.

b. Issue a citation and remove the motor vehicle's license plates and registration from the motor vehicle which has been operated on the highways of this state without financial liability coverage being in effect for the motor vehicle.

Upon removing the license plates and registration the peace officer shall forward the plates to the county treasurer of the county in which the plates were issued. An owner or driver of a motor vehicle who is charged with a violation of subsection 1 and whose license plates and registration have been removed is subject to the following:

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

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

(a) Sign an admission of violation on the citation and remit to the clerk of court a scheduled fine of two hundred fifty dollars. Upon payment of the fine, payment of a fifteen dollar administrative fee to the county treasurer, and

providing proof of financial liability coverage to the county treasurer, the treasurer shall issue new license plates and registration to the person.

(b) Request an appearance before the court on the matter. If the matter goes before the court, and the owner or driver is found guilty of a violation of subsection 1, the court may impose a fine of two hundred fifty dollars, or the court may order the person to perform unpaid community service instead of the fine. Upon the payment of the fine or the entry of the order for unpaid community service, the county treasurer shall issue new license plates and registration to the person upon the person providing proof of financial liability coverage and paying a fifteen dollar administrative fee to the county treasurer.

(3) An owner or driver who fails to provide to the county treasurer, within thirty days of the time the person's registration plates are removed, proof that financial liability coverage was in effect for the motor vehicle at the time the person was stopped and cited, and does not sign an admission of violation on the citation, shall not have the person's license plates or registration returned.

c. Issue a citation and impound the motor vehicle. A vehicle which is impounded may be claimed by a person if the owner provides proof of financial liability coverage and pays any applicable fine and the costs of towing and storage for the motor vehicle. If the motor vehicle is not claimed within thirty days after impoundment, the motor vehicle may be treated as an abandoned vehicle pursuant to section 321.89.

4A. The department shall establish by rule standardized criteria for determining whether to impound a vehicle or remove the license plates and registration under subsection 4. The department shall provide a copy of such criteria to local jurisdictions for use in developing local standardized criteria for such actions when taken by a peace officer associated with a local law enforcement agency.

5. This section applies to a motor vehicle subject to registration under this chapter other than a motor vehicle

identified in section 321.18, subsections 1 through 6, and subsection 8.

6. This section does not apply to a motor vehicle owned by a motor vehicle dealer licensed pursuant to chapter 322.

7. The director of transportation and the commissioner of insurance shall adopt rules pursuant to chapter 17A to administer this section.

Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Nonresident owners of foreign vehicles operated within this state for the intrastate transportation of persons or property for compensation or for the intrastate transportation of merchandise shall register and maintain financial liability coverage as required under section 321.20B for each such vehicle and pay the same fees ~~therefor-as-is~~ required with ~~reference-to~~ for like vehicles owned by residents of this state.

Sec. 4. Section 321.55, Code 1997, is amended to read as follows:

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

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

A nonresident owner of a motor vehicle operated within the state by a resident of the state shall register the vehicle and shall maintain financial liability coverage as required under section 321.20B for the vehicle. The nonresident owner shall pay the same fees for registration as are paid for like

vehicles owned by residents of this state. However, registration under this paragraph does-not-apply-to is not required for vehicles being operated by residents temporarily, not exceeding ninety days. It is unlawful for a resident to operate within the state an unregistered motor vehicle required to be registered under this paragraph.

Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A dealer owning any vehicle of a type otherwise required to be registered hereunder under this chapter may operate or move the same vehicle upon the highways solely for purposes of transporting, testing, demonstrating, or selling the same vehicle without registering each-such the vehicle, upon condition that any-such the vehicle display in the manner prescribed in sections 321.37 and 321.38 a special plate issued to such the owner as provided in sections 321.58 to 321.62. ~~In-addition-to-the-foregoing,-a~~ However, if the vehicle is a motor vehicle the dealer, if subject to section 321.20B, shall maintain financial liability coverage for the motor vehicle as required under section 321.20B. A new car dealer or a used car dealer may operate or move upon the highways any a new or used car or trailer owned by the dealer for either private or business purposes without registering the-same-providing,-(1)-such it if the new or used car or trailer is in the dealer's inventory and is continuously offered for sale at retail, and (2) there is displayed thereon on it a special plate issued to such the dealer as provided in sections 321.58 to 321.62.

Sec. 6. Section 321.492, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Any A peace officer is authorized to stop any a vehicle to require exhibition of the driver's motor vehicle license, to serve a summons or memorandum of traffic violation, to inspect the condition of the vehicle, to inspect the vehicle with reference to size, weight, cargo, log book, bills of lading or other manifest of employment, tires, and safety equipment, or to inspect the registration certificate, the compensation certificate, travel order, or permit of the vehicle.

Sec. 7. Section 321.492, Code 1997, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. A peace officer having probable cause to stop a vehicle may require exhibition of the proof of insurance card issued for the vehicle if the vehicle is a motor vehicle registered in this state.

Sec. 8. Section 321A.24, subsection 1, Code 1997, is amended to read as follows:

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

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

c. ~~The bond shall constitute~~ constitutes a lien in favor of the state upon the real estate so scheduled of any surety, which lien ~~shall exist~~ exists in favor of any holder of a final judgment against the person who has filed such the bond, for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damage because of injury to or destruction of property, including the loss of use thereof of the property, resulting from the ownership, maintenance, use, or operation of a motor vehicle after such the bond was filed, upon the filing of

notice to that effect by the department in the office of the proper clerk of the district court of the county where ~~such~~ the real estate ~~shall be~~ is located. ~~Any~~ An individual surety ~~so~~ scheduling real estate security shall furnish satisfactory evidence of title ~~thereto~~ to the property and the nature and extent of all encumbrances ~~thereon~~ on the property and the value of the surety's interest ~~therein~~ in the property, in ~~such~~ the manner as the judge or clerk of the district court of record approving the bond ~~may require~~ requires. The notice filed by the department shall contain, in addition to any other matters deemed by the department to be pertinent, contain a legal description of the real estate ~~so~~ scheduled, the name of the holder of the record title, the amount for which it stands as security, and the name of the person in whose behalf proof is so being made. Upon the filing of ~~such~~ the notice the clerk of the district court of such county shall retain the same notice as part of the records of ~~such~~ the court and enter upon the encumbrance book the date and hour of filing, the name of the surety, the name of the record titleholder, the description of the real estate, and the further notation that a lien is charged on ~~such~~ the real estate pursuant to the filed notice ~~filed hereunder~~. From and after the entry of the foregoing notice upon the encumbrance book all persons ~~whomsoever shall be~~ are charged with notice thereof of it.

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

Sec. 9. Section 321A.25, subsection 1, Code 1997, is amended to read as follows:

1. ~~With respect to accidents occurring on or after January 17, 1981, and before January 17, 1983, proof of financial responsibility may be evidenced by the certificate of the state treasurer that the person named in the certificate has deposited with the treasurer forty thousand dollars in cash, or securities such as may legally be purchased by a state bank or for trust funds of a market value of forty thousand~~

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

Sec. 10. Section 321A.32, subsection 3, Code 1997, is amended to read as follows:

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

Sec. 11. Section 321A.34, subsections 2 and 3, Code 1997, are amended to read as follows:

2. The department may, ~~in the department's discretion,~~ upon the application of such a person, issue a certificate of self-insurance when if the department is satisfied that such

~~the person is possessed~~ has and will continue to be possessed ~~of~~ have the ability to pay judgments obtained against ~~such the~~ person for damages arising out of the ownership, maintenance, or use of any vehicle owned by ~~such the~~ person. A person issued a certificate of self-insurance pursuant to this section shall maintain a financial liability coverage card as provided in section 321.20B, subsection 2, paragraph "b".

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

Sec. 12. Section 322.4, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 7A. Proof that the applicant has financial liability coverage as defined in section 321.1, except that such coverage shall be in limits of not less than one hundred thousand dollars because of bodily injury to or death of one person in any one accident and, subject to the limit for one person, three hundred thousand dollars because of bodily injury to or death of two or more persons in any one accident, and fifty thousand dollars because of injury to or destruction of property of others in any one accident.

Sec. 13. Section 322.8, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A supplemental statement shall include any change in the licensee's financial liability coverage.

Sec. 14. Section 326.25, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Upon a determination that the motor vehicle does not have financial liability coverage as required under section 321.20B.

Sec. 15. Section 805.8, subsection 2, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. ad. If, in connection with a motor vehicle accident, a person is charged and found guilty of a violation of section 321.20B, subsection 1, the scheduled fine is one hundred dollars.

Sec. 16. Section 805.8, subsection 2, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. af. If, in connection with a motor vehicle accident, a person is charged and found guilty of a violation of section 321.20B, subsection 1, the scheduled fine is five hundred dollars, otherwise the scheduled fine for a violation of section 321.20B, subsection 1, is two hundred fifty dollars. Notwithstanding section 805.12, fines collected pursuant to this paragraph shall be submitted to the state court administrator and distributed fifty percent to the victim compensation fund established in section 912.14, twenty-five percent to the county in which such fine is imposed, and twenty-five percent to the general fund of the state.

Sec. 17. EFFECTIVE DATES -- RULES -- NOTIFICATION. Sections 1 through 15 of this Act take effect January 1, 1998. However, in order to implement this Act, the insurance division of the department of commerce and the director of transportation shall each adopt rules as required under this Act. The treasurer of state shall notify the director of transportation of the names and addresses of persons who are issued valid certificates under section 321A.25, subsection 1, Code 1997, by November 1, 1997, and after that date the treasurer of state shall notify the director of transportation as required under section 9 of this Act. Insurance carriers authorized to do business in this state and the director of transportation shall distribute proof of insurance cards as required under this Act by December 1, 1997.

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

Section 16 of this Act takes effect July 1, 1999.

Sec. 18. CONDITIONAL EFFECTIVENESS PROVISION.

Notwithstanding section 17 of this Act, sections 1 through 11 and 14 and 15 of this Act shall not take effect unless an appropriation is made in accordance with section 25B.2, subsection 3.

Sec. 19. Section 805.8, subsection 2, paragraph "ad", as enacted by this Act, is amended by striking the paragraph effective July 1, 1999.


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RON J. CORBETT  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 514, Seventy-seventh General Assembly.

Approved  1997

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ELIZABETH ISAACSON  
Chief Clerk of the House

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TERRY E. BRANSTAD  
Governor