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COMMERCE

SENATE FILE 2361

BY LUNDBY

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

A BILL FOR

1 An Act relating to motor vehicle financial responsibility by
 2 extending the required duration and increasing the required
 3 amount of coverage.

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

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S.F. 2361

1 Section 1. Section 321A.1, subsection 10, Code 1997, is
2 amended to read as follows:

3 10. PROOF OF FINANCIAL RESPONSIBILITY. Proof of ability
4 to respond in damages for liability, on account of accidents
5 occurring subsequent to the effective date of the proof,
6 arising out of the ownership, maintenance, or use of a motor
7 vehicle, in amounts as follows:

8 a. With respect to accidents occurring on or after January
9 1, ~~1981, and prior to January 1, 1983, the amount of fifteen~~
10 ~~thousand dollars because of bodily injury to or death of one~~
11 ~~person in any one accident, and, subject to the limit for one~~
12 ~~person, the amount of thirty thousand dollars because of~~
13 ~~bodily injury to or death of two or more persons in any one~~
14 ~~accident, and the amount of ten thousand dollars because of~~
15 ~~injury to or destruction of property of others in any one~~
16 ~~accident, and with respect to accidents occurring on or after~~
17 January 1, 1983, and prior to January 1, 1999, the amount of
18 twenty thousand dollars because of bodily injury to or death
19 of one person in any one accident, and, subject to the limit
20 for one person, the amount of forty thousand dollars because
21 of bodily injury to or death of two or more persons in any one
22 accident, and the amount of fifteen thousand dollars because
23 of injury to or destruction of property of others in any one
24 accident.

25 b. With respect to accidents occurring on or after January
26 1, 1999, and prior to January 1, 2001, the amount of twenty-
27 five thousand dollars because of bodily injury to or death of
28 one person in any one accident and, subject to the limit for
29 one person, the amount of fifty thousand dollars because of
30 bodily injury to or death of two or more persons in any one
31 accident, and the amount of twenty-five thousand dollars
32 because of injury to or destruction of property of others in
33 any one accident.

34 c. With respect to accidents occurring on or after January
35 1, 2001, the amount of fifty thousand dollars because of

1 bodily injury to or death of one person in any one accident
 2 and, subject to the limit for one person, the amount of one
 3 hundred thousand dollars because of bodily injury to or death
 4 of two or more persons in any one accident, and the amount of
 5 fifty thousand dollars because of injury to or destruction of
 6 property of others in any one accident.

7 Sec. 2. Section 321A.5, subsection 3, unnumbered paragraph
 8 1, Code Supplement 1997, is amended to read as follows:

9 A policy or bond is not effective under this section unless
 10 issued by an insurance company or surety company authorized to
 11 do business in this state, except that if the motor vehicle
 12 was not registered in this state, or was a motor vehicle which
 13 was registered elsewhere than in this state at the effective
 14 date of the policy or bond, or the most recent renewal thereof
 15 of such policy or bond, the policy or bond is not effective
 16 under this section unless the insurance company or surety
 17 company if not authorized to do business in this state
 18 executes a power of attorney authorizing the department to
 19 accept service on its behalf of notice or process in any
 20 action upon the policy or bond arising out of the accident.

21 PARAGRAPH DIVIDED. ~~However, with~~ With respect to accidents
 22 occurring on or after January 1, 1981, ~~and before January 1,~~
 23 ~~1983, every such policy or bond is subject, if the accident~~
 24 ~~has resulted in bodily injury or death, to a limit, exclusive~~
 25 ~~of interest and costs, of not less than fifteen thousand~~
 26 ~~dollars because of bodily injury to or death of one person in~~
 27 ~~any one accident and, subject to the limit for one person, to~~
 28 ~~a limit of not less than thirty thousand dollars because of~~
 29 ~~bodily injury to or death of two or more persons in any one~~
 30 ~~accident, and, if the accident has resulted in injury to or~~
 31 ~~destruction of property, to a limit of not less than ten~~
 32 ~~thousand dollars because of injury to or destruction of~~
 33 ~~property of others in any one accident, and with respect to~~
 34 ~~accidents occurring on or after January 1, 1983, and prior to~~
 35 January 1, 1999, every such policy or bond is subject, if the

1 accident has resulted in bodily injury or death, is subject to
2 a limit, exclusive of interest and costs, of not less than
3 twenty thousand dollars because of bodily injury to or death
4 of one person in any one accident and, subject to the limit
5 for one person, to a limit of not less than forty thousand
6 dollars because of bodily injury to or death of two or more
7 persons in any one accident, and, if the accident has resulted
8 in injury to or destruction of property, to a limit of not
9 less than fifteen thousand dollars because of injury to or
10 destruction of property of others in any one accident.

11 With respect to accidents occurring on or after January 1,
12 1999, and prior to January 1, 2001, every such policy or bond,
13 if the accident has resulted in bodily injury or death, is
14 subject to a limit, exclusive of interest and costs, of not
15 less than twenty-five thousand dollars because of bodily
16 injury to or death of one person in any one accident and,
17 subject to the limit for one person, to a limit of not less
18 than fifty thousand dollars because of bodily injury to or
19 death of two or more persons in any one accident and, if the
20 accident has resulted in injury to or destruction of property,
21 to a limit of not less than twenty-five thousand dollars
22 because of injury to or destruction of property of others in
23 any one accident.

24 With respect to accidents occurring on or after January 1,
25 2001, every such policy or bond, if the accident has resulted
26 in bodily injury or death, is subject to a limit, exclusive of
27 interest and costs, of not less than fifty thousand dollars
28 because of bodily injury to or death of one person in any one
29 accident and, subject to the limit for one person, to a limit
30 of not less than one hundred thousand dollars because of
31 bodily injury to or death of two or more persons in any one
32 accident and, if the accident has resulted in injury to or
33 destruction of property, to a limit of not less than fifty
34 thousand dollars because of injury to or destruction of
35 property of others in any one accident.

1 Sec. 3. Section 321A.15, subsection 1, paragraph b,
2 unnumbered paragraph 1, Code 1997, is amended to read as
3 follows:

4 b. Judgments referred to in this chapter and rendered upon
5 claims arising from accidents occurring on or after January 1,
6 1983, and before January 1, 1999, shall, for the purpose of
7 this chapter only, be deemed satisfied when the following
8 occur:

9 Sec. 4. Section 321A.15, subsection 1, Code 1997, is
10 amended by adding the following new paragraphs:

11 NEW PARAGRAPH. c. Judgments referred to in this chapter
12 and rendered upon claims arising from accidents occurring on
13 or after January 1, 1999, and before January 1, 2001, shall,
14 for the purpose of this chapter only, be deemed satisfied when
15 the following occur:

16 (1) When twenty-five thousand dollars has been credited
17 upon any judgment or judgments rendered in excess of that
18 amount because of bodily injury to or death of one person as
19 the result of any one accident.

20 (2) When, subject to the limit of twenty-five thousand
21 dollars because of bodily injury to or death of one person,
22 the sum of fifty thousand dollars has been credited upon any
23 judgment or judgments rendered in excess of that amount
24 because of bodily injury to or death of two or more persons as
25 the result of any one accident.

26 (3) When twenty-five thousand dollars has been credited
27 upon any judgment or judgments rendered in excess of that
28 amount because of injury to or destruction of property of
29 others as a result of any one accident.

30 2. Provided, however, payments made in settlements of any
31 claims because of bodily injury, death, or property damage
32 arising from a motor vehicle accident shall be credited in
33 reduction of the amounts provided for in this section.

34 NEW PARAGRAPH. d. Judgments referred to in this chapter
35 and rendered upon claims arising from accidents occurring on

1 or after January 1, 2001, shall, for the purpose of this
2 chapter only, be deemed satisfied when the following occur:

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

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

13 (3) When fifty thousand dollars has been credited upon any
14 judgment or judgments rendered in excess of that amount
15 because of injury to or destruction of property of others as a
16 result of any one accident.

17 2. Provided, however, payments made in settlements of any
18 claims because of bodily injury, death, or property damage
19 arising from a motor vehicle accident shall be credited in
20 reduction of the amounts provided for in this section.

21 Sec. 5. Section 321A.21, subsection 2, paragraph b, Code
22 1997, is amended to read as follows:

23 b. Shall insure the person named in the policy and any
24 other person, as insured, using the motor vehicles with the
25 express or implied permission of the named insured, against
26 loss from the liability imposed by law for damages arising out
27 of the ownership, maintenance, or use of the motor vehicles
28 within the United States of America or the Dominion of Canada,
29 subject to limits exclusive of interest and costs, with
30 respect to each such motor vehicle, as follows:

31 (1) With respect to all accidents which occur on or after
32 ~~January 1, 1981, and before January 1, 1983, fifteen thousand~~
33 ~~dollars because of bodily injury to or death of one person in~~
34 ~~any one accident and, subject to said limit for one person,~~
35 ~~thirty thousand dollars because of bodily injury to or death~~

1 of two or more persons in any one accident; and ten thousand
2 dollars because of injury to or destruction of property of
3 others in any one accident; and with respect to all accidents
4 which occur on or after January 1, 1983, and prior to January
5 1, 1999, twenty thousand dollars because of bodily injury to
6 or death of one person in any one accident and, subject to
7 said the limit for one person, forty thousand dollars because
8 of bodily injury to or death of two or more persons in any one
9 accident, and fifteen thousand dollars because of injury to or
10 destruction of property of others in any one accident.

11 (2) With respect to all accidents which occur on or after
12 January 1, 1999, and prior to January 1, 2001, twenty-five
13 thousand dollars because of bodily injury to or death of one
14 person in any one accident and, subject to the limit for one
15 person, fifty thousand dollars because of bodily injury to or
16 death of two or more persons in any one accident, and twenty-
17 five thousand dollars because of injury to or destruction of
18 property of others in any one accident.

19 (3) With respect to all accidents which occur on or after
20 January 1, 2001, fifty thousand dollars because of bodily
21 injury to or death of one person in any one accident and,
22 subject to the limit for one person, one hundred thousand
23 dollars because of bodily injury to or death of two or more
24 persons in any one accident, and fifty thousand dollars
25 because of injury to or destruction of property of others in
26 any one accident.

27 Sec. 6. Section 321A.29, Code 1997, is amended to read as
28 follows:

29 321A.29 DURATION OF PROOF -- WHEN PROOF MAY BE CANCELED OR
30 RETURNED.

31 1. The department shall upon request consent to the
32 immediate cancellation of any bond or certificate of
33 insurance, or the department shall direct and the state
34 treasurer shall return to the person entitled thereto any
35 money or securities deposited pursuant to this chapter as

1 proof of financial responsibility, or the department shall
2 waive the requirement of filing proof, in any of the following
3 events:

4 a. At any time after ~~two~~ three years from the date such
5 proof was required when, during the ~~two-year~~ three-year period
6 preceding the request, the department has not received record
7 of a conviction or a forfeiture of bail which would require or
8 permit the suspension or revocation of the license,
9 registration, or nonresident's operating privilege of the
10 person by or for whom such proof was furnished; ~~or.~~

11 b. In the event of the death of the person on whose behalf
12 ~~such~~ the proof was filed or the permanent incapacity of such
13 person to operate a motor vehicle; ~~or.~~

14 c. In the event the person who has given proof surrenders
15 the person's license and registration to the department; .

16 2. ~~Provided; however; that~~ Notwithstanding subsection 1,
17 the department shall not consent to the cancellation of any
18 bond or the return of any money or securities in the event any
19 action for damages upon a liability covered by such proof is
20 then pending or ~~any~~ a judgment upon ~~any~~ such liability is then
21 unsatisfied, or in the event the person who has filed such
22 bond or deposited such money or securities has within one year
23 immediately preceding such request been involved as an
24 operator or owner in any motor vehicle accident resulting in
25 injury or damage to the person or property of others. An
26 affidavit of the applicant as to the nonexistence of such
27 facts, or that the applicant has been released from all of the
28 applicant's liability, or has been finally adjudicated not to
29 be liable, for such injury or damage, ~~shall be~~ is sufficient
30 evidence ~~thereof~~ of such fact in the absence of evidence to
31 the contrary in the records of the department.

32 3. Whenever ~~any~~ a person whose proof has been canceled or
33 returned under subsection 1, paragraph "c", ~~of subsection 1 of~~
34 ~~this section~~ applies for a license or registration within a
35 period of ~~two~~ three years from the date proof was originally

1 required, ~~any-such~~ the application shall be refused unless the
2 applicant ~~shall-re-establish~~ reestablishes such proof for the
3 remainder of the ~~two-year~~ three-year period.

4 Sec. 7. NEW SECTION. 515.81D INDIVIDUAL UMBRELLA OR
5 EXCESS POLICIES OR CONTRACTS -- MOTOR VEHICLE LIABILITY
6 OFFERING.

7 1. As used in this section, "umbrella or excess insurance
8 policy" means a personal line policy or contract of insurance
9 providing liability or property coverage over one or more
10 underlying policies or over a specified amount of self-insured
11 retention. "Umbrella or excess insurance policy" includes
12 policies or contracts written over an umbrella or excess
13 insurance policy or policies.

14 2. An insurer offering an umbrella or excess insurance
15 policy shall offer coverage under such policy for uninsured or
16 underinsured motorist coverage in the same manner as required
17 for an automobile liability or motor vehicle liability
18 insurance policy insuring against liability for bodily injury
19 or death arising out of the ownership, maintenance, or use of
20 a motor vehicle under section 516A.1.

21 EXPLANATION

22 This bill amends provisions of the motor vehicle financial
23 responsibility law.

24 The bill extends the time period which a person must
25 maintain proof of financial responsibility from two years to
26 three years. The bill increases the required amount of
27 financial responsibility for accidents which occur on or after
28 January 1, 1999, and prior to January 1, 2001, from \$20,000
29 for bodily injury to or death of one person in any one
30 accident, \$40,000 for bodily injury to or death of two or more
31 persons in any one accident, and \$15,000 because of injury to
32 or destruction of property of others in any one accident, to
33 \$25,000 for bodily injury to or death of one person in any one
34 accident, \$50,000 for bodily injury to or death of two or more
35 persons in any one accident, and \$25,000 because of injury to

1 or destruction of property of others in any one accident.

2 The bill increases the levels of coverage for accidents
3 which occur on or after January 1, 2001, to \$50,000, and for
4 bodily injury to or death of one person in any one accident,
5 \$100,000 for bodily injury to or death of two or more persons
6 in any one accident, and \$50,000 because of injury to or
7 destruction of property of others in any one accident.

8 The bill also provides that personal umbrella coverage
9 policies must include uninsured or underinsured motor vehicle
10 coverage.

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