

Bradley, Chair
Hoffman
Drees

ASB 513
COMMERCE AND REGULATION

SENATE/HOUSE FILE _____
BY (PROPOSED TREASURER
OF STATE BILL)

SF/HF 23

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

A BILL FOR

1 An Act relating to alternate methods of providing proof of motor
2 vehicle financial responsibility and providing an effective
3 date.

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

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1 Section 1. Section 321.1, subsection 24B, paragraph c,
2 Code Supplement 1999, is amended to read as follows:

3 c. A valid ~~certificate-of-deposit-of-money-or-security~~
4 statement issued by the treasurer of state pursuant to section
5 321A.25 attesting to the filing of a certificate of deposit
6 with the treasurer of state.

7 Sec. 2. Section 321A.18, Code 1999, is amended to read as
8 follows:

9 321A.18 ALTERNATE METHODS OF GIVING PROOF.

10 Proof of financial responsibility when required under this
11 chapter may be given by filing any of the following:

12 1. A certificate of insurance as provided in section
13 321A.19 or section 321A.20~~;-or_~~.

14 2. A bond as provided in section 321A.24~~;-or_~~.

15 3. A ~~certificate-of-deposit-of-money-or-securities~~
16 statement issued by the treasurer of state attesting to the
17 filing of a certificate of deposit with the treasurer of state
18 as provided in section 321A.25.

19 Sec. 3. Section 321A.25, Code 1999, is amended to read as
20 follows:

21 321A.25 ~~MONEY-OR-SECURITIES~~ CERTIFICATE OF DEPOSIT AS
22 PROOF.

23 1. Proof of financial responsibility may be evidenced by
24 the ~~certificate~~ statement of the treasurer of state that the
25 person named in the ~~certificate~~ statement has ~~deposited~~ filed
26 with the treasurer of state fifty-five thousand dollars in
27 ~~cash;-or-securities-which-may-legally-be-purchased-by-a-state~~
28 ~~bank-or-trust-funds-of-a-market-value-of-fifty-five-thousand~~
29 ~~dollars~~ the form of an endorsed certificate of deposit made
30 payable jointly to the person and the treasurer of state. The
31 certificate of deposit shall be obtained from an Iowa
32 financial institution in the amount of fifty-five thousand
33 dollars plus any early withdrawal penalty fee. The treasurer
34 of state shall promptly notify the director of transportation
35 of the name and address of the person to whom the certificate

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

13 2. Such certificate of deposit shall be held by the state
14 treasurer of state to satisfy, in accordance with the
15 ~~provisions of~~ this chapter, any execution on a judgment issued
16 against such the person making filing the certificate of
17 deposit, for damages, including damages for care and loss of
18 services, because of bodily injury to or death of any person,
19 or for damages because of injury to or destruction of
20 property, including the loss of use thereof of property,
21 resulting from the ownership, maintenance, use, or operation
22 of a motor vehicle after such the certificate of deposit was
23 made filed. ~~Money or securities~~ A certificate of deposit so
24 deposited filed shall not be subject to attachment or
25 execution unless such the attachment or execution shall arise
26 arises out of a suit for damages as aforesaid previously
27 provided in this subsection.

28 Sec. 4. Section 321A.27, Code 1999, is amended to read as
29 follows:

30 321A.27 SUBSTITUTION OF PROOF.

31 The department shall consent to the cancellation of any a
32 bond or certificate of insurance or the department shall
33 direct and the state treasurer of state shall return ~~any money~~
34 ~~or securities~~ a certificate of deposit to the person entitled
35 ~~thereto~~ to the certificate of deposit upon the substitution

1 and acceptance of other adequate proof of financial
2 responsibility pursuant to this chapter.

3 Sec. 5. Section 321A.29, Code 1999, is amended to read as
4 follows:

5 321A.29 DURATION OF PROOF -- WHEN PROOF MAY BE CANCELED OR
6 RETURNED.

7 1. The department shall upon request consent to the
8 immediate cancellation of any a bond or certificate of
9 insurance, or the department shall direct and the state
10 treasurer of state shall return to the person entitled thereto
11 ~~any-money-or-securities-deposited~~ a certificate of deposit
12 filed pursuant to this chapter as proof of financial
13 responsibility, or the department shall waive the requirement
14 of filing proof, in any of the following events:

15 a. At any time after two years from the date such proof
16 was required when, during the two-year period preceding the
17 request, the department has not received record of a
18 conviction or a forfeiture of bail which would require or
19 permit the suspension or revocation of the license,
20 registration, or nonresident's operating privilege of the
21 person by or for whom such proof was furnished~~,-or-~~

22 b. In the event of the death of the person on whose behalf
23 such proof was filed or the permanent incapacity of such
24 person to operate a motor vehicle~~,-or-~~

25 c. In the event the person who has given proof surrenders
26 the person's license and registration to the department~~,-~~

27 2. ~~Provided,-however,-that-the~~ The department shall not
28 consent to the cancellation of any a bond or the return of any
29 ~~money-or-securities~~ a certificate of deposit in the event any
30 an action for damages upon a liability covered by such proof
31 is then pending or any a judgment upon any such liability is
32 ~~then~~ unsatisfied, or in the event the person who has filed
33 such bond or ~~deposited~~ such ~~money-or-securities~~ certificate of
34 deposit has within one year immediately preceding such request
35 been involved as an operator or owner in any motor vehicle

1 accident resulting in injury or damage to the person or
2 property of others. An affidavit of the applicant as to the
3 nonexistence of such facts, or that the applicant has been
4 released from all of the applicant's liability, or has been
5 finally adjudicated not to be liable, for such injury or
6 damage, shall be sufficient evidence thereof in the absence of
7 evidence to the contrary in the records of the department.

8 3. ~~Whenever any person~~ If a person whose proof has been
9 canceled or returned under ~~paragraph "e" of subsection i of~~
10 ~~this section~~ subsection 1, paragraph "c", applies for a
11 license or registration within a period of two years from the
12 date proof was originally required, ~~any~~ such application shall
13 be refused unless the applicant ~~shall re-establish such~~
14 reestablishes proof for the remainder of the two-year period.

15 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

EXPLANATION

18 This bill amends Code section 321A.25 to provide that a
19 person may prove motor vehicle financial responsibility by
20 filing an endorsed certificate of deposit with the treasurer
21 of state. The certificate of deposit shall be made payable
22 jointly to the person and the treasurer of state and shall be
23 obtained from an Iowa financial institution in the amount of
24 \$55,000 plus any early withdrawal penalty fee. Currently,
25 Code section 321A.25 provides that a person may prove motor
26 vehicle financial responsibility by depositing with the
27 treasurer of state \$55,000 in cash, or securities which may
28 legally be purchased by a state bank or trust funds of a
29 market value of \$55,000.

30 The bill also makes corresponding language changes in Code
31 sections 321.1, 321A.18, 321A.27, and 321A.29, and provides
32 that the bill takes effect upon enactment.

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SB 513



STATE OF IOWA
OFFICE OF TREASURER OF STATE
DES MOINES
50319-0005

MICHAEL L. FITZGERALD
TREASURER

TELEPHONE 515-281-5368
FAX 515-281-7562

November 23, 1999

To: Members of the Iowa General Assembly
Fr: Treasurer of State Michael L. Fitzgerald
Re: Proof of Financial Responsibility (321A.25)

My office is requesting the following change:

A seldom-used section of the Iowa Code deals with the options a person has to meet financial responsibility for purposes of operating a motor vehicle. One option is outlined in Iowa Code 321A.25. It allows a person to deposit "cash or securities" with my office in order to obtain a Certificate of Financial Responsibility from the Department of Transportation. In the past, this has not been an issue because the one or two persons who availed themselves to this option used bearer bonds or a certificate of deposit. During 1999, however, two persons wanted to deposit either stock or mutual funds. Their requests were eventually denied because securing a legal interest in the securities without re-registering the securities in the state's name was not possible.

There were two options discussed in my office regarding 321A.25. The first was simply to request that the Iowa legislature eliminate the option altogether. The second idea is to request the deposit options be limited to a certificate of deposit. A certificate of deposit is a clean and simple option that gives the Treasurer of State absolute control and unquestioned authority to liquidate if necessary. The attached language uses the certificate of deposit option.

Thank you for your consideration.

S-2/29/00 Commerce
S-3/15/00 Do Pass

FEB 15 2000

Place On Calendar

HOUSE FILE 2248
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 513)

Passed House, Date ^(R487) 2/29/00 Passed Senate, Date ^(P767) 3-21-00
Vote: Ayes 100 Nays 0 Vote: Ayes 48 Nays 0
Approved 3/30/00

A BILL FOR

1 An Act relating to alternate methods of providing proof of motor
2 vehicle financial responsibility and providing an effective
3 date.

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HF 2248

1 Section 1. Section 321.1, subsection 24B, paragraph c,
2 Code Supplement 1999, is amended to read as follows:

3 c. A valid ~~certificate-of-deposit-of-money-or-security~~
4 statement issued by the treasurer of state pursuant to section
5 321A.25 attesting to the filing of a certificate of deposit
6 with the treasurer of state.

7 Sec. 2. Section 321A.18, Code 1999, is amended to read as
8 follows:

9 321A.18 ALTERNATE METHODS OF GIVING PROOF.

10 Proof of financial responsibility when required under this
11 chapter may be given by filing any of the following:

12 1. A certificate of insurance as provided in section
13 321A.19 or section 321A.20; ~~or.~~

14 2. A bond as provided in section 321A.24; ~~or.~~

15 3. A ~~certificate-of-deposit-of-money-or-securities~~
16 statement issued by the treasurer of state attesting to the
17 filing of a certificate of deposit with the treasurer of state
18 as provided in section 321A.25.

19 Sec. 3. Section 321A.25, Code 1999, is amended to read as
20 follows:

21 321A.25 ~~MONEY-OR-SECURITIES~~ CERTIFICATE OF DEPOSIT AS
22 PROOF.

23 1. Proof of financial responsibility may be evidenced by
24 the certificate statement of the treasurer of state that the
25 person named in the certificate statement has deposited filed
26 with the treasurer of state fifty-five thousand dollars in
27 ~~cash, or securities which may legally be purchased by a state~~
28 ~~bank or trust funds of a market value of fifty-five thousand~~
29 ~~dollars~~ the form of an endorsed certificate of deposit made
30 payable jointly to the person and the treasurer of state. The
31 certificate of deposit shall be obtained from an Iowa
32 financial institution in the amount of fifty-five thousand
33 dollars plus any early withdrawal penalty fee. The treasurer
34 of state shall promptly notify the director of transportation
35 of the name and address of the person to whom the certificate

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

13 2. Such certificate of deposit shall be held by the state
14 treasurer of state to satisfy, in accordance with the
15 ~~provisions of~~ this chapter, any execution on a judgment issued
16 against ~~such~~ the person making filing the certificate of
17 deposit, for damages, including damages for care and loss of
18 services, because of bodily injury to or death of any person,
19 or for damages because of injury to or destruction of
20 property, including the loss of use ~~thereof~~ of property,
21 resulting from the ownership, maintenance, use, or operation
22 of a motor vehicle after ~~such~~ the certificate of deposit was
23 ~~made filed~~. ~~Money or securities~~ A certificate of deposit so
24 ~~deposited~~ filed shall not be subject to attachment or
25 execution unless ~~such~~ the attachment or execution ~~shall arise~~
26 arises out of a suit for damages as ~~aforsaid~~ previously
27 provided in this subsection.

28 Sec. 4. Section 321A.27, Code 1999, is amended to read as
29 follows:

30 321A.27 SUBSTITUTION OF PROOF.

31 The department shall consent to the cancellation of any a
32 bond or certificate of insurance or the department shall
33 direct and the state treasurer of state shall return ~~any-money~~
34 ~~or-securities~~ a certificate of deposit to the person entitled
35 ~~thereto~~ to the certificate of deposit upon the substitution

1 and acceptance of other adequate proof of financial
2 responsibility pursuant to this chapter.

3 Sec. 5. Section 321A.29, Code 1999, is amended to read as
4 follows:

5 321A.29 DURATION OF PROOF -- WHEN PROOF MAY BE CANCELED OR
6 RETURNED.

7 1. The department shall upon request consent to the
8 immediate cancellation of any a bond or certificate of
9 insurance, or the department shall direct and the state
10 treasurer of state shall return to the person entitled thereto
11 ~~any-money-or-securities-deposited~~ a certificate of deposit
12 filed pursuant to this chapter as proof of financial
13 responsibility, or the department shall waive the requirement
14 of filing proof, in any of the following events:

15 a. At any time after two years from the date such proof
16 was required when, during the two-year period preceding the
17 request, the department has not received record of a
18 conviction or a forfeiture of bail which would require or
19 permit the suspension or revocation of the license,
20 registration, or nonresident's operating privilege of the
21 person by or for whom such proof was furnished~~7-or.~~

22 b. In the event of the death of the person on whose behalf
23 such proof was filed or the permanent incapacity of such
24 person to operate a motor vehicle~~7-or.~~

25 c. In the event the person who has given proof surrenders
26 the person's license and registration to the department~~7.~~

27 2. ~~Provided7-however7-that-the~~ The department shall not
28 consent to the cancellation of any a bond or the return of any
29 ~~money-or-securities~~ a certificate of deposit in the event any
30 an action for damages upon a liability covered by such proof
31 is then pending or any a judgment upon any such liability is
32 then unsatisfied, or in the event the person who has filed
33 such bond or ~~deposited~~ such ~~money-or-securities~~ certificate of
34 deposit has within one year immediately preceding such request
35 been involved as an operator or owner in any motor vehicle

1 accident resulting in injury or damage to the person or
2 property of others. An affidavit of the applicant as to the
3 nonexistence of such facts, or that the applicant has been
4 released from all of the applicant's liability, or has been
5 finally adjudicated not to be liable, for such injury or
6 damage, shall be sufficient evidence thereof in the absence of
7 evidence to the contrary in the records of the department.

8 3. ~~Whenever-any-person~~ If a person whose proof has been
9 canceled or returned under ~~paragraph-"e"-of-subsection-i-of~~
10 ~~this-section~~ subsection 1, paragraph "c", applies for a
11 license or registration within a period of two years from the
12 date proof was originally required, ~~any~~ such application shall
13 be refused unless the applicant ~~shall-re-establish-such~~
14 reestablishes proof for the remainder of the two-year period.

15 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

17 EXPLANATION

18 This bill amends Code section 321A.25 to provide that a
19 person may prove motor vehicle financial responsibility by
20 filing an endorsed certificate of deposit with the treasurer
21 of state. The certificate of deposit shall be made payable
22 jointly to the person and the treasurer of state and shall be
23 obtained from an Iowa financial institution in the amount of
24 \$55,000 plus any early withdrawal penalty fee. Currently,
25 Code section 321A.25 provides that a person may prove motor
26 vehicle financial responsibility by depositing with the
27 treasurer of state \$55,000 in cash, or securities which may
28 legally be purchased by a state bank or trust funds of a
29 market value of \$55,000.

30 The bill also makes corresponding language changes in Code
31 sections 321.1, 321A.18, 321A.27, and 321A.29, and provides
32 that the bill takes effect upon enactment.

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HOUSE FILE 2248

AN ACT

RELATING TO ALTERNATE METHODS OF PROVIDING PROOF OF MOTOR
VEHICLE FINANCIAL RESPONSIBILITY AND PROVIDING AN EFFECTIVE
DATE.

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

Section 1. Section 321.1, subsection 24B, paragraph c,
Code Supplement 1999, is amended to read as follows:

c. A valid certificate-of-deposit-of-money-or-security
statement issued by the treasurer of state pursuant to section
321A.25 attesting to the filing of a certificate of deposit
with the treasurer of state.

Sec. 2. Section 321A.18, Code 1999, is amended to read as
follows:

321A.18 ALTERNATE METHODS OF GIVING PROOF.

Proof of financial responsibility when required under this
chapter may be given by filing any of the following:

1. A certificate of insurance as provided in section
321A.19 or section 321A.20~~-or~~.
2. A bond as provided in section 321A.24~~-or~~.

3. A certificate-of-deposit-of-money-or-securities
statement issued by the treasurer of state attesting to the
filing of a certificate of deposit with the treasurer of state
as provided in section 321A.25.

Sec. 3. Section 321A.25, Code 1999, is amended to read as
follows:

321A.25 ~~MONEY-OR-SECURITIES~~ CERTIFICATE OF DEPOSIT AS
PROOF.

1. Proof of financial responsibility may be evidenced by
the certificate statement of the treasurer of state that the
person named in the certificate statement has deposited filed
with the treasurer of state fifty-five thousand dollars in
~~cash-or-securities-which-may-legally-be-purchased-by-a-state~~
~~bank-or-trust-funds-of-a-market-value-of-fifty-five-thousand~~
~~dollars~~ the form of an endorsed certificate of deposit made
payable jointly to the person and the treasurer of state. The
certificate of deposit shall be obtained from an Iowa
financial institution in the amount of fifty-five thousand
dollars plus any early withdrawal penalty fee. The treasurer
of state shall promptly notify the director of transportation
of the name and address of the person to whom the certificate
statement 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
treasurer of state shall not accept a certificate of deposit
and issue a certificate statement for it and the department
shall not accept the certificate statement unless accompanied
by evidence that there are no unsatisfied judgments of any
character against the depositor person in the county where the
depositor person resides.

2. Such certificate of deposit shall be held by the state
treasurer of state to satisfy, in accordance with the

provisions of this chapter, any execution on a judgment issued against such ~~the person making filing the certificate of deposit, for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damages because of injury to or destruction of property, including the loss of use thereof of property,~~ resulting from the ownership, maintenance, use, or operation of a motor vehicle after such ~~the certificate of deposit was made filed. Money-or-securities A certificate of deposit so deposited filed~~ shall not be subject to attachment or execution unless such ~~the attachment or execution shall arise arises~~ out of a suit for damages as aforesaid previously provided in this subsection.

Sec. 4. Section 321A.27, Code 1999, is amended to read as follows:

321A.27 SUBSTITUTION OF PROOF.

The department shall consent to the cancellation of any a bond or certificate of insurance or the department shall direct and the state treasurer of state shall return ~~any money or securities a certificate of deposit~~ to the person entitled thereto to the certificate of deposit upon the substitution and acceptance of other adequate proof of financial responsibility pursuant to this chapter.

Sec. 5. Section 321A.29, Code 1999, is amended to read as follows:

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

1. The department shall upon request consent to the immediate cancellation of any a bond or certificate of insurance, or the department shall direct and the state treasurer of state shall return to the person entitled thereto ~~any money or securities deposited a certificate of deposit filed~~ pursuant to this chapter as proof of financial responsibility, or the department shall waive the requirement of filing proof, in any of the following events:

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

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

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

2. ~~Provided, however, that the~~ The department shall not consent to the cancellation of any a bond or the return of any ~~money or securities a certificate of deposit~~ in the event any an action for damages upon a liability covered by such proof is then pending or any a judgment upon any such liability is ~~then~~ unsatisfied, or in the event the person who has filed such bond or ~~deposited such money or securities certificate of deposit~~ has within one year immediately preceding such request been involved as an operator or owner in any motor vehicle accident resulting in injury or damage to the person or property of others. An affidavit of the applicant as to the nonexistence of such facts, or that the applicant has been released from all of the applicant's liability, or has been finally adjudicated not to be liable, for such injury or damage, shall be sufficient evidence thereof in the absence of evidence to the contrary in the records of the department.

3. ~~Whenever any person~~ If a person whose proof has been canceled or returned under ~~paragraph "c" of subsection 1 of this section~~ subsection 1, paragraph "c", applies for a license or registration within a period of two years from the date proof was originally required, any such application shall be refused unless the applicant ~~shall re-establish such~~ reestablishes proof for the remainder of the two-year period.

House File 2248, p. 5

Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2248, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 3/30, 2000

THOMAS J. VILSACK
Governor