

MAR 13 2003
COMMERCE, REGULATION & LABOR

HOUSE FILE 550
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO HSB 203)

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

A BILL FOR

1 An Act relating to proof of motor vehicle financial
2 responsibility, and providing effective and applicability
3 dates.

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

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HF 550

1 Section 1. Section 321A.1, subsection 11, Code 2003, is
2 amended to read as follows:

3 11. PROOF OF FINANCIAL RESPONSIBILITY.

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

8 With respect to accidents occurring on or after January 1,
9 ~~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~~ 2004, the amount of twenty twenty-five
18 thousand dollars because of bodily injury to or death of one
19 person in any one accident, and, subject to the limit for one
20 person, the amount of forty fifty thousand dollars because of
21 bodily injury to or death of two or more persons in any one
22 accident, and the amount of fifteen twenty-five thousand
23 dollars because of injury to or destruction of property of
24 others in any one accident.

25 Sec. 2. Section 321A.5, subsection 3, Code 2003, is
26 amended to read as follows:

27 3. a. (1) A policy or bond is not effective under this
28 section unless issued by an insurance company or surety
29 company authorized to do business in this state, ~~except that.~~
30 However, if the motor vehicle was not registered in this
31 state, or was a motor vehicle ~~which~~ that was registered
32 elsewhere than in this state at the effective date of the
33 policy or bond, or the most recent renewal thereof, the policy
34 or bond is not effective under this section unless the
35 insurance company or surety company if not authorized to do

1 business in this state executes a power of attorney
2 authorizing the department to accept on its behalf service on
3 ~~its behalf~~ of notice or process in any action upon the policy
4 or bond arising out of the accident. However, ~~with respect to~~
5 ~~accidents occurring on or after January 1, 1981, and before~~
6 ~~January 1, 1983, every such policy or bond is subject, if the~~
7 ~~accident has resulted in bodily injury or death, to a limit,~~
8 ~~exclusive of interest and costs, of not less than fifteen~~
9 ~~thousand dollars because of bodily injury to or death of one~~
10 ~~person in any one accident and, subject to the limit for one~~
11 ~~person, to a limit of not less than thirty thousand dollars~~
12 ~~because of bodily injury to or death of two or more persons in~~
13 ~~any one accident, and, if the accident has resulted in injury~~
14 ~~to or destruction of property, to a limit of not less than ten~~
15 ~~thousand dollars because of injury to or destruction of~~
16 ~~property of others in any one accident, and with~~

17 (2) With respect to accidents occurring on or after
18 January 1, 1983 2004, every such policy or bond is subject, ~~if~~
19 to the following limits:

20 (a) If the accident has resulted in bodily injury or
21 death, to a limit, exclusive of interest and costs, of not
22 less than twenty twenty-five thousand dollars because of
23 bodily injury to or death of one person in any one accident
24 and, subject to the limit for one person, to a limit of not
25 less than forty fifty thousand dollars because of bodily
26 injury to or death of two or more persons in any one accident,
27 ~~and, if.~~

28 (b) If the accident has resulted in injury to or
29 destruction of property, to a limit of not less than fifteen
30 twenty-five thousand dollars because of injury to or
31 destruction of property of others in any one accident.

32 b. Upon receipt of a report of a motor vehicle accident
33 and information that an automobile liability policy or surety
34 bond meeting the requirements of this chapter was in effect at
35 the time of this accident covering liability for damages

1 resulting from such accident, the department shall forward by
2 regular mail to the insurance carrier or surety carrier which
3 issued such policy or bond a copy of such information
4 concerning insurance or bond coverage, and it shall be
5 presumed that such policy or bond was in effect and provided
6 coverage to both the operator and the owner of the motor
7 vehicle involved in such accident unless the insurance carrier
8 or surety carrier shall notify the department otherwise within
9 fifteen days from the mailing of such information to such
10 carrier; provided, however, that in the event the department
11 shall later ascertain that erroneous information had been
12 given the department in respect to the insurance or bond
13 coverage of the operator or owner of a motor vehicle involved
14 in such accident, the department shall take such action as the
15 department is otherwise authorized to do under this chapter
16 within sixty days after the receipt by the department of
17 correct information with respect to such coverage.

18 Sec. 3. Section 321A.15, Code 2003, is amended to read as
19 follows:

20 321A.15 PAYMENTS SUFFICIENT TO SATISFY REQUIREMENTS.

21 ~~1.---a.---Judgments-referred-to-in-this-chapter-and-rendered~~
22 ~~upon-claims-arising-from-accidents-occurring-on-or-after~~
23 ~~January-17-1981,-and-before-January-17-1983,-shall,-for-the~~
24 ~~purpose-of-this-chapter-only,-be-deemed-satisfied-when-the~~
25 ~~following-occur:~~

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

30 ~~(2)--When,-subject-to-the-limit-of-fifteen-thousand-dollars~~
31 ~~because-of-bodily-injury-to-or-death-of-one-person,-the-sum-of~~
32 ~~thirty-thousand-dollars-has-been-credited-upon-any-judgment-or~~
33 ~~judgments-rendered-in-excess-of-that-amount-because-of-bodily~~
34 ~~injury-to-or-death-of-two-or-more-persons-as-the-result-of-any~~
35 ~~one-accident.~~

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

5 b. 1. Judgments referred to in this chapter and rendered
6 upon claims arising from accidents occurring on or after
7 January 1, ~~1983~~ 2004, shall, for the purpose of this chapter
8 only, be deemed satisfied when the following occur:

9 ~~(1)~~ a. When ~~twenty~~ twenty-five thousand dollars has been
10 credited upon any judgment or judgments rendered in excess of
11 that amount because of bodily injury to or death of one person
12 as the result of any one accident.

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

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

23 2. ~~Provided, however,~~ Notwithstanding the provisions of
24 subsection 1, payments made in settlements of any claims
25 because of bodily injury, death, or property damage arising
26 from a motor vehicle accident shall be credited in reduction
27 of the amounts provided for in this section.

28 Sec. 4. Section 321A.21, subsection 2, Code 2003, is
29 amended to read as follows:

30 2. Such owner's policy of liability insurance shall do
31 both of the following:

32 a. ~~Shall designate~~ Designate by explicit description or by
33 appropriate reference all motor vehicles with respect to which
34 coverage is thereby to be granted; ~~and.~~

35 b. ~~Shall insure~~ Insure the person named in the policy and

1 any other person, as insured, using the motor vehicles with
2 the express or implied permission of the named insured,
3 against loss from the liability imposed by law for damages
4 arising out of the ownership, maintenance, or use of the motor
5 vehicles within the United States of America or the Dominion
6 of Canada, subject to limits exclusive of interest and costs,
7 with respect to each such motor vehicle, as follows:

8 With respect to all accidents which that occur on or after
9 January 1, ~~1981, and before January 1, 1983, fifteen thousand~~
10 ~~dollars because of bodily injury to or death of one person in~~
11 ~~any one accident and, subject to said limit for one person,~~
12 ~~thirty thousand dollars because of bodily injury to or death~~
13 ~~of two or more persons in any one accident, and ten thousand~~
14 ~~dollars because of injury to or destruction of property of~~
15 ~~others in any one accident, and with respect to all accidents~~
16 ~~which occur on or after January 1, 1983~~ 2004, twenty twenty-
17 five thousand dollars because of bodily injury to or death of
18 one person in any one accident and, subject to said limit for
19 one person, ~~forty~~ fifty thousand dollars because of bodily
20 injury to or death of two or more persons in any one accident,
21 and ~~fifteen~~ twenty-five thousand dollars because of injury to
22 or destruction of property of others in any one accident.

23 Sec. 5. Section 321A.25, subsection 1, Code 2003, is
24 amended to read as follows:

25 1. Proof of financial responsibility may be evidenced by
26 the statement of the treasurer of state that the person named
27 in the statement has filed with the treasurer of state ~~fifty-~~
28 ~~five~~ seventy thousand dollars in the form of an endorsed
29 certificate of deposit made payable jointly to the person and
30 the treasurer of state. The certificate of deposit shall be
31 obtained from an Iowa financial institution in the amount of
32 ~~fifty-five~~ seventy thousand dollars plus any early withdrawal
33 penalty fee. The treasurer of state shall promptly notify the
34 director of transportation of the name and address of the
35 person to whom the statement has been issued. Upon receipt of

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

12 Sec. 6. EFFECTIVE AND APPLICABILITY DATES. This Act takes
13 effect January 1, 2004. However, with respect to accidents
14 occurring on or after January 1, 1981, but prior to January 1,
15 2004, the amounts with respect to proof of financial
16 responsibility as provided in chapter 321A, Code 2003, shall
17 continue to apply.

18 EXPLANATION

19 This bill increases the minimum amount of insurance a
20 driver is required to carry under Code chapter 321A as proof
21 of financial responsibility.

22 Code chapter 321A provides for alternate methods of giving
23 proof of financial responsibility: a certificate of insurance
24 as provided in Code section 321A.19 or 321A.20, a bond as
25 provided in Code section 321A.24, a certificate of deposit as
26 provided in Code section 321A.25, and self-insurance under the
27 provisions of Code section 321A.34. The bill also increases
28 the statutory requirements for bonds in Code section 321A.5
29 and for the certificate of deposit in Code section 321A.25.

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Rep UE
Chair Hoffmar
Boal
Donovan Olson

SUCR ed By HSB 203
SF 0550 LOCAL GOVERNMENT
HOUSE FILE _____
BY (PROPOSED COMMITTEE ON LOCAL
GOVERNMENT BILL BY
CHAIRPERSON VAN ENGELENHOVEN)

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

A BILL FOR

1 An Act relating to proof of motor vehicle financial
2 responsibility, and providing effective and applicability
3 dates.

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

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1 Section 1. Section 321A.1, subsection 11, Code 2003, is
2 amended to read as follows:

3 11. PROOF OF FINANCIAL RESPONSIBILITY.

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

8 With respect to accidents occurring on or after January 1,
9 ~~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~~ 2004, the amount of twenty forty thousand
18 dollars because of bodily injury to or death of one person in
19 any one accident, and, subject to the limit for one person,
20 the amount of forty eighty thousand dollars because of bodily
21 injury to or death of two or more persons in any one accident,
22 and the amount of fifteen thirty thousand dollars because of
23 injury to or destruction of property of others in any one
24 accident.

25 b. The amounts required by this subsection shall be
26 adjusted annually by the department by an amount equal to the
27 percentage rate of change in the consumer price index for all
28 urban consumers for the immediately preceding calendar year as
29 published in the federal register by the federal department of
30 labor, bureau of labor statistics.

31 Sec. 2. Section 321A.5, subsection 3, Code 2003, is
32 amended to read as follows:

33 3. a. (1) A policy or bond is not effective under this
34 section unless issued by an insurance company or surety
35 company authorized to do business in this state, ~~except that,~~

1 However, if the motor vehicle was not registered in this
2 state, or was a motor vehicle which that was registered
3 elsewhere than in this state at the effective date of the
4 policy or bond, or the most recent renewal thereof, the policy
5 or bond is not effective under this section unless the
6 insurance company or surety company if not authorized to do
7 business in this state executes a power of attorney
8 authorizing the department to accept on its behalf service on
9 its-behalf of notice or process in any action upon the policy
10 or bond arising out of the accident. ~~However, with respect to~~
11 ~~accidents occurring on or after January 1, 1981, and before~~
12 ~~January 1, 1983, every such policy or bond is subject, if the~~
13 ~~accident has resulted in bodily injury or death, to a limit,~~
14 ~~exclusive of interest and costs, of not less than fifteen~~
15 ~~thousand dollars because of bodily injury to or death of one~~
16 ~~person in any one accident and, subject to the limit for one~~
17 ~~person, to a limit of not less than thirty thousand dollars~~
18 ~~because of bodily injury to or death of two or more persons in~~
19 ~~any one accident, and, if the accident has resulted in injury~~
20 ~~to or destruction of property, to a limit of not less than ten~~
21 ~~thousand dollars because of injury to or destruction of~~
22 ~~property of others in any one accident, and with~~

23 (2) With respect to accidents occurring on or after
24 January 1, 1983 2004, every such policy or bond is subject, if
25 to the following limits:

26 (a) If the accident has resulted in bodily injury or
27 death, to a limit, exclusive of interest and costs, of not
28 less than twenty forty thousand dollars because of bodily
29 injury to or death of one person in any one accident and,
30 subject to the limit for one person, to a limit of not less
31 than forty eighty thousand dollars because of bodily injury to
32 or death of two or more persons in any one accident, and, if,

33 (b) If the accident has resulted in injury to or
34 destruction of property, to a limit of not less than fifteen
35 thirty thousand dollars because of injury to or destruction of

1 property of others in any one accident.

2 b. Upon receipt of a report of a motor vehicle accident
3 and information that an automobile liability policy or surety
4 bond meeting the requirements of this chapter was in effect at
5 the time of this accident covering liability for damages
6 resulting from such accident, the department shall forward by
7 regular mail to the insurance carrier or surety carrier which
8 issued such policy or bond a copy of such information
9 concerning insurance or bond coverage, and it shall be
10 presumed that such policy or bond was in effect and provided
11 coverage to both the operator and the owner of the motor
12 vehicle involved in such accident unless the insurance carrier
13 or surety carrier shall notify the department otherwise within
14 fifteen days from the mailing of such information to such
15 carrier; provided, however, that in the event the department
16 shall later ascertain that erroneous information had been
17 given the department in respect to the insurance or bond
18 coverage of the operator or owner of a motor vehicle involved
19 in such accident, the department shall take such action as the
20 department is otherwise authorized to do under this chapter
21 within sixty days after the receipt by the department of
22 correct information with respect to such coverage.

23 Sec. 3. Section 321A.15, Code 2003, is amended to read as
24 follows:

25 321A.15 PAYMENTS SUFFICIENT TO SATISFY REQUIREMENTS.

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

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

35 ~~(2) When, subject to the limit of fifteen thousand dollars~~

1 because-of-bodily-injury-to-or-death-of-one-person, the sum of
2 thirty-thousand-dollars-has-been-credited-upon-any-judgment-or
3 judgments-rendered-in-excess-of-that-amount-because-of-bodily
4 injury-to-or-death-of-two-or-more-persons-as-the-result-of-any
5 one-accident.

6 (3) --When-ten-thousand-dollars-has-been-credited-upon-any
7 judgment-or-judgments-rendered-in-excess-of-that-amount
8 because-of-injury-to-or-destruction-of-property-of-others-as-a
9 result-of-any-one-accident.

10 b. 1. Judgments referred to in this chapter and rendered
11 upon claims arising from accidents occurring on or after
12 January 1, 1983 2004, shall, for the purpose of this chapter
13 only, be deemed satisfied when the following occur:

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

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

24 (3) c. When fifteen thirty thousand dollars has been
25 credited upon any judgment or judgments rendered in excess of
26 that amount because of injury to or destruction of property of
27 others as a result of any one accident.

28 2. Provided, however, Notwithstanding the provisions of
29 subsection 1, payments made in settlements of any claims
30 because of bodily injury, death, or property damage arising
31 from a motor vehicle accident shall be credited in reduction
32 of the amounts provided for in this section.

33 Sec. 4. Section 321A.21, subsection 2, Code 2003, is
34 amended to read as follows:

35 2. Such owner's policy of liability insurance shall do

1 both of the following:

2 a. ~~Shall-designate~~ Designate by explicit description or by
3 appropriate reference all motor vehicles with respect to which
4 coverage is thereby to be granted, ~~and.~~

5 b. ~~Shall-insure~~ Insure the person named in the policy and
6 any other person, as insured, using the motor vehicles with
7 the express or implied permission of the named insured,
8 against loss from the liability imposed by law for damages
9 arising out of the ownership, maintenance, or use of the motor
10 vehicles within the United States of America or the Dominion
11 of Canada, subject to limits exclusive of interest and costs,
12 with respect to each such motor vehicle, as follows:

13 With respect to all accidents which that occur on or after
14 January 1, ~~1981, and before January 1, 1983, fifteen thousand~~
15 ~~dollars because of bodily injury to or death of one person in~~
16 ~~any one accident and, subject to said limit for one person,~~
17 ~~thirty thousand dollars because of bodily injury to or death~~
18 ~~of two or more persons in any one accident, and ten thousand~~
19 ~~dollars because of injury to or destruction of property of~~
20 ~~others in any one accident, and with respect to all accidents~~
21 ~~which occur on or after January 1, 1983~~ 2004, twenty forty
22 thousand dollars because of bodily injury to or death of one
23 person in any one accident and, subject to said limit for one
24 person, forty eighty thousand dollars because of bodily injury
25 to or death of two or more persons in any one accident, and
26 fifteen thirty thousand dollars because of injury to or
27 destruction of property of others in any one accident.

28 c. The amounts required by paragraph "b" shall be adjusted
29 annually by the department by an amount equal to the
30 percentage rate of change in the consumer price index for all
31 urban consumers for the immediately preceding calendar year as
32 published in the federal register by the federal department of
33 labor, bureau of labor statistics.

34 Sec. 5. Section 321A.25, subsection 1, Code 2003, is
35 amended to read as follows:

1 1. Proof of financial responsibility may be evidenced by
2 the statement of the treasurer of state that the person named
3 in the statement has filed with the treasurer of state ~~five-~~
4 ~~five~~ one hundred ten thousand dollars in the form of an
5 endorsed certificate of deposit made payable jointly to the
6 person and the treasurer of state. The certificate of deposit
7 shall be obtained from an Iowa financial institution in the
8 amount of ~~five-five~~ one hundred ten thousand dollars plus any
9 early withdrawal penalty fee. The treasurer of state shall
10 promptly notify the director of transportation of the name and
11 address of the person to whom the statement has been issued.
12 Upon receipt of the notification, the director of
13 transportation shall issue to the person a security insurance
14 card for each motor vehicle registered in this state by the
15 person. The security insurance card shall state the name and
16 address of the person and the registration number of the motor
17 vehicle for which the card is issued. The treasurer of state
18 shall not accept a certificate of deposit and issue a
19 statement for it and the department shall not accept the
20 statement unless accompanied by evidence that there are no
21 unsatisfied judgments of any character against the person in
22 the county where the person resides.

23 Sec. 6. EFFECTIVE AND APPLICABILITY DATES. This Act takes
24 effect January 1, 2004. However, with respect to accidents
25 occurring on or after January 1, 1981, but prior to January 1,
26 2004, the amounts with respect to proof of financial
27 responsibility as provided in chapter 321A, Code 2003, shall
28 continue to apply.

29 EXPLANATION

30 This bill increases the minimum amount of insurance a
31 driver is required to carry under Code chapter 321A as proof
32 of financial responsibility. The amounts are subject to
33 automatic increase in the future, according to changes in the
34 federal consumer price index.

35 Code chapter 321A provides for alternate methods of giving

1 proof of financial responsibility: a certificate of insurance
2 as provided in Code section 321A.19 or 321A.20, a bond as
3 provided in Code section 321A.24, a certificate of deposit as
4 provided in Code section 321A.25, and self-insurance under the
5 provisions of Code section 321A.34. The bill also increases
6 the statutory requirements for bonds in Code section 321A.5
7 and for the certificate of deposit in Code section 321A.25.

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