

**Senate File 2060 - Introduced**

SENATE FILE 2060

BY SODDERS

**A BILL FOR**

1 An Act requiring financial liability coverage as a condition  
2 for registration of a motor vehicle, requiring insurance  
3 carriers to certify automobile liability coverage to the  
4 department of transportation, and providing civil and  
5 criminal penalties.

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

1 Section 1. Section 321.20, subsection 1, Code 2009, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *g.* If the vehicle is a motor vehicle, the  
4 owner shall certify on the application that financial liability  
5 coverage is in effect for the motor vehicle as required by  
6 section 321.21. The application provided by the department  
7 shall include a statement for the applicant to sign that  
8 acknowledges the applicant's knowledge of the requirement to  
9 notify the county treasurer of a financial liability coverage  
10 change.

11 Sec. 2. NEW SECTION. **321.21 Proof of financial liability**  
12 **coverage required for motor vehicle registration — penalties.**

13 1. A motor vehicle shall not be registered unless financial  
14 liability coverage, as defined in section 321.1, subsection  
15 24B, is in effect for the motor vehicle at the time of  
16 registration. If the form of financial liability coverage  
17 is an owner's policy of liability insurance, the owner shall  
18 provide a description of the financial liability coverage as  
19 noted on the proof of financial liability coverage card issued  
20 for the motor vehicle. The department may require that the  
21 owner's insurance company verify that the financial liability  
22 coverage is in effect for the motor vehicle at the time of  
23 application for registration.

24 2. When the insurance carrier or other source of financial  
25 liability coverage for a vehicle changes, the owner shall  
26 notify the county treasurer within five days of obtaining the  
27 new coverage. If liability insurance for the motor vehicle  
28 is canceled or terminated at any time during the period of  
29 registration for a reason other than transfer of ownership  
30 of the motor vehicle, and new coverage is not obtained, the  
31 owner shall immediately surrender the registration certificate  
32 and registration plates for the motor vehicle to the county  
33 treasurer.

34 3. An insurance company shall notify the department within  
35 twenty business days of the cancellation or termination of

1 an owner's policy of liability insurance. However, notice  
2 of cancellation is not required if the insurer cancels or  
3 terminates the old policy, no lapse in coverage results, and  
4 the insurer sends the certificate of insurance form for the new  
5 policy to the department.

6 4. a. Upon receiving notice of a lapse in insurance  
7 coverage for a motor vehicle, the department shall notify the  
8 owner of the lapse in coverage and require the owner to do one  
9 of the following within five days of the notification:

10 (1) Certify to the department that other financial  
11 liability coverage was in effect prior to the date of  
12 termination of the insurance coverage.

13 (2) If a lapse in coverage occurred, certify that new  
14 financial liability coverage is in effect and, if the lapse was  
15 for more than five business days, pay a civil penalty of fifty  
16 dollars to the department.

17 (3) Surrender the registration receipt and registration  
18 plates for the motor vehicle to the county treasurer.

19 b. Failure of the owner to certify that financial  
20 liability coverage is in effect is prima facie evidence  
21 that such coverage does not exist, and unless the owner has  
22 surrendered the registration receipt and plates, the department  
23 shall revoke the registration for the vehicle. A revoked  
24 registration may be renewed after thirty days upon payment of  
25 a \$50 civil penalty to the department and certification that  
26 financial liability coverage is in effect for the vehicle.

27 c. The department shall provide notice of a revoked  
28 registration under this section to a peace officer verifying  
29 the registration of a motor vehicle.

30 5. The department shall waive the civil penalties imposed  
31 by this section for an owner who, at the time of notification  
32 of a lapse in financial liability coverage, is in the military  
33 service of the United States and has been deployed outside the  
34 continental United States for a period of forty-five days or  
35 more. Upon receiving notice of revocation of registration due

1 to a lapse in coverage, the owner shall be allowed to transfer  
2 the vehicle's ownership and registration to the owner's spouse  
3 or child without penalty.

4 6. a. A person who falsely certifies as to financial  
5 liability coverage required under this section commits a simple  
6 misdemeanor.

7 b. The owner of a motor vehicle subject to registration who  
8 permits the vehicle to be operated by another person without  
9 having financial liability coverage in effect as required under  
10 this section commits a simple misdemeanor.

11 Sec. 3. Section 321.30, Code 2009, is amended by adding the  
12 following new subsection:

13 NEW SUBSECTION. 4. The department or the county treasurer  
14 shall refuse registration of a motor vehicle if the owner does  
15 not provide satisfactory certification that financial liability  
16 coverage is in effect for the motor vehicle as required by  
17 section 321.21.

18 Sec. 4. Section 321.40, Code Supplement 2009, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. 7A. A form for certification of financial  
21 liability coverage shall accompany each renewal statement  
22 sent to the owner of a motor vehicle under this section. The  
23 county treasurer shall refuse to renew the registration of a  
24 motor vehicle if the applicant does not submit certification of  
25 financial liability coverage in effect for the motor vehicle  
26 as required by section 321.21.

27 Sec. 5. NEW SECTION. 516B.4 Reports to state department of  
28 transportation.

29 An insurance company transacting business in this state  
30 shall provide certification of automobile liability policies  
31 as required pursuant to section 321.21 within seven business  
32 days of receiving a request from the state department of  
33 transportation. An insurance company shall notify the  
34 department of transportation within twenty business days of the  
35 cancellation or termination of an automobile liability policy.

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EXPLANATION

This bill requires the owner of a motor vehicle to certify that financial liability coverage is in effect for the vehicle as a condition for registration of the vehicle. Certification is required at the time of application for registration and for registration renewal. The owner is required to notify the county treasurer of any change in coverage within five days of obtaining the new coverage. If coverage is canceled or terminated and new coverage is not obtained, the owner is required to surrender the vehicle's registration certificate and registration plates to the county treasurer.

The bill authorizes the department of transportation to require an insurance carrier to verify financial liability coverage certified by an owner, and requires an insurance carrier to notify the department within 20 business days of the cancellation or termination of an owner's liability insurance policy. The notification is not required if the insurance carrier sends a new certificate of insurance form for a new policy covering the vehicle to the department.

When the department is notified by an insurance carrier of a lapse in coverage, the department shall provide notice to the motor vehicle owner of the need to either certify that other coverage was in effect prior to the termination of the insurance policy; certify that new coverage is in effect following the lapse, and if the lapse was for more than five business days, pay a civil penalty of \$50; or surrender the registration receipt and plates for the motor vehicle to the county treasurer. If the owner fails to certify financial liability coverage or to surrender the registration receipt and plates within five days of receipt of the notice, the department shall revoke the motor vehicle registration. Registration may be renewed after 30 days, upon certification that financial liability coverage has been obtained and payment of a \$50 civil penalty to the department.

The bill requires the department to flag the registration

1 information available to peace officers when a registration is  
2 revoked due to a lapse in financial liability coverage.

3     The bill requires the department to waive any civil  
4 penalties relating to a lapse in financial liability coverage  
5 for a member of the military service of the United States who  
6 has been deployed outside the continental United States for  
7 45 days or more. Such an owner whose registration has been  
8 revoked because of a lapse in insurance coverage shall be  
9 allowed to transfer ownership and registration of the motor  
10 vehicle to the owner's spouse or child without penalty.

11     The bill provides that the owner of a motor vehicle commits  
12 a simple misdemeanor if the owner permits the vehicle to be  
13 operated by another person without having financial liability  
14 coverage in effect for the vehicle. In addition, a person who  
15 falsely certifies as to financial liability coverage required  
16 for registration or renewal commits a simple misdemeanor. A  
17 simple misdemeanor is punishable by confinement for no more  
18 than 30 days or a fine of at least \$65 but not more than \$625,  
19 or by both.