

House File 2393 - Introduced

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BY PETTENGILL

A BILL FOR

1 An Act establishing a motor vehicle insurance verification
2 program, establishing fees, and including penalty
3 provisions.

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

1 Section 1. Section 321.11, subsection 3, Code 2014, is
2 amended to read as follows:

3 3. Notwithstanding other provisions of this section to the
4 contrary, the department shall not release personal information
5 to a person, other than to an officer or employee of a law
6 enforcement agency, an employee of a federal or state agency
7 or political subdivision in the performance of the employee's
8 official duties, a contract employee of the department of
9 inspections and appeals in the conduct of an investigation, or
10 a licensed private investigation agency or a licensed security
11 service or a licensed employee of either, if the information is
12 requested by the presentation of a registration plate number.
13 However, the department may release personal information to the
14 department's designated agent for the purposes of chapter 321B.
15 In addition, an officer or employee of a law enforcement agency
16 may release the name, address, and telephone number of a motor
17 vehicle registrant to a person requesting the information by
18 the presentation of a registration plate number if the officer
19 or employee of the law enforcement agency believes that the
20 release of the information is necessary in the performance of
21 the officer's or employee's duties.

22 Sec. 2. NEW SECTION. 321B.1 **Short title.**

23 This chapter shall be known and may be cited as the "*Motor*
24 *Vehicle Insurance Verification Act*".

25 Sec. 3. NEW SECTION. 321B.2 **Definitions.**

26 As used in this chapter, unless the context otherwise
27 requires:

28 1. "*Commercial motor vehicle insurance coverage*" means an
29 insurance policy that is defined by the department by rule and
30 includes motor vehicle liability coverage, uninsured motorist
31 coverage, underinsured motorist coverage, or personal injury
32 coverage.

33 2. "*Database*" means the motor vehicle insurance verification
34 database created in this chapter.

35 3. "*Department*" means the department of transportation.

1 4. "*Designated agent*" means the third party the department
2 contracts with under section 321B.3.

3 5. "*Financial institution*" means as defined in 18 U.S.C.
4 §20.

5 6. "*Motor vehicle*" means as defined in section 321.1.

6 7. "*Program*" means the motor vehicle insurance verification
7 program created under this chapter.

8 Sec. 4. NEW SECTION. 321B.3 **Motor vehicle insurance**
9 **verification program.**

10 1. A motor vehicle insurance verification program is
11 created within the department to be administered by the
12 department. The purposes of the program include all of the
13 following:

14 a. To establish a motor vehicle insurance verification
15 database to verify compliance with the requirements of section
16 321.20B.

17 b. To assist in reducing the number of uninsured motor
18 vehicles on the highways of the state.

19 c. To assist in increasing compliance with motor vehicle
20 registration requirements and for other law enforcement
21 purposes.

22 d. To assist in protecting the bona fide security interests
23 of financial institutions in motor vehicles.

24 2. The department shall contract with a third party to act
25 as the department's designated agent for administration of this
26 chapter. The designated agent shall establish and maintain a
27 computer database containing the following information:

28 a. Information provided by insurers under section 321B.5.

29 b. Information provided by the department under subsection
30 5.

31 c. Any other information provided by the department pursuant
32 to this chapter.

33 3. The database shall be developed and maintained in
34 accordance with guidelines established by the department by
35 rule to allow authorized state and local law enforcement

1 agencies and financial institutions to efficiently access the
2 records of the database, including reports useful for the
3 implementation of this chapter.

4 *a.* Database reports shall be in a form and contain
5 information approved by the department.

6 *b.* Database reports may be made available through the
7 department's internet site or through other electronic media
8 if the department determines that sufficient security is
9 provided to ensure compliance with the provisions of this
10 chapter regarding limitations on disclosure of information in
11 the database.

12 4. At least twice monthly, the designated agent shall do the
13 following, using information provided by the department:

14 *a.* Update the database with motor vehicle insurance
15 information provided by insurers in accordance with section
16 321B.5.

17 *b.* Compare all current motor vehicle registrations against
18 the database.

19 5. The department shall provide the designated agent with
20 the name, date of birth, address, and driver's license number
21 of each person in the department's driver's license database.

22 6. The department shall adopt rules in accordance with
23 chapter 17A establishing procedures for using the department's
24 driver's license database for the purposes of administering and
25 enforcing this chapter.

26 7. *a.* The designated agent shall archive database files at
27 least semiannually for auditing purposes.

28 *b.* The department shall audit the program at least annually.
29 The audit shall include verification of:

30 (1) Billings made by the designated agent.

31 (2) The accuracy of the designated agent's matching of
32 vehicle registration records with insurance data.

33 Sec. 5. NEW SECTION. 321B.4 **Enforcement of financial**
34 **responsibility requirements — penalty.**

35 1. If records in the database indicate that a registered

1 motor vehicle is not covered under an owner's policy of
2 liability insurance for three consecutive months, at the
3 direction of the department, the designated agent shall provide
4 notice by first-class mail to the owner of the motor vehicle
5 that the owner has fifteen days from the date the notice was
6 mailed to provide one of the following:

7 *a.* Proof of financial liability coverage as defined in
8 section 321.1, subsection 24B.

9 *b.* Proof that the owner is exempt from the requirement to
10 maintain proof of financial liability coverage under section
11 321.20B.

12 2. If, after fifteen days, the owner of the motor vehicle
13 fails to provide satisfactory proof of financial liability
14 coverage, the designated agent shall provide a second notice
15 by first-class mail to the owner of the motor vehicle allowing
16 the owner an additional fifteen days from the date the second
17 notice was mailed to provide the information requested under
18 subsection 1.

19 3. *a.* The designated agent shall update the database
20 regarding each notice sent to a motor vehicle owner under
21 subsections 1 and 2, indicating the information provided by the
22 motor vehicle owner or the owner's failure to provide proof of
23 financial liability coverage, as applicable.

24 *b.* If the owner of a motor vehicle provides proof to the
25 department or the designated agent that the owner's motor
26 vehicle is covered by an acceptable form of financial liability
27 coverage described in section 321.1, subsection 24B, paragraph
28 "b", "c", or "d", the information shall be recorded in the
29 database, and the owner shall be required to update the
30 information annually to avoid receiving a notice for failure
31 to maintain financial liability coverage for the owner's motor
32 vehicle.

33 4. *a.* If the owner of a motor vehicle fails to provide
34 proof of financial liability coverage following receipt of the
35 second notice under subsection 2, the designated agent shall

1 notify the department, and the department shall revoke the
2 registration of the motor vehicle.

3 *b.* The department shall provide to the owner of the motor
4 vehicle appropriate notice of the revocation, order the owner
5 to surrender the registration plates and registration receipt
6 for the vehicle to the county treasurer, advise the owner of
7 the legal consequences of operating a vehicle with revoked
8 registration and without financial liability coverage, and
9 instruct the owner on how to reinstate the vehicle registration
10 once the owner has obtained financial liability coverage for
11 the vehicle.

12 5. *a.* A person shall not provide a false or fraudulent
13 statement to the department or the department's designated
14 agent in regard to proceedings under this chapter.

15 *b.* In addition to any other penalties, a person who violates
16 paragraph "a" is guilty of a simple misdemeanor.

17 6. A revocation of registration under this chapter is in
18 addition to any other penalty imposed by law. This chapter
19 does not affect other actions or penalties that may be taken or
20 imposed for violation of section 321.20B or other law.

21 7. *a.* A registration that has been revoked under this
22 section shall not be reinstated and a new registration shall
23 not be issued to the holder of the revoked registration until
24 the person does all of the following:

25 (1) Pays to the department an administrative reinstatement
26 fee of one hundred dollars, in addition to any other penalty
27 imposed by law.

28 (2) Complies with the requirements of section 321.20B and
29 this chapter.

30 *b.* Reinstatement fees collected under this subsection shall
31 be retained by the department as repayment receipts as defined
32 in section 8.2 and shall be used exclusively to offset the cost
33 of administering the program. Fees collected by the department
34 that are in excess of the amount necessary for administration
35 of the program shall be transferred to the road use tax fund

1 annually on June 30.

2 Sec. 6. NEW SECTION. 321B.5 Motor vehicle insurance
3 reporting — penalty.

4 1. a. Except as provided in paragraphs "b" and "c", each
5 insurer that issues a policy to a motor vehicle owner in
6 this state that includes motor vehicle liability coverage,
7 uninsured motorist coverage, underinsured motorist coverage,
8 or personal injury coverage shall, on or before the seventh
9 and twenty-first day of each calendar month, submit to the
10 department's designated agent a record of each motor vehicle
11 insurance policy that was issued by the insurer and in effect
12 for a vehicle registered or garaged in this state as of the
13 date of the previous submission.

14 b. Each insurer that issues commercial motor vehicle
15 insurance coverage shall, on or before the seventh day of each
16 calendar month, submit to the department's designated agent
17 a record of each commercial motor vehicle insurance policy
18 that was issued by the insurer and in effect for a vehicle
19 registered or garaged in this state as of the date of the
20 previous submission.

21 c. An insurer is not required to provide a record of a motor
22 vehicle insurance policy under paragraph "a" or "b" if the
23 policy covers a vehicle that is registered under chapter 326.

24 d. This subsection does not preclude more frequent
25 reporting.

26 2. a. A record provided by an insurer under subsection 1,
27 paragraph "a", shall include all of the following:

28 (1) The name, date of birth, and driver's license number, if
29 the insured provides a driver's license number to the insurer,
30 of each insured owner or operator, and the address of the named
31 insured.

32 (2) The make, year, and vehicle identification number of
33 each insured vehicle.

34 (3) The policy number and effective date of each policy.

35 b. A record provided by an insurer under subsection 1,

1 paragraph "b", shall include all of the following:

2 (1) The named insured.

3 (2) The policy number, effective date, and expiration date
4 of each policy.

5 (3) The following information, if available:

6 (a) The name, date of birth, and driver's license number of
7 each insured owner or operator, and the address of the named
8 insured.

9 (b) The make, year, and vehicle identification number of
10 each insured vehicle.

11 3. An insurer shall provide the information required under
12 this section via electronic means or via another means the
13 designated agent agrees to accept.

14 4. a. The department may assess a civil penalty of not more
15 than two hundred fifty dollars for each day an insurer fails to
16 comply with this section.

17 b. If an insurer shows that the failure to comply with this
18 section was inadvertent, accidental, or the result of excusable
19 neglect, the department may waive the penalty.

20 Sec. 7. NEW SECTION. 321B.6 Disclosure of database
21 information — penalty.

22 1. Information provided to the designated agent and
23 information contained in the database under this chapter are
24 confidential. Such information may not be disclosed, except
25 as follows:

26 a. For the purpose of investigating, litigating, or
27 enforcing the financial liability coverage requirements
28 of section 321.20B, the designated agent shall provide an
29 electronic record to a state or local government agency or
30 court verifying motor vehicle financial liability coverage
31 information.

32 b. For the purpose of investigating, litigating, or
33 enforcing the financial liability coverage requirements of
34 section 321.20B, the designated agent shall, upon request,
35 issue to any state or local government agency or court a

1 certificate documenting motor vehicle financial liability
2 coverage, according to the database, of a specific individual
3 or motor vehicle for the time period designated by the
4 government agency or court.

5 *c.* Upon request, the department or its designated agent
6 shall disclose whether an individual is covered under a motor
7 vehicle insurance policy and the insurance company name to:

8 (1) The individual or, if the individual is deceased,
9 any person who is an interested person of the individual as
10 provided under chapter 633.

11 (2) The parent or legal guardian of the individual if the
12 individual is an unemancipated minor.

13 (3) The legal guardian of the individual if the individual
14 is legally incapacitated.

15 (4) A person who has power of attorney for the individual.

16 (5) A person who submits a notarized release from the
17 individual dated no more than ninety days before the date the
18 request is made.

19 (6) A person suffering loss or injury in a motor vehicle
20 accident in which the individual is involved, but only as part
21 of an accident report as authorized in section 321.271 relating
22 to access to accident reports.

23 *d.* For the purpose of investigating, enforcing, or
24 prosecuting laws or issuing citations, information may be
25 provided to state or local law enforcement agencies related
26 to a motor vehicle owner or operator's financial liability
27 coverage under section 321.20B.

28 *e.* Upon request of a peace officer acting in an official
29 capacity under the provisions of paragraph "d", the department
30 or the designated agent shall, upon request, disclose relevant
31 information contained in the database.

32 *f.* For the purpose of the state auditor conducting audits
33 of the program.

34 *g.* Upon request of a financial institution for the purpose
35 of protecting the financial institution's bona fide security

1 interest in a motor vehicle.

2 2. a. The department may allow the designated agent to
3 prepare and deliver, upon request, a report on the insurance
4 information of a person or motor vehicle in accordance with
5 this section. The report may be in the form of:

6 (1) A certified copy that is considered admissible in any
7 court proceeding in the same manner as the original.

8 (2) Information accessible through the internet or through
9 another electronic medium if the department determines that
10 sufficient security is provided to ensure compliance with this
11 section.

12 b. The department may allow the designated agent to charge a
13 fee established by the department for each of the following:

14 (1) A document authenticated, including each certified
15 copy.

16 (2) A record accessed through the internet or through
17 another electronic medium.

18 (3) A record provided to a financial institution under
19 subsection 1, paragraph "g".

20 3. Any person who knowingly releases or discloses
21 information from the database for a purpose other than those
22 authorized in this section or to a person who is not entitled
23 to such information is guilty of a class "D" felony.

24 4. Neither the state nor the department's designated agent
25 are liable to any person for gathering, managing, or using the
26 information in the database in compliance with this chapter.

27

EXPLANATION

28 The inclusion of this explanation does not constitute agreement with
29 the explanation's substance by the members of the general assembly.

30 This bill establishes a motor vehicle insurance verification
31 program within the department of transportation. The
32 department is required to contract with a third party to act
33 as the department's designated agent for administration of the
34 program.

35 The designated agent is required to establish and maintain

1 a database containing information from insurers relating to
2 motor vehicle insurance coverage for registered motor vehicles,
3 personal identification information for licensed drivers
4 provided by the department, and any other information provided
5 to the database by the department.

6 At least twice a month, the designated agent shall update the
7 database and compare current motor vehicle registrations with
8 updated insurance information. The files in the database shall
9 be archived semiannually and audited by the department at least
10 annually. The bill requires the department to adopt rules for
11 administration of the database.

12 If database records show that a registered motor vehicle
13 is not covered under an owner's policy of liability insurance
14 for three months, the designated agent shall send a notice to
15 the owner requiring the owner to respond within 15 days by
16 providing proof of financial liability coverage or proof that
17 the owner is exempt from the requirement to maintain financial
18 liability coverage. If the owner fails to respond, a second
19 notice will be sent. If the owner does not respond to the
20 second notice, the owner's motor vehicle registration will be
21 revoked by the department and the owner will be required to
22 surrender the registration plates and registration receipt for
23 the vehicle to the county treasurer. In order to obtain a
24 new registration for the vehicle, the owner must comply with
25 financial responsibility requirements and pay an administrative
26 fee of \$100. The fees are to be used by the department
27 exclusively to offset the cost of administering the program.
28 Any fees in excess of the amount needed for administration of
29 the program are to be transferred to the road use tax fund
30 annually on June 30.

31 The bill provides that if a motor vehicle is covered by a
32 form of financial liability coverage other than an insurance
33 policy, that fact shall be noted in the database, with a
34 requirement that the information be updated annually by the
35 owner.

1 The bill prohibits a person from providing false or
2 fraudulent information to the department or the department's
3 designated agent in relation to the motor vehicle insurance
4 verification program. A violation is a simple misdemeanor.

5 The bill requires each insurer that issues a policy that
6 includes motor vehicle liability coverage, uninsured motorist
7 coverage, underinsured motorist coverage, or personal injury
8 coverage to the owner of a motor vehicle to provide, before the
9 7th and the 21st of each month, to the department's designated
10 agent a record of each motor vehicle insurance policy issued by
11 the insurer and in effect for vehicles registered or garaged
12 in this state as of the date of the previous submission.
13 Insurers that issue commercial motor vehicle insurance coverage
14 must also provide a record of each commercial motor vehicle
15 insurance policy issued by the insurer and in effect for
16 vehicles registered or garaged in this state as of the date
17 of the previous submission. Vehicles subject to apportioned
18 registration are not included in this requirement. Insurers
19 that fail to comply with the reporting requirement may be
20 assessed a civil penalty of \$250 per day for each day the
21 insurer fails to comply. However, the department may waive
22 the penalty upon a showing that the failure was inadvertent,
23 accidental, or the result of excusable neglect.

24 The bill states that information contained in the database
25 is confidential, but provides exceptions for disclosures to
26 state or local government agencies and courts for specified
27 purposes; to individuals and certain other authorized persons;
28 for purposes of an accident investigation; to law enforcement
29 agencies and peace officers for certain official purposes;
30 to the state auditor; and to financial institutions with a
31 security interest in a motor vehicle. The designated agent
32 may be authorized to provide certified copies or electronic
33 records, as appropriate, and to charge a fee for the provision
34 of records and authentication of documents.

35 A person who knowingly releases or discloses information

1 from the database for a purpose other than those authorized in
2 the bill or to a person who is not entitled to such information
3 is guilty of a class "D" felony.

4 The bill provides that the state and the department's
5 designated agent are not liable to any person for gathering,
6 managing, or using the information in the database in
7 compliance with the bill.