

House File 514 - Introduced

HOUSE FILE 514
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 97)

A BILL FOR

1 An Act establishing a motor vehicle insurance verification
2 program, establishing fees, and including penalty and
3 effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.11, subsection 3, Code 2015, 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 under this chapter.

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

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

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

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

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

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

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

15 a. To establish a motor vehicle insurance verification
16 database to verify compliance with the requirements of section
17 321.20B.

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

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

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

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

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

30 b. Information provided by the department under subsection
31 5.

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

34 3. The database shall be developed and maintained in
35 accordance with guidelines established by the department by

1 rule to allow authorized state and local law enforcement
2 agencies and financial institutions to efficiently access the
3 records of the database, including reports useful for the
4 implementation of this chapter.

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

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

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

15 *a.* Update the database with motor vehicle insurance
16 information provided by insurers in accordance with section
17 321B.5.

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

20 5. On or before the seventh day of each calendar month, the
21 department shall provide the designated agent with the make,
22 model, year, and vehicle identification number of each vehicle
23 in the department's motor vehicle database, and the name and
24 address of each person listed on each vehicle's registration.

25 6. The department shall adopt rules in accordance with
26 chapter 17A establishing procedures for using the department's
27 motor vehicle database for the purposes of administering and
28 enforcing this chapter.

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

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

33 (1) Billings made by the designated agent.

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

1 Sec. 5. NEW SECTION. 321B.4 Enforcement of financial
2 responsibility requirements — penalty.

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

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

12 *b.* Proof that the owner is exempt from the requirement to
13 maintain proof of financial liability coverage under section
14 321.20B.

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

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

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

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 a 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
31 shall be retained by the department as repayment receipts as
32 defined in section 8.2 and shall be used exclusively to offset
33 the costs of administering the program. Fees collected by
34 the department that are in excess of the amount necessary for
35 administration of the program shall be transferred to the road

1 use tax fund annually on June 30.

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

4 1. a. Except as provided in paragraph "b", each insurer
5 that issues a policy to a motor vehicle owner in this state
6 that includes motor vehicle liability coverage, uninsured
7 motorist coverage, underinsured motorist coverage, or
8 personal injury coverage shall, on or before the seventh
9 and twenty-first days 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. An insurer is not required to provide a record of a motor
15 vehicle insurance policy under paragraph "a" if the policy
16 covers a vehicle that is registered under chapter 326.

17 c. This subsection does not preclude more frequent
18 reporting.

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

21 a. The name, date of birth, and driver's license number, if
22 the insured provides a driver's license number to the insurer,
23 of each insured owner or operator, and the address of the named
24 insured.

25 b. The make, year, and vehicle identification number of each
26 insured vehicle.

27 c. The policy number and effective date of each policy.

28 3. An insurer shall provide the information required under
29 this section via electronic means or via another means the
30 designated agent agrees to accept.

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

34 b. If an insurer shows that the failure to comply with this
35 section was inadvertent, accidental, or the result of excusable

1 neglect, the department may waive the civil penalty.

2 *c.* An insurer that discloses records to the department's
3 designated agent in a reasonable, good-faith effort to comply
4 with the requirements of this section shall not be subject to a
5 civil penalty under paragraph "a".

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

8 1. Information provided to the designated agent and
9 information contained in the database under this chapter are
10 confidential. Such information may not be disclosed, except
11 as follows:

12 *a.* For the purpose of investigating, litigating, or
13 enforcing the financial liability coverage requirements
14 of section 321.20B, the designated agent shall provide an
15 electronic record to a state or local government agency or
16 court verifying motor vehicle financial liability coverage
17 information.

18 *b.* For the purpose of investigating, litigating, or
19 enforcing the financial liability coverage requirements of
20 section 321.20B, the designated agent shall, upon request,
21 issue to any state or local government agency or court a
22 certificate documenting motor vehicle financial liability
23 coverage, according to the database, of a specific individual
24 or motor vehicle for the time period designated by the
25 government agency or court.

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

29 (1) The individual or, if the individual is deceased,
30 any person who is an interested party in the estate of the
31 individual as provided under chapter 633.

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

34 (3) The legal guardian of the individual if the individual
35 is legally incapacitated.

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

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

5 (6) A person suffering loss or injury in a motor vehicle
6 accident in which the individual was involved, but only as part
7 of an accident report as authorized in section 321.271 relating
8 to access to accident reports.

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

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

18 *f.* For the purpose of the state auditor conducting audits
19 of the program.

20 *g.* Upon request of a financial institution for the purpose
21 of protecting the financial institution's bona fide security
22 interest in a motor vehicle.

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

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

29 (2) Information accessible through the internet or through
30 another electronic medium if the department determines that
31 sufficient security is provided to ensure compliance with this
32 section.

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

35 (1) Authenticating a document, including preparation and

1 delivery of a certified copy.

2 (2) Accessing a record through the internet or through
3 another electronic medium.

4 (3) Providing a record to a financial institution under
5 subsection 1, paragraph "g".

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

10 4. Neither the state nor the department's designated agent
11 is liable to any person for gathering, managing, or using the
12 information in the database in compliance with this chapter.

13 Sec. 8. EFFECTIVE DATE. This Act takes effect July 1, 2016.

14 EXPLANATION

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

17 This bill establishes a motor vehicle insurance verification
18 program within the department of transportation. The
19 department is required to contract with a third party to act
20 as the department's designated agent for administration of the
21 program.

22 The designated agent is required to establish and maintain a
23 database containing information from insurers relating to motor
24 vehicle insurance coverage for registered motor vehicles, motor
25 vehicle identification information, personal identification
26 information for registered owners of motor vehicles, and any
27 other information provided to the designated agent by the
28 department.

29 At least twice a month, the designated agent shall update the
30 database and compare current motor vehicle registrations with
31 updated insurance information. The files in the database shall
32 be archived semiannually and audited by the department at least
33 annually. The bill requires the department to adopt rules for
34 administration of the database.

35 If database records show that a registered motor vehicle

1 is not covered under an owner's policy of liability insurance
2 for three months, the designated agent shall send a notice to
3 the owner requiring the owner to respond within 15 days by
4 providing proof of financial liability coverage or proof that
5 the owner is exempt from the requirement to maintain financial
6 liability coverage. If the owner fails to respond, a second
7 notice will be sent. If the owner does not respond to the
8 second notice, the owner's motor vehicle registration will be
9 revoked by the department and the owner will be required to
10 surrender the registration plates and registration receipt for
11 the vehicle to the county treasurer. In order to obtain a
12 new registration for the vehicle, the owner must comply with
13 financial responsibility requirements and pay an administrative
14 fee of \$100. The fees are to be used by the department
15 exclusively to offset the costs of administering the program.
16 Any fees in excess of the amount needed for administration of
17 the program are to be transferred to the road use tax fund
18 annually on June 30.

19 The bill provides that if a motor vehicle is covered by a
20 form of financial liability coverage other than an insurance
21 policy, that fact shall be noted in the database.

22 The bill prohibits a person from providing false or
23 fraudulent information to the department or the department's
24 designated agent in relation to the motor vehicle insurance
25 verification program. A violation is a simple misdemeanor.

26 The bill requires each insurer that issues a policy that
27 includes motor vehicle liability coverage, uninsured motorist
28 coverage, underinsured motorist coverage, or personal injury
29 coverage to the owner of a motor vehicle to provide, before the
30 7th and the 21st of each month, to the department's designated
31 agent a record of each motor vehicle insurance policy issued by
32 the insurer and in effect for vehicles registered or garaged in
33 this state as of the date of the previous submission. Vehicles
34 subject to apportioned registration are not included in this
35 requirement. Insurers that fail to comply with the reporting

1 requirement may be assessed a civil penalty of \$250 per day.
2 However, the department may waive the penalty upon a showing
3 that the failure was inadvertent, accidental, or the result
4 of excusable neglect. An insurer that discloses records to
5 the department's designated agent in a reasonable, good-faith
6 effort to comply with the bill is not subject to the penalty.

7 Information contained in the database is confidential,
8 but the bill provides exceptions for disclosures to state or
9 local government agencies and courts for specified purposes;
10 to individuals and certain other authorized persons; for
11 purposes of an accident investigation; to law enforcement
12 agencies and peace officers for certain official purposes;
13 to the state auditor; and to financial institutions with a
14 security interest in a motor vehicle. The designated agent
15 may be authorized to provide certified copies or electronic
16 records, as appropriate, and to charge a fee for the provision
17 of records and authentication of documents.

18 A person who knowingly releases or discloses information
19 from the database for a purpose other than those authorized in
20 the bill or to a person who is not entitled to such information
21 is guilty of a class "D" felony.

22 The bill provides that the state and the department's
23 designated agent are not liable to any person for gathering,
24 managing, or using the information in the database in
25 compliance with the bill.

26 The bill provides for an effective date of July 1, 2016.