

House Study Bill 97 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

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

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

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

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

31 (1) Billings made by the designated agent.

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

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

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

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

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

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

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

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

34 4. a. If the owner of a motor vehicle fails to provide
35 proof of financial liability coverage following receipt of the

1 second notice under subsection 2, the designated agent shall
2 notify the department, and the department shall revoke the
3 registration of the motor vehicle.

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

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

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

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

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

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

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

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

1 administration of the program shall be transferred to the road
2 use tax fund annually on June 30.

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

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

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

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

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

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

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

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

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

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

3 (1) The named insured.

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

6 (3) The following information, if available:

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

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

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

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

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

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

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

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

33 *b.* For the purpose of investigating, litigating, or
34 enforcing the financial liability coverage requirements of
35 section 321.20B, the designated agent shall, upon request,

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

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

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

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

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

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

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

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

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

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

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

35 *g.* Upon request of a financial institution for the purpose

1 of protecting the financial institution's bona fide security
2 interest in a motor vehicle.

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

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

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

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

15 (1) Authenticating a document, including preparation and
16 delivery of a certified copy.

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

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

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

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

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

29

EXPLANATION

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

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

1 program.

2 The designated agent is required to establish and maintain
3 a database containing information from insurers relating to
4 motor vehicle insurance coverage for registered motor vehicles,
5 personal identification information for licensed drivers
6 provided by the department, and any other information provided
7 to the designated agent by the department.

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

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

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

1 requirement that the information be updated annually by the
2 owner.

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

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

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

1 of records and authentication of documents.

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

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

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