

Senate File 318 - Introduced

SENATE FILE 318

BY SCHULTZ

A BILL FOR

1 An Act requiring that frozen food locker plants maintain
2 evidence of financial responsibility.

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

1 Section 1. Section 189A.2, Code 2015, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 8A. "*Financial institution*" means a
4 bank or savings association authorized by the laws of the
5 United States, which is a member of the federal deposit
6 insurance corporation or the federal savings and loan insurance
7 corporation.

8 NEW SUBSECTION. 8B. "*Frozen food locker plant*" means an
9 establishment that includes all of the following:

10 a. Individual lockers in which the temperature is maintained
11 at zero degrees Fahrenheit or below and that are provided to
12 retail customers for the storage of meat food products or
13 poultry products on a rental basis.

14 b. A room reserved for cutting, preparing, wrapping,
15 and packaging meat, meat food products, poultry, or poultry
16 products.

17 Sec. 2. NEW SECTION. 189A.3A **Evidence of financial**
18 **responsibility.**

19 1. The department shall not issue a license to a person
20 who owns or operates a frozen food locker plant under section
21 189A.3 unless the person provides the department evidence of
22 financial responsibility in the form of a property insurance
23 policy, surety bond, or irrevocable letter of credit issued
24 by a financial institution. The evidence of financial
25 responsibility shall conform with, and be submitted to the
26 department according to, rules adopted by the department.
27 The department may accept a certification of the evidence of
28 financial responsibility pursuant to rules adopted by the
29 department.

30 2. The amount of the evidence of financial responsibility
31 shall be sufficient to pay the amount that the frozen food
32 locker plant would be legally obligated to pay for damages
33 caused to meat food products or poultry products customarily
34 kept by the locker plant due to a power outage of forty-eight
35 hours or more at the frozen food locker plant. However, the

1 amount shall not be less than one hundred thousand dollars.
2 The evidence of financial responsibility shall be maintained
3 in not less than that amount at all times during the licensed
4 period. The department shall be notified ten days prior to
5 any reduction in the insurance policy or surety bond made at
6 the request of the frozen food locker plant or cancellation of
7 the property insurance policy by the insurer or surety bond
8 by the surety. The department shall be notified ninety days
9 prior to any reduction of the amount of the irrevocable letter
10 of credit made at the request of the frozen food locker plant
11 or the cancellation of the irrevocable letter of credit by the
12 financial institution. The total and aggregate liability of
13 the insurer, surety, or financial institution for all claims
14 shall be limited to the face of the insurance policy, surety
15 bond, or irrevocable letter of credit.

16 EXPLANATION

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

19 This bill requires that a frozen food locker plant licensed
20 by the department of agriculture and land stewardship under
21 the "Meat and Poultry Inspection Act" (Code chapter 189A)
22 provide the department evidence of financial responsibility
23 in the form of a property insurance policy, surety bond, or
24 letter of credit issued by a financial institution, such as a
25 bank, for an amount determined by the department sufficient
26 to pay for damages caused to meat or poultry products due
27 to a power outage affecting the plant for 48 hours or more.
28 However, the bill provides that the amount cannot be less
29 than \$100,000. The bill also provides that the evidence of
30 financial responsibility must be maintained at all times during
31 the licensed period, and that the department must be notified
32 of any reduction in coverage or a cancellation of the policy,
33 surety bond, or letter of credit.