

House Study Bill 698 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON JONES)

A BILL FOR

1 An Act relating to standards for settlement of certain motor
2 vehicle insurance claims.

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

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1 Section 1. Section 507B.4, subsection 3, paragraph j, Code
2 2026, is amended by adding the following new subparagraph:
3 NEW SUBPARAGRAPH. (16) Failing to comply with section
4 507B.10.

5 Sec. 2. NEW SECTION. **507B.10 Settled motor vehicle**
6 **insurance claims involving aftermarket crash parts or original**
7 **equipment manufacturer parts.**

8 1. When a first-party, partial-loss claim relating to a motor
9 vehicle is settled based on a written estimate prepared by or for
10 the insurer that includes payment for aftermarket crash parts,
11 the property insurer shall estimate the cost of repairs and pay
12 the claim based only on the cost of aftermarket crash parts
13 available from a distributor of each such part that is located
14 within one hundred miles of the repair facility designated by
15 the insured to make the repairs. The insurer shall pay the cost
16 of any modifications which may become necessary when repairs are
17 made using aftermarket crash parts or parts salvaged from the
18 crashed vehicle.

19 2. When a third-party, partial-loss claim relating to a motor
20 vehicle is settled based on a written estimate prepared by or
21 for the insurer, the liability insurer shall estimate the cost of
22 repairs and pay the claim based only on the cost of new original
23 equipment manufacturer parts unless all of the following occur:

24 a. The insurer notifies the owner of the owner's right to
25 have the vehicle repaired based on the cost of using new original
26 equipment manufacturer parts.

27 b. The motor vehicle owner gives express consent in writing
28 that aftermarket crash parts or parts salvaged from the crashed
29 vehicle may be used.

30 c. The insurer expressly agrees to pay the cost of any
31 modifications which may become necessary when repairs are made
32 using aftermarket crash parts or parts salvaged from the crashed
33 vehicle and expressly agrees to defend and indemnify the owner
34 of the motor vehicle and the repair facility against any claims
35 related to repairs made using aftermarket crash parts or parts

1 salvaged from the crashed vehicle.

2 3. As used in this section:

3 a. "Aftermarket crash part" means as defined in section
4 537B.4.

5 b. "Motor vehicle" means as defined in section 321.1.

6 c. "Repair facility" means as defined in section 537B.4.

7 EXPLANATION

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

10 This bill enacts former Iowa administrative code provisions
11 relating to standards for settlement of certain motor vehicle
12 insurance claims.

13 The bill requires a property insurer to estimate the cost of
14 repairs for a motor vehicle and pay a claim based only on the
15 cost of aftermarket crash parts available from a distributor of
16 each such part that is located within 100 miles of the repair
17 facility when a first-party, partial-loss claim relating to the
18 motor vehicle is settled based on a written estimate prepared by
19 or for the insurer that includes payment for aftermarket crash
20 parts. The bill requires the insurer to pay the cost of any
21 modifications which may become necessary when repairs are made
22 using aftermarket crash parts or parts salvaged from the crashed
23 vehicle.

24 When a third-party, partial-loss claim relating to a motor
25 vehicle is settled based on a written estimate prepared by or for
26 the insurer, the bill requires the liability insurer to estimate
27 the cost of repairs and pay the claim based only on the cost
28 of new original equipment manufacturer parts unless the owner of
29 the motor vehicle gives express consent to use aftermarket crash
30 parts or parts salvaged from the crashed vehicle and the insurer
31 expressly agrees to pay the cost of any modifications which may
32 become necessary when repairs are made using aftermarket crash
33 parts or parts salvaged from the crashed vehicle, and expressly
34 agrees to defend and indemnify the owner of the motor vehicle and
35 the repair facility against any claims related to such repairs.

1 A person who violates a provision of the bill is subject
2 to entry of a cease and desist order, may be ordered by the
3 commissioner of insurance to pay a civil penalty ranging from
4 \$1,000 to \$50,000 under Code section 507B.7, and if the person
5 has a license to operate the person's business, the license is
6 subject to suspension or revocation.

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