

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:

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

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

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

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

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

1 any claims related to repairs made using aftermarket crash
2 parts or parts salvaged from the crashed vehicle.

3 3. As used in this section:

4 a. "*Aftermarket crash part*" means as defined in section
5 537B.4.

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

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

8 EXPLANATION

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

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

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

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

1 the owner of the motor vehicle and the repair facility against
2 any claims related to such repairs.

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