

House File 606 - Reprinted

HOUSE FILE 606

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 514)

(SUCCESSOR TO HSB 97)

(As Amended and Passed by the House April 8, 2015)

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. "*Database*" means the motor vehicle insurance verification
29 database created under this chapter.

30 2. "*Department*" means the department of transportation.

31 3. "*Designated agent*" means the third party with which the
32 department contracts under section 321B.3.

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

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

1 321.1.

2 6. "Program" means the motor vehicle insurance verification
3 program created under this chapter.

4 Sec. 4. NEW SECTION. 321B.3 Motor vehicle insurance
5 verification program.

6 1. A motor vehicle insurance verification program is
7 created within the department to be administered by the
8 department. The purposes of the program include all of the
9 following:

10 a. To establish a motor vehicle insurance verification
11 database to verify compliance with the requirements of section
12 321.20B.

13 b. To assist in reducing the number of uninsured motor
14 vehicles on the highways of the state.

15 c. To assist in increasing compliance with motor vehicle
16 registration requirements and for other law enforcement
17 purposes.

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

20 2. The department shall contract with a third party to act
21 as the department's designated agent for administration of this
22 chapter for a period of four years. For the period of the
23 contract, the designated agent shall establish and maintain a
24 computer database containing the following information:

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

26 b. Information provided by the department under subsection
27 5.

28 c. Any other information provided by the department pursuant
29 to this chapter.

30 3. The database shall be developed and maintained in
31 accordance with guidelines established by the department by
32 rule to allow authorized state and local law enforcement
33 agencies and financial institutions to efficiently access the
34 records of the database, including reports useful for the
35 implementation of this chapter.

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

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

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

11 *a.* Update the database with motor vehicle insurance
12 information provided by insurers in accordance with section
13 321B.5.

14 *b.* Compare all current motor vehicle registrations against
15 the database.

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

21 6. The department shall adopt rules in accordance with
22 chapter 17A establishing procedures for using the department's
23 motor vehicle database for the purposes of administering and
24 enforcing this chapter.

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

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

29 (1) Billings made by the designated agent.

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

32 Sec. 5. NEW SECTION. 321B.4 **Enforcement of financial**
33 **responsibility requirements — penalty.**

34 1. If records in the database indicate that a registered
35 motor vehicle is not covered under an owner's policy of

1 liability insurance for three consecutive months, at the
2 direction of the department, the designated agent shall provide
3 notice by first-class mail to the owner of the motor vehicle
4 that the owner has fifteen days from the date the notice was
5 mailed to provide one of the following:

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

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

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

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

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

29 4. *a.* If the owner of a motor vehicle fails to provide
30 proof of financial liability coverage following receipt of the
31 second notice under subsection 2, the designated agent shall
32 notify the department, and the department shall revoke the
33 registration of the motor vehicle.

34 *b.* The department shall provide to the owner of the motor
35 vehicle appropriate notice of the revocation, order the owner

1 to surrender the registration plates and registration receipt
2 for the vehicle to the county treasurer, advise the owner of
3 the legal consequences of operating a vehicle with revoked
4 registration and without financial liability coverage, and
5 instruct the owner on how to reinstate the vehicle registration
6 once the owner has obtained financial liability coverage for
7 the vehicle.

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

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

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

17 7. *a.* A registration that has been revoked under this
18 section shall not be reinstated and a new registration shall
19 not be issued to the holder of the revoked registration until
20 the person does all of the following:

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

24 (2) Complies with the requirements of section 321.20B and
25 this chapter.

26 *b.* Reinstatement fees collected under this subsection shall
27 be retained by the department as repayment receipts as defined
28 in section 8.2 and shall be used exclusively to offset the
29 costs of administering the program, including payments made by
30 the department to the department's designated agent.

31 **Sec. 6. NEW SECTION. 321B.5 Motor vehicle insurance**
32 **reporting — penalty.**

33 1. *a.* Except as provided in paragraph "b", each insurer
34 that issues a policy to a motor vehicle owner in this state
35 that includes motor vehicle liability coverage, uninsured

1 motorist coverage, underinsured motorist coverage, or
2 personal injury coverage shall, on or before the seventh
3 and twenty-first days of each calendar month, submit to the
4 department's designated agent a record of each motor vehicle
5 insurance policy that was issued by the insurer and in effect
6 for a vehicle registered or garaged in this state as of the
7 date of the previous submission.

8 *b.* An insurer is not required to provide a record of a motor
9 vehicle insurance policy under paragraph "a" if the policy
10 covers a vehicle that is registered under chapter 326.

11 *c.* This subsection does not preclude more frequent
12 reporting.

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

15 *a.* The name, date of birth, and driver's license number, if
16 the insured provides a driver's license number to the insurer,
17 of each insured owner or operator, and the address of the named
18 insured.

19 *b.* The make, year, and vehicle identification number of each
20 insured vehicle.

21 *c.* The policy number and effective date of each policy.

22 3. An insurer shall provide the information required under
23 this section via electronic means or via another means the
24 designated agent agrees to accept.

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

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

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

35 Sec. 7. NEW SECTION. 321B.6 Disclosure of database

1 **information — penalty.**

2 1. Information provided to the designated agent and
3 information contained in the database under this chapter are
4 confidential. Such information may not be disclosed, except
5 as follows:

6 a. For the purpose of investigating, litigating, or
7 enforcing the financial liability coverage requirements
8 of section 321.20B, the designated agent shall provide an
9 electronic record to a state or local government agency or
10 court verifying motor vehicle financial liability coverage
11 information.

12 b. For the purpose of investigating, litigating, or
13 enforcing the financial liability coverage requirements of
14 section 321.20B, the designated agent shall, upon request,
15 issue to any state or local government agency or court a
16 certificate documenting motor vehicle financial liability
17 coverage, according to the database, of a specific individual
18 or motor vehicle for the time period designated by the
19 government agency or court.

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

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

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

28 (3) The legal guardian of the individual if the individual
29 is legally incapacitated.

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

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

34 (6) A person suffering loss or injury in a motor vehicle
35 accident in which the individual was involved, but only as part

1 of an accident report as authorized in section 321.271 relating
2 to access to accident reports.

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

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

12 *f.* For the purpose of the state auditor conducting audits
13 of the program.

14 *g.* Upon request of a financial institution for the purpose
15 of protecting the financial institution's bona fide security
16 interest in a motor vehicle.

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

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

23 (2) Information accessible through the internet or through
24 another electronic medium if the department determines that
25 sufficient security is provided to ensure compliance with this
26 section.

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

29 (1) Authenticating a document, including preparation and
30 delivery of a certified copy.

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

33 (3) Providing a record to a financial institution under
34 subsection 1, paragraph "*g*".

35 3. Any person who knowingly releases or discloses

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1 information from the database for a purpose other than those
2 authorized in this section or to a person who is not entitled
3 to such information is guilty of a class "D" felony.

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

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