

q. Utilization of private party, third party, and medical assistance for reimbursement to defray the costs of services provided by the program to the extent possible.

3. It is the intent of the general assembly to provide communities with the discretion and authority to redesign existing local programs and services targeted at and assisting families expecting babies and families with children who are newborn through five years of age. The Iowa department of public health, department of human services, department of education, and other state agencies and programs, as appropriate, shall provide technical assistance and support to communities desiring to redesign their local programs and shall facilitate the consolidation of existing state funding appropriated and made available to the community for family support services. Funds which are consolidated in accordance with this subsection shall be used to support the redesigned service delivery system. In redesigning services, communities are encouraged to implement a single uniform family risk assessment mechanism and shall demonstrate the potential for improved outcomes for children and families. Requests by local communities for the redesigning of services shall be submitted to and subject to joint approval of the Iowa department of public health, department of human services, and department of education based on the innovation zones principles established in section 8A.2.

Approved May 9, 1997

CHAPTER 139

FINANCIAL LIABILITY COVERAGE FOR MOTOR VEHICLES

H.F. 514

AN ACT relating to financial liability coverage and registration requirements for motor vehicles in this state, providing for the seizure of motor vehicle registration plates, and providing penalties and effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 321.1, Code 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 24A. "Financial liability coverage" means any of the following:

a. An owner's policy of liability insurance which is issued by an insurance carrier authorized to do business in Iowa to or for the benefit of the person named in the policy as insured, and insuring the person named as insured and any person using an insured motor vehicle with the express or implied permission of the named insured against loss from liability imposed by law for damages arising out of the ownership, maintenance, or use of an insured motor vehicle within the United States of America or Canada, but subject to minimum limits, exclusive of interest and costs, in the amounts specified in section 321A.21 or specified in another provision of the Code, whichever is greater.

b. A bond filed with the department pursuant to section 321A.24.

c. A valid certificate of deposit of money or security issued by the treasurer of state pursuant to section 321A.25.

d. A valid certificate of self-insurance issued by the department pursuant to section 321A.34.

NEW SUBSECTION. 54A. "Proof of financial liability coverage card" means either a liability insurance card issued under section 321.20B, a bond insurance card issued under section 321A.24, a security insurance card issued under section 321A.25, or a self-insurance card issued under section 321A.34.

Sec. 2. NEW SECTION. 321.20B PROOF OF SECURITY AGAINST LIABILITY.

1. Notwithstanding chapter 321A, which requires certain persons to maintain proof of financial responsibility, a person shall not drive a motor vehicle which is registered in this state on the highways of this state unless financial liability coverage, as defined in section 321.1, subsection 24A, is in effect for the motor vehicle and unless the driver has in the motor vehicle the proof of financial liability coverage card issued for the motor vehicle.

This subsection does not apply to the operator of a motor vehicle owned or leased to the United States, this state, or any political subdivision of this state or to a motor vehicle which is subject to section 325.26, 327.15, 327A.5, or 327B.6.

2. a. An insurance company transacting business in this state shall issue to its insured owners of motor vehicles registered in this state a financial liability coverage card for each registered motor vehicle insured. Each financial liability coverage card shall identify the registration number of the motor vehicle insured and shall indicate the expiration date of the applicable insurance coverage. The financial liability coverage card shall also contain the name and address of the insurer, the name of the insured, the type of coverage provided, and an emergency telephone number of the insurer.

b. The insurance division and the department, as appropriate, shall adopt rules regarding the contents of a financial liability coverage card to be issued pursuant to this section. Notwithstanding the provisions of this section, a fleet owner shall not be required to maintain in each vehicle a financial liability coverage card with the individual registration number of the vehicle included on the card. Such fleet owner shall be required to maintain a financial liability coverage card in each vehicle in the fleet including information deemed appropriate by the commissioner of insurance or the director, as applicable.

3. If the financial liability coverage for a motor vehicle which is registered in this state is canceled or terminated effective prior to the expiration date indicated on the financial liability coverage card issued for the vehicle, the person to whom the financial liability coverage card was issued shall destroy the card.

4. If a peace officer stops a motor vehicle and the driver is unable to provide proof of financial liability coverage, the peace officer shall do one of the following:

a. Issue a warning memorandum to the driver.

b. Issue a citation and remove the motor vehicle's license plates and registration from the motor vehicle which has been operated on the highways of this state without financial liability coverage being in effect for the motor vehicle. Upon removing the license plates and registration the peace officer shall forward the plates to the county treasurer of the county in which the plates were issued. An owner or driver of a motor vehicle who is charged with a violation of subsection 1 and whose license plates and registration have been removed is subject to the following:

(1) An owner or driver who produces to the county treasurer, within thirty days of the time the person's license plates and registration are removed, proof that financial liability coverage was in effect for the motor vehicle at the time the person was stopped and cited, shall be assessed a fifteen dollar administrative fee by the county treasurer who shall return the license plates and registration to the person after payment of the fee.

(2) An owner or driver who is unable to show that financial liability coverage was in effect for the motor vehicle at the time the person was stopped and cited, and signs an admission of violation on the citation, may do either of the following:

(a) Sign an admission of violation on the citation and remit to the clerk of court a scheduled fine of two hundred fifty dollars. Upon payment of the fine, payment of a fifteen dollar administrative fee to the county treasurer, and providing proof of financial liability coverage to the county treasurer, the treasurer shall issue new license plates and registration to the person.

(b) Request an appearance before the court on the matter. If the matter goes before the court, and the owner or driver is found guilty of a violation of subsection 1, the court may impose a fine of two hundred fifty dollars, or the court may order the person to perform

unpaid community service instead of the fine. Upon the payment of the fine or the entry of the order for unpaid community service, the county treasurer shall issue new license plates and registration to the person upon the person providing proof of financial liability coverage and paying a fifteen dollar administrative fee to the county treasurer.

(3) An owner or driver who fails to provide to the county treasurer, within thirty days of the time the person's registration plates are removed, proof that financial liability coverage was in effect for the motor vehicle at the time the person was stopped and cited, and does not sign an admission of violation on the citation, shall not have the person's license plates or registration returned.

c. Issue a citation and impound the motor vehicle. A vehicle which is impounded may be claimed by a person if the owner provides proof of financial liability coverage and pays any applicable fine and the costs of towing and storage for the motor vehicle. If the motor vehicle is not claimed within thirty days after impoundment, the motor vehicle may be treated as an abandoned vehicle pursuant to section 321.89.

4A. The department shall establish by rule standardized criteria for determining whether to impound a vehicle or remove the license plates and registration under subsection 4. The department shall provide a copy of such criteria to local jurisdictions for use in developing local standardized criteria for such actions when taken by a peace officer associated with a local law enforcement agency.

5. This section applies to a motor vehicle subject to registration under this chapter other than a motor vehicle identified in section 321.18, subsections 1 through 6, and subsection 8.

6. This section does not apply to a motor vehicle owned by a motor vehicle dealer licensed pursuant to chapter 322.

7. The director of transportation and the commissioner of insurance shall adopt rules pursuant to chapter 17A to administer this section.

Sec. 3. Section 321.54, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Nonresident owners of foreign vehicles operated within this state for the intrastate transportation of persons or property for compensation or for the intrastate transportation of merchandise shall register and maintain financial liability coverage as required under section 321.20B for each ~~such~~ vehicle and pay the same fees ~~therefor as is required with reference to~~ for like vehicles owned by residents of this state.

Sec. 4. Section 321.55, Code 1997, is amended to read as follows:

321.55 REGISTRATION REQUIRED FOR CERTAIN VEHICLES OWNED OR OPERATED BY NONRESIDENTS.

A nonresident owner or operator engaged in remunerative employment within the state or carrying on business within the state and owning or operating a motor vehicle, trailer, or semitrailer within the state shall register and maintain financial liability coverage as required under section 321.20B for each ~~such~~ vehicle and pay the same fees for registration as are paid for like vehicles owned by residents of this state. However, this paragraph does not apply to a person commuting from the person's residence in another state or whose employment is seasonal or temporary, not exceeding ninety days.

A nonresident owner of a motor vehicle operated within the state by a resident of the state shall register the vehicle and shall maintain financial liability coverage as required under section 321.20B for the vehicle. The nonresident owner shall pay the same fees for registration as are paid for like vehicles owned by residents of this state. However, registration under this paragraph does not apply to ~~is not required for~~ vehicles being operated by residents temporarily, not exceeding ninety days. It is unlawful for a resident to operate within the state an unregistered motor vehicle required to be registered under this paragraph.

Sec. 5. Section 321.57, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A dealer owning any vehicle of a type otherwise required to be registered hereunder under this chapter may operate or move the same vehicle upon the highways solely for purposes of transporting, testing, demonstrating, or selling the same vehicle without registering each such the vehicle, upon condition that any such the vehicle display in the manner prescribed in sections 321.37 and 321.38 a special plate issued to such the owner as provided in sections 321.58 to 321.62. In addition to the foregoing, a ~~However, if the vehicle is a motor vehicle the dealer, if~~ subject to section 321.20B, shall maintain financial liability coverage for the motor vehicle as required under section 321.20B. A new car dealer or a used car dealer may operate or move upon the highways any a new or used car or trailer owned by the dealer for either private or business purposes without registering the same providing, (1) such it if the new or used car or trailer is in the dealer's inventory and is continuously offered for sale at retail, and (2) there is displayed thereon on it a special plate issued to such the dealer as provided in sections 321.58 to 321.62.

Sec. 6. Section 321.492, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Any A peace officer is authorized to stop any a vehicle to require exhibition of the driver's motor vehicle license, to serve a summons or memorandum of traffic violation, to inspect the condition of the vehicle, to inspect the vehicle with reference to size, weight, cargo, log book, bills of lading or other manifest of employment, tires, and safety equipment, or to inspect the registration certificate, the compensation certificate, travel order, or permit of the vehicle.

Sec. 7. Section 321.492, Code 1997, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. A peace officer having probable cause to stop a vehicle may require exhibition of the proof of insurance card issued for the vehicle if the vehicle is a motor vehicle registered in this state.

Sec. 8. Section 321A.24, subsection 1, Code 1997, is amended to read as follows:

1. a. Proof of financial responsibility may be evidenced by the bond of a surety company duly authorized to transact business within this state, or a bond with at least two individual sureties each owning real estate within this state, and together having equities equal in value to at least twice the amount of the bond, which real estate shall be scheduled in the bond approved by a judge or clerk of a the district court of record, and which said bond shall be conditioned for payment of the amounts specified in section 321A.1, subsection 10.

b. ~~Such The~~ bond shall be filed with the department and shall is not be cancelable except after ten days' written notice to the department. ~~Such The~~ director shall issue to the person filing the bond a bond insurance card for each motor vehicle registered by the person in the state. The bond insurance card shall state the name and address of the person and the motor vehicle registration number of the vehicle for which the card is issued.

c. ~~The bond shall constitute~~ constitutes a lien in favor of the state upon the real estate so scheduled of any surety, which lien shall exist exists in favor of any holder of a final judgment against the person who has filed such the bond, for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damage because of injury to or destruction of property, including the loss of use thereof of the property, resulting from the ownership, maintenance, use, or operation of a motor vehicle after such the bond was filed, upon the filing of notice to that effect by the department in the office of the proper clerk of the district court of the county where such the real estate shall be is located. ~~Any An~~ individual surety so scheduling real estate security shall furnish satisfactory evidence of title thereto to the property and the nature and extent of all encumbrances thereon on the property and the value of the surety's interest therein in the property, in such the manner as the judge or clerk of the district court of record approving the bond may require requires. The notice filed by the department shall contain, in addition to any other matters deemed by the department to be pertinent, contain a legal description of the real estate so scheduled, the name of the holder of the record title, the amount for which it stands

as security, and the name of the person in whose behalf proof is so being made. Upon the filing of ~~such the~~ notice the clerk of the district court of such county shall retain the same notice as part of the records of ~~such the~~ court and enter upon the encumbrance book the date and hour of filing, the name of the surety, the name of the record titleholder, the description of the real estate, and the further notation that a lien is charged on ~~such the~~ real estate pursuant to the filed notice ~~filed hereunder~~. From and after the entry of the ~~foregoing~~ notice upon the encumbrance book all persons ~~whomsoever shall be~~ are charged with notice ~~thereof~~ of it.

d. If the bond is canceled, the person who filed the bond shall surrender to the director all bond insurance cards issued to the person.

Sec. 9. Section 321A.25, subsection 1, Code 1997, is amended to read as follows:

1. ~~With respect to accidents occurring on or after January 1, 1981, and before January 1, 1983, proof of financial responsibility may be evidenced by the certificate of the state treasurer that the person named in the certificate has deposited with the treasurer forty thousand dollars in cash, or securities such as may legally be purchased by a state bank or for trust funds of a market value of forty thousand dollars; and with respect to accidents occurring on or after January 1, 1983, proof~~ Proof of financial responsibility may be evidenced by the certificate of the state treasurer of state that the person named in the certificate has deposited with the treasurer of state fifty-five thousand dollars in cash, or securities ~~such as~~ which may legally be purchased by a state bank or ~~for~~ trust funds of a market value of fifty-five thousand dollars. The treasurer of state shall promptly notify the director of transportation of the name and address of the person to whom the certificate has been issued. Upon receipt of the notification, the director of transportation shall issue to the person a security insurance card for each motor vehicle registered in this state by the person. The security insurance card shall state the name and address of the person and the registration number of the motor vehicle for which the card is issued. The state treasurer of state shall not accept a deposit and issue a certificate for it and the department shall not accept the certificate unless accompanied by evidence that there are no unsatisfied judgments of any character against the depositor in the county where the depositor resides.

Sec. 10. Section 321A.32, subsection 3, Code 1997, is amended to read as follows:

3. ~~Any A~~ A person who ~~shall forge~~ forges or, without authority, ~~sign any~~ signs a notice provided for under section 321A.5 that a policy or bond is in effect, or any evidence of ~~proof~~ proof of financial responsibility, ~~or any evidence of financial liability coverage as defined in section 321.1,~~ or who files or offers for filing any such notice or evidence of ~~proof~~ proof knowing or having reason to believe that it is forged or signed without authority, ~~shall be~~ is guilty of a serious misdemeanor.

Sec. 11. Section 321A.34, subsections 2 and 3, Code 1997, are amended to read as follows:

2. The department may, ~~in the department's discretion,~~ upon the application of such a person, issue a certificate of self-insurance ~~when if~~ the department is satisfied that ~~such the~~ person ~~is possessed~~ has and will continue to ~~be possessed of~~ have the ability to pay judgments obtained against ~~such the~~ person for damages arising out of the ownership, maintenance, or use of any vehicle owned by ~~such the~~ person. A person issued a certificate of self-insurance pursuant to this section shall maintain a financial liability coverage card as provided in section 321.20B, subsection 2, paragraph "b".

3. Upon not less than five days' notice and a hearing pursuant to ~~such the~~ notice, the department may upon reasonable grounds cancel a certificate of self-insurance. Failure to pay ~~any a~~ judgment for damages arising out of the ownership, maintenance, or use of any vehicle owned by ~~such the~~ self-insurer within thirty days after ~~such the~~ judgment ~~shall have become~~ becomes final ~~shall constitute~~ constitutes a reasonable ground for the cancellation of a certificate of self-insurance. Upon the cancellation of a certificate of self-insurance, the

person who was issued the certificate shall surrender to the director all self-insurance cards issued to the person.

Sec. 12. Section 322.4, Code 1997, is amended by adding the following new subsection: NEW SUBSECTION. 7A. Proof that the applicant has financial liability coverage as defined in section 321.1, except that such coverage shall be in limits of not less than one hundred thousand dollars because of bodily injury to or death of one person in any one accident and, subject to the limit for one person, three hundred thousand dollars because of bodily injury to or death of two or more persons in any one accident, and fifty thousand dollars because of injury to or destruction of property of others in any one accident.

Sec. 13. Section 322.8, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A supplemental statement shall include any change in the licensee's financial liability coverage.

Sec. 14. Section 326.25, Code 1997, is amended by adding the following new subsection: NEW SUBSECTION. 4. Upon a determination that the motor vehicle does not have financial liability coverage as required under section 321.20B.

Sec. 15. Section 805.8, subsection 2, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. ad. If, in connection with a motor vehicle accident, a person is charged and found guilty of a violation of section 321.20B, subsection 1, the scheduled fine is one hundred dollars.

Sec. 16. Section 805.8, subsection 2, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. af. If, in connection with a motor vehicle accident, a person is charged and found guilty of a violation of section 321.20B, subsection 1, the scheduled fine is five hundred dollars, otherwise the scheduled fine for a violation of section 321.20B, subsection 1, is two hundred fifty dollars. Notwithstanding section 805.12, fines collected pursuant to this paragraph shall be submitted to the state court administrator and distributed fifty percent to the victim compensation fund established in section 912.14, twenty-five percent to the county in which such fine is imposed, and twenty-five percent to the general fund of the state.

Sec. 17. EFFECTIVE DATES — RULES — NOTIFICATION. Sections 1 through 15 of this Act take effect January 1, 1998. However, in order to implement this Act, the insurance division of the department of commerce and the director of transportation shall each adopt rules as required under this Act. The treasurer of state shall notify the director of transportation of the names and addresses of persons who are issued valid certificates under section 321A.25, subsection 1, Code 1997, by November 1, 1997, and after that date the treasurer of state shall notify the director of transportation as required under section 9 of this Act. Insurance carriers authorized to do business in this state and the director of transportation shall distribute proof of insurance cards as required under this Act by December 1, 1997.

This section, being deemed of immediate importance, takes effect upon enactment.

Section 16 of this Act takes effect July 1, 1999.

Sec. 18. CONDITIONAL EFFECTIVENESS PROVISION. Notwithstanding section 17 of this Act, sections 1 through 11 and 14 and 15 of this Act shall not take effect unless an appropriation is made in accordance with section 25B.2, subsection 3.

Sec. 19. Section 805.8, subsection 2, paragraph "ad", as enacted by this Act, is amended by striking the paragraph effective July 1, 1999.