Reported Recommending .....
Ind. Postponed .....
Passed House .....
Failed to Pass House .....
Passed Senate .....
Failed to Pass Senate .....

# House File 96

January 23, 1947.
Motor Vehicle and Transportation

By BRYSON, FIMMEN, SCHWENGEL, BEARDSLEY, HEDIN, GOOD, DUFFIELD, BURKMAN, NIELSEN, POSTON, MORRISSEY, HUMBERT, OLSON.

# A BILL FOR

An Act relating to the giving of proof of financial responsibility and security by owners and operators of motor vehicles and to make uniform the law with reference thereto, and to repeal sections three hundred twenty-one point two hundred seventy-five (321.275) to three hundred twenty-two point two hundred seventy-nine (321.279) inclusive, Code 1946.

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

Words and Phrases Defined

1 Section 1. Definitions. The following words and phrases
2 when used in this act shall, for the purpose of this act,
3 have the meanings respectively ascribed to them in this section,
4 except in those instances where the context clearly indicates
5 a different meaning:
6 1. Commissioner. The commissioner of public safety of
7 this state.
8 2. Judgment. Any judgment which shall have become
9 final by expiration without appeal of the time within which
10 an appeal might have been perfected, or any judgment if an
11 appeal from such judgment has been perfected, which has not

12 been stayed by the execution, filing and approval as provided
13 in rule 337 (a) of the rules of civil procedure, or any
14 judgment which shall have become final by affirmation on
15 appeal, rendered by a court of competent jurisdiction of
16 any state or of the United States, upon a cause of action
17 arising out of the ownership, maintenance, or use of any
18 motor vehicle, for damages, including damages for care and
19 loss of services, because of bodily injury to or death of
20 any person, or for damages because of injury to or
21 destruction of property, including the loss of use thereof,
22 or upon a cause of action on an agreement of settlement for
23 such damages.

24 3. License. Any license, temporary instruction permit,
25 or temporary license issued under the laws of this state
26 pertaining to the licensing of persons to operate motor
27 vehicles.

28 4. Motor vehicle. "Motor vehicle" means every vehicle
29 which is self-propelled but not including vehicles known as
30 trackless trolleys which are propelled by electric power
31 obtained from overhead trolley wires, but not operated upon
32 rails. The terms "car" or "automobile" shall be synonymous
33 with the term "motor vehicle".

34 5. Nonresident. Every person who is not a resident
35 of this state.

36 6. Nonresident operating privilege. The privilege
37 conferred upon a nonresident by the laws of this state

38 pertaining to the operation by him of a motor vehicle, or
39 the use of a motor vehicle owned by him, in this state.
40 7. Operator. Every person who is in actual physical
41 control of a motor vehicle whether or not licensed as an
42 operator or chauffeur under the laws of this state.
43 8. Owner. A person who holds the legal title of a
44 motor vehicle, or in the event a motor vehicle is the subject
45 of an agreement for the conditional sale or lease thereof
46 with the right of purchase upon performance of the conditions
47 stated in the agreement and with an immediate right of
48 possession vested in the conditional vendee or lessee, or
49 in the event a mortgagor of a vehicle is entitled to
50 possession, then such conditional vendee or lessee or
51 mortgagor shall be deemed the owner for the purposes of
52 this act.
53 9. Person. Every natural person, firm, copartnership,
54 association, or corporation.
55 10. Proof of financial responsibility. Proof of
56 ability to respond in damages for liability, on account
57 of accidents occurring subsequent to the effective date
58 of said proof, arising out of the ownership, maintenance,
59 or use of a motor vehicle, in the amount of five thousand
60 dollars ($5,000) because of bodily injury to or death of
61 one person in any one accident, and, subject to said limit
62 for one person, in the amount of ten thousand dollars
63 ($10,000) because of bodily injury to or death of two or

64 more persons in any one accident, and in the amount of one
65 thousand dollars ($1,000) because of injury to or
66 destruction of property of others in any one accident.
67 11. Registration. Registration certificate or
68 certificates and registration plates issued under the laws
69 of this state pertaining to the registration of motor
70 vehicles.

Administration of Act

1 Sec. 2. Commissioner to administer act—appeal to
2 court. (a) The commissioner shall administer and enforce
3 the provisions of this act and may make rules and regulations
4 necessary for its administration and shall provide for
5 hearings upon request of persons aggrieved by orders or
6 acts of the commissioner under the provisions of sections
7 4, 5, 6, 7, 8, 9, 10 and 11 of this act.
8 (b) Any persons aggrieved by an order or act of the
9 commissioner, under the provisions of this act, may, within
10 ten (10) days after notice thereof, file a petition in the
11 district court of the county of his residence for a trial de
12 novo to determine whether such order or act is lawful and
13 reasonable. The filing of such a petition shall not suspend
14 the order or act of the commissioner unless a stay thereof
15 shall be allowed by a judge of said court pending final
16 determination of the matter. The court shall summarily hear
17 the petition and may make any appropriate order or decree.
1 Sec. 3. Commissioner to furnish operating record. The

2 commissioner shall upon request furnish any person a certified
3 abstract of the operating record of any person subject to the
4 provisions of this act, which abstract shall also fully
5 designate the motor vehicles, if any, registered in the name
6 of such person, and, if there shall be no record of any
7 conviction of such person by violating any law relating to
8 the operation of a motor vehicle or of any injury or damage
9 caused by such person, the commissioner shall so certify.
10 Such abstracts shall not be admissible as evidence in any
11 action for damages or criminal proceedings arising out of
12 a motor-vehicle accident.

Security Following Accident

1 Sec. 4. Effect of failure to report accidents. The
2 commissioner shall suspend the license or any nonresident's
3 operating privilege of any person who willfully fails,
4 refuses, or neglects to make reports of a traffic accident
5 as required by the laws of this state.

1 Sec. 5. Security required following accident—
2 exceptions. (a) The commissioner shall, within sixty (60)
3 days after the receipt of a report of a motor-vehicle accident
4 within this state which has resulted in bodily injury or
5 death or damage to the property of any one person in excess
6 of fifty dollars ($50), suspend the license of each operator
7 and all registrations of each owner of a motor vehicle in
8 any manner involved in such accident, and if such operator
9 is a nonresident the privilege of operating a motor vehicle

10 within this state, and if such owner is a nonresident the
11 privilege of the use within this state of any motor vehicle
12 owned by him, unless such operator or owner or both shall
13 deposit security in a sum which shall be sufficient in the
14 judgment of the commissioner to satisfy any judgment or
15 judgments for damages resulting from such accident as may
16 be recovered against such operator or owner; provided notice
17 of such suspension shall be sent by the commissioner to such
18 operator and owner not less than ten (10) days prior to the
19 effective date of such suspension and shall state the amount
20 required as security.

21 (b) This section shall not apply under the conditions
22 stated in section 6 or to any of the following:

23 1. To such operator or owner if such owner had in
24 effect at the time of such accident an automobile liability
25 policy with respect to the motor vehicle involved in such
26 accident;

27 2. To such operator, if not the owner of such motor
28 vehicle, if there was in effect at the time of such accident
29 an automobile liability policy or bond with respect to his
30 operation of motor vehicles not owned by him;

31 3. To such operator or owner if the liability of such
32 operator or owner for damages resulting from such accident
33 is, in the judgment of the commissioner, covered by any
34 other form of liability insurance policy or bond; or

35 4. To any person qualifying as a self-insurer under

36 section 34.

37 (c) No such policy or bond shall be effective under
38 this section unless issued by an insurance company or surety
39 company authorized to do business in this state, except that
40 if such motor vehicle was not registered in this state, or
41 was a motor vehicle which was registered elsewhere than in
42 this state at the effective date of the policy or bond, or
43 the most recent renewal thereof, such policy or bond shall
44 not be effective under this section unless the insurance
45 company or surety company if not authorized to do business
46 in this state shall execute a power of attorney authorizing
47 the commissioner to accept service on its behalf of notice
48 or process in any action upon such policy or bond arising
49 out of such accident; provided, however, every such policy
50 or bond is subject, if the accident has resulted in bodily
51 injury or death, to a limit, exclusive of interest and costs,
52 of not less than five thousand dollars ($5,000) because of
53 bodily injury to or death of one person in any one accident
54 and, subject to said limit for one person, to a limit of
55 not less than ten thousand dollars ($10,000) because of
56 bodily injury to or death of two or more persons in any one
57 accident, and, if the accident has resulted in injury to or
58 destruction of property, to a limit of not less than one
59 thousand dollars ($1,000) because of injury to or destruction
60 of property of others in any one accident.

61 Upon receipt of notice of such accident, the insurance

62 company or surety company which issued such policy or bond
63 shall furnish for filing with the commissioner a written
64 notice that such policy or bond was in effect at the time
65 of such accident.

1 Sec. 6. Exceptions to requirement of security. The
2 requirements as to security and suspension in section 5 shall
3 not apply:

4 1. To the operator or the owner of a motor vehicle
5 involved in any accident wherein no injury or damage was
6 caused to the person or property of any one other than such
7 operator or owner.

8 2. To the operator or owner of a motor vehicle if
9 at the time of the accident the vehicle was stopped, standing,
10 or parked, whether attended or unattended, except that the
11 requirements of this act shall apply in the event the
12 commissioner determines that any such stopping, standing, or
13 parking of the vehicle was illegal or that the vehicle was
14 not equipped with lighted lamps or illuminating devices or
15 flags when and as required by the laws of this state and
16 that any such violation contributed to the accident.

17 3. To the owner of a motor vehicle if at the time of
18 the accident the vehicle was being operated without his
19 permission, express or implied, or was parked by a person
20 who had been operating such motor vehicle without such
21 permission.

22 4. If, prior to the date that the commissioner would

23 otherwise suspend license and registration or nonresident's
24 operating privilege under section 5, there shall be filed
25 with the commissioner evidence satisfactory to him that the
26 person who would otherwise have to file security has been
27 released from liability or been finally adjudicated not to
28 be liable or has executed a warrant for confession of
29 judgment, payable when and in such installments as the
30 parties have agreed to, or has executed a duly acknowledged
31 written agreement providing for the payment of an agreed
32 amount in installments, with respect to all claims for
33 injuries or damages resulting from the accident.

1 Sec. 7. Duration of suspension. The license and
2 registration and nonresident's operating privilege suspended
3 as provided in section 5 shall remain so suspended and shall
4 not be renewed nor shall any such license or registration be
5 issued to such person until:

6 1. Such person shall deposit or there shall be deposited
7 on his behalf the security required under section 5; or

8 2. One year shall have elapsed following the date of
9 such accident and evidence satisfactory to the commissioner
10 has been filed with him that during such period no action
11 for damages arising out of such accident has been instituted;
12 or

13 3. Evidence satisfactory to the commissioner has been
14 filed with him of a release from liability, or a final
15 adjudication of nonliability, or a warrant for confession

16 of judgment, or a duly acknowledged written agreement, in
17 accordance with subdivision 4 of section 6; provided,
18 however, in the event there shall be any default in the
19 payment of any installment under any confession of judgment,
20 then, upon notice of such default, the commissioner shall
21 forthwith suspend the license and registration or nonresident's
22 operating privilege of such person defaulting which shall not
23 be restored unless and until the entire amount provided for
24 in said confession of judgment has been paid; and provided,
25 further, that in the event there shall be any default in
26 the payment of any installment under any duly acknowledged
27 written agreement, then, upon notice of such default, the
28 commissioner shall forthwith suspend the license and
29 registration or nonresident's operating privilege of such
30 person defaulting which shall not be restored unless and
31 until (1) such person deposits and thereafter maintains
32 security as required under section 5 in such amount as the
33 commissioner may then determine, or (2) one year shall have
34 elapsed following the date when such security was required
35 and during such period no action upon such agreement has been
36 instituted in a court in this state.

1 Sec. 8. Application to nonresidents, unlicensed drivers,
2 and unregistered motor vehicles. In case the operator or
3 the owner of a motor vehicle involved in an accident within
4 this state has no license or registration, he shall not be
5 allowed a license or registration until he has complied

6 with the requirements of sections 4, 5, 6, 7, 8, 9, 10 and
7 11 to the same extent that would be necessary if, at the
8 time of the accident, he had held a license and registration.
1 Sec. 9. Form and amount of security. (a) The security
2 required under sections 4, 5, 6, 7, 8, 9, 10 and 11 shall be
3 in such form and in such amount as the commissioner may
4 require but in no case in excess of the limits specified in
5 section 5 in reference to the acceptable limits of a policy
6 or bond. The person depositing security shall specify in
7 writing the person or persons on whose behalf the deposit is
8 made and, at any time while such deposit is in the custody of
9 the commissioner or state treasurer, the person depositing it
10 may, in writing, amend the specification of the person or
11 persons on whose behalf the deposit is made to include an
12 additional person or persons; provided, however, that a single
13 deposit of security shall be applicable only on behalf of
14 persons required to furnish security because of the same
15 accident.
16 (b) The commissioner may reduce the amount of security
17 ordered in any case within six (6) months after the date of
18 the accident if, in his judgment, the amount ordered is
19 excessive. In case the security originally ordered has
20 been deposited the excess deposited over the reduced amount
21 ordered shall be returned to the depositor or his personal
22 representative forthwith, notwithstanding the provisions
23 of section 10.

1 Sec. 10. Custody, disposition, and return of security.
2 Security deposited in compliance with the requirements of
3 sections 4, 5, 6, 7, 8, 9, 10 and 11 shall be placed by the
4 commissioner in the custody of the state treasurer and shall
5 be applicable only to the payment of a judgment or judgments
6 rendered against the person or persons on whose behalf the
7 deposit was made, for damages arising out of the accident
8 in question in an action at law, begun not later than one
9 (1) year after the date of such accident, or within one (1)
10 year after the date of deposit of any security under
11 subdivision 3 of section 7, and such deposit or any balance
12 thereof shall be returned to the depositor or his personal
13 representative when evidence satisfactory to the commissioner
14 has been filed with him that there has been a release from
15 liability, or a final adjudication of nonliability, or a
16 warrant for confession of judgment, or a duly acknowledged
17 agreement, in accordance with subdivision 4 of section 6,
18 or whenever, after the expiration of one (1) year from the
19 date of the accident, or within one (1) year after the date
20 of deposit of any security under subdivision 3 of section 7,
21 the commissioner shall be given reasonable evidence that
22 there is no such action pending and no judgment rendered
23 in such action left unpaid.

1 Sec. 11. Matters not to be evidence in civil suits.
2 Neither the report required by section 4, the action taken
3 by the commissioner pursuant to sections 4, 5, 6, 7, 8, 9,

4 10 and 11, the findings, if any, of the commissioner upon
5 which action is based, nor the security filed as provided
6 in sections 4, 5, 6, 7, 8, 9, 10 and 11 shall be referred
7 to in any way, or be any evidence of the negligence or due
8 care of either party, at the trial of any action at law
9 to recover damages.

Proof of Financial Responsibility for the Future

1 Sec. 12. Courts to report nonpayment of judgments.
2 (a) Whenever any person fails within sixty (60) days to
3 satisfy any judgment, it shall be the duty of the clerk of
4 the court, or of the judge of a court which has no clerk,
5 in which any such judgment is rendered within this state,
6 to forward to the commissioner immediately after the
7 expiration of said sixty (60) days, a certified copy of
8 such judgment.
9 (b) If the defendant named in any certified copy of a
10 judgment reported to the commissioner is a nonresident, the
11 commissioner shall transmit a certified copy of the judgment
12 to the official in charge of the issuance of licenses and
13 registration certificates of the state of which the defendant
14 is a resident.

1 Sec. 13. Suspension for nonpayment of judgments—
2 exceptions. (a) The commissioner upon receipt of a certified
3 copy of a judgment, shall forthwith suspend the license and
4 registration and any nonresident's operating privilege of
5 any person against whom such judgment was rendered, except

6 as hereinafter otherwise provided in this section and in
7 section 16.
8 (b) If the judgment creditor consents in writing, in
9 such form as the commissioner may prescribe, that the judgment
10 debtor be allowed license and registration or nonresident's
11 operating privilege, the same may be allowed by the
12 commissioner, in his discretion, for six (6) months from the
13 date of such consent and thereafter until such consent is
14 revoked in writing, notwithstanding default in the payment
15 of such judgment, or of any installments thereof prescribed
16 in section 16, provided the judgment debtor furnishes proof
17 of financial responsibility.
18 (c) Any person whose license, registration, or
19 nonresident's operating privilege has been suspended or is
20 about to be suspended or shall become subject to suspension
21 under the provisions of sections 12, 13, 14, 15, 16, 17, 18,
22 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 may be relieved
23 from the effect of such judgment as hereinbefore prescribed
24 in sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23,
25 24, 25, 26, 27, 28 and 29 by filing with the commissioner an
26 affidavit stating that at the time of the accident upon which
27 such judgment has been rendered the affiant was insured, that
28 the insurer is liable to pay such judgment, and the reason,
29 if known, why such insurance company has not paid such
30 judgment. Such a person shall also file the original policy
31 of insurance or a certified copy thereof, if available, and

32 such other documents as the commissioner may require to show
33 that the loss, injury, or damage for which such judgment was
34 rendered, was covered by such policy of insurance. If the
35 commissioner is satisfied from such papers that such insurer
36 was authorized to issue such policy of insurance at the time
37 and place of issuing such policy and that such insurer is
38 liable to pay such judgment, at least to the extent and for
39 the amounts required in this act, the commissioner shall not
40 suspend such license or registration or nonresident's operating
41 privilege, or if already suspended shall reinstate them.

1 Sec. 14. Suspension to continue until judgments paid
2 and proof given. (a) Such license, registration, and
3 nonresident's operating privilege shall remain so suspended
4 and shall not be renewed, nor shall any such license or
5 registration be thereafter issued in the name of such person,
6 including any such person not previously licensed, unless
7 and until every such judgment is satisfied in full or to
8 the extent hereinafter provided, and until the said person
9 gives proof of financial responsibility subject to the
10 exemptions stated in sections 13 and 16 of this act.

11 (b) A discharge in bankruptcy following the rendering
12 of any such judgment shall not relieve the judgment debtor
13 from any of the requirements of sections 12, 13, 14, 15, 16,
14 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29.

1 Sec. 15. Payments sufficient to satisfy requirements.
2 (a) Judgments herein referred to shall, for the purpose of

3 this act only, be deemed satisfied:

4 1. When five thousand dollars ($5,000) has been credited
5 upon any judgment or judgments rendered in excess of that
6 amount because of bodily injury to or death of one person
7 as the result of any one accident; or

8 2. When, subject to such limit of five thousand dollars
9 ($5,000) because of bodily injury to or death of one person,
10 the sum of ten thousand dollars ($10,000) has been credited
11 upon any judgment or judgments rendered in excess of that
12 amount because of bodily injury to or death of two or more
13 persons as the result of any one accident; or

14 3. When one thousand dollars ($1,000) has been credited
15 upon any judgment or judgments rendered in excess of that
16 amount because of injury to or destruction of property of
17 others as a result of any one accident;

18 (b) Provided, however, payments made in settlements
19 of any claims because of bodily injury, death, or property
20 damages arising from a motor-vehicle accident shall be
21 credited in reduction of the amounts provided for in this
22 section.

1 Sec. 16. Installment payment of judgments—default.
2 (a) A judgment debtor upon due notice to the judgment creditor
3 may apply to the court in which such judgment was rendered
4 for the privilege of paying such judgment in installments and
5 the court, in its discretion and without prejudice to any
6 other legal remedies which the judgment creditor may have,

7 may so order and fix the amounts and times of payment of
8 the installments.
9 (b) The commissioner shall not suspend a license
10 registration, or nonresident's operating privilege, and
11 shall restore any license, registration, or non resident's
12 operating privilege suspended following nonpayment of a
13 judgment, when the judgment debtor gives proof of financial
14 responsibility and obtains such an order permitting the
15 payment of such judgment in installments, and while the
16 payment of any said installment is not in default.
17 (c) In the event the judgment debtor fails to pay any
18 installment as specified by such order, then upon notice of
19 such default, the commissioner shall forthwith suspend the
20 license, registration, or nonresident's operating privilege
21 of the judgment debtor until such judgment is satisfied, as
22 provided in this act.
1 Sec. 17. Proof required upon certain convictions.
2 (a) Whenever the commissioner, under any law of this state,
3 suspends or revokes the license of any person upon receiving
4 record of a conviction or a forfeiture of bail, the
5 commissioner shall also suspend the registration for all
6 motor vehicles registered in the name of such person, except
7 that he shall not suspend such registration, unless otherwise
8 required by law, if such person has previously given or
9 shall immediately give and thereafter maintain proof of
10 financial responsibility with respect to all motor vehicles

11 registered by such person.

12 (b) Such license and registration shall remain suspended
13 or revoked and shall not at any time thereafter be renewed
14 nor shall any license be thereafter issued to such person,
15 nor shall any motor vehicle be thereafter registered in the
16 name of such person until permitted under the motor-vehicle
17 laws of this state and not then unless and until he shall
18 give and thereafter maintain proof of financial responsibility.

19 (c) If a person is not licensed, but by final order or
20 judgment is convicted of or forfeits any bail or collateral
21 deposited to secure an appearance for trial for any offense
22 requiring the suspension or revocation of license, or for
23 operating a motor vehicle upon the highways without being
24 licensed to do so, or for operating an unregistered motor
25 vehicle upon the highways, no license shall be thereafter
26 issued to such person and no motor vehicle shall continue
27 to be registered or thereafter be registered in the name
28 of such person until he shall give and thereafter maintain
29 proof of financial responsibility.

30 (d) Whenever the commissioner suspends or revokes a
31 nonresident's operating privilege by reason of a conviction
32 or forfeiture of bail, such privilege shall remain so
33 suspended or revoked unless such person shall have previously
34 given or shall immediately give and thereafter maintain proof
35 of financial responsibility.

1 Sec. 18. Alternate methods of giving proof. Proof of

2 financial responsibility when required under this act may be
3 given by filing:
4 1. A certificate of insurance as provided in section 19
5 or section 20; or
6 2. A bond as provided in section 24; or
7 3. A certificate of deposit of money or securities as
8 provided in section 25.
1 Sec. 19. Certificate of insurance as proof. (a) Proof
2 of financial responsibility may be furnished by filing with
3 the commissioner the written certificate of any insurance
4 carrier duly authorized to do business in this state
5 certifying that there is in effect a motor-vehicle liability
6 policy for the benefit of the person required to furnish
7 proof of financial responsibility. Such certificate shall
8 give the effective date of such motor-vehicle liability
9 policy, which date shall be the same as the effective date
10 of the certificate, and shall designate by explicit
11 description or by appropriate reference all motor vehicles
12 covered thereby, unless the policy is issued to a person
13 who is not the owner of a motor vehicle.
14 (b) No motor vehicle shall be or continue to be
15 registered in the name of any person required to file proof
16 of financial responsibility unless such motor vehicle is so
17 designated in such a certificate.
1 Sec. 20. Certificate furnished by nonresident as proof.
2 (a) The nonresident owner of a motor vehicle not registered

3 in this state may give proof of financial responsibility by
4 filing with the commissioner a written certificate or
5 certificates of an insurance carrier authorized to transact
6 business in the state in which the motor vehicle, or motor
7 vehicles, described in such certificate is registered, or
8 if such nonresident does not own a motor vehicle, then in
9 the state in which the insured resides, provided such
10 certificate otherwise conforms with the provisions of this
11 act, and the commissioner shall accept the same upon
12 condition that said insurance carrier complies with the
13 following provisions with respect to the policies so
14 certified:
15 1. Said insurance carrier shall execute a power of
16 attorney authorizing the commissioner to accept service on
17 its behalf of notice or process in any action arising out
18 of a motor-vehicle accident in this state.
19 2. Said insurance carrier shall agree in writing that
20 such policies shall be deemed to conform with the laws of
21 this state relating to the terms of motor-vehicle liability
22 policies issued herein.
23 (b) If any insurance carrier not authorized to transact
24 business in this state, which has qualified to furnish proof
25 of financial responsibility, defaults in any said undertakings
26 or agreements, the commissioner shall not thereafter accept
27 as proof any certificate of said carrier whether theretofore
28 filed or thereafter tendered as proof, so long as such default

29 continues.

1 Sec. 21. "Motor-vehicle liability policy" defined.

2 (a) A "motor-vehicle liability policy" as said term is used

3 in this act shall mean an owner's or an operator's policy of

4 liability insurance, certified as provided in section 19 or

5 section 20 as proof of financial responsibility, and issued,

6 except as otherwise provided in section 20, by an insurance

7 carrier duly authorized to transact business in this state,

8 to or for the benefit of the person named therein as insured.

9 (b) Such owner's policy of liability insurance:

10 1. Shall designate by explicit description or by

11 appropriate reference all motor vehicles with respect to

12 which coverage is thereby granted; and

13 2. Shall insure the person named therein and any other

14 person, as insured, using any such motor vehicle or motor

15 vehicles with the express or implied permission of such named

16 insured, against loss from the liability imposed by law for

17 damages arising out of the ownership, maintenance, or use of

18 such motor vehicle or motor vehicles within the United States

19 of America or the Dominion of Canada, subject to limits

20 exclusive of interest and costs, with respect to each such

21 motor vehicle, as follows: Five thousand dollars ($5,000)

22 because of bodily injury to or death of one person in any

23 one accident and, subject to said limit for one person, ten

24 thousand dollars ($10,000) because of bodily injury to or

25 death of two or more persons in any one accident, and one

26 thousand dollars ($1,000) because of injury to or destruction
27 of property of others in any one accident.
28 (c) Such operator's policy of liability insurance shall
29 insure the person named as insured therein against loss from
30 the liability imposed upon him by law for damages arising
31 out of the use by him of any motor vehicle not owned by him,
32 within the same territorial limits and subject to the same
33 limits of liability as are set forth above with respect to
34 an owner's policy of liability insurance.
35 (d) Such motor-vehicle liability policy shall state the
36 name and address of the named insured, the coverage afforded
37 by the policy, the premium charged therefor, the policy
38 period, and the limits of liability, and shall contain an
39 agreement or be endorsed that insurance is provided thereunder
40 in accordance with the coverage defined in this act as
41 respects bodily injury and death or property damage, or both,
42 and is subject to all the provisions of this act.
43 (e) Such motor-vehicle liability policy need not insure
44 any liability under any workmen's compensation law nor any
45 liability on account of bodily injury to or death of an
46 employee of the insured while engaged in the employment,
47 other than domestic, of the insured, or while engaged in
48 the operation, maintenance, or repair of any such motor vehicle
49 nor any liability for damage to property owned by, rented to,
50 in charge of, or transported by the insured.
51 (f) Every motor-vehicle liability policy shall be subject

52 to the following provisions which need not be contained therein:
53 1. The liability of the insurance carrier with respect to
54 the insurance required by this act shall become absolute
55 whenever injury or damage covered by said motor-vehicle
56 liability policy occurs; said policy may not be canceled or
57 annulled as to such liability by any agreement between the
58 insurance carrier and the insured after the occurrence of
59 the injury or damage; no statement made by the insured or on
60 his behalf and no violation of said policy shall defeat or
61 void said policy.
62 2. The satisfaction by the insured of a judgment for
63 such injury or damage shall not be a condition precedent to
64 the right or duty of the insurance carrier to make payment
65 on account of such injury or damage.
66 3. The insurance carrier shall have the right to settle
67 any claims covered by the policy, and if such settlement is
68 made in good faith, the amount thereof shall be deductible
69 from the limits of liability specified in subdivision 2 of
70 subsection (b) of this section.
71 4. The policy, the written application therefor, if any,
72 and any rider or endorsement which does not conflict with the
73 provisions of the act shall constitute the entire contract
74 between the parties.
75 (g) Any policy which grants the coverage required for a
76 motor-vehicle liability policy may also grant any lawful
77 coverage in excess of or in addition to the coverage specified

78 for a motor-vehicle liability policy and such excess or
79 additional coverage shall not be subject to the provisions
80 of this act. With respect to a policy which grants such
81 excess or additional coverage the term "motor-vehicle liability
82 policy" shall apply only to that part of the coverage which is
83 required by this section.

84 (h) Any motor-vehicle liability policy may provide that
85 the insured shall reimburse the insurance carrier for any
86 payment the insurance carrier would not have been obligated
87 to make under the terms of the policy except for the
88 provisions of this act.

89 (i) Any motor-vehicle liability policy may provide for
90 the prorating of the insurance thereunder with other valid
91 and collectible insurance.

92 (j) The requirements for a motor-vehicle liability
93 policy may be fulfilled by the policies of one or more
94 insurance carriers which policies together meet such
95 requirements.

96 (k) Any binder issued pending the issuance of a
97 motor-vehicle liability policy shall be deemed to fulfill
98 the requirements for such a policy.

1 Sec. 22. Notice of cancelation or termination of
2 certified policy. When an insurance carrier has certified
3 a motor-vehicle liability policy under section 19 or section
4 20, the insurance so certified shall not be canceled or
5 terminated until at least ten (10) days after a notice of

6 cancelation or termination of the insurance so certified
7 shall be filed in the office of the commissioner, except
8 that such a policy subsequently procured and certified shall,
9 on the effective date of its certification, terminate the
10 insurance previously certified with respect to any motor-vehicle
11 designated in both certificates.

1 Sec. 23. Act not to affect other policies. (a) This
2 act shall not be held to apply to or affect policies of
3 automobile insurance against liability which may now or
4 hereafter be required by any other law of this state, and
5 such policies, if they contain an agreement or are endorsed
6 to conform with the requirements of this act, may be certified
7 as proof of financial responsibility under this act.

8 (b) This act shall not be held to apply to or affect
9 policies insuring solely the insured named in the policy
10 against liability resulting from the maintenance or use by
11 persons in the insured's employ or on his behalf of motor
12 vehicles not owned by the insured.

1 Sec. 24. Bond as proof. (a) Proof of financial
2 responsibility may be evidenced by the bond of a surety
3 company duly authorized to transact business within this
4 state, or a bond with at least two individual sureties each
5 owning real estate within this state, and together having
6 equities equal in value to at least twice the amount of the
7 bond, which real estate shall be scheduled in the bond
8 approved by a judge of a court of record, which said bond

9 shall be conditioned for payment of the amounts specified
10 in subsection 10 of section 1. Such bond shall be filed
11 with the commissioner and shall not be cancelable except
12 after ten (10) days written notice to the commissioner.
13 Such bond shall constitute a lien in favor of the state upon
14 the real estate so scheduled of any surety, which lien shall
15 exist in favor of any holder of a final judgment against the
16 person who has filed such bond, for damages, including damages
17 for care and loss of services, because of bodily injury to or
18 death of any person, or for damage because of injury to or
19 destruction of property, including the loss of use thereof,
20 resulting from the ownership, maintenance, use, or operation
21 of a motor vehicle after such bond was filed, upon the filing
22 of notice to that effect by the commissioner in the office of
23 the proper clerk or court of the county where such real
24 estate shall be located. Any individual surety so scheduling
25 real estate security shall furnish satisfactory evidence of
26 title thereto and the nature and extent of all encumbrances
27 thereon and the value of the surety's interest therein, in
28 such manner as the judge of the court of record approving
29 the bond may require. The notice filed by the commissioner
30 shall, in addition to any other matters by him deemed to be
31 pertinent, contain a legal description of the real estate so
32 scheduled, the name of the holder of the record title, the
33 amount for which it stands as security, and the name of the
34 person in whose behalf proof is so being made. Upon the

35 filing of such notice the clerk of the court of such county
36 shall retain the same as part of the records of such court
37 and enter upon the encumbrance book the date and hour of
38 filing, the name of the surety, the name of the record title
39 holder, the description of the real estate, and the further
40 notation that a lien is charged on such real estate pursuant
41 to the notice filed hereunder. From and after the entry of
42 the foregoing upon the encumbrance book all persons whomsoever
43 shall be charged with notice thereof.
44 (b) If such a judgment, rendered against the principal
45 on such bond shall not be satisfied within sixty (60) days
46 after it has become final, the judgment creditor may, for his
47 own use and benefit and at his sole expense, bring an action
48 or actions in the name of the state against the company or
49 persons executing such bond, including an action or proceeding
50 to foreclose any lien that may exist upon the real estate of a
51 person who has executed such bond. An action to foreclose any
52 lien upon real estate scheduled by any surety under the
53 provisions of this act shall be by equitable proceeding in
54 the same manner as is provided for the foreclosure of real
55 estate mortgages.
1 Sec. 25. Money or securities as proof. (a) Proof of
2 financial responsibility may be evidenced by the certificate
3 of the state treasurer that the person named therein has
4 deposited with him eleven thousand dollars ($11,000) in cash,
5 or securities such as may legally be purchased by savings

6 banks or for trust funds of a market value of eleven thousand
7 dollars ($11,000). The state treasurer shall not accept any
8 such deposit and issue a certificate therefor and the
9 commissioner shall not accept such certificate unless
10 accompanied by evidence that there are no unsatisfied
11 judgments of any character against the depositor in the
12 county where the depositor resides.
13 (b) Such deposit shall be held by the state treasurer
14 to satisfy, in accordance with the provisions of this act,
15 any execution on a judgment issued against such person making
16 the deposit, for damages, including damages for care and loss
17 of services, because of bodily injury to or death of any
18 person, or for damages because of injury to or destruction
19 of property, including the loss of use thereof, resulting
20 from the ownership, maintenance, use, or operation of a
21 motor vehicle after such deposit was made. Money or securities
22 so deposited shall not be subject to attachment or execution
23 unless such attachment or execution shall arise out of a suit
24 for damages as aforesaid.
1 Sec. 26. Owner may give proof for others. Whenever any
2 person required to give proof of financial responsibility
3 hereunder is or later becomes an operator in the employ of
4 any owner, or is or later becomes a member of the immediate
5 family or household of the owner, the commissioner shall accept
6 proof given by such owner in lieu of proof by such other person
7 to permit such other person to operate a motor vehicle for

8 which the owner has given proof as herein provided. The
9 commissioner shall designate the restrictions imposed by
10 this section on the face of such person's license.

1 Sec. 27. Substitution of proof. The commissioner shall
2 consent to the cancelation of any bond or certificate of
3 insurance or the commissioner shall direct and the state
4 treasurer shall return any money or securities to the person
5 entitled thereto upon the substitution and acceptance of
6 other adequate proof of financial responsibility pursuant
7 to this act.

1 Sec. 28. Other proof may be required. Whenever any
2 proof of financial responsibility filed under the provisions
3 of this act no longer fulfills the purposes for which required,
4 the commissioner shall for the purpose of this act, require
5 other proof as required by this act and shall suspend the
6 license and registration or the nonresident's operating
7 privilege pending the filing of such other proof.

1 Sec. 29. Duration of proof—when proof may be canceled
2 or returned. (a ) The commissioner shall upon request consent
3 to the immediate cancelation of any bond or certificate of
4 insurance, or the commissioner shall direct and the state
5 treasurer shall return to the person entitled thereto any
6 money or securities deposited pursuant to this act as proof
7 of financial responsibility, or the commissioner shall waive
8 the requirement of filing proof, in any of the following
9 events:

10 1. At any time after three (3) years from the date such
11 proof was required when, during the three (3) year period
12 preceding the request, the commissioner has not received
13 record of a conviction or a forfeiture of bail which would
14 require or permit the suspension or revocation of the license,
15 registration, or nonresident's operating privilege of the
16 person by or for whom such proof was furnished; or
17 2. In the event of the death of the person on whose behalf
18 such proof was filed or the permanent incapacity of such
19 person to operate a motor vehicle; or
20 3. In the event the person who has given proof surrenders
21 his license and registration to the commissioner;
22 (b) Provided, however, that the commissioner shall not
23 consent to the cancelation of any bond or the return of any
24 money or securities in the event any action for damages upon
25 a liability covered by such proof is then pending or any
26 judgment upon any such liability is then unsatisfied, or in
27 the event the person who has filed such bond or deposited
28 such money or securities has within one (1) year immediately
29 preceding such request been involved as an operator or owner
30 in any motor-vehicle accident resulting in injury or damage
31 to the person or property of others. An affidavit of the
32 applicant as to the nonexistence of such facts, or that he
33 has been released from all of his liability, or has been
34 finally adjudicated not to be liable, for such injury or
35 damage, shall be sufficient evidence thereof in the absence

36 of evidence to the contrary in the records of the commissioner.
37 (c) Whenever any person whose proof has been canceled or
38 returned under subdivision 3 of this section applies for a
39 license or registration within a period of three (3) years
40 from the date proof was originally required, any such
41 application shall be refused unless the applicant shall
42 re-establish such proof for the remainder of such three (3)
43 year period.

Violation of Provisions of Act—Penalties

1 Sec. 30. Transfer of registration to defeat purpose
2 of act prohibited. This act shall not prevent the owner of
3 a motor vehicle, the registration of which has been suspended
4 hereunder, from effecting a bona fide sale of such motor
5 vehicle to another person whose rights or privileges are
6 not suspended under this act nor prevent the registration
7 of such motor vehicle by such transferee. This act shall not
8 in any wise affect the rights of any conditional vendor,
9 chattel mortgagee, or lessor of a motor vehicle registered
10 in the name of another as owner who becomes subject to the
11 provisions of this act.

1 Sec. 31. Surrender of license and registration. Any
2 person whose license or registration shall have been suspended
3 as herein provided, or whose policy of insurance or bond, when
4 required under this act, shall have been canceled or terminated,
5 or who shall neglect to furnish other proof upon request of the
6 commissioner shall immediately return his license and

7 registration to the commissioner. If any person shall fail
8 to return to the commissioner the license or registration as
9 provided herein, the commissioner shall forthwith direct any
10 peace officer to secure possession thereof and to return the
11 same to the commissioner.

1 Sec. 32. Other violations—penalties. (a) Any person
2 whose license or registration or nonresident's operating
3 privilege has been suspended or revoked under this act and
4 who, during such suspension or revocation drives any motor
5 vehicle upon any highway or knowingly permits any motor vehicle
6 owned by such person to be operated by another upon any
7 highway, except as permitted under this act, shall be fined
8 not more than five hundred dollars ($500) or imprisoned not
9 exceeding six (6) months, or both.

10 (b) Any person willfully failing to return license or
11 registration as required in section 31 shall be fined not
12 more than five hundred dollars ($500) or imprisoned not to
13 exceed thirty (30) days, or both.

14 (c) Any person who shall forge or, without authority,
15 sign any notice provided for under section 5 that a policy
16 or bond is in effect, or any evidence of proof of financial
17 responsibility, or who files or offers for filing any such
18 notice or evidence of proof knowing or having reason to
19 believe that it is forged or signed without authority, shall
20 be fined not more than one thousand dollars ($1,000) or
21 imprisoned not more than one (1) year, or both.

22 (d) Any person who shall violate any provision of this
23 act for which no penalty is otherwise provided shall be fined
24 not more than five hundred dollars ($500) or imprisonment not
25 more than ninety (90) days, or both.

General Provisions

1 Sec. 33. Exceptions. This act shall not apply with
2 respect to any motor vehicle owned by the United States,
3 this state or any political subdivision of this state or any
4 municipality therein; nor, except for sections 4 and 26 of
5 this act, with respect to any motor vehicle which is subject
6 to the requirements of section three hundred twenty-five point
7 twenty-six (325.26) and section three hundred twenty-seven
8 point fifteen (327.15), Code 1946.

1 Sec. 34. Self-insurers. (a) Any person in whose name
2 more than twenty-five (25) motor vehicles are registered may
3 qualify as a self-insurer by obtaining a certificate of
4 self-insurance issued by the commissioner as provided in
5 subsection (b) of this section.

6 (b) The commissioner may, in his discretion, upon the
7 application of such a person, issue a certificate of
8 self-insurance when he is satisfied that such person is
9 possessed and will continue to be possessed of ability to pay
10 judgments obtained against such person.

11 (c) Upon not less than five (5) days' notice and a hearing
12 pursuant to such notice, the commissioner may upon reasonable
13 grounds cancel a certificate of self-insurance. Failure to

14 pay any judgment within thirty (30) days after such judgment
15 shall have become final shall constitute a reasonable ground
16 for the cancelation of a certificate of self-insurance.

1 Sec. 35. Sections three hundred twenty-one point two
2 hundred seventy-five (321.275), three hundred twenty-one
3 point two hundred seventy-six (321.276), three hundred
4 twenty-one point two hundred seventy-seven (321.277), three
5 hundred twenty-one point two hundred seventy-eight (321.278)
6 and three hundred twenty-one point two hundred seventy-nine
7 (321.279) of chapter three hundred twenty-one (321), Code
8 1946, are hereby repealed except with respect to any accident
9 or judgment arising therefrom or violation of the motor-vehicle
10 laws of this state occurring prior to the effective date of
11 this act.

1 Sec. 36. Past application of act. This act shall not
2 apply with respect to any accident, or judgment arising
3 therefrom, or violation of the motor-vehicle laws of this
4 state, occurring prior to the effective date of this act.

1 Sec. 37. Act not to prevent other process. Nothing in
2 this act shall be construed as preventing the plaintiff in
3 any action at law from relying for relief upon the other
4 processes provided by law.

1 Sec. 38. Uniformity of interpretation. This act shall
2 be so interpreted and construed as to effectuate its general
3 purpose to make uniform the laws of those states which enact it.

1 Sec. 39. Constitutionality. If any part or parts of this

2 act shall be held unconstitutional, such unconstitutionality

3 shall not affect the validity of the remaining parts of this

4 act. The legislature hereby declares that it would have passed

5 the remaining parts of this act if it had known that such part

6 or parts thereof would be declared unconstitutional.

1 Sec. 40. Title of act. This act may be cited as the

2 motor-vehicle safety responsibility act.

EXPLANATION OF H. F. 96

This bill is known as the uniform safety responsibility act and has been prepared by the National Conference on Street and Highway Safety. It represents the work of expert draftsmen. It has been adopted in at least fifteen states. Its adoption is pending in others.

The provisions of the code found in sections three hundred twenty-one point two hundred seventy-five (321.275) to three hundred twenty-one point two hundred seventy-nine (321.279) inclusive were adopted to deal with the problem of securing persons lawfully and properly using the highway some measure of protection from the financially irresponsible and careless driver. Those sections have been in force since 1929, but have been found to be inadequate for the purpose intended by the legislature.

This bill is proposed to enact a substitute which in other states has given more adequate protection to the innocent public. The safety responsibility act avoids the objections to compulsory insurance, but at the same time has had the effect in states where adopted, of securing voluntary coverage by the great majority of drivers.

In Iowa only a small per cent of the automobiles using the highway are covered by liability insurance. This situation has all too frequently left persons, wholly without fault, without any effective remedy to secure payment of damage to their person or property.

Fundamentally the objection to the present law is this: A financially irresponsible and careless driver can inflict severe damage upon an innocent user of the highway and still continue to operate his car until such time, if ever, the injured person secures a judgment and for sixty (60) days thereafter. The penalty then provided upon suspension of his license is very mild for continuing to operate his car without a license, and experience shows this encourages the law to be flouted. In addition to that, having satisfied the judgment he is at liberty to go again upon the highway and repeat the performance without any protection to the public.

Under the provisions of this bill upon the occurrence of an accident wherein injury is done to the person or damage to the property of another in an amount greater than fifty dollars ($50) all drivers of automobiles involved in such accident are required to guarantee the payment of damages within reasonable limits of the law, or their licenses will be suspended within ten (10) days and continue suspended until such drivers have (1) secured the payment of any damages awarded for injuries inflicted, and (2) furnished proof of their continuing responsibility in the future. The requirements in respect to the amount of bond and insurance have been found to be entirely reasonable.

Under this bill no one is required to carry insurance, if he elects not to do so, but if he inflicts injuries upon the person or property of another, it is only proper that he should then be required as a condition for using the highway to protect the public against the consequences of his own wrong.