

Motor Vehicle Division Information Memo # 23-10

Chapter 640, driver's license issuance, administrative rules update

DATE: May 9, 2023

FROM: Kathleen Meradith-Eyers, MVD Director of Operations and Policy

TO: All Motor Vehicle Division staff, county treasurer staff who issue driver's licenses and nonoperator identification cards

SUBJECT

This informational memo explains updates to administrative rule chapter 640, financial responsibility.

SUMMARY

MVD reviews each administrative rule chapter every 5 years for any updates, revisions, or clarifications needed. Chapter 640, financial responsibility, was recently reviewed in consultation with division staff and stakeholders. Several changes were identified to align the rule with existing legal authority and department practice and to remove several outdated and obsolete requirements. Specifically, the revised rule makes the following changes:

- **Timeframe to initiate accident suspensions:** the rule expands what types of documentation qualifies as a "report of a motor vehicle accident" under Iowa Code section 321A.5(1) requiring the department to initiate suspension procedures for an uninsured vehicle owner or operator (SUS19, SUS90, or SUS119). Under the clarified rule, all of the following are considered a "report of a motor vehicle accident" and will allow the MVD accidents team to initiate a suspension within 60 days of receipt of:
 - a new or amended accident report submitted by a law enforcement officer or party to the accident (or an insurance company/collection agency authorized to make such a report via form 433002)
 - any supplemental accident report submitted by a party to the accident or law enforcement officer
 - proof of transfer of ownership of a vehicle involved in the accident that occurred prior to the date of the accident
 - proof of identity of a driver incorrectly identified in an initial accident report
 - proof of loss submitted by an insurance carrier (or collection agency acting on behalf of an insurance carrier)
- **Refunding security deposits:** the rule clarifies that security can be refunded upon submission of the applicable form only after one year has elapsed from the date of the accident, and that upon receipt of the form, MVD may confirm with the district court that no court action has been initiated or judgment rendered as a result of the accident prior to refunding the security to the depositor.
- **Releases signed by minors:** the rule clarifies that certain releases must be signed by the parent or legal guardian of the minor, not the minor themselves, since a release signed by a minor is not legally enforceable. Note: once the minor turns 18 (even if they had signed the form before they turned 18), it can be accepted.
- **Alternate forms:** the rule clarifies that we can accept alternate/non-DOT forms as "general releases" or agreement releases, if they contain minimum required information.
- **Affidavit of seller form revisions:** the rule adds that the Affidavit of Seller form 431125 (owner exception from security requirements due to vehicle sale) will now allow the seller to certify

under penalty of perjury that the buyer's info couldn't be obtained, and requests the seller to provide evidence to support this certification (i.e., screenshot of texts or chats), rather than requiring the affidavit to be signed by both the seller and the buyer.

- **Electronic SR-22 submission:** reiterates that paper SR-22 submissions can no longer be submitted by the insurance carrier to the DOT. However, we can and should continue to accept paper SR-22 submissions from the customer to avoid turning them away.

The administrative rule amendments are effective June 7, 2023.

LINK TO ADMINISTRATIVE RULES

<https://www.legis.iowa.gov/docs/aco/arc/7008C.pdf>

CURRENT

Administrative rule chapter 761—640 currently addresses financial responsibility requirements, but does not fully align with current department practices and does not offer certain options for customers to demonstrate compliance with accident security requirements.

NEW

As of June 7, 2023, the rules will align with current department practices related to the financial responsibility requirements and will allow increased flexibility for customers as described above.

BUSINESS IMPACT

With the exception of the MVD accidents team who will need to implement several procedural changes as a result of these rules, these changes do not have a significant impact to MVD business processes. However, it is important for staff to be aware of this administrative rule update.