

### Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 641  
“Financial Liability Coverage Cards”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 321.20B  
State or federal law(s) implemented by the rulemaking: Iowa Code sections 321.1, 321.20B,  
321A.24, 321A.25 and 321A.34

#### *Public Hearing*

A public hearing at which persons may present their views orally or in writing will be held as follows:

September 13, 2024  
2 to 2:30 p.m.

[Microsoft Teams link](#)  
Or dial: 515.817.6093  
Conference ID: 827 214 891

#### *Public Comment*

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the Department of Transportation no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Kasey Lee  
Motor Vehicle Division  
6310 SE Convenience Boulevard  
Ankeny, Iowa 50021  
Email: [kasey.lee@iowadot.us](mailto:kasey.lee@iowadot.us)

#### *Purpose and Summary*

The Department proposes to repromulgate Chapter 641 to establish requirements for financial liability coverage cards to provide uniformity and consistency for cards issued by insurers transacting business in Iowa.

#### *Analysis of Impact*

1. Persons affected by the proposed rulemaking:
  - Classes of persons that will bear the costs of the proposed rulemaking:

Any costs to comply with the rules are associated with the requirements of the underlying statute, such as the requirement to maintain and file with the Department financial liability coverage and the requirement of insurers to issue financial responsibility coverage cards that comply with the rules adopted by the Department.
  - Classes of persons that will benefit from the proposed rulemaking:

The public, law enforcement, insurance companies and other entities benefit by better understanding the requirements for financial responsibility coverage cards.
2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:
  - Quantitative description of impact:

There are no additional quantitative impacts that were not already anticipated as a result of the underlying statute.

- Qualitative description of impact:

The result of reorganizing, streamlining, and reducing redundancy in the proposed chapter will create a positive impact by producing a more user-friendly version of information the public relies on for understanding the requirements for financial liability coverage cards.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

There are no additional implementation or enforcement costs in the proposed rules that were not already required as a result of the underlying statute.

- Anticipated effect on state revenues:

There are no anticipated effects on state revenues beyond the underlying statute.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The benefit of the proposed chapter is consistency and uniformity for financial liability coverage cards issued by insurance companies in Iowa. The public, law enforcement, insurance companies, and other entities (such as car rental companies) benefit from these rules. The costs of the proposed rules are the same as the costs required by the underlying statute.

The cost of inaction is the inability for the public to quickly and efficiently understand the requirements for financial liability coverage cards.

There is no benefit of inaction.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

There is not a less costly or less intrusive method for achieving the purpose of the proposed chapter, which is to quickly and efficiently provide information to the public regarding the requirements for financial liability coverage cards.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

The Department did not consider alternatives for the proposed rules. The Iowa Code requires the Department to adopt these rules. Additionally, providing requirements and detailing processes through rules is the most effective and efficient method of providing information and managing expectations of Department customers.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

No alternatives were considered for the proposed rules.

*Small Business Impact*

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rules do not have a substantial impact on small business. The proposed rules apply equally to businesses of all sizes, and the Department has not received any feedback from the industry that the requirements are burdensome or difficult to comply with.

*Text of Proposed Rulemaking*

ITEM 1. Rescind 761—Chapter 641 and adopt the following **new** chapter in lieu thereof:

CHAPTER 641  
FINANCIAL LIABILITY COVERAGE

**761—641.1(321) Information and location.** Information, assistance, and answers to questions relating to this chapter are available by mail from the Motor Vehicle Division, Iowa Department of Transportation, P.O. Box 9204, Des Moines, Iowa 50306-9204; in person at 6310 SE Convenience Blvd., Ankeny, Iowa; by telephone at 515.244.9124; by email at [driver.services@iowadot.us](mailto:driver.services@iowadot.us); or by facsimile at 515.239.1837.

**761—641.2(321,321A) Definitions.**

*“Financial liability coverage”* means the same as defined in Iowa Code section 321.1(24B).

*“Fleet”* means five or more motor vehicles covered under an insurance policy or one or more motor vehicles covered by a bond filed under Iowa Code section 321A.24, a security certificate issued under Iowa Code section 321A.25, or a self-insurance certificate issued under Iowa Code section 321A.34.

*“Registration number”* as used in Iowa Code sections 321.20B, 321A.24(1) and 321A.25(1) means vehicle identification number.

**761—641.3(321,321A) Content of financial liability coverage card.**

**641.3(1)** A financial liability coverage card issued by an insurance company for a motor vehicle that is not insured as a part of a fleet is to contain the following information in addition to the requirements stated in Iowa Code section 321.20B(2) “a”:

- a. Policy number.
- b. Effective date of coverage.
- c. Year and make of the insured motor vehicle.
- d. The statement, “Coverage provided by this policy meets the minimum liability limits prescribed by law,” or a statement that is substantially similar.
- e. The statement, “This card must be carried in paper or electronic format in the insured motor vehicle at all times,” or a statement that is substantially similar.

**641.3(2)** A financial liability coverage card issued by an insurance company to the owner of a fleet of vehicles is to contain the following information pursuant to Iowa Code section 321.20B(2) “b”:

- a. Name of insured.
- b. Policy number.
- c. Effective and expiration dates of coverage.
- d. Either the vehicle identification number or the words “all owned vehicles” or the word “fleet.”
- e. The statement, “Coverage provided by this policy meets the minimum liability limit prescribed by law,” or a statement that is substantially similar.
- f. The statement, “This card must be carried in paper or electronic format in the insured motor vehicle at all times,” or a statement that is substantially similar.
- g. An emergency telephone number of either the insurer or the insurance agency.

**761—641.4(321,321A) Responsibilities of insurer.**

**641.4(1)** Each insurer issuing financial liability coverage in this state is to furnish a financial liability coverage card to the named insured for each motor vehicle insured for every new policy and every policy renewal issued.

**641.4(2)** The insurer is to file a true and correct sample copy of its financial liability coverage card with the department of insurance and financial services.

**761—641.5(321) Acquisition of additional or replacement motor vehicles.** A financial liability coverage card that indicates coverage for a replacement or additionally acquired motor vehicle may be used temporarily in a replacement motor vehicle for 30 days if ownership evidence as described in 761—subrule 400.19(3) is carried in the motor vehicle.

**761—641.6(321) New policies.** On new policy applications, a binder of liability coverage issued by an insurance agent authorized to conduct insurance business in this state is acceptable proof of financial liability coverage for a period of 30 days from the date of issuance of the binder.

These rules are intended to implement Iowa Code sections 321.1, 321.20B, 321A.24, 321A.25, and 321A.34.