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Referred: Commerce
and Judiciary

1 IN THE HOUSE

BY STEVENS AND JOSEPHSON

2 HOUSE BILL NO. 422

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to proof of financial
7 responsibility by owners of motor vehicles;
8 and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 28 is amended by adding a new chapter to
11 read:

12 CHAPTER 21. MOTOR VEHICLE FINANCIAL RESPONSIBILITY ACT.

13 Sec. 28.21.010. FINANCIAL RESPONSIBILITY PREREQUISITE
14 TO REGISTRATION. (a) No self-propelled motor vehicle may
15 be registered in this state unless the owner at the time of
16 registration has financial responsibility for the operation
17 of the motor vehicle, as provided in this chapter, and
18 certifies that he has the financial responsibility. The
19 owner of each motor vehicle registered in this state shall
20 maintain financial responsibility continuously throughout
21 the period of registration.

22 (b) Financial responsibility shall be a liability
23 insurance policy or a financial security bond or a financial
24 security deposit or by qualification as a self-insurer
25 as described in AS 28.20.

26 (c) When it is certified that financial responsibility
27 is a liability insurance policy, the department may require
28 that the owner produce records to prove the fact of the
29 insurance, and failure to produce the records shall be

1 prima facie evidence that no financial responsibility exists
2 with regard to the vehicle concerned and the department
3 shall revoke the owner's registration plate and suspend
4 his operator's license for 30 days. In no case shall any
5 vehicle, the registration of which has been revoked for
6 failure to have financial responsibility, be reregistered
7 in the name of the registered owner, his spouse, or any
8 child of the spouse or any child of the owner, within less
9 than 30 days after the date of receipt of the registration
10 plate and operator's license by the department. As a condi-
11 tion precedent to the reregistration of the vehicle, the
12 owner shall pay the appropriate fee for a new registration
13 plate. It is the duty of insurance companies, upon request
14 of the department, to verify the accuracy of any owner's
15 certification. Failure by an insurance company to deny
16 coverage within 20 days may be considered by the department
17 as acknowledgment that the information as submitted is
18 correct.

19 (d) When liability insurance with regard to a motor
20 vehicle is terminated by cancellation or failure to renew,
21 or the owner's financial responsibility for the operation
22 of a motor vehicle is otherwise terminated, the owner shall
23 immediately surrender the registration certificate and plates
24 of the vehicle to the department unless financial responsi-
25 bility is maintained in some other manner in compliance
26 with this chapter.

27 (e) No insurance policy provided in (d) of this sec-
28 tion may be terminated by cancellation or otherwise by the
29 insurer without having given the department notice of the

1 cancellation 15 days before the effective date of cancella-
2 tion. Where the insurance policy is terminated by the in-
3 sured the insurer shall immediately notify the department
4 that the insurance policy has been terminated. The depart-
5 ment upon receiving notice of cancellation or termination
6 of an owner's financial responsibility as required by this
7 chapter, shall notify the owner of the cancellation or term-
8 ination, and the owner shall, to retain the registration
9 plate for the vehicle registered or required to be regis-
10 tered, within 15 days from date of notice given by the
11 department, certify to the department that he has financial
12 responsibility effective on or before the date of the can-
13 cellation or termination. Failure by the owner to certify
14 that he has financial responsibility as herein required
15 shall be prima facie evidence that no financial responsi-
16 bility exists with regard to the vehicle concerned and,
17 unless the owner's registration plate has been forwarded
18 to the department, the department shall revoke the owner's
19 registration plate and suspend his operator's license for
20 30 days. In no case shall a vehicle, the registration of
21 which has been revoked for failure to have financial re-
22 sponsibility, be reregistered in the name of the registered
23 owner, his spouse, or any child of the spouse or any child
24 of the owner, within less than 30 days after the date of
25 receipt of the registration plate and operator's license
26 by the department. As a condition precedent to the re-
27 registration of the vehicle, the owner shall pay the ap-
28 propriate fee for a new registration plate.

29 Sec. 28.21.020. TERMINATION OF INSURANCE. (a) No

1 contract of insurance or renewal thereof may be terminated
2 by cancellation or failure to renew by the insurer until
3 at least 15 days after mailing a notice of termination by
4 certificate of mailing to the named insured at the latest
5 address filed with the insurer by or on behalf of the
6 policyholder. The face of the envelope containing the
7 notice shall be prominently marked with the words "Important
8 Insurance Notice." Time of the effective date and hour of
9 termination stated in the notice shall become the end of
10 the policy period. Every notice of termination for any
11 cause whatsoever sent to the insured shall include on the
12 face of the notice a statement that financial responsibility
13 is required to be maintained continuously throughout the
14 registration period and that operation of a motor vehicle
15 without maintaining the financial responsibility is a mis-
16 demeanor, the penalties for which are loss of license plate
17 and suspension of driver's license for 30 days, and a fine
18 or imprisonment in the discretion of the court.

19 (b) In addition, no contract of insurance which has
20 been in effect for 60 days may be terminated by cancellation
21 by the insurer unless:

22 (1) the named insured fails to discharge when
23 due any of his obligations in connection with the payment
24 of premium for the policy or any installment;

25 (2) the insured violates any of the terms and
26 conditions of the policy not in conflict with the provi-
27 sions of this subsection;

28 (3) the named insured or any other operator who
29 customarily operates an automobile insured under the policy:

1 (A) has had his driver's license suspended
2 or revoked during the policy period, for more than 30
3 days, or

4 (B) is convicted of or forfeits bail, during
5 the policy period, for (i) any felony, (ii) theft of a
6 motor vehicle, or (iii) a third violation, for any one
7 operator, within a period of 18 months, of any moving
8 traffic offense.

9 (c) After the 60-day period referred to in (b) of this
10 section, a notice of cancellation from the insurer to the
11 insured shall give the statutory reason for which the can-
12 cellation is made. Compliance with this paragraph shall be
13 privileged and shall not constitute grounds for any cause of
14 action against the insurer or its representatives.

15 (d) The provisions of (b) and (c) of this section
16 shall not apply to policies of insurance issued under the
17 assigned risk plan, and shall apply only to policies of
18 insurance issued on vehicles rated as private passenger auto-
19 mobiles.

20 (e) No contract of insurance which has been in effect
21 for 60 days may be terminated by failure to renew by the
22 insurer unless:

23 (1) the insurer gives the named insured notice
24 in writing, accompanying the written notice of failure to
25 renew provided for in (a) of this section, at least 15
26 days before the proposed date of termination or failure to
27 renew

28 (A) that it proposes to terminate or fail to
29 renew the insurance contract upon such date; and

1 (B) that, upon receipt of a written request
2 from the named insured, it will immediately mail to the
3 named insured a written explanation of its actual
4 reason or reasons for terminating or failing to renew;
5 and

6 (C) that the named insured, within five days
7 after receipt of the notice, may at his option, request
8 the insurer to furnish the written explanation; and

9 (2) that, if the named insured exercises his
10 option, the insurer shall immediately, but, in any event,
11 before the proposed termination or failure to renew, mail
12 to the named insured a written explanation, giving the actual
13 reason or reasons for its failure to renew the contract
14 and the explanation shall be privileged, and shall not con-
15 stitute grounds for any cause of action against the insurer
16 or its representatives or any firm, person or corporation
17 who in good faith furnishes to the insurer the information
18 upon which the reasons are based.

19 (b) The provisions of (e) of this section shall not
20 apply to policies of liability insurance issued under the
21 assigned risk plan.

22 Sec. 28.21.030. REVOCATION OF REGISTRATION AND
23 DRIVER'S LICENSE WHEN FINANCIAL RESPONSIBILITY NOT IN
24 EFFECT. The department, upon receipt of evidence that
25 financial responsibility for the operation of any motor
26 vehicle registered or required to be registered in this
27 state is not or was not in effect at the time of operation
28 or certification that insurance was in effect, shall revoke
29 the registration of the vehicle and suspend the operator's

1 and chauffeur's licenses of the owner of the vehicle for a
2 period of 30 days. In no case shall the operator's or
3 chauffeur's license of that owner be reinstated nor shall
4 any vehicle, the registration of which has been revoked
5 for failure to have financial responsibility, be reregistered
6 in the name of the owner, his spouse or any child or spouse
7 of any child of the owner within less than 30 days after the
8 registration plates and operator's or chauffeur's license
9 have been surrendered to the department. As a condition
10 precedent to the reregistration of the vehicle the owner
11 shall pay the appropriate fee for a new registration plate.

12 Sec. 28.21.040. FAILURE OF OWNER TO DELIVER CERTIFICATE
13 OF REGISTRATION AND PLATES AFTER REVOCATION. Failure of an
14 owner to deliver the certificate of registration and regis-
15 tration plates issued by the department, after revocation as
16 provided in this chapter, shall constitute a misdemeanor.

17 Sec. 28.21.050. OPERATION OF MOTOR VEHICLE WITHOUT
18 FINANCIAL RESPONSIBILITY AS MISDEMEANOR. (a) An owner of a
19 motor vehicle registered or required to be registered in this
20 state who shall operate or permit the motor vehicle to be
21 operated in this state without having in full force and effect
22 the financial responsibility required by this chapter is
23 guilty of a misdemeanor.

24 (b) Evidence that the owner of a motor vehicle regis-
25 tered or required to be registered in this state has operated
26 or permitted the motor vehicle to be operated in this state,
27 coupled with proof of records of the department indicating
28 that the owner did not have financial responsibility appli-
29 cable to the operation of the motor vehicle in the manner

1 certified by him for purposes of sec. 10 of this chapter,
2 shall be prima facie evidence that such owner did at the time
3 and place alleged operate or permit the motor vehicle to be
4 operated without having in full force and effect the financial
5 responsibility required by this chapter.

6 Sec. 28.21.060. MAKING FALSE CERTIFICATION OR GIVING
7 FALSE INFORMATION A MISDEMEANOR. (a) An owner of a motor
8 vehicle registered or required to be registered in this
9 state who shall make a false certification concerning his
10 financial responsibility for the operation of the motor
11 vehicle is guilty of a misdemeanor.

12 (b) A person, firm, or corporation giving false infor-
13 mation to the department concerning another's financial
14 responsibility for the operation of a motor vehicle regis-
15 tered or required to be registered in this state, knowing
16 or having reason to believe that such information is false,
17 is guilty of a misdemeanor.

18 Sec. 28.21.070. APPLICABILITY OF AS 28.20. The pro-
19 visions of AS 28.20 which pertain to the method of giving
20 and maintaining proof of financial responsibility and which
21 govern and define "motor vehicle liability policy" and
22 assigned risk plans shall apply to filing and maintaining
23 proof of financial responsibility required by this chapter.
24 It is intended that the provisions of AS 28.20, relating to
25 proof of financial responsibility required of each operator
26 and each owner of a motor vehicle involved in an accident,
27 and relating to nonpayment of a judgment as defined in AS
28 28.20.630(3), shall continue in full force and effect.

29 Sec. 28.21.080. DEPARTMENT TO ADMINISTER AND MAKE

1 RULES AND REGULATIONS. The department shall administer and
2 enforce the provisions of this chapter relating to registra-
3 tion of motor vehicles and may make necessary regulations
4 for its administration.

5 Sec. 28.21.090. INSURANCE REQUIRED BY ANY OTHER LAW.
6 This chapter shall not be held to apply to or affect
7 policies of automobile insurance against liability which may
8 now or hereafter be required by any other law of this state,
9 and those policies, if they contain an agreement or are
10 endorsed to conform to the requirements of this chapter, may
11 be certified as proof of financial responsibility under
12 this chapter.

13 Sec. 28.21.100. FEDERAL, STATE AND POLITICAL SUBDIVI-
14 SION VEHICLES EXCEPTED. This chapter does not apply to any
15 motor vehicle owned by the state or by a political subdivi-
16 sion of the state nor to any motor vehicle owned by the
17 federal government.

18 Sec. 28.21.110. ADMINISTRATIVE PROCEDURES ACT. The
19 Administrative Procedures Act (AS 44.62) applies to this
20 chapter.

21 Sec. 28.21.120. DEFINITIONS. In this chapter "depart-
22 ment" means the Department of Revenue.

23 Sec. 28.21.130. SHORT TITLE. This chapter may be
24 cited as the Motor Vehicle Financial Responsibility Act.

25 * Sec. 2. This Act takes effect September 1, 1966.
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