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Referred: Commerce, Judiciary
and Finance

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1 IN THE HOUSE

2 HOUSE BILL NO. 309

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle financial security;
7 and providing for an effective date."

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

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

10 CHAPTER 18. MOTOR VEHICLE FINANCIAL SECURITY ACT.

11 Sec. 28.18.010. DECLARATION OF PURPOSE. The legislature is con-
12 cerned over the rising toll of motor vehicle accidents and the suffering
13 and loss inflicted by them. The legislature determines that it is a
14 matter of grave concern that motorists be financially responsible for
15 their negligent acts so that innocent victims of motor vehicle accidents
16 may be recompensed for the injury and financial loss inflicted upon
17 them. The legislature finds and declares that the public interest can
18 best be served by the requirement that the operator of a motor vehicle
19 show proof of financial security as a prerequisite to his exercise of
20 the privilege of operating a motor vehicle in the state.

21 Sec. 28.18.020. ADMINISTRATION. (a) The department shall admin-
22 ister and enforce this chapter and may adopt regulations necessary
23 for its administration.

24 (b) The department shall receive and consider any pertinent
25 information upon request of persons aggrieved by its orders or acts
26 under this chapter.

27 (c) The department shall prescribe and provide suitable forms
28 requisite or considered necessary to carry out this chapter.

29 Sec. 28.18.030. COURT REVIEW. An order or act of the department

1 is subject to review by appeal to the superior court in accordance with
2 the Administrative Procedure Act (AS 44.62).

3 Sec. 28.18.040. DEPARTMENT TO FURNISH OPERATING RECORD. Upon
4 request of an insurance carrier authorized to do business in the state,
5 a carrier not authorized in this state but qualified under sec. 210(c)
6 of this chapter or an interested state agency, the department shall
7 furnish a certified abstract of the operating record of a person to
8 whom this chapter applies. The abstract shall include a list of motor
9 vehicle accidents in which the person has been involved and a reference
10 to his conviction for violation of the motor vehicle laws as reported
11 to the department, and a record of vehicles registered in his name.
12 The fee for each abstract is \$1.

13 Sec. 28.18.050. REGISTRATION OF MOTOR VEHICLES. (a) No motor
14 vehicle may be registered in the state unless the application for
15 registration is accompanied by proof of financial security which shall
16 be evidenced by a certificate of insurance or evidence of a financial
17 security deposit or bond or qualification as a self-insurer under
18 sec. 110 of this chapter. However, upon application for renewal of
19 registration in a succeeding year after the initial registration, a
20 statement by the applicant that there is in effect proof of financial
21 security meets the requirement of this section.

22 (b) The owner of a motor vehicle shall maintain proof of finan-
23 cial security continuously throughout the registration period. When
24 insurance on a motor vehicle is terminated by cancellation or failure
25 to renew, the owner shall immediately surrender the registration
26 certificate and registration plates of the vehicle to the department
27 unless proof of financial security otherwise is maintained in com-
28 pliance with this chapter.

29 Sec. 28.18.060. NOTICE OF TERMINATION. (a) No contract or

1 renewal of insurance for which a certificate of insurance has been
2 filed with the department may be terminated by cancellation by the
3 insurer or by failure to renew by the insurer until at least 20 days
4 after mailing to the named insured at the address shown on the policy
5 a notice of termination, except where the cancellation is for non-
6 payment of premium, in which case 10 days notice of cancellation by
7 the insurer is sufficient. However, if another insurance contract is
8 procured, the previous insurance contract shall, as of its effective
9 date and hour, terminate the insurance previously certified with
10 respect to the motor vehicles designated in both contracts. Time of
11 the effective date and hour of termination stated in the notice shall
12 become the end of the policy period.

13 (b) A notice of termination for any reason sent to the insured
14 shall include a statement that proof of financial security is required
15 to be maintained continuously throughout the registration period and
16 that failure to maintain proof of financial security requires revoca-
17 tion of the registration of the motor vehicle, unless the registration
18 certificate and registration plates of the vehicle have been surrendered
19 to the department before the termination becomes effective.

20 (c) Notice of termination of insurance by cancellation or failure
21 to renew shall be filed by the insurer with the department not later
22 than 20 days before the effective date of the cancellation or failure
23 to renew. However, no insurer may be required to file a notice of
24 cancellation or failure to renew under this section if the insurer has
25 been advised by the department that the insurance has been suspended by
26 another insurance contract which took effect at or before the time the
27 termination became effective, or if the insured has surrendered his
28 registration certificate and registration plates to the department and
29 has delivered to the insurer a copy of the notice indicating surrender

1 at or before the time the termination became effective.

2 Sec. 28.18.070. FINANCIAL SECURITY DEPOSITS. (a) Money or
3 security delivered to the department as a financial security deposit
4 shall be placed by the department in the custody of the commissioner
5 of revenue and shall be subject to execution to satisfy a judgment
6 for damages for bodily injury or death, or injury to or destruction
7 of property, arising out of the ownership, maintenance, use or operation
8 of the motor vehicle with respect to which the deposit has been ac-
9 cepted, and subject to the same limits on amounts required by sec. 210
10 of this chapter for an owner's policy of liability insurance. If the
11 money or security is subjected to attachment or execution, the deposi-
12 tor shall immediately furnish additional money or security, not other-
13 wise subject to attachment or execution, to meet the requirements of
14 this chapter.

15 (b) The department may not accept money or security as a financial
16 security deposit unless accompanied by evidence that there are no
17 unsatisfied judgments against the depositor.

18 Sec. 28.18.080. AMOUNT OF FINANCIAL SECURITY DEPOSIT. The
19 deposit may be in the amount of \$25,000 for each motor vehicle, in cash
20 or securities which are legal investments for savings banks or trust
21 funds having a market value of \$25,000.

22 Sec. 28.18.090. FINANCIAL SECURITY BOND. Proof of financial
23 responsibility may be evidenced by the bond of a surety company
24 authorized to transact business in the state. The bond shall be
25 condition for payment of the amounts specified in sec. 210 of this
26 chapter. The bond shall be filed with the department and it may not
27 be cancelled except after 10 days written notice to the department.

28 Sec. 28.18.100. RELEASE OF FINANCIAL SECURITY BONDS OR DEPOSITS.

29 (a) The department, upon the surrender of the registration certificate

1 and registration of a motor vehicle for which a financial security bond
2 or deposit was accepted by the department, shall permit the cancellation
3 of the bond or direct that the deposit be returned by the commissioner
4 of revenue. The department may not release the bond or deposit if an
5 action for damages upon a liability referred to in this chapter is then
6 pending or a judgment on a liability is outstanding and unsatisfied, or
7 if the department has received notice that the person has, within a
8 period of one year immediately preceding, been involved as a driver in
9 a motor vehicle accident. An affidavit by the applicant of nonexistence
10 of these facts shall be sufficient evidence in the absence of evidence
11 to the contrary in the records of the department.

12 (b) The department, subject to regulations it may promulgate,
13 shall permit the form of proof of financial security acceptable under
14 this chapter to be submitted for another form of proof of financial
15 security which may already have been accepted by the department as
16 complying with the provisions of this chapter.

17 Sec. 28.18.110. SELF-INSURERS. (a) A person in whose name more
18 than 25 vehicles are registered in this state may qualify as a self-
19 insurer by obtaining a certificate of self-insurance issued by the
20 department as provided in (b) of this section.

21 (b) The department may issue a certificate of self-insurance when
22 it is satisfied that the person has and will continue to have ability
23 to pay judgments obtained against him arising out of the ownership,
24 maintenance, use or operation of any of the person's motor vehicles.

25 (c) Upon not less than 10 days notice and a hearing under the
26 notice, the department may upon reasonable grounds cancel a certificate
27 of self-insurance. Failure to pay a judgment within 30 days after
28 judgment becomes final is a reasonable ground for the cancellation of
29 a certificate of self-insurance.

1 Sec. 28.18.120. REVOCATION OF MOTOR VEHICLE REGISTRATION. The
2 department, upon receipt of evidence that proof of financial security
3 for a motor vehicle registered in the state is no longer in effect,
4 shall revoke the registration of that vehicle. No other motor vehicle
5 may be registered in the name of the person for a period of 30 days from
6 the date of revocation.

7 Sec. 28.18.130. TRANSFER OF REGISTRATION TO DEFEAT PURPOSE OF
8 CHAPTER PROHIBITED. (a) If an owner's registration is revoked under
9 this chapter, the registration may not be transferred nor the vehicle
10 registered in any other name until the department is satisfied that the
11 transfer of registration is proposed in good faith and not for the
12 purpose or with the effect of defeating the purposes of this chapter.

13 (b) This section does not affect the rights of a conditional
14 vendor, chattel mortgagee or lessor of the vehicle registered in the
15 name of another as owner who becomes subject to this chapter.

16 (c) The department shall revoke the registration of a vehicle
17 transferred in violation of this section.

18 Sec. 28.18.140. EFFECT OF SURRENDER OF REGISTRATION BEFORE
19 TERMINATION OF INSURANCE. Revocation of motor vehicle registration
20 may not be made under sec. 120 of this chapter on the basis of a lapse
21 or termination of insurance if the registration certificate and regis-
22 tration plates of the motor vehicle are surrendered before the termina-
23 tion of insurance becomes effective.

24 Sec. 28.18.150. REMOVAL OF MOTOR VEHICLE FROM THE UNITED STATES
25 OR CANADA. Revocation of motor vehicle registration may not be made
26 under sec. 120 of this chapter on the basis of a lapse or termination
27 of insurance if the motor vehicle has been, or will be, before the
28 date of the insurance lapse or termination, removed from the United
29 States and the Dominion of Canada for the purpose of international

1 traffic, provided that the owner of the motor vehicle, before the date
2 of the lapse or termination, has filed with the department a statement,
3 in a form prescribed by the department, indicating that the vehicle has
4 been, or will be, removed, and agreeing to notify the department im-
5 mediately upon return of the vehicle to the United States or the
6 Dominion of Canada. Upon receipt of the statement, the department
7 shall restrict the use of the registration to international traffic
8 until new proof of financial security has been secured for the vehicle.

9 Sec. 28.18.150. OPERATION OF VEHICLE REGISTERED IN STATE OR UN-
10 REGISTERED WITHOUT PROOF OF FINANCIAL SECURITY. (a) The department,
11 upon receipt of evidence that the owner of a motor vehicle registered
12 in the state, or an unregistered motor vehicle, has operated or per-
13 mitted the motor vehicle to be operated on the public highways of this
14 or any other state while proof of financial security was not in effect
15 on the vehicle, shall revoke the motor vehicle registration, if any,
16 and suspend the operator's license of the owner.

17 (b) The department, upon receipt of evidence that a person other
18 than the owner has operated a motor vehicle registered in the state,
19 or an unregistered motor vehicle, with knowledge that proof of financial
20 security was not in effect on the vehicle, shall suspend the operator's
21 license of the person, or if he is a nonresident, the nonresident
22 driving privilege of the person. This subsection does not apply to a
23 person who at the time of operation of the vehicle had in effect an
24 operator's policy of liability insurance covering his operation of the
25 vehicle.

26 Sec. 28.18.170. OPERATION OF VEHICLE NOT REGISTERED IN STATE
27 WITHOUT PROOF OF FINANCIAL SECURITY. (a) The department, upon receipt
28 of evidence that the owner of a motor vehicle not registered in the
29 state has operated the motor vehicle or permitted it to be operated,

1 in the state while proof of financial security was not in effect on
2 the vehicle, shall suspend the owner's privilege to operate a motor
3 vehicle in the state and the privilege of the operation in the state
4 of a motor vehicle owned by him.

5 (b) The department, upon receipt of evidence that a person, other
6 than the owner, has operated a motor vehicle in the state which is not
7 registered in the state, with knowledge that proof of financial security
8 was not in effect on the vehicle, shall suspend the operator's license
9 of the person, or if he is a nonresident, the nonresident driving
10 privilege of the person. This subsection does not apply to a person
11 who at the time of operation of the vehicle had in effect an operator's
12 policy of liability insurance covering his operation of the vehicle.

13 Sec. 28.18.180. NOTICE OF REVOCATION OR SUSPENSION. Notice of
14 revocation or suspension under this chapter may be given to the owner
15 of a vehicle registered in the state or to a driver licensed in the
16 state by mailing the notice of revocation or suspension to the owner
17 or licensee at the address contained in the registration card for the
18 vehicle owned by the person or to the address contained in his
19 operator's license.

20 Sec. 28.18.190. PENALTY FOR FAILURE TO SURRENDER REGISTRATION OR
21 LICENSE. The willful failure of an owner or licensee to deliver his
22 registration certificate, registration plates or operator's license
23 to the department after notice of revocation, suspension or termination
24 or as provided in sec. 50(b) of this chapter is a misdemeanor.

25 Sec. 28.18.200. DURATION OF SUSPENSION OR REVOCATION. (a) Un-
26 less a suspension or revocation is terminated under other provisions of
27 this chapter, an order of suspension or revocation by the department
28 remains in effect until terminated and no license may be renewed or
29 issued or registration issued to a person whose license or registration

1 is suspended or revoked until

2 (1) a period of 30 days has elapsed since the date of
3 revocation, suspension or termination; and

4 (2) the person has filed proof of financial security in
5 accordance with the provisions of sec. 50 of this chapter.

6 Sec. 28.18.210. OWNER'S POLICY OF LIABILITY INSURANCE. (a) An
7 owner's policy of liability insurance is a policy affording coverage
8 as defined in minimum provisions prescribed by regulation by the
9 department. Every owner's policy of liability insurance shall provide
10 insurance, subject to the regulations of the department, against loss
11 from the liability imposed by law for damages, including damages for
12 care and loss of services, because of bodily injury to or death of a
13 person and injury to or destruction of property arising out of the
14 ownership, maintenance, use or operation of a motor vehicle in the
15 state, another state in the United States or the Dominion of Canada.
16 The policy shall be subject to a limit, exclusive of interest and costs,
17 of not less than \$15,000 because of bodily injury to or death of one
18 person in any one accident and, subject to the same limit for one
19 person, to a limit of not less than \$30,000 because of bodily injury to
20 or death of two or more persons in any one accident, and if the accident
21 has resulted in injury to, or destruction of, property to a limit of
22 not less than \$5,000 because of injury to or destruction of property
23 of others in any one accident.

24 (b) An insurer authorized to issue an owner's policy of liability
25 insurance as provided for in this chapter may, pending the issue of a
26 liability policy, make an agreement to be known as a binder, or may,
27 in lieu of a liability policy, issue a renewal endorsement or evidence
28 of renewal of an existing policy. Binders, renewal endorsements and
29 evidences of renewal provide indemnity in the same manner and to the

1 same extent as a liability policy and the provisions of the chapter
2 apply to them in the same manner as to a policy of liability.

3 (c) No policy of liability insurance is effective under this
4 chapter with respect to a vehicle not registered in the state or
5 vehicle which was registered elsewhere than in the state at the effec-
6 tive date of the policy or the most recent renewal of it, unless the
7 insurance company issuing the policy is authorized to do business in
8 the state, or if the company is not authorized to do business in the
9 state, unless it executes a power of attorney authorizing the commis-
10 sioner of public safety to accept service on its behalf of notice or
11 process in an action on the policy arising out of an accident and files
12 a statement declaring that its policies shall be considered to be varied
13 to comply with the requirements of this chapter.

14 (d) The owner's liability policy need not insure liability under
15 a workmen's compensation law nor liability for damage to property
16 owned by, rented to, in charge of or transported by the insured.

17 (e) Every owner's liability policy is subject to the following
18 provisions but these provisions need not be contained in the policy.

19 (1) The liability of the insurance carrier becomes absolute
20 whenever injury or damage covered by the policy occurs, the policy may
21 not be cancelled or annulled as to this liability after the occurrence
22 of the injury or damage; no statement made by the insured or on his
23 behalf and no violation of the policy defeats or voids the policy.

24 (2) The satisfaction by the insured of a judgment for injury
25 or damages is not a condition precedent to the right or duty of the
26 insurance carrier to make payment on account of injury or damage.

27 (3) The insurance carrier may settle a claim covered by the
28 policy, and if settlement is made in good faith, the amount of settle-
29 ment is deductible from the limits of liability specified in (a) of

1 this section.

2 (4) The policy, the written application for the policy, if
3 any, and every rider or endorsement which does not conflict with the
4 provisions of this chapter constitute the entire contract between the
5 parties.

6 (f) A policy which grants the coverage required for an owner's
7 liability policy may also grant lawful coverage in excess of or in
8 addition to the coverage specified for a policy and the excess or
9 additional coverage is not subject to the provisions of this chapter.
10 With respect to a policy which grants excess or additional coverage
11 the term "owner's liability policy" applies only to that part of the
12 coverage which is required by this section.

13 (g) An owner's liability policy may provide that the insured shall
14 reimburse the insurance carrier for any payment the insurance carrier
15 would not have been obligated to make under the terms of the policy
16 except for the provisions of this chapter.

17 (h) An owner's liability policy may provide for proration of the
18 insurance with other valid and collectible insurance.

19 Sec. 28.18.220. OPERATOR'S POLICY OF LIABILITY INSURANCE. An
20 operator's policy of liability insurance is a policy issued by an
21 insurance carrier authorized to transact business in the state which
22 shall insure the person named as insured, against loss from the liability
23 imposed on him by law for damages, including damages for care and loss
24 of services, because of bodily injury to or death of any person and
25 injury to or destruction of property arising out of the use by him of
26 a motor vehicle not owned by him, subject to the same minimum provisions
27 and approval required by sec. 210 of this chapter providing for an
28 owner's policy of liability insurance. A nonresident may be covered
29 by an operator's policy of liability insurance issued by a nonadmitted

1 insurance carrier provided that the requirements of this chapter pro-
2 viding for the issuance of an owner's policy of liability insurance
3 have been met by the carrier.

4 Sec. 28.18.230. CERTIFICATE OF INSURANCE. (a) Certificate of
5 insurance is any evidence issued by or on behalf of an insurance
6 company authorized to do business in the state or an unauthorized
7 insurance company which has complied with sec. 210(c) of this chapter,
8 stating in the form the department may prescribe or approve that the
9 company has issued an owner's policy of liability insurance on the
10 motor vehicle or vehicles designated in the certificate. The certifi-
11 cate shall contain at least the following information, except as other-
12 wise provided:

13 (1) the name and address of the person to whom the policy
14 was issued;

15 (2) the number and effective period of the policy; and

16 (3) the description and identification of the insured vehicle
17 or vehicles, unless the policy is issued to a person who is not the
18 owner of a motor vehicle.

19 (b) The requirements of this chapter for an owner's policy of
20 liability insurance may be fulfilled by the policies of one or more
21 insurance carriers which policies together meet the requirements.

22 Sec. 28.18.240. PROOF OF FINANCIAL SECURITY. Proof of financial
23 security is the ability to respond in damages for liability arising out
24 of the ownership, maintenance or use of a motor vehicle and is evidenced
25 by an owner's policy of liability insurance, a financial security bond,
26 a financial security deposit, or qualification as a self-insurer under
27 sec. 110 of this chapter or, in the case of a nonresident, under self-
28 insurance provisions of the laws of the jurisdiction of the nonresident.

29 Sec. 28.18.250. OTHER PROOF MAY BE REQUIRED. When proof of

1 financial security filed under this chapter no longer fullfils the
2 purpose for which it is required, the department shall require other
3 proof as required by this chapter and shall suspend the license
4 pending the filing of other proof.

5 Sec. 28.18.260. DEFAULT BY NONRESIDENT INSURER. If an insurance
6 carrier not authorized to transact business in this state, but quali-
7 fied to furnish proof of financial security in this state, defaults
8 in an undertaking or agreement, the department may not accept as proof
9 a certificate of the carrier whether previously filed or thereafter
10 tendered as proof, so long as the default continues.

11 Sec. 28.18.270. OWNER MAY GIVE PROOF FOR OTHERS. (a) The owner
12 of a motor vehicle may give proof of financial security on behalf of
13 his employee or a member of his immediate family or household. The
14 furnishing of proof in this manner permits the person for whom it is
15 given to operate a motor vehicle covered by the proof. The department
16 shall endorse appropriate restrictions on the face of the license held
17 by a person for whom proof is given by another, or may issue a new
18 license containing these restrictions.

19 (b) The department, upon receiving satisfactory evidence of the
20 violation of a restriction, shall suspend the license for 30 days and
21 until a certificate is filed showing a policy issued to the driver
22 which covers the driver as operator or owner of the vehicle operated
23 in violation of the restriction.

24 Sec. 28.18.280. NOTICE TO OTHER JURISDICTIONS. The department
25 shall transmit a certified copy of the record of a conviction under
26 this chapter or an action taken under this chapter resulting in the
27 revocation or suspension of a nonresident's privilege to operate a
28 motor vehicle in the state or the privilege of the operation in the
29 state of a motor vehicle owned by him to the department of public

1 safety or department performing similar functions in the state in
2 which the nonresident resides.

3 Sec. 28.18.290. PENALTIES. An owner of a motor vehicle registered
4 in the state, or an unregistered motor vehicle, who operates the
5 motor vehicle or permits it to be operated in the state without having
6 in effect the financial security required by this chapter and a person
7 who operates a motor vehicle registered in the state, or an unregistered
8 motor vehicle, with the knowledge that the owner does not have in effect
9 proof of financial security, except a person who, at the time of opera-
10 tion of the motor vehicle, had in effect an operator's policy of
11 liability insurance with respect to his operation of the vehicle, is
12 guilty of a misdemeanor, and upon conviction is punishable by a fine
13 of not more than \$1,000, or by imprisonment for not more than one year,
14 or by both.

15 Sec. 28.18.300. FORGED PROOF. A person who forges or, without
16 authority, signs any evidence of proof of financial security, or who
17 files or offers for filing evidence of proof of financial security
18 knowing or having reason to believe that it is forged or signed without
19 authority, is punishable by a fine of not more than \$1,000, or by
20 imprisonment for not more than one year, or by both.

21 Sec. 28.18.310. ASSIGNED RISK PLANS. After consultation with the
22 insurance companies authorized to issue automobile liability policies
23 in this state the commissioner of commerce shall approve a reasonable
24 plan, fair to the insurers and equitable to their policyholders, for
25 the apportionment among these companies of applicants for policies and
26 for owner's and operator's liability policies who are in good faith
27 entitled to but are unable to procure policies through ordinary
28 methods. When a plan is approved, all the insurance companies shall
29 subscribe to it and participate in it. An applicant for an assigned

1 risk policy, a person insured under an assigned risk plan, and an
2 insurance company affected may appeal to the commissioner of commerce
3 from a ruling or decision of the authority designated to operate the
4 plan. Failure to adopt an assigned risk plan does not relieve a
5 person from responsibility under this chapter.

6 Sec. 28.18.320. EXCEPTION TO COVERAGE OF THIS CHAPTER. The
7 provisions of this chapter do not apply to a vehicle for which a permit
8 or certificate is in force under the interstate commerce act, nor to a
9 vehicle owned by the United States, a state, or a political subdivision
10 of a state.

11 Sec. 28.18.330. DISCHARGE IN BANKRUPTCY. A discharge in bank-
12 ruptcy does not relieve a person from the penalties and disabilities
13 provided in this chapter.

14 Sec. 28.18.340. CHAPTER NOT TO AFFECT OTHER POLICIES. (a) This
15 chapter does not apply to or affect a policy of automobile insurance
16 against liability which may now or hereafter be required by any other
17 law of this state, except that the policy, if it contains an agreement
18 or is endorsed to conform with the requirements of this chapter, may
19 be certified as proof of financial security under this chapter.

20 (b) This chapter does not apply to or affect a policy insuring
21 solely the insured named in the policy against liability resulting from
22 the maintenance or use by persons in the insured's employ or on his
23 behalf of vehicles not owned by the insured.

24 Sec. 28.18.250. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.
25 The Administrative Procedure Act (AS 44.62) applies to this chapter.

26 Sec. 28.18.360. DEFINITIONS. In this chapter unless the context
27 otherwise requires

- 28 (1) "department" means the Department of Public Safety;
29 (2) "driver" means every person who drives or is in physical

1 control of a vehicle;

2 (3) "judgment" means a judgment which is final by expiration
3 without appeal of the time within which an appeal may be taken, or
4 final by affirmation on appeal, given by a court of any state or of
5 the United States, upon a cause of action arising out of the ownership,
6 maintenance, or use of a vehicle of a type subject to registration
7 under the laws of this state, for damages, including damages for care
8 and loss of services, because of bodily injury to or death of a person,
9 or for damages because of injury to or destruction of property, in-
10 cluding the loss of use of property, or upon a cause of action on an
11 agreement of settlement for such damages;

12 (4) "license to operate a motor vehicle" means an operator's
13 license or any other license or permit to operate a motor vehicle
14 issued under the laws of this state including:

15 (A) a temporary license or instruction permit;

16 (B) the privilege of a person to drive a motor vehicle
17 whether or not the person is licensed;

18 (C) a nonresident's operating privilege;

19 (5) "motor vehicle" means a vehicle which is self-propelled
20 or which is propelled by electric power from overhead trolley wires,
21 but not operated upon rails;

22 (6) "nonresident" means a person who is not a resident of
23 this state;

24 (7) "nonresident's operating privilege" means the privilege
25 given to a nonresident by the laws of this state to operate a motor
26 vehicle, or the use of a vehicle owned by such person in this state;

27 (8) "operator" means a person, other than a chauffeur, who
28 drives or is in physical control of a motor vehicle upon a highway or
29 who is exercising control over or steering a vehicle being towed by a

1 motor vehicle;

2 (9) "owner" means a person other than a lienholder, who has
3 title to a vehicle, and the term includes a person entitled to the use
4 and possession of a vehicle subject to a security interest in another
5 person, but excludes a lessee under a lease not intended as security;

6 (10) "registration" means the registration certificate and
7 registration plates issued under the laws of this state;

8 (11) "state" means a state, territory or possession of the
9 United States, the District of Columbia, the Commonwealth of Puerto
10 Rico or a province of the Dominion of Canada;

11 (12) "suspension of driver's license" means the temporary
12 withdrawal by formal action of the department of a driver's license or
13 privilege to operate a motor vehicle on the public highways for a
14 designated period;

15 (13) "vehicle" means a device in, upon or by which a person
16 or property is or may be transported or drawn upon a highway, except a
17 device moved by human power or used exclusively upon stationary rails or
18 tracks.

19 Sec. 28.18.640. SHORT TITLE. This chapter may be cited as the
20 Motor Vehicle Financial Security Act.

21 * Sec. 2. AS 28.10.050 is amended by adding a new subsection to read:

22 (6) proof of financial security required by AS 28.18.

23 * Sec. 3. AS 28.10.180 is amended to read:

24 Sec. 28.10.180. RENEWAL OF REGISTRATION. The owner shall renew
25 his vehicle registration upon application and payment of the annual
26 license tax for the vehicle and upon compliance with the provisions of
27 AS 28.22.050. The department may receive applications for registration
28 or renewal registration and issue new registration cards and plates at
29 any time before expiration of registration, but no person may display

1 the new registration plates on a vehicle before January 1 of the year
2 for which the plates are issued.

3 * Sec. 4. AS 28.10.360 is amended to read:

4 Sec. 28.10.360. NEW OWNER TO SECURE TRANSFERS. Before operating
5 or permitting the operation of the vehicle on any highway, the trans-
6 feree shall present the certificate of registration and certificate of
7 title, properly endorsed and proof of financial security required by
8 AS 28.18, accompanied by a fee of \$2, to the department within 20 days
9 following transfer of ownership, and shall apply for a new certificate
10 of title and obtain a new registration for the vehicle, except as
11 permitted in sec. 390 of this chapter. There is a \$25 penalty for the
12 violation of the 20-day provision of this section.

13 * Sec. 5. AS 28.10.370 is amended to read:

14 Sec. 28.10.370. ISSUANCE OF NEW REGISTRATION AND CERTIFICATE OF
15 TITLE. The department, upon receipt of an endorsed certificate of
16 title and certificate of registration and application for registration,
17 and the required fee, and proof of financial security as required by
18 AS 28.18, and when satisfied as to the genuineness and regularity of
19 the transfer and right of the transferee to a certificate of title,
20 shall reregister the vehicle in the name of the new owner and issue a
21 new certificate of registration and a certificate of title. Until the
22 department issues a new certificate of registration and certificate of
23 ownership, delivery of a vehicle required to be registered under this
24 chapter shall be deemed not to have been made and title shall be
25 deemed not to have passed, and the intended transfer shall be deemed
26 incomplete and not valid or effective for any purpose.

27 * Sec. 6. AS 28.15.210(a) is amended by adding a new paragraph to read:

28 (5) violation of a provision of AS 28.18 which requires the
29 suspension of an operator's license.

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* Sec. 7. AS 28.20.010 is repealed.

* Sec. 8. AS 28.20.540(a)(1) is amended to read:

(1) at any time after three years from the date proof is required when, during the three year period preceding the request, the department has not received record of a conviction or a forfeiture of bail which would require or permit the suspension or revocation of the license or registration of the person by or for whom the proof was furnished, except as required by AS 28.18; or

* Sec. 9. This Act takes effect on January 1, 1970.