

Introduced: 2/11/70
Referred: State Affairs and
Commerce

1 IN THE HOUSE

BY SASSARA

2 HOUSE BILL NO. 658

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to cancellation of insurance con-
7 tracts; and providing for an effective date."

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

9 * Section 1. PURPOSE. Recognizing the original concept behind insurance
10 as being the spreading of the risk of loss over a wide population so that no
11 one person sustaining a serious loss will be unduly burdened by that loss,
12 it is determined by the legislature that the present practice of many insur-
13 ance companies in cancellation of insurance policies without adequate cause
14 is contrary to the original purpose insurance was designed to perform and
15 contrary to the welfare of the residents of the state and it is declared the
16 public policy of the state to prohibit cancellation of insurance contracts
17 without adequate and justifiable cause.

18 * Sec. 2. AS 21.42 is amended by adding a new section to read:

19 Sec. 21.42.380. CANCELLATION. (a) The cancellation of an insur-
20 ance contract by an insurer that is made between an insurer and a per-
21 son living in the state is prohibited unless the insurer shows by
22 documentation which may be required by the director of insurance,
23 Department of Commerce, that the insured has either failed to make
24 timely payment of premiums or has made a material misrepresentation in
25 his application for the insurance policy in question.

26 (b) Nothing in this section shall be construed so as to prohibit
27 the insurer from refusing to renew an insurance contract on an anniver-
28 sary date of the particular insurance policy.

29 * Sec. 3. This Act takes effect on the day after its passage and

1 approval or on the day it becomes law without approval.
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