

Introduced: 4/2/69
Referred: Commerce

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 SENATE BILL NO. 311

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 the cancellation and renewal of
7 certain automobile insurance policies."

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

9 * Section 1. AS 21.36 is amended by adding new sections to read:

10 Sec. 21.36.210. LIMITS ON CANCELLATION. (a) No insurer may
11 exercise its right to cancel a policy except for the following reasons

12 (1) nonpayment of premium; or

13 (2) the driver's license or motor vehicle registration of
14 either the named insured or of an operator who resides in the same
15 household as the named insured or who customarily operates a motor
16 vehicle insured under the policy has been under suspension or revoca-
17 tion during the policy period or, if the policy is a renewal, during
18 its policy period or the 180 days immediately preceding its effective
19 date.

20 (b) During the policy period, no modification of automobile
21 physical damage coverage (except coverage for loss caused by collision)
22 whereby provision is made for the application of a deductible amount
23 not exceeding \$100 is a cancellation of the coverage or of the policy.

24 (c) Renewal of a policy does not constitute a waiver or estoppel
25 with respect to grounds for cancellation which existed before the
26 effective date of the renewal

27 (d) This section does not apply to the failure to renew a policy

28 Sec. 21.36.220. NOTICE OF CANCELLATION. No insurer may exercise
29 its right to cancel a policy unless a written notice of cancellation

1 is mailed or delivered to the named insured, at the address shown in the
2 policy, at least 20 days before the effective date of cancellation,
3 except that when cancellation is for nonpayment of premium the notice
4 shall be mailed or delivered to the named insured at the address
5 shown in the policy at least 10 days before the effective date of
6 cancellation and shall include or be accompanied by a statement of the
7 reason for the cancellation. This section does not apply to the failure
8 to renew a policy.

9 Sec. 21.36.230. STATEMENT OF REASONS. A notice of cancellation
10 issued under sec. 210(a)(2) of this chapter shall either state the
11 reasons for the cancellation, or contain a statement that upon the
12 written request of the named insured, mailed or delivered to the insurer
13 at least 10 days before the effective date of cancellation, the insurer
14 will specify in writing the reason for the cancellation. If the reason
15 for cancellation is not included in the notice of cancellation, the
16 insurer shall upon written request of the named insured specify in
17 writing the reason for cancellation. The insurer shall mail or deliver
18 this explanation to the named insured within 10 days after receipt of
19 a written request. Failure to specify the reason following a request
20 constitutes a violation of this title, but does not invalidate the
21 cancellation.

22 Sec. 21.36.240. FAILURE TO RENEW. No insurer may fail to renew a
23 policy unless a written notice of nonrenewal is mailed or delivered to
24 the named insured, at the address shown in the policy, at least 20 days
25 before the expiration date of the policy, or of the anniversary date of
26 a policy written for a term longer than one year or with no fixed
27 expiration date. This section does not apply

28 (1) if the insurer has manifested in any way its willingness
29 to renew;

1 (2) in case of nonpayment of premium for the expiring
2 policy; or

3 (3) if the insured fails to pay the premium as required by
4 the insurer for renewal.

5 Sec. 21.36.250. NOTICE OF ELIGIBILITY. When a policy of auto-
6 mobile liability insurance is cancelled, other than for nonpayment of
7 premium, or for failure to renew a policy of automobile liability
8 insurance to which sec.240 of this chapter applies, the insurer shall
9 notify the named insured of his possible eligibility for automobile
10 insurance through the automobile assigned risk plan, or automobile
11 insurance plan. The notification shall accompany or be included in the
12 notice of cancellation or nonrenewal required by secs. 230 and 240 of
13 this chapter.

14 Sec. 21.36.260. PROOF OF MAILING. Proof of mailing of notice of
15 cancellation, or of nonrenewal or of reasons for cancellation, to the
16 named insured at the address shown in the policy, is sufficient proof
17 of notice.

18 Sec. 21.36.270. EFFECT OF FAILURE TO COMPLY. Notwithstanding the
19 failure of an insurer to comply with secs. 210 - 270 of this chapter,
20 termination of coverage under the policy either by cancellation or non-
21 renewal shall be effective on the effective date of any other policy
22 providing similar coverage on the same motor vehicle or a replacement
23 of it.

24 Sec. 21.36.280. IMMUNITY OF INSURER, DIRECTOR AND INFORMER. There
25 is no liability on the part of, and no cause of action of any nature
26 may arise against, the director of insurance or against an insurer,
27 its authorized representatives, agents, or employees, or a person fur-
28 nishing to the insurer information as to reasons for cancellation, for
29 any statement made by any of them in a written notice of cancellation,

1 or in any other communication, oral or written specifying the reasons
2 for cancellation, or the providing of information pertaining to a
3 cancellation or for statements made or evidence submitted at a hearing
4 conducted in connection with a cancellation.

5 Sec. 21.36.290. POLICY PERIOD. A policy with a policy period or
6 term of less than six months shall, for the purposes of secs. 210 - 310
7 of this chapter be considered to be written for a policy period or
8 term of six months except in case of termination under any of the cir-
9 cumstances specified in sec. 230 of this chapter, and a policy written
10 for a term longer than one year or a policy with no fixed expiration
11 date shall be considered to be written for successive policy periods
12 or terms of one year and termination by an insurer effective on an
13 anniversary date of the policy shall be considered a failure to renew.

14 Sec. 21.36.300. APPLICABILITY OF SECS. 210 - 280 OF THIS CHAP-
15 TER. Secs. 210 - 290 of this chapter do not apply to any

16 (1) policy which has been in effect less than 60 days at
17 the time notice of cancellation is mailed or delivered by the insurer
18 unless it is a renewal policy;

19 (2) policy issued under an automobile assigned risk plan
20 or automobile insurance plan;

21 (3) policy insuring more than four motor vehicles;

22 (4) policy covering the operation of a garage, automobile
23 sales agency, repair shop, service station or public parking place;

24 (5) policy providing insurance only on an excess basis; or

25 (6) other contract providing insurance to the named in-
26 sured even though the contract may incidentally provide insurance with
27 respect to motor vehicles.

28 Sec. 21.36.310. DEFINITIONS. In secs. 210 - 300 of this chap-
29 ter

1 (1) "policy" means an automobile policy which includes
2 automobile liability coverage, uninsured motorist coverage, automobile
3 medical payments coverage, or automobile physical damage coverage,
4 delivered or issued for delivery in this state, insuring as the named
5 insured, one individual or husband and wife resident of the same house-
6 hold, and under which the insured vehicles are of the following types
7 only:

8 (A) a motor vehicle of the private passenger or station
9 wagon type that is not used as a public or livery conveyance, nor
10 rented to others; or

11 (B) any other four-wheel motor vehicle with a load
12 capacity of 1,500 pounds or less which is not used in the occupa-
13 tion, profession or business of the insured, nor used as a public
14 or livery conveyance nor rented to others;

15 (2) "renewal" or "to renew" means

16 (A) the issuance and delivery by an insurer of a policy
17 replacing at the end of the policy period a policy previously
18 issued and delivered by the same insurer,

19 (B) the issuance and delivery of a certificate or
20 notice extending the term of a policy beyond its policy period or
21 term, or

22 (C) the extension of the term of a policy beyond its
23 policy period or term under a provision for extending the policy
24 by payment of a continuation premium;

25 (3) "nonpayment of premium" means failure of the named
26 insured to discharge when due any of his obligations in connection with
27 the payment of premium on a policy, or any installment of the premium,
28 whether the premium is payable directly to the insurer or its agent
29 or indirectly under any premium finance plan or extension of credit.