

Original sponsor: Commerce Committee

Offered: 2/25/70
Referred: Rules

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 311

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 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 an automobile insurance policy except for
12 the following reasons:

13 (1) nonpayment of premium; or

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

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

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

28 (d) This section does not apply to the failure to renew a policy,
29 except as to coverage in force for less than 12 months.

1 Sec. 21.36.220. NOTICE OF CANCELLATION. No insurer may exercise
2 its right to cancel a policy unless a written notice of cancellation
3 is mailed or delivered to the named insured, at the address shown in
4 the policy, at least 20 days before the effective date of cancellation,
5 except that when cancellation is for nonpayment of premium the notice
6 shall be mailed or delivered to the named insured at the address
7 shown in the policy at least 10 days before the effective date of
8 cancellation and shall include or be accompanied by a statement of the
9 reason for the cancellation. This section does not apply to the
10 failure to renew a policy, except as to coverage in force for less
11 than 12 months.

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

25 Sec. 21.36.240. FAILURE TO RENEW. No insurer may fail to renew
26 a policy in force for less than 12 months. No insurer may fail to
27 renew a policy in force for 12 months or more unless a written notice
28 of nonrenewal is mailed or delivered to the named insured, at the
29 address shown in the policy, at least 20 days before the expiration

1 date of the policy, or of the anniversary date of a policy written for
2 a term longer than one year or with no fixed expiration date. This
3 section does not apply

4 (1) if the insurer has in good faith manifested in any way
5 its willingness to renew;

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

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

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

19 Sec. 21.36.260. PROOF OF MAILING. Proof of mailing of notice of
20 cancellation, or of nonrenewal or of reasons for cancellation, to the
21 named insured at the address shown in the policy, is sufficient proof
22 of notice.

23 Sec. 21.36.270. EFFECT OF FAILURE TO COMPLY. Notwithstanding
24 the failure of an insurer to comply with secs. 210 - 310 of this
25 chapter, termination of coverage under the policy either by cancellation
26 or nonrenewal is effective on the effective date of any other policy
27 providing similar coverage on the same motor vehicle or a replacement
28 of it.

29 Sec. 21.36.280. IMMUNITY OF INSURER, DIRECTOR AND INFORMER.

1 There is no liability on the part of, and no cause of action of any
2 nature may arise against, the director of insurance or against an
3 insurer, its authorized representatives, agents, or employees, or a
4 person furnishing to the insurer information as to reasons for cancel-
5 lation, for any statement made by any of them in a written notice of
6 cancellation, or in any other communication, oral or written, specifying
7 the reasons for cancellation, or the providing of information pertain-
8 ing to a cancellation or for statements made or evidence submitted at
9 a hearing conducted in connection with a cancellation. However, this
10 immunity from liability does not apply when the information furnished
11 or statement made is untrue and the person furnishing the information
12 or making the statement knew of the lack of truth or was grossly negli-
13 gent in ascertaining the truth.

14 Sec. 21.36.290. POLICY PERIOD. A policy with a policy period or
15 term of less than 12 months shall, for the purposes of secs. 210 - 310
16 of this chapter be considered to be written for a policy period or term
17 of 12 months except in case of cancellation under any of the circum-
18 stances specified in sec. 210 of this chapter, and a policy written for
19 a term longer than one year or a policy with no fixed expiration date
20 shall be considered to be written for successive policy periods or
21 terms of one year and termination by an insurer effective on an anniver-
22 sary date of the policy shall be considered a failure to renew.

23 Sec. 21.36.300. APPLICABILITY OF SECS. 210 - 310 OF THIS CHAPTER.
24 Secs. 210 - 310 of this chapter do not apply to any

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

28 (2) policy issued under an automobile assigned risk plan
29 or automobile insurance plan;

- 1 (3) policy insuring more than four motor vehicles;
2 (4) policy covering the operation of a garage, automobile
3 sales agency, repair shop, service station or public parking place;
4 (5) policy providing insurance only on an excess basis; or
5 (6) other contract providing insurance to the named insured
6 even though the contract may incidentally provide insurance with
7 respect to motor vehicles.

8 Sec. 21.36.310. DEFINITIONS. In secs. 210 - 310 of this chapter

9 (1) "policy" means an automobile policy which includes
10 automobile liability coverage, uninsured motorist coverage, automobile
11 medical payments coverage, or automobile physical damage coverage,
12 delivered or issued for delivery in this state, insuring as the named
13 insured, one individual or husband and wife resident of the same house-
14 hold, and under which the insured vehicles are of the following types
15 only:

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

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

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

24 (A) the issuance and delivery by an insurer of a policy
25 replacing at the end of the policy period a policy previously
26 issued and delivered by the same insurer,

27 (B) the issuance and delivery of a certificate or
28 notice extending the term of a policy beyond its policy period or
29 term, or

1 (C) the extension of the term of a policy beyond its
2 policy period or term under a provision for extending the policy
3 by payment of a continuation premium;

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