

Introduced: 3/11/71  
Referred: Commerce and  
Judiciary

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 SCS CS HOUSE BILL NO. 305

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to cancellation and renewal of  
7 certain noncommercial insurance policies; and pro-  
8 viding for an effective date."

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

10 \* Section 1. AS 21.42 is amended by adding new sections to read:

11 Sec. 21.42.141. LIMITATIONS ON CANCELLATION. (a) An insurer  
12 may not cancel an insurance policy which covers loss of or damage to  
13 real property which is used predominantly for residential purposes  
14 and does not consist of more than four dwelling units, loss of or  
15 damage to personal property in which natural persons residing in real  
16 property which is used predominantly for residential purposes and does  
17 not consist of more than four dwelling units and in which the natural  
18 person has an insurable interest, except personal property used in the  
19 conducting of a commercial or industrial enterprise or policies cover-  
20 ing legal liability of natural persons for loss of, damage to, or  
21 injury to persons or property but not including policies primarily  
22 insuring risks arising from the conduct of a commercial or industrial  
23 enterprise.

24 (b) Notwithstanding (a) of this section an insurer may cancel  
25 a policy of the type described in (a) of this section if one of the  
26 following conditions or circumstances arises;

27 (1) nonpayment of premiums, including nonpayment of addi-  
28 tional premiums, calculated in accordance with the current rating  
29 manual of the insurer, justified by a physical change in the insured

1 property or a change in its occupancy for use;

2 (2) conviction of the insured of a crime having as one  
3 of its necessary elements an act increasing a hazard insured against;

4 (3) discovery of fraud or material misrepresentation made  
5 by the insured or his representative in obtaining the insurance or  
6 the insured in pursuing a claim under the policy;

7 (4) discovery of a grossly negligent act or omission by  
8 the insured which substantially increase the hazards insured against;

9 (5) physical changes in the insured property which result  
10 in the property becoming uninsurable.

11 Sec. 21.42.142. EFFECT OF FAILURE TO COMPLY. Notwithstanding  
12 the failure of an insurer to comply with secs. 10 - 360 of this chapter,  
13 termination of coverage under the policy either by cancellation or  
14 nonrenewal is effective on the effective date of another policy pro-  
15 viding similar coverage on the same risk.

16 \* Sec. 2. This Act takes effect on July 1, 1971.