

Original sponsor: Commerce Committee

Offered: 3/6/72
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 305

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND 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 21.36.210 is amended by adding new subsections to read:

11 (e) An insurer may not cancel an insurance policy which covers

12 (1) loss of or damage to real property which is used pre-
13 dominantly for residential purposes and does not consist of more than
14 four dwelling units;

15 (2) loss of or damage to personal property, including but
16 not limited to personal effects, household furniture, fixtures and
17 equipment located in not more than four dwelling units; or

18 (3) legal liability of natural persons for loss of, damage
19 to or injury to persons or property when the insurance does not cover
20 liability arising from or in connection with business or commercial
21 activities.

22 (f) Notwithstanding (e) of this section an insurer may cancel
23 a policy of the type described in (e) of this section if one of the
24 following conditions or circumstances arises:

25 (1) nonpayment of premiums, including nonpayment of addi-
26 tional premiums, calculated in accordance with the current rating
27 manual of the insurer, justified by a physical change in the insured
28 property or a change in its occupancy or use;

29 (2) conviction of the insured of a crime having as one of

1 its necessary elements an act increasing a hazard insured against;

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

5 (4) discovery of a grossly negligent act or omission by
6 the insured which substantially increases the hazards insured against;

7 (5) physical changes in the insured property which result
8 in the property becoming uninsurable.

9 * Sec. 2. AS 21.36.270 is amended to read:

10 Sec. 21.36.270. EFFECT OF FAILURE TO COMPLY. Notwithstanding
11 the failure of an insurer to comply with secs. 210 - 310 of this
12 chapter, termination of coverage under the policy either by cancella-
13 tion or nonrenewal is effective on the effective date of any other
14 policy providing similar coverage on the same risk, or motor vehicle
15 or a replacement of it.

16 * Sec. 3. AS 21.36.310(1) is amended to read:

17 (1) "policy" means an insurance policy covering the risks
18 and exposures listed in 210(e) of this chapter or an automobile policy
19 which includes automobile liability coverage, uninsured motorist
20 coverage, automobile medical payments coverage, or automobile physical
21 damage coverage, delivered or issued for delivery in this state,
22 insuring as the named insured, one individual or husband and wife resi-
23 dent of the same household, and under which the insured vehicles are
24 of the following types only:

25 (A) a motor vehicle of the private passenger or
26 station wagon type that is not used as a public or livery con-
27 veyance, nor rented to others; or

28 (B) any other four-wheel motor vehicle with a load
29 capacity of 1,500 pounds or less which is not used in the

1 occupation, profession or business of the insured, nor used as a
2 public or livery conveyance nor rented to others;

3 * Sec. 4. AS 21.36.230 is amended to read:

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

17 * Sec. 5. This Act takes effect on July 1, 1972.
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