

Introduced: 2/5/73
Referred: Commerce and
Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

2 *SES* HOUSE BILL NO. 178 *am*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of insurance;
7 and providing for an effective date."

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

9 * Section 1. AS 21.36.010 is amended to read:

10 Sec. 21.36.010. PURPOSE. The purpose of [SECS. 10 - 150 OF]
11 this chapter is to regulate trade practices in the business of
12 insurance in accordance with the intent of Congress as expressed in
13 the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress
14 (ch. 20, 59 U.S. Stat. at Large 33)), by defining or providing for
15 determination of all the practices in this state which constitute
16 unfair methods of competition or unfair or deceptive acts or
17 practices and by prohibiting them.

18 * Sec. 2. AS 21.36.030 is repealed and re-enacted to read:

19 Sec. 21.36.030. MISREPRESENTATION AND FALSE ADVERTISING OF
20 INSURANCE POLICIES. No person in the insurance business may make,
21 issue, circulate, or have made, issued or circulated, an estimate,
22 circular, statement, illustration, comparison, or other sales
23 presentation which:

24 (1) misrepresents the benefits, advantages, conditions,
25 or terms of an insurance policy; or

26 (2) misrepresents the dividends or share of the surplus to
27 be received on an insurance policy; or

28 (3) misrepresents an insurance policy as being a share or
29 shares of stock; or

1 (4) makes a false or misleading statement as to the
2 dividends or share of the surplus previously paid on an insurance
3 policy; or

4 (5) misrepresents or makes a misleading statement as to
5 the financial condition of an insurer or as to the legal reserve
6 system upon which a life insurer operates; or

7 (6) uses a name or title of an insurance policy or class
8 of insurance policies misrepresenting the true nature thereof; or

9 (7) is a misrepresentation for the purpose of inducing,
10 or which tends to induce the lapse, forfeiture, exchange, conversion
11 or surrender of an insurance policy; or

12 (8) is a misrepresentation for the purpose of effecting or
13 tending to effect a pledge or assignment of or loan against an
14 insurance policy.

15 * Sec. 3. AS 21.36.060 is amended to read:

16 Sec. 21.36.060. FALSE FINANCIAL STATEMENTS. (a) No person may
17 knowingly file with a [SUPERVISORY OR OTHER] public official, or
18 knowingly make, publish, disseminate, circulate or deliver to a
19 person, or place before the public, or knowingly cause directly or
20 indirectly, to be made, published, disseminated, circulated, delivered
21 to a person, or placed before the public, a false statement of the
22 financial condition of a person in the insurance business [AN
23 INSURER WITH INTENT TO DECEIVE].

24 (b) No person may knowingly make a false entry in a book,
25 report or statement of a person in the insurance business [AN INSURER
26 WITH INTENT TO DECEIVE AN AGENT OR EXAMINER LAWFULLY APPOINTED TO
27 EXAMINE INTO ITS CONDITION OR INTO ANY OF ITS AFFAIRS, OR A PUBLIC
28 OFFICIAL TO WHOM THE INSURER IS REQUIRED BY LAW TO REPORT, OR WHO HAS
29 AUTHORITY BY LAW TO EXAMINE INTO ITS CONDITION OR INTO ANY OF ITS

1 AFFAIRS,] or [,] knowingly [WITH LIKE INTENT, WILFULLY] omit to make a
2 true entry of a material fact pertaining to the business of a person
3 in the insurance business [THE INSURER] in a book, report or
4 statement [OF THE INSURER].

5 * Sec. 4. AS 21.36.070 is amended to read:

6 Sec. 21.36.070. DEFAMATION. No person may make, publish,
7 disseminate, or circulate, directly or indirectly, or aid, abet or
8 encourage the making, publishing, disseminating or circulating of
9 an oral or written statement or a pamphlet, circular, article or
10 literature which is false, or maliciously critical of or derogatory
11 to the financial condition of a person in the insurance business
12 or proposing to enter the insurance business [AN INSURER, OR OF AN
13 ORGANIZATION PROPOSING TO BECOME AN INSURER,] and which is calculated
14 to injure a person engaged or proposing to engage in the business of
15 insurance.

16 * Sec. 5. AS 21.36.090 is amended by adding a new subsection to read:

17 (c) No person in the insurance business may make or permit
18 unfair discrimination between insureds or property having like insuring
19 or risk characteristics, in the premium or rates charged for a
20 policy or contract of property, casualty, surety, marine, wet marine
21 or transportation insurance, or in the dividends or other benefits
22 payable thereon, or in the selection thereof, or in any other of
23 the terms and conditions of the insurance.

24 * Sec. 6. AS 21.36.100 is repealed and re-enacted to read:

25 Sec. 21.36.100. REBATES. (a) Except as otherwise expressly
26 provided by law, no person may knowingly convey, offer to convey, or
27 receive a rebate or anything of value or potential value in connec-
28 tion with an insurance contract which is not specified in the contract.

29 (b) Except as otherwise expressly provided by law, no person

1 may in any way convey, or offer to convey for, or receive returns,
2 profits, securities, or interest present or contingent of an
3 insurance company or other corporation, partnership, or association
4 in connection with an insurance contract.

5 * Sec. 7. AS 21.36.110 is amended to read:

6 Sec. 21.36.110. EXCEPTIONS TO DISCRIMINATION, REBATES. Nothing
7 in secs. 90 and 100 of this chapter may be construed as prohibiting
8 [INCLUDING WITHIN THE DEFINITION OF DISCRIMINATION OR REBATES] any of
9 the following practices:

10 (1) in the case of a contract of [LIFE] insurance [OR LIFE
11 ANNUITY], paying bonuses to participating policyholders or otherwise
12 abating [THEIR] premiums [IN WHOLE OR IN PART] out of surplus
13 accumulated from nonparticipating insurance, if the bonuses, or
14 abatement of premiums are fair and equitable to policyholders and
15 for the best interests of the company and its policyholders [INSURER];

16 (2) in the case of life insurance policies issued on the
17 industrial debit plan, preauthorized check, [BANK DRAFT,] or similar
18 plans, making allowance to policyholders who have continuously for
19 a specified period made premium payments directly to an office of the
20 insurer or by preauthorized check [,BANK DRAFT,] or similar plan, in
21 an amount which fairly represents the saving in collection expense;

22 (3) readjustment of the rate of premium for a group
23 insurance policy based on the loss or expense experience thereunder, at
24 the end of a [THE FIRST OR A SUBSEQUENT] policy year [OF INSURANCE
25 THEREUNDER, WHICH MAY BE MADE] retroactive only for that policy year;

26 (4) issuance of life or disability insurance policies or
27 annuity contracts at rates less than the usual rates of premiums
28 [FOR THE POLICIES OR CONTRACTS], or modification of premium or rate
29 based on amount of insurance; but the issuance or modification shall

1 not reduce [RESULT IN REDUCTION IN] premium or rate more than the
2 [IN EXCESS OF] savings in administration and issuance expenses
3 reasonably attributable to the policies or contracts;

4 (5) payment of compensation to duly licensed agents,
5 brokers, solicitors, or surplus line brokers;

6 (6) return to participating policyholders, members or
7 subscribers of lawful dividends, savings or unabsorbed premium
8 deposits.

9 * Sec. 8. AS 21.36 is amended by adding new sections to read:

10 Sec. 21.36.115. UNFAIR CLAIM SETTLEMENT PRACTICES. No person
11 in the insurance business may

12 (1) misrepresent facts or policy provisions relating to
13 coverage of an insurance policy;

14 (2) fail to acknowledge and act promptly upon communica-
15 tions regarding a claim arising under an insurance policy;

16 (3) fail to adopt and implement reasonable standards for
17 prompt investigation of claims;

18 (4) refuse to pay a claim without a reasonable investiga-
19 tion of all the available information and an explanation of the basis
20 for denial of the claim or for an offer of compromise settlement;

21 (5) fail to affirm or deny coverage of claims within a
22 reasonable time of the completion of proof-of-loss statements;

23 (6) fail to attempt in good faith to effectuate prompt
24 and equitable settlement of claims in which liability is reasonably
25 clear;

26 (7) compel insureds to litigate for recovery of amounts
27 due under insurance policies by offering unreasonably low settlements;

28 (8) attempt to effectuate an unreasonably low settlement
29 by reference to printed advertising matter accompanying or included

1 in an application;

2 (9) attempt to settle a claim on the basis of an applica-
3 tion which has been altered without the consent of the insured;

4 (10) make a claims payment without including a statement
5 of the coverage under which the payment is made;

6 (11) delay investigation or payment of claims by requiring
7 submission of unnecessary or substantially repetitive claims reports
8 and proof-of-loss forms; or

9 (12) fail to promptly settle claims under one portion of
10 a policy for the purpose of influencing settlements under other
11 portions of the policy.

12 Sec. 21.36.125. COMPLAINT HANDLING PROCEDURE. (a) Every person
13 in the insurance business shall maintain a complete record of all
14 complaints received since its last examination under ch. 6 of this
15 title. This record shall include the total number of complaints and
16 for each complaint the line of insurance, nature, disposition, and
17 time involved for processing.

18 (b) Persons in the insurance business not subject to examination
19 under ch. 6 of this title must maintain records of each complaint for
20 at least five years from the date of final disposition.

21 (c) This section does not apply to agents, brokers, solicitors
22 or adjusters.

23 (d) In this section, "complaint" means any written communica-
24 tion expressing a grievance.

25 * Sec. 9. AS 21.36.130 is amended to read:

26 Sec. 21.36.130. STOCK OPERATIONS AND ADVISORY BOARD CONTRACTS.
27 No person may issue or deliver or permit its agents, officers, or
28 employees to issue or deliver, agency company stock or other capital
29 stock, or benefit certificates or shares in a common-law corporation,

1 or securities, or an advisory board contract or other similar contract
2 of any kind promising returns and profits as an inducement to
3 insurance.

4 * Sec. 10. AS 21.36.160 is repealed and re-enacted to read:

5 Sec. 21.36.160. FAVORED AGENT OR INSURER: COERCION OF DEBTORS.

6 No person may

7 (1) require, as a condition to the lending of money or
8 extension of credit, or a renewal thereof, that the obligee of the
9 money or credit negotiate a policy or contract of insurance through
10 any particular person or groups of persons in the insurance business;

11 (2) disapprove the insurance policy provided by a
12 borrower for the protection of property securing credit or a lien if
13 disapproval is based on other than reasonable standards uniformly
14 applied and relating to the extent of coverage required and the
15 financial soundness and the services of the insurer; nor may the
16 standards discriminate against a particular type of insurer, or call
17 for the disapproval of a policy containing coverage in addition to
18 that required;

19 (3) require a borrower, mortgagor, purchaser, insurer,
20 broker or agent to pay a separate charge for handling an insurance
21 policy required as security for a loan on real property, or to pay
22 a separate charge to substitute the insurance policy of one insurer
23 for that of another, except that interest may be charged on premium
24 loans of premium advancements in accordance with the security
25 instrument;

26 (4) use or disclose information resulting from a require-
27 ment that a borrower, mortgagor or purchaser furnish insurance of
28 any kind on real property being conveyed or used as collateral
29 security to a loan, when the information is to the advantage of the

1 mortgagee, vendor, or lender, or is to the detriment of the borrower,
2 mortgagor, purchaser, insurer, agent, or broker complying with the
3 requirement.

4 * Sec. 11. AS 21.36.200 is repealed and re-enacted to read:

5 Sec. 21.36.200. MISREPRESENTATION IN APPLICATIONS, CLAIMS,
6 PROOFS OF LOSS. No person may knowingly

7 (1) make false or fraudulent statements or representations
8 on or concerning an application for an insurance policy; or

9 (2) present or have presented a false or fraudulent
10 claim or proof of loss in support of a claim for the payment of the
11 loss upon any insurance policy or contract; or

12 (3) prepare or subscribe a false or fraudulent account,
13 certificate, affidavit, proof of loss, or other document or writing.

14 * Sec. 12. AS 21.36 is amended by adding new sections to read:

15 Sec. 21.36.202. HEARINGS AND ORDER ON VIOLATION. (a) On the
16 complaint of a person or on his own motion, the director may conduct
17 an investigation to determine whether a person in this state is
18 engaged in an unfair method of competition or unfair or deceptive
19 act or practice prohibited by this chapter.

20 (b) If there are grounds for believing that a person is
21 engaged in an act or practice prohibited by this chapter, the
22 director may institute proceedings under AS 21.06.170 - 240.

23 (c) On a finding of a violation of this chapter, the director
24 shall serve upon the person charged, a copy of the findings and an
25 order requiring that person to cease and desist from the acts or
26 practices.

27 (d) Reconsideration or judicial review of the director's actions
28 may be had pursuant to AS 44.62.540 - 570 by any interested party.

29 Sec. 21.36.212. ADDITIONAL PENALTIES. (a) In addition to the

1 order under sec. 202(c) of this chapter, the director may also order
2 a penalty of not more than \$1,000 for each act or practice in
3 violation of this chapter, but not to exceed \$10,000.

4 (b) If the person charged knew or should have known he was in
5 violation of this chapter, a penalty of not more than \$5,000 for
6 each act or practice in violation of this chapter, but not to exceed
7 \$50,000 in any six month period, or suspension or revocation of the
8 person's license, or both may also be ordered by the director.

9 (c) If the director believes that a person has violated a cease
10 and desist order issued pursuant to sec. 202(c) of this chapter, he
11 may certify the relevant facts to the appropriate superior court
12 pursuant to AS 44.62.590. In addition to the penalties and remedies
13 provided for in AS 44.62.590, the superior court, upon findings that
14 the cease and desist order has been violated may order the violator
15 to pay a penalty of not more than \$10,000 for each violation, revoke
16 or suspend the violators license, or both.

17 Sec. 21.36.222. REGULATIONS. The director may promulgate
18 reasonable rules and regulations which are necessary for carrying
19 out the provisions of this chapter. All regulations shall be
20 promulgated under AS 21.06.090.

21 Sec. 21.36.232. PROVISIONS OF CHAPTER ADDITIONAL TO EXISTING
22 LAW. The powers vested in the director by this chapter are in
23 addition to any other powers to enforce penalties, fines or other
24 forfeitures authorized by law with respect to acts and practices
25 declared in this chapter to be unfair or deceptive.

26 Sec. 21.36.302. DEFINITIONS. As used in this chapter, unless
27 the context otherwise requires

28 (1) "person in the insurance business" means an individual,
29 corporation, association, partnership, reciprocal exchange, inter-

1 insurer, Lloyds insurer, fraternal benefit society, medical service
2 or hospital service plan as defined in ch. 87 of this title, and any
3 other legal entity engaged in the business of insurance, including
4 self insurers, agents, brokers and adjusters.

5 (2) "insurance policy" or "insurance contract" means
6 contract of insurance, indemnity, medical or hospital service,
7 suretyship, or annuity issued, proposed or intended for issuance by
8 any person.

9 * Sec. 13. AS 21.09 is amended by adding a new section to read:

10 Sec. 21.09.105. INTERLOCKING OWNERSHIP, MANAGEMENT. (a) An
11 insurer may retain, invest in or acquire the whole or a part of the
12 capital stock of another insurer or insurers, or have a common manage-
13 ment with another insurer or insurers, unless the retention, invest-
14 ment, acquisition or common management is inconsistent with a
15 provision of this title, or unless by reason thereof the business
16 of the insurers with the public is conducted in a manner which
17 substantially lessens competition generally in the insurance business
18 or tends to create a monopoly.

19 (b) A person otherwise qualified may be director of two or
20 more insurers which are competitors, unless the effect is to lessen
21 substantially competition between insurers generally or tends to
22 create a monopoly.

23 * Sec. 14. AS 21.27.410(a)(6) is amended to read:

24 (6) if the licensee or applicant has been guilty of a
25 misrepresentation ["TWISTING"] as defined in AS 21.36.030(6)
26 [AS 21.36.050], or of rebating, as defined in AS 21.36.100;

27 * Sec. 15. AS 21.42 is amended by adding a new section to read:

28 Sec. 21.42.135. FICTITIOUS GROUPS. (a) No insurer may make
29 available through a rating plan or form, property, casualty or

1 surety insurance at a preferred rate or premium based upon a
2 fictitious group.

3 (b) No form or plan of insurance covering a group or combination
4 of persons or risks may be written or delivered inside or outside
5 this state to cover persons or risks in this state at a preferred
6 rate or on a form other than that offered to persons not in the group
7 or combination and to the public generally, unless the form, plan
8 of insurance, and the rates or premiums to be charged have been
9 submitted to and approved by the director as being not unfairly
10 discriminatory and not otherwise in conflict with (a) of this
11 section or with ch. 39 of this title to the extent it is applicable
12 to them.

13 (c) For the purpose of this section, a fictitious group is
14 a group whose principal interest or purpose is a common plan of
15 insurance through or by the grouping and for the benefit of those
16 included within the grouping, where the grouping of risks has no
17 demonstrable preferred characteristic over similar risks written
18 on an individual basis.

19 (d) All group insurance programs must be filed with the director
20 and must demonstrate that the grouping is not fictitious.

21 (e) This section does not apply to life insurance, disability
22 insurance or annuity contracts.

23 * Sec. 16. AS 21.42 is amended by adding a new section to read:

24 Sec. 21.42.255. ILLEGAL DEALING IN PREMIUMS. (a) No person
25 may wilfully collect a sum as premium or charge for insurance, if
26 the insurance is not then provided or is not in due course to be
27 provided (subject to acceptance of the risk by the insurer) by an
28 insurance policy issued by an insurer as authorized by this title.

29 (b) No person may wilfully collect as premium or charge for

1 insurance a sum in excess of or less than the premium or charge
2 applicable to the insurance, and as specified in the policy, in
3 accordance with the applicable classifications and rates as filed
4 with and approved by the director; or in cases where classifications,
5 premiums, or rates are not required by this title to be filed and
6 approved, the premiums and charges may not be in excess of or less
7 than those specified in the policy and as fixed by the insurer. This
8 subsection does not prohibit the charging and collection by surplus
9 line agents licensed under ch. 33 of this title, of the amount of
10 applicable state and federal taxes in addition to the premium
11 required by the insurer, nor does it prohibit the charging and
12 collection by a life insurer of amounts actually to be expended for
13 medical examination of an applicant for life insurance or for rein-
14 statement of a life insurance policy.

15 * Sec. 17. AS 21.42 is amended by adding new sections to read:

16 Sec. 21.42.380. LIMITS ON CANCELLATION. (a) No insurer may
17 exercise its right to cancel an automobile insurance policy except
18 for the following reasons:

19 (1) nonpayment of premium; or

20 (2) suspension or revocation of the driver's license or
21 motor vehicle registration of either the named insured or of an
22 operator who resides in the same household as the named insured or
23 who customarily operates a motor vehicle insured under the policy
24 during the policy period or, if the policy is a renewal, during
25 its policy period or the 180 days immediately preceding its
26 effective date.

27 (b) During the policy period, no modification of automobile
28 physical damage coverage (except coverage for loss caused by
29 collision) whereby provision is made for the application of a

1 deductible amount not exceeding \$100 is a cancellation of the
2 coverage or of the policy.

3 (c) An insurer may not cancel an insurance policy which covers

4 (1) loss of or damage to real property which is used
5 predominantly for residential purposes and does not consist of more
6 than four dwelling units;

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

10 (3) legal liability of natural persons for loss of,
11 damage to or injury to persons or property when the insurance does
12 not cover liability arising from or in connection with business or
13 commercial activities.

14 (d) An insurer may cancel a policy of the type described in
15 (c) of this section if one of the following conditions or circum-
16 stances arises:

17 (1) nonpayment of premiums, including nonpayment of
18 additional premiums, calculated in accordance with the current
19 rating manual of the insurer, justified by a physical change in the
20 insured property or a change in its occupancy or use;

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

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

26 (4) discovery of a grossly negligent act or omission by
27 the insured which substantially increased the hazards insured against;

28 (5) physical changes in the insured property which result
29 in the property becoming uninsurable.

1 (e) Renewal of a policy does not constitute a waiver or estoppel
2 with respect to grounds for cancellation which existed before the
3 effective date of the renewal.

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

6 Sec. 21.42.390. NOTICE OF CANCELLATION. No insurer may exercise
7 its right to cancel a policy unless a written notice of cancellation
8 is mailed or delivered to the named insured, at the address shown in
9 the policy, at least 20 days before the effective date of cancellation,
10 except that when cancellation is for nonpayment of premium the notice
11 shall be mailed or delivered to the named insured at the address
12 shown in the policy at least 10 days before the effective date of
13 cancellation and shall include or be accompanied by a statement of
14 the reason for the cancellation. This section does not apply to the
15 failure to renew a policy, except as to coverage in force for less
16 than 12 months.

17 Sec. 21.42.400. STATEMENT OF REASONS. A notice of cancellation
18 issued under secs. 380(a)(2) or 380(d) of this chapter shall either
19 state the reasons for the cancellation, or contain a statement that
20 upon the written request of the named insured, mailed or delivered
21 to the insurer at least 10 days before the effective date of
22 cancellation, the insurer will specify in writing the reason for the
23 cancellation. If the reason for cancellation is not included in the
24 notice of cancellation, the insurer shall upon written request of
25 the named insured specify in writing the reason for cancellation.
26 The insurer shall mail or deliver this explanation to the named
27 insured within 10 days after receipt of a written request. Failure
28 to specify the reason following a request constitutes a violation
29 of this title, but does not invalidate the cancellation.

1 Sec. 21.42.410. FAILURE TO RENEW. No insurer may fail to
2 renew a policy in force for less than 12 months. No insurer may fail
3 to renew a policy in force for 12 months or more unless a written
4 notice of nonrenewal with a statement of reasons is mailed or
5 delivered to the named insured, at the address shown in the policy,
6 at least 20 days before the expiration date of the policy, or before
7 the anniversary date of a policy written for a term longer than one
8 year or with no fixed expiration date. This section does not apply

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

11 (2) in cases of nonpayment of premium for the expiring
12 policy; or

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

15 Sec. 21.42.420. NOTICE OF ELIGIBILITY. When a policy of
16 automobile liability insurance is cancelled, other than for nonpayment
17 of premium, or for failure to renew a policy of automobile liability
18 insurance to which sec. 410 of this chapter applies, the insurer
19 shall notify the named insured of his possible eligibility for
20 automobile insurance through the automobile assigned risk plan, or
21 automobile insurance plan. The notification shall accompany or be
22 included in the notice of cancellation or nonrenewal required by
23 secs. 400 and 410 of this chapter.

24 Sec. 21.42.430. PROOF OF MAILING. Proof of mailing of notice
25 of cancellation, or of nonrenewal or of reason for cancellation, to
26 the named insured at the address shown in the policy, is sufficient
27 proof of notice.

28 Sec. 21.42.440. EFFECT OF FAILURE TO COMPLY. Notwithstanding
29 the failure of an insurer to comply with secs. 380 - 480 of this

1 chapter, termination of coverage under the policy either by
2 cancellation or nonrenewal is effective on the effective date of
3 any other policy providing similar coverage on the same risk, or
4 motor vehicle or a replacement of it.

5 Sec. 21.42.450. IMMUNITY OF INSURER, DIRECTOR AND INFORMER.

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

19 Sec. 21.42.460. POLICY PERIOD. A policy with a policy period
20 or term of less than 12 months shall, for the purposes of secs.
21 380 - 480 of this chapter be considered to be written for a policy
22 period or term of 12 months except in case of cancellation under
23 any of the circumstances specified in sec. 380 of this chapter,
24 and a policy written for a term longer than one year or a policy with
25 no fixed expiration date shall be considered to be written for
26 successive policy periods or terms of one year and termination by an
27 insurer effective on an anniversary date of the policy shall be
28 considered a failure to renew.

29 Sec. 21.42.470. APPLICABILITY OF SECS. 380 - 480 OF THIS CHAPTER.

1 Secs. 380 - 480 of this chapter do not apply to any

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

5 (2) policy issued under an automobile assigned risk plan
6 or automobile insurance plan;

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

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

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

11 (6) other contract providing insurance to the named insured
12 even though the contract may incidentally provide insurance with
13 respect to motor vehicles.

14 Sec. 21.42.480. DEFINITIONS. In secs. 380 - 480 of this chapter

15 (1) "policy" means an insurance policy covering the risks
16 and exposures listed in sec. 380(c) of this chapter or an automobile
17 policy which includes automobile liability coverage, uninsured
18 motorist coverage, automobile medical payments coverage, or automobile
19 physical damage coverage, delivered or issued for delivery in this
20 state, insuring as the named insured one individual or husband and
21 wife resident of the same household, and under which the insured
22 vehicles are of the following type only:

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

26 (B) any other four-wheel motor vehicle with a load
27 capacity of 1,500 pounds or less which is not used in the
28 occupation, profession or business of the insured, nor used as
29 a public or livery conveyance nor rented to others;

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

2 (A) the issuance and delivery by an insurer of a
3 policy replacing at the end of the policy period a policy
4 previously issued delivered by the same insurer,

5 (B) the issuance and delivery of a certificate or
6 notice extending the term of a policy beyond its policy period
7 or term, or

8 (C) the extension of the term of a policy beyond
9 its policy period or term under a provision for extending the
10 policy by payment of a continuation premium;

11 (3) "nonpayment of premium" means failure of the named
12 insured to discharge when due any of his obligations in connection
13 with the payment of premium on a policy, or any installment of the
14 premium, whether the premium is payable directly to the insurer or
15 its agent or indirectly under any premium finance plan or extension
16 of credit.

17 * Sec. 18. AS 21.36.050, AS 21.36.120, AS 21.36.140 - 150, AS 21.36.170 -
18 190 and AS 21.36.210 - 310 are repealed.

19 * Sec. 19. This Act takes effect July 1, 1973.
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