

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/9/74  
Referred: Judiciary

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 178

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND 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 AS 21.36.030 is repealed and re-enacted to read: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 sub-  
7 scribers of lawful dividends, savings or unabsorbed premium deposits.

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

9 Sec. 21.36.115. UNFAIR CLAIM SETTLEMENT PRACTICES. No person in  
10 the insurance business may commit or engage in, with a degree of fre-  
11 quency that indicates it is a general business practice to commit or  
12 engage in, any of the following acts or practices:

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

15 (2) fail to acknowledge and act promptly upon communications  
16 regarding a claim arising under an insurance policy;

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

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

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

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

26 (7) compel insureds to litigate for recovery of amounts due  
27 under insurance policies by offering substantially less than the amounts  
28 ultimately recovered in actions brought by such insureds;

29 (8) attempt to make an unreasonably low settlement by

1 reference to printed advertising matter accompanying or included in an  
2 application;

3 (9) attempt to settle a claim on the basis of an application  
4 which has been altered without the consent of the insured;

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

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

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

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

23 (d) In this section, "complaint" means any written communication  
24 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 viola-  
3 tion 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 under sec. 202(c) of this chapter, he may  
11 certify the relevant facts to the appropriate superior court under  
12 AS 44.62.590. In addition to the penalties and remedies provided  
13 for in AS 44.62.590, the superior court, upon findings that the  
14 cease and desist order has been violated may order the violator to  
15 pay a penalty of not more than \$10,000 for each violation, revoke  
16 or suspend the violator's license, or both.

17 Sec. 21.36.222. REGULATIONS. The director may promulgate  
18 reasonable regulations that are necessary to carry out the provisions  
19 of this chapter. All regulations shall be promulgated under  
20 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 cancellation  
2 or nonrenewal is effective on the effective date of any other policy  
3 providing similar coverage on the same risk, or motor vehicle or a  
4 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 insurer,  
8 its authorized representatives, agents, or employees, or a person  
9 furnishing to the insurer information as to reasons for cancellation, or  
10 nonrenewal for any statement made by any of them in a written notice of  
11 cancellation, or nonrenewal or in any other communication, oral or  
12 written, specifying the reasons for cancellation, or nonrenewal or the  
13 providing of information pertaining to a cancellation or nonrenewal or  
14 for statements made or evidence submitted at a hearing conducted in con-  
15 nection with a cancellation or nonrenewal. However, this immunity from  
16 liability does not apply when the information furnished or statement  
17 made is untrue and the person furnishing the information or making the  
18 statement knew of the lack of truth or was grossly negligent in  
19 ascertaining the truth.

20 Sec. 21.42.460. POLICY PERIOD. A policy with a policy period or  
21 term of less than 12 months shall, for the purposes of secs. 380 - 480  
22 of this chapter be considered to be written for a policy period or term  
23 of 12 months except in case of cancellation under any of the circumstances  
24 specified in sec. 380 of this chapter, and a policy written for a term  
25 longer than one year or a policy with no fixed expiration date shall be  
26 considered to be written for successive policy periods or terms of one  
27 year and termination by an insurer effective on an anniversary date of  
28 the policy shall be 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, 21.36.120, 21.36.140 - 21.36.150, 21.36.170 -  
18 21.36.190 and 21.36.210 - 21.36.310 are repealed.

19 \* Sec. 19. This Act takes effect July 1, 1974.  
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