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Referred: Labor & Commerce and  
Judiciary

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1 IN THE HOUSE

2 HOUSE BILL NO. 346

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring evidence of motor vehicle liability  
7 insurance to be furnished to the Department of Public  
8 Safety when motor vehicle registration is made or  
9 renewed; and providing for an effective date."

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

11 \* Section 1. DECLARATION OF PURPOSE. The legislature is concerned over  
12 the rising toll of motor vehicle accidents and the suffering and loss in-  
13 flicted by them. The legislature determines that it is a matter of grave  
14 concern that motorists be financially responsible for their negligent acts  
15 so that innocent victims of motor vehicle accidents may be recompensed for  
16 the injury and financial loss inflicted upon them. The legislature finds  
17 and declares that the public interest can best be served by the requirement  
18 that the owner of a motor vehicle be required to furnish evidence of the  
19 existence of a motor vehicle liability policy issued in conformity with  
20 AS 28.10.012. when the vehicle registration is made or renewed as a prerequi-  
21 site to his exercise of the privilege of registering and operating a motor  
22 vehicle in the state.

23 \* Sec. 2. AS 28.10.011 is amended by adding a new subsection to read:

24 (b) An owner of a vehicle may not register a vehicle in the state  
25 and may not renew the registration of a vehicle in the state without  
26 providing evidence satisfactory to the department of the existence of a  
27 motor vehicle liability policy that complies with AS 28.10.012.

28 \* Sec. 3. AS 28.10 is amended by adding new sections to read:

29 Sec. 28.10.012. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-

1 10.011, "motor vehicle liability policy" means an "owner policy" or an  
2 "operator's policy" containing an agreement or endorsement as provided  
3 in this section and issued by an insurance carrier authorized to trans-  
4 act business in the state to or for the benefit of the person named as  
5 insured.

6 (b) The owner's policy of liability insurance shall

7 (1) designate by description or appropriate reference all  
8 vehicles which it covers;

9 (2) insure the person named and every other person using the  
10 vehicle with the express or implied permission of the named insured,  
11 against loss from the liability imposed by law for damages arising out  
12 of the ownership, maintenance, or use of the vehicle in the United  
13 States or the Dominion of Canada, subject to limits exclusive of inter-  
14 ests and costs, with respect to each vehicle, as follows: \$25,000  
15 because of bodily injury to or death of one person in any one accident,  
16 and, subject to the same limit for one person, \$50,000 because of  
17 bodily injury to or death of two or more persons in any one accident,  
18 and \$10,000 because of injury to or destruction of property of others  
19 in any one accident;

20 (3) contain coverage in the amounts set out in (2) of this  
21 subsection for the protection of the persons insured under the policy  
22 who are legally entitled to recover damages from the owner or operator  
23 of an uninsured motor vehicle because of bodily injury or death arising  
24 out of the ownership, maintenance, or use of the uninsured motor  
25 vehicle, except that this coverage may be waived in writing by the  
26 insured on or before the effective date of the policy.

27 (c) The operator's policy of liability insurance shall insure the  
28 person named as insured against loss from the liability imposed upon  
29 him by law for damages arising out of the use by him of a motor vehicle

1 not owned by him, within the same territorial limits and subject to the  
2 same limits of liability as are required for an owner's policy of  
3 liability insurance.

4 (d) The motor vehicle liability policy shall state the name and  
5 address of the named insured, the coverage, the premium charges, the  
6 policy period and the limits of liability, and shall contain an agree-  
7 ment or an endorsement that insurance is provided in accordance with  
8 the coverage defined in (b)(2) of this section for bodily injury and  
9 death or property damage, or both.

0 (e) The motor vehicle liability policy need not insure liability  
1 under a workers' compensation law nor liability for damage to property  
2 owned by, rented to, in charge of, or transported by the insured.

3 (f) Every motor vehicle liability policy is subject to the follow-  
4 ing provisions but these provisions need not be contained in the policy:

5 (1) The liability of the insurance carrier becomes absolute  
6 whenever injury or damage covered by the policy occurs. The policy may  
7 not be cancelled or annulled as to this liability after the occurrence  
8 of the injury or damage. No statement made by the insured or on his  
9 behalf and no violation of the policy defeats or voids the policy.

0 (2) The satisfaction by the insured of a judgment for injury  
1 or damages is not a condition precedent to the right or duty of the  
2 insurance carrier to make payment on account of injury or damage.

3 (3) The insurance carrier may settle a claim covered by the  
4 policy, and if settlement is made in good faith, the amount of settle-  
5 ment is deductible from the limits of liability specified in (b) of  
6 this section.

7 (4) The policy, the written application for the policy, if  
8 any, and every rider or endorsement which does not conflict with the  
9 provisions of this chapter constitute the entire contract between the

1 parties.

2 (g) A policy which grants the coverage required for a motor  
3 vehicle liability policy may also grant lawful coverage in excess of or  
4 in addition to the coverage specified for a policy and the excess or  
5 additional coverage is not subject to the provisions of this chapter.  
6 With respect to a policy which grants excess or additional coverage the  
7 term "motor vehicle liability policy" applies only to that part of the  
8 coverage which is required by this section.

9 (h) A motor vehicle liability policy may provide that the insured  
10 shall reimburse the insurance carrier for any payment the insurance  
11 carrier would not have been obligated to make under the terms of the  
12 policy except for the provisions of this chapter.

13 (i) A motor vehicle liability policy may provide for proration of  
14 the insurance with other valid and collectible insurance.

15 (j) The requirements for a motor vehicle liability policy may be  
16 fulfilled by the policies of one or more insurance carriers which  
17 together meet the requirements.

18 (k) A binder issued pending the issuance of a motor vehicle  
19 liability policy fulfills the requirements for a policy.

20 (l) The insurance carrier shall provide notice to the department  
21 of the termination of a policy issued under (a) of this section. If  
22 the person whose coverage terminates fails to provide the department  
23 with evidence satisfactory to it of the existence of a motor vehicle  
24 liability policy issued in conformity with this section, the department  
25 shall suspend the driver's license and all registration certificates  
26 and registration plates issued to the owner of the motor vehicle until  
27 the owner has complied with this section.

28 (m) The insurance carrier authorized to transact business in the  
29 state who issues a motor vehicle liability policy to the owner of a

1 motor vehicle under this section shall provide the owner with a card  
2 indicating the existence of the policy. The operator of the vehicle  
3 shall

4 (1) at all times carry in the motor vehicle the card indicat-  
5 ing the existence of the policy;

6 (2) present the card for a motor vehicle safety inspection  
7 under AS 28.21.

8 Sec. 28.10.013. REQUIREMENTS OF POLICY. (a) A policy is not  
9 effective under AS 28.10.012 unless it is issued by an insurance company  
10 or surety company authorized to do business in this state, except as  
11 provided in (b) of this section, and complies with the limit require-  
12 ments established in AS 28.10.012(b)(2).

13 (b) A policy is not effective under AS 28.10.012 with respect to  
14 a vehicle not registered in this state or a vehicle which was registered  
15 in another jurisdiction at the effective date of the policy or the most  
16 recent renewal of it, unless the insurance or surety company issuing  
17 the policy is authorized to do business in this state, or if the company  
18 is not authorized to do business in this state, unless it executes a  
19 power of attorney authorizing the director of the division of insurance  
20 to accept service on its behalf of notice or process in an action upon  
21 the policy arising out of the accident.

22 \* Sec. 4. AS 28.10.021 is amended by adding a new subsection to read:

23 (b) A certificate of registration may not be issued under this  
24 section unless the owner complies with AS 28.10.011(b).

25 \* Sec. 5. AS 28.10.051 is amended by adding a new subsection to read:

26 (b) The department shall suspend the registration of a vehicle,  
27 the certificate of registration or registration plates for a vehicle,  
28 or a special permit when the department is advised that the motor  
29 vehicle liability policy issued under AS 28.10.012 for the vehicle has

1 terminated.

2 \* Sec. 6. AS 28.10.111 is amended by adding a new subsection to read:

3 (c) The department may not renew the registration of a vehicle  
4 under this section unless the owner complies with AS 28.10.011.

5 \* Sec. 7. AS 28.10 is amended by adding a new section to read:

6 Sec. 28.10.466. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHICLE  
7 LIABILITY POLICY. (a) A person may not drive or move nor may an owner  
8 knowingly permit to be driven or moved on a highway or vehicular way or  
9 area a vehicle required to be insured under a motor vehicle liability  
10 policy issued under AS 28.10.012 unless a motor vehicle liability  
11 policy is in effect for the motor vehicle.

12 (b) A person who violates (a) of this section commits a class B  
13 misdemeanor. The court shall impose the maximum fine established by  
14 AS 12.55.035 for a person convicted of a class B misdemeanor. The  
15 court may not suspend the fine imposed under this subsection and proba-  
16 tion may not be granted until the fine has been paid. Imposition of a  
17 sentence imposed under AS 12.55.135 may not be suspended except upon  
18 the condition that the fine is paid.

19 (c) In addition to the sanctions for a violation of (a) of this  
20 section established by (b) of this section, a person who violates (a)  
21 of this section is subject to

22 (1) suspension or revocation of an operator's license;

23 (2) suspension or revocation of the registration of the  
24 motor vehicle; and

25 (3) impoundment of the vehicle.

26 \* Sec. 8. AS 21.89.020 is repealed and reenacted to read:

27 Sec. 21.89.020. REQUIRED MOTOR VEHICLE COVERAGE. A motor vehicle  
28 liability policy which insures an owner or operator of a motor vehicle  
29 against loss resulting from liability for bodily injury or death, or

1 for property injury or destruction, or both, which is sold in the state  
2 after June 30, 1981, by an insurance carrier authorized to transact  
3 business in the state shall contain limits no less than those prescribed  
4 for a motor vehicle liability policy in AS 28.10.012(b)(2) and meet the  
5 requirements of AS 28.10.012(b)(3).

6 \* Sec. 9. AS 28.20 is repealed.

7 \* Sec. 10. The provisions of AS 28.20 in effect on and before the effec-  
8 tive date of this Act apply to an accident or judgment arising from an  
9 accident or violation of the motor vehicle laws of this state occurring  
10 between September 1, 1959, and June 30, 1981. The provisions of AS 28.10 as  
11 enacted in secs. 2 - 6 of this Act apply on and after July 1, 1981.

12 \* Sec. 11. This Act takes effect July 1, 1981.  
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