

Introduced: 1/17/83
Referred: State Affairs and
Judiciary

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1 IN THE HOUSE

2

HOUSE BILL NO. 7

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH 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 28.22.010 when the vehicle registration is made or renewed as a pre-
21 requisite to the exercise of the privilege of registering and operating a
22 motor 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
25 state and may not renew the registration of a vehicle in the state
26 without providing evidence satisfactory to the department of the
27 existence of a motor vehicle liability policy that complies with
28 AS 28.22.010.

29 * Sec. 3. AS 28.10.021 is amended by adding a new subsection to read:

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

3 * Sec. 4. AS 28.10.051 is amended by adding a new subsection to read:

4 (b) The department shall suspend the registration of a vehicle,
5 the certificate of registration or registration plates for a vehicle,
6 or a special permit when the department is advised that the motor
7 vehicle liability policy issued under AS 28.22.010 for the vehicle has
8 terminated.

9 * Sec. 5. AS 28.10.111 is amended by adding a new subsection to read:

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

12 * Sec. 6. AS 28 is amended by adding a new chapter to read:

13 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

14 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-
15 10.011 and this chapter "motor vehicle liability policy" means an
16 "owner policy" or an "operator's policy" containing an agreement or
17 endorsement as provided in this section and issued by an insurance
18 carrier authorized to transact business in the state to or for the
19 benefit of the person named as insured.

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

21 (1) designate by description or appropriate reference all
22 vehicles that it covers;

23 (2) insure the person named and every other person using
24 the vehicle with the express or implied permission of the named insur-
25 ed, against loss from the liability imposed by law for damages arising
26 out of the ownership, maintenance, or use of the vehicle in the United
27 States or the Dominion of Canada, subject to limits exclusive of
28 interests and costs, with respect to each vehicle, as follows:

29 (A) \$25,000 because of bodily injury to or death of

1 one person in any one accident, and, subject to the same limit
2 for one person, \$50,000 because of bodily injury to or death of
3 two or more persons in any one accident; and

4 (B) \$10,000 because of injury to or destruction of
5 property of others in any one accident;

6 (3) contain coverage in the amounts set out in (2) of this
7 subsection for the protection of the persons insured under the policy
8 who are legally entitled to recover damages from the owner or operator
9 of an uninsured motor vehicle because of bodily injury or death aris-
10 ing out of the ownership, maintenance, or use of the uninsured motor
11 vehicle, except that this coverage may be waived in writing by the
12 insured on or before the effective date of the policy.

13 (c) The operator's policy of liability insurance shall insure
14 the person named as insured against loss from the liability imposed on
15 the operator by law for damages arising out of the use by the operator
16 of a motor vehicle not owned by the operator, within the same territo-
17 rial limits and subject to the same limits of liability as are re-
18 quired for an owner's policy of liability insurance.

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

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

28 (f) Every motor vehicle liability policy is subject to the
29 following provisions but these provisions need not be contained in the

1 policy:

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

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

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

15 (4) The policy, the written application for the policy, if
16 any, and every rider or endorsement that does not conflict with the
17 provisions of this chapter constitute the entire contract between the
18 parties.

19 (g) A policy that grants the coverage required for a motor
20 vehicle liability policy may also grant lawful coverage in excess of
21 or in addition to the coverage specified for a policy and the excess
22 or additional coverage is not subject to the provisions of this chap-
23 ter. With respect to a policy that grants excess or additional cover-
24 age the term "motor vehicle liability policy" applies only to that
25 part of the coverage that is required by this section.

26 (h) A motor vehicle liability policy may provide that the in-
27 sured shall reimburse the insurance carrier for any payment the insur-
28 ance carrier would not have been obligated to make under the terms of
29 the policy except for the provisions of this chapter.

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

3 (j) The requirements for a motor vehicle liability policy may be
4 fulfilled by the policies of one or more insurance carriers who to-
5 gether meet the requirements.

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

8 (l) The insurance carrier shall provide notice to the department
9 of the termination of a policy issued under (a) of this section. If
10 the person whose coverage terminates fails to provide the department
11 with evidence satisfactory to it of the existence of a motor vehicle
12 liability policy issued in conformity with this section, the depart-
13 ment shall suspend the driver's license and all registration certifi-
14 cates and registration plates issued to the owner of the motor vehicle
15 until the owner has complied with this section.

16 (m) The insurance carrier authorized to transact business in the
17 state who issues a motor vehicle liability policy to the owner of a
18 motor vehicle under this section shall provide the owner with a card
19 indicating the existence of the policy. The operator of the vehicle
20 shall at all times carry in the motor vehicle the card indicating the
21 existence of the policy.

22 Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not
23 effective under AS 28.22.010 unless it is issued by an insurance
24 company or surety company authorized to do business in this state,
25 except as provided in (b) of this section, and unless it complies with
26 the limit requirements established in AS 28.22.010(b)(2).

27 (b) A policy is not effective under AS 28.22.010 with respect to
28 a vehicle not registered in the state or a vehicle that was registered
29 in another jurisdiction at the effective date of the policy or the

1 most recent renewal of it, unless the insurance or surety company
2 issuing the policy is authorized to do business in the state, or if
3 the company is not authorized to do business in the state, unless it
4 executes a power of attorney authorizing the director of the division
5 of insurance to accept service on its behalf of notice or process in
6 an action upon the policy arising out of the accident.

7 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
8 CLE LIABILITY POLICY. (a) A person may not drive or move nor may an
9 owner knowingly permit to be driven or moved on a highway or vehicular
10 way or area a vehicle required to be insured under a motor vehicle
11 liability policy that complies with AS 28.22.010 unless a motor vehi-
12 cle liability policy is in effect for the motor vehicle.

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

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

- 23 (1) suspension or revocation of an operator's license;
24 (2) suspension or revocation of the registration of the
25 motor vehicle; and
26 (3) impoundment of the vehicle.

27 * Sec. 7. AS 21.89.020 is repealed and reenacted to read:

28 Sec. 21.89.020. REQUIRED MOTOR VEHICLE COVERAGE. A motor vehi-
29 cle liability policy that insures an owner or operator of a motor

1 vehicle against loss resulting from liability for bodily injury or
2 death, or for property injury or destruction, or both, which is sold
3 in the state after June 30, 1983, by an insurance carrier authorized
4 to transact business in the state shall contain limits no less than
5 those prescribed for a motor vehicle liability policy in AS 28.22.-
6 010(b)(2) and meet the requirements of AS 28.22.010(b)(3).

7 * Sec. 8. AS 28.20 is repealed.

8 * Sec. 9. The provisions of AS 28.20 in effect on and before the effec-
9 tive date of this Act apply to an accident or judgment arising from an
10 accident or violation of the motor vehicle laws of this state occurring
11 between September 1, 1959, and June 30, 1983. The provisions of AS 28.10
12 and AS 28.22 as enacted in secs. 2 - 6 of this Act apply on and after
13 July 1, 1983.

14 * Sec. 10. This Act takes effect July 1, 1983.