

Offered: 5/10/83
Referred: Finance

Original sponsors: Hayes, Barnes,
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1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 7 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to motor vehicles; and providing for
7 an effective date."

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

9 * Section 1. DECLARATION OF PURPOSE. The legislature is concerned over
10 the rising toll of motor vehicle accidents and the suffering and loss in-
11 flicted by them. The legislature determines that it is a matter of grave
12 concern that motorists be financially responsible for their negligent acts
13 so that innocent victims of motor vehicle accidents may be recompensed for
14 the injury and financial loss inflicted upon them. The legislature finds
15 and declares that the public interest can best be served by the requirement
16 that the owner of a motor vehicle be required to furnish evidence of the
17 existence of a motor vehicle liability policy issued in conformity with
18 AS 28.22.010 or of a certificate of self-insurance issued under AS 28.20.-
19 400 when the vehicle registration is made or renewed as a prerequisite to
20 the exercise of the privilege of registering and operating a motor vehicle
21 in the state.

22 * Sec. 2. AS 28.10.011 is amended by adding a new paragraph to read:

23 (12) a mobile home as defined in AS 45.30.100.

24 * Sec. 3. AS 28.10.011 is amended by adding a new subsection to read:

25 (b) An owner of a motor vehicle may not register a motor vehicle
26 in the state and may not renew the registration of a motor vehicle in
27 the state without providing evidence satisfactory to the department of
28 the existence of a motor vehicle liability policy that complies with
29 AS 28.22.010 or of a certificate of self-insurance that complies with

1 AS 28.20.400.

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

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

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

6 (c) The department may not renew the registration of a motor
7 vehicle under this section unless the owner complies with AS 28.10.-
8 011(b).

9 * Sec. 6. AS 28.10.201(b) is amended to read:

10 (b) The owner of a vehicle described in AS 28.10.011 as being
11 exempt from registration and the owner of a snowmobile or off-highway
12 vehicle may not apply for, nor may the department issue, a certificate
13 of title for such a vehicle. However, the department may issue a
14 certificate of title to the owner of a vehicle exempt from registra-
15 tion under AS 28.10.011(3), (6), (7), (11) and (12), [28.10.011(6)]
16 upon application by that owner.

17 * Sec. 7. AS 28.15.011 is amended by adding a new subsection to read:

18 (d) Under this section a person's driver's license may be issued
19 or renewed only on presentation of evidence satisfactory to the de-
20 partment of the existence of a motor vehicle liability policy that
21 complies with AS 28.22.010 or a certificate of self-insurance that
22 complies with AS 28.20.400 for all motor vehicles owned by the person
23 and registered in the person's name and located within the state.

24 * Sec. 8. AS 28.15.011 is amended by adding a new subsection to read:

25 (e) The department shall suspend the driver's license of a
26 person when the department is advised that the person's coverage is
27 terminated and there has been no written response by the person to a
28 written thirty-day notice by the department.

29 * Sec. 9. AS 28.15.081(a) is amended to read:

1 (a) The department shall examine every applicant for a driver's
2 license. The examination shall include (1) a test of the applicant's
3 eyesight, (2) a test of the applicant's (HIS) ability to read and
4 understand official traffic control devices, (3) the applicant's (HIS)
5 knowledge of safe driving practices, (4) the applicant's knowledge of
6 the effects of alcohol and drugs on drivers and the dangers of driving
7 under the influence of alcohol or drugs, (5) the applicant's knowledge
8 of laws relating to driving while intoxicated, (6) the applicant's
9 knowledge of laws relating to financial responsibility, and the traf-
10 fic laws and regulations of this state. The examination [, AND] may
11 include a demonstration of ability to exercise ordinary and reasonable
12 control in the driving of a motor vehicle of the type and general
13 class of vehicles for which the applicant seeks a license. However,
14 an applicant who has not been previously issued a driver's license by
15 this or another jurisdiction must demonstrate [HIS] ability, and must
16 present medical information that [WHICH] the department reasonably
17 requires to determine [HIS] fitness to safely drive a motor vehicle of
18 the type and general class of vehicles for which the applicant [HE]
19 seeks a license.

20 * Sec. 10. AS 28.20.070(a) is amended to read:

21 (a) No policy or bond is effective under AS 28.20.060 unless it
22 is issued by an insurance company or surety company authorized to do
23 business in this state, except as provided in (b) of this section, and
24 if the accident resulted in bodily injury or death, unless the policy
25 or bond is subject to a limit, exclusive of interest and costs, of not
26 less than \$50,000 [\$25,000] because of bodily injury to or death of
27 one person in any one accident and, subject to the same limit for one
28 person, to a limit of not less than \$100,000 [\$50,000] because of
29 bodily injury to or death of two or more persons in any one accident,

1 and if the accident has resulted in injury to, or destruction of,
2 property to a limit of not less than \$25,000 [\$10,000] because of
3 injury to or destruction of property of others in any one accident.

4 * Sec. 11. AS 28.20.230(b) is amended to read:

5 (b) The term "proof of financial responsibility for the future"
6 as used in this chapter means proof of ability to respond in damages
7 for liability, on account of an accident occurring after the effective
8 date of proof, which arises out of the ownership, maintenance or use
9 of a vehicle subject to registration under the laws of this state, in
10 the amount of \$50,000 [\$25,000] because of bodily injury to or death
11 of one person in any one accident, and, subject to the same limit for
12 one person, in the amount of \$100,000 [\$50,000] because of bodily
13 injury to or death of two or more persons in any one accident, and in
14 the amount of \$25,000 [\$10,000] because of injury to or destruction of
15 property of others in any one accident. As used in this chapter the
16 terms "proof of financial responsibility" or "proof" mean proof of
17 financial responsibility for the future.

18 * Sec. 12. AS 28.20.360(a) is amended to read:

19 (a) For the purpose of this chapter, a judgment is satisfied
20 when

21 (1) \$50,000 [\$25,000] is credited upon a judgment given in
22 excess of that amount because of bodily injury to or death of one
23 person as the result of any one accident; or

24 (2) subject to the limit of \$50,000 [\$25,000] because of
25 bodily injury to or death of one person, the sum of \$100,000 [\$50,000]
26 is credited upon a judgment given in excess of that amount because of
27 bodily injury to or death of two or more persons as the result of any
28 one accident; or

29 (3) \$25,000 [\$10,000] is credited upon a judgment given in

1 excess of that amount because of injury to or destruction of property
2 of others as a result of any one accident.

3 * Sec. 13. AS 28.20.440(b)(2) is amended to read:

4 (2) insure the person named and every other person using
5 the vehicle with the express or implied permission of the named insur-
6 ed, against loss from the liability imposed by law for damages arising
7 out of the ownership, maintenance or use of the vehicle within the
8 United States of America or the Dominion of Canada, subject to limits
9 exclusive of interests and costs, with respect to each vehicle, as
10 follows: \$50,000 [\$25,000] because of bodily injury to or death of
11 one person in any one accident, and, subject to the same limit for one
12 person, \$100,000 [\$50,000] because of bodily injury to or death of two
13 or more persons in any one accident, and \$25,000 [\$10,000] because of
14 injury to or destruction of property of others in any one accident;

15 * Sec. 14. AS 28.20.440(b)(3) is amended to read:

16 (3) contain coverage in the amounts set out in (2) of this
17 subsection for the protection of the persons insured under the policy
18 who are legally entitled to recover damages from owners or operators
19 of uninsured or underinsured motor vehicles because of bodily injury
20 or death, or damage to or destruction of property arising out of the
21 ownership, maintenance or use of the uninsured or underinsured motor
22 vehicle, except that this coverage or part of it may be waived in
23 writing by the insured on or before the effective date of the policy.

24 * Sec. 15. AS 28.20.440 is amended by adding new subsections to read:

25 (1) The insurance carrier shall provide notice to the department
26 of the termination of coverage commenced during the preceding 180 days
27 under (a) of this section within 10 days of actual knowledge of the
28 termination or written notice of intent to terminate. The department
29 may notify the insurance carrier of a person with previous policy

1 abuses and require notice of termination of coverage for the person
2 after the person is given an opportunity for a department hearing. If
3 the person whose coverage terminates fails to provide the department
4 with evidence satisfactory to it of the existence of a motor vehicle
5 liability policy issued in conformity with this section, the depart-
6 ment shall suspend the driver's license and all registration certifi-
7 cates and registration plates issued to the owner of the motor vehicle
8 until the owner has complied with this section.

9 (m) The insurance carrier authorized to transact business in the
10 state who issues a motor vehicle liability policy to the owner of a
11 motor vehicle under this section shall provide the owner with a card
12 indicating the existence of the policy. The operator of the motor
13 vehicle shall at all times carry in the vehicle the card indicating
14 the existence of the policy.

15 * Sec. 16. AS 28.20.490 is amended to read:

16 Sec. 28.20.490. MONEY OR SECURITIES AS PROOF. Proof of finan-
17 cial responsibility may be evidenced by the deposit of \$100,000
18 [\$25,000] in cash, or securities which are legal investments for
19 saving banks or trust funds having a market value of \$100,000
20 [\$25,000]. The department shall not accept a deposit unless accom-
21 panied by evidence that there are no unsatisfied judgments of any
22 character against the depositor in the recording district where the
23 depositor resides.

24 * Sec. 17. AS 28 is amended by adding a new chapter to read:

25 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

26 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-
27 10.011 and this chapter "motor vehicle liability policy" means an
28 "owner policy" or an "operator's policy" containing an agreement or
29 endorsement as provided in this section and issued by an insurance

1 carrier authorized to transact business in the state to or for the
2 benefit of the person named as insured.

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

4 (1) designate by description or appropriate reference all
5 vehicles that it covers;

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

12 (A) \$50,000 because of bodily injury to or death of
13 one person in any one accident, and, subject to the same limit
14 for one person, \$100,000 because of bodily injury to or death of
15 two or more persons in any one accident; and

16 (B) \$25,000 because of injury to or destruction of
17 property of others in any one accident;

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

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

1 of a motor vehicle not owned by the operator, within the same territo-
2 rial limits and subject to the same limits of liability as are re-
3 quired for an owner's policy of 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.

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

13 (f) Every motor vehicle liability policy is subject to the
14 following provisions but these provisions need not be contained in the
15 policy:

16 (1) The liability of the insurance carrier becomes absolute
17 whenever injury or damage covered by the policy occurs. The policy
18 may not be cancelled or annulled as to this liability after the occur-
19 rence of the injury or damage. No statement made by the insured or on
20 behalf of the insured and no violation of the policy defeats or voids
21 the policy.

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

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

29 (4) The policy, the written application for the policy, if

1 any, and every rider or endorsement that does not conflict with the
2 provisions of this chapter constitute the entire contract between the
3 parties.

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

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

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

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

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

22 (l) The insurance carrier shall provide notice to the department
23 of the termination of coverage commenced during the preceding 180 days
24 under (a) of this section within 10 days of actual knowledge of the
25 termination or written notice of intent to terminate. The department
26 may notify the insurance carrier of a person with previous policy
27 abuses and require notice of termination of coverage for the person
28 after the person is given an opportunity for a department hearing. If
29 the person whose coverage terminates fails to provide the department

1 with evidence satisfactory to it of the existence of a motor vehicle
2 liability policy issued in conformity with this section, the depart-
3 ment shall suspend the driver's license and all registration certifi-
4 cates and registration plates issued to the owner of the motor vehicle
5 until the owner has complied with this section.

6 (m) The insurance carrier authorized to transact business in the
7 state who issues a motor vehicle liability policy to the owner of a
8 motor vehicle under this section shall provide the owner with a card
9 indicating the existence of the policy. The operator of the motor
10 vehicle shall at all times carry in the vehicle the card indicating
11 the existence of the policy.

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

17 (b) A policy is not effective under AS 28.22.010 with respect to
18 a vehicle not registered in the state or a vehicle that was registered
19 in another jurisdiction at the effective date of the policy or the
20 most recent renewal of it, unless the insurance or surety company
21 issuing the policy is authorized to do business in the state, or if
22 the company is not authorized to do business in the state, unless it
23 executes a power of attorney authorizing the director of the division
24 of insurance to accept service on its behalf of notice or process in
25 an action upon the policy arising out of the accident.

26 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
27 CLE LIABILITY POLICY. (a) A person may not drive or move nor may an
28 owner knowingly permit to be driven or moved on a highway or vehicular
29 way or area a vehicle required to be insured under a motor vehicle

1 liability policy that complies with AS 28.22.010 unless a motor vehi-
2 cle liability policy is in effect for the motor vehicle.

3 (b) If a peace officer has probable cause to believe a motor
4 vehicle was used in the commission of an offense under (a) of this
5 section, a citation will be issued. The charge will be dismissed if
6 evidence is presented within five days showing insurance policy cover-
7 age as required by AS 28.22.010 or a certificate of self-insurance
8 that complies with AS 28.20.400 was in effect at the time the citation
9 was issued.

10 (c) A person who violates (a) of this section commits a class B
11 misdemeanor. The court shall impose a fine of not less than \$250 and
12 may impose up to the maximum fine established by AS 12.55.035 for a
13 person convicted of a class B misdemeanor. The court may not suspend
14 the minimum fine imposed under this subsection. Imposition of a
15 sentence imposed under AS 12.55.135 may not be suspended except upon
16 the condition that the fine is paid in accordance with AS 12.55.-
17 051(a).

18 (d) In addition to the sanctions for a violation of (a) of this
19 section established by (b) of this section, the court shall impose the
20 following sanctions on a person who is convicted of violating (a) of
21 this section:

22 (1) For a person not previously convicted of an offense
23 under (a) of this section;

24 (A) suspension of that person's driver's license for
25 up to 30 days;

26 (B) suspension of the registration of the subject
27 motor vehicle until proof of compliance with AS 28.10.011 is
28 furnished to the department.

29 (2) For a person once previously convicted of an offense

1 under (a) of this section within 10 years; (A) suspension of that
2 person's driver's license without limited license privileges for a
3 minimum of 30 days and up to 90 days; (B) suspension of the regis-
4 tration of the subject motor vehicle that will be impounded for a
5 minimum of 90 days and thereafter until proof of compliance with
6 AS 28.10.011 is furnished to the department. A motor vehicle may not
7 be impounded under this section until an opportunity for a judicial
8 hearing is allowed any person indicated on the vehicle certificate of
9 title or who has a lien interest in the motor vehicle. When the motor
10 vehicle is impounded under this section, the owner or person with the
11 right to possess the motor vehicle shall pay the necessary costs of
12 impounding and storing the vehicle before it may be released.

13 (3) For a person twice or more previously convicted of an
14 offense under (a) of this section within 10 years;

15 (A) suspension of that person's driver's license
16 without limited license privileges for a minimum of 90 days and
17 up to one year;

18 (B) forfeiture of the person's motor vehicle under
19 AS 28.22.510.

20 Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) Upon convic-
21 tion of an offense under AS 28.22.500 the court may order the forfei-
22 ture of the motor vehicle involved in the commission of the offense if
23 the convicted person was previously convicted twice or more in this
24 jurisdiction of violating AS 28.22.500 or in another jurisdiction
25 convicted of violating twice or more a statute similar to AS 28.22.500
26 within the last 10 years.

27 (b) Upon forfeiture of a motor vehicle the court shall require
28 the surrender of the registration and certificate of title of that
29 motor vehicle for delivery by the court to the department.

1 (c) If not released under AS 28.22.520(c), a motor vehicle
2 forfeited under this section may be disposed of by the department by
3 sale under AS 09.35.140 - 09.35.180. A motor vehicle lienholder may
4 make a minimum bid in the amount of the lien.

5 Sec. 28.22.520. REMISSION OF FORFEITURES. (a) Upon ordering
6 forfeiture of a motor vehicle under AS 28.22.510, the Department of
7 Law shall within five days provide to every person who has an owner-
8 ship or security interest in the motor vehicle written notice of the
9 forfeiture that includes

10 (1) a description of the motor vehicle;

11 (2) the time and place of the forfeiture;

12 (3) the legal authority under which the motor vehicle was
13 forfeited;

14 (4) notice of the right to file a petition for remission of
15 interest in the forfeited motor vehicle.

16 (b) Upon receipt of a petition for remission of interest in a
17 forfeited motor vehicle the court shall hold a hearing on the question
18 and shall order remission of the interest if the petitioner shows that

19 (1) the petitioner has an interest in the motor vehicle
20 acquired in good faith;

21 (2) a person other than the petitioner was convicted of the
22 offense that resulted in the forfeiture;

23 (3) before parting with the motor vehicle the owner-peti-
24 tioner did not know or have reasonable cause to believe that it would
25 be used in the commission of an offense.

26 (c) An order for remission under this section may provide for

27 (1) reimbursement of the petitioner's interest in the motor
28 vehicle; or

29 (2) the petitioner's repossession of the motor vehicle and

1 that petitioner may obtain title to the motor vehicle from the depart-
2 ment.

3 Sec. 28.22.530. UNUSED MOTOR VEHICLES. A person may terminate
4 or suspend a motor vehicle liability policy covering a vehicle that is
5 unused. A person exercising this option shall remove the unused
6 vehicle plates and deliver them to the nearest department office.
7 When the vehicle is to be used the person shall present evidence
8 satisfactory to the department of a motor vehicle liability policy
9 that complies with AS 28.22.010 covering the vehicle and person, at
10 which time the department shall reissue vehicle plates to the person.

11 Sec. 28.22.540. ANNUAL REPORT. Beginning in 1988, the Depart-
12 ment of Commerce and Economic Development and Department of Public
13 Safety shall submit a joint report to the legislature no later than
14 February 1 of each year on the administration of this chapter. The
15 report shall include

16 (1) a review of this chapter's effect on the number of
17 uninsured motorists before and after it was adopted;

18 (2) the administrative problems and costs of enforcing this
19 chapter for the courts and involved departments; and

20 (3) the effect of the program on motor vehicle liability
21 premiums in the state.

22 * Sec. 18. AS 21.89.020(a) is amended to read:

23 (a) An automobile liability policy that [WHICH] insures an owner
24 or operator of a motor vehicle against loss resulting from [HIS]
25 liability for bodily injury or death, or for property injury or de-
26 struction, or both, which is sold in the state [AFTER JANUARY 1, 1969,
27 BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS
28 STATE], shall contain limits in at least the amount prescribed for a
29 motor vehicle liability policy in AS 28.20.440(b)(2), [AND MEET THE

1 REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT
2 PARAGRAPH].

3 * Sec. 19. Section AS 21.89.020 is amended by adding a new subsection
4 to read:

5 (c) In addition to the coverages and limits required in (a) of
6 this section, an insurance company offering automobile liability
7 insurance in this state shall offer coverage, with limits equal to at
8 least the limit purchased voluntarily to cover the insured persons
9 liability, for the protection of the persons insured under the policy
10 who are legally entitled to recover damages from owners or operators
11 of uninsured or underinsured motor vehicles. The coverage shall be
12 offered in four parts, one or more of which may be waived under
13 AS 28.20.440(b)(3) or AS 28.22.010(b)(3). The parts are:

- 14 (1) uninsured motorists, bodily injury;
15 (2) uninsured motorists, property damage;
16 (3) underinsured motorists, bodily injury; and
17 (4) underinsured motorists, property damage.

18 * Sec. 20. Section 7 of this Act takes effect January 1, 1985.

19 * Sec. 21. Sections 18 and 19 of this Act take effect January 1, 1984.

20 * Sec. 22. Except for secs. 7, 18 and 19 this Act takes effect July 1,
21 1984.

22