

Offered: 5/20/83  
For Today's Calendar

Original sponsors: Hayes, Barnes,  
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1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 7 (Finance)  
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) A person's driver's license may be issued or renewed under  
19 this chapter 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 insurance  
27 coverage is terminated and there has been no written response by the  
28 person within thirty days to a written notice issued by the department  
29 to the person requesting verification of compliance with

1 AS 28.15.011(d).

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

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

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

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

1 person, to a limit of not less than \$100,000 [\$50,000] because of  
2 bodily injury to or death of two or more persons in any one accident,  
3 and if the accident has resulted in injury to, or destruction of,  
4 property to a limit of not less than \$25,000 [\$10,000] because of  
5 injury to or destruction of property of others in any one accident.

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

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

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

21 (a) For the purpose of this chapter, a judgment is satisfied  
22 when

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

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

1 one accident; or

2 (3) \$25,000 [\$10,000] is credited upon a judgment given in  
3 excess of that amount because of injury to or destruction of property  
4 of others as a result of any one accident.

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

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 within the  
10 United States of America or the Dominion of Canada, subject to limits  
11 exclusive of interests and costs, with respect to each vehicle, as  
12 follows: \$50,000 [\$25,000] because of bodily injury to or death of  
13 one person in any one accident, and, subject to the same limit for one  
14 person, \$100,000 [\$50,000] because of bodily injury to or death of two  
15 or more persons in any one accident, and \$25,000 [\$10,000] because of  
16 injury to or destruction of property of others in any one accident;

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

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 owners or operators  
21 of uninsured or underinsured motor vehicles because of bodily injury  
22 or death, or damage to or destruction of property arising out of the  
23 ownership, maintenance or use of the uninsured or underinsured motor  
24 vehicle, except that this coverage or part of it may be waived in  
25 writing by the insured on or before the effective date of the policy.

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

27 (1) The insurance carrier shall provide notice to the department  
28 of the termination of coverage commenced during the preceding 180 days  
29 under (a) of this section within 10 days of actual knowledge of the

1 termination or the receipt of written notice of intent to terminate.  
2 The department may notify the insurance carrier of a person with  
3 previous policy abuses and require notice of termination of coverage  
4 for the person. If the person whose coverage terminates fails to  
5 provide the department with evidence satisfactory to it of the exist-  
6 tence of a motor vehicle liability policy issued in conformity with  
7 AS 28.20.440 or a certificate of self-insurance issued in conformity  
8 with AS 28.20.400, the department shall suspend the driver's license  
9 and all registration certificates and registration plates issued to  
10 the person until the person has provided the department with such  
11 evidence.

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

18 \* Sec. 16. AS 28.20.490 is amended to read:

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

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

28 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

29 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In

1 AS 28.10.011, AS 28.15.011, and this chapter "motor vehicle liability  
2 policy" means an "owner policy" or an "operator's policy" containing  
3 an agreement or endorsement as provided in this section and issued by  
4 an insurance carrier authorized to transact business in the state to  
5 or for the benefit of the person named as insured.

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

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

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

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

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

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

29 (c) The operator's policy of liability insurance shall insure

1 the person named as insured against loss from the liability imposed on  
2 the operator by law for damages arising out of the use by the operator  
3 of a motor vehicle not owned by the operator, within the same territo-  
4 rial limits and subject to the same limits of liability as are re-  
5 quired for an owner's policy of liability insurance.

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

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

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

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

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

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

1 this section.

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

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

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

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

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

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

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

1 for the person. If the person whose coverage terminates fails to  
2 provide the department with evidence satisfactory to it of the exis-  
3 tence of a motor vehicle liability policy issued in conformity with  
4 AS 28.22.010 or a certificate of self-insurance issued in conformity  
5 with AS 28.20.400, the department shall suspend the driver's license  
6 and all registration certificates and registration plates issued to  
7 the owner of the motor vehicle until the person has provided the  
8 department with such evidence.

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

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

29 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR

1 VEHICLE LIABILITY POLICY. (a) A person may not drive or move, nor  
2 may an owner knowingly permit to be driven or moved, on a highway or  
3 vehicular way or area, a vehicle required to be insured under a motor  
4 vehicle liability policy that complies with AS 28.22.010 or a certifi-  
5 cate of self-insurance that complies with AS 28.20.400 unless a motor  
6 vehicle liability policy is in effect for the motor vehicle.

7 (b) If a peace officer has probable cause to believe a motor  
8 vehicle was used in the violation of (a) of this section, a citation  
9 will be issued. The citation will be voided if the driver or owner of  
10 a vehicle cited under this section appears at an Alaska State Trooper  
11 Office or an office of the police agency that issued the citation and  
12 provides evidence showing that a motor vehicle liability policy that  
13 complies with AS 28.22.010 or a certificate of self-insurance that  
14 complies with AS 28.20.400 was in effect at the time the citation was  
15 issued.

16 (c) A person who violates (a) of this section commits a class B  
17 misdemeanor. Upon conviction the court shall impose a fine of not  
18 less than \$250 and may impose a fine up to the maximum amount estab-  
19 lished by AS 12.55.035 for a person convicted of a class B misde-  
20 meanor. The court may not suspend the minimum fine imposed under this  
21 subsection.

22 (d) In addition to the fine required under (c) of this section,  
23 the court shall impose the following sentence on a person convicted of  
24 violating (a) of this section:

25 (1) For a person not previously convicted of an offense  
26 under (a) of this section

27 (A) suspension of that person's driver's license for  
28 up to 30 days; and

29 (B) suspension of the registration of the subject

1 motor vehicle until proof of compliance with AS 28.10.011(b) is  
2 furnished to the department.

3 (2) For a person once previously convicted of an offense  
4 under (a) of this section within 10 years

5 (A) suspension of the person's driver's license for  
6 not less than 30 days nor more than 90 days with no limited  
7 license privileges during the period of suspension;

8 (B) suspension of the registration of the subject  
9 motor vehicle for not less than 30 days and thereafter until  
10 proof of compliance with AS 28.10.011(b) is furnished to the  
11 department.

12 (3) For a person twice or more previously convicted of an  
13 offense under (a) of this section within 10 years suspension of that  
14 person's driver's license for not less than 90 days nor more than one  
15 year with no limited license privileges during the suspension and in  
16 addition, either of the following:

17 (A) suspension of the registration of the subject  
18 motor vehicle for not less than 90 days and thereafter until  
19 proof of compliance with AS 28.10.011(b) is furnished to the  
20 department; or

21 (b) forfeiture of the person's motor vehicle under  
22 AS 28.22.510.

23 Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) After con-  
24 viction of an offense under AS 28.22.500, if the convicted person was  
25 twice or more previously convicted within the last 10 years of violat-  
26 ing AS 28.22.500 or a statute in another jurisdiction with elements  
27 substantially similar to AS 28.22.500, the state may move the court to  
28 order the forfeiture of a motor vehicle. Upon receipt of a motion for  
29 forfeiture, the court shall schedule a hearing on the matter and shall

1 notify the state of the time and place set for the hearing.

2 (b) After receiving notice of the time and place of the hearing,  
3 the state shall provide to every person who has an ascertainable  
4 ownership or security interest in the motor vehicle written notice  
5 that includes

6 (1) a description of the motor vehicle;

7 (2) the time and place of the forfeiture hearing;

8 (3) the legal authority under which the motor vehicle may  
9 be forfeited;

10 (4) notice of the right to intervene to protect the inter-  
11 est in the motor vehicle.

12 (c) At the hearing, a person who claims an ownership or security  
13 interest in the motor vehicle must establish by a preponderance of  
14 evidence that

15 (1) the petitioner has an interest in the motor vehicle  
16 acquired in good faith;

17 (2) a person other than the petitioner was convicted of  
18 violating AS 28.22.500; and

19 (3) before parting with the motor vehicle, the petitioner  
20 did not know or have reasonable cause to believe that it would be used  
21 in the commission of an offense.

22 (d) If a person satisfies the requirements of (c) of this sec-  
23 tion, the court shall order that an amount equal to the value of the  
24 petitioner's interest in the motor vehicle be paid to the petitioner  
25 from the proceeds of the sale of the motor vehicle, or shall order  
26 that the motor vehicle be released to the petitioner together with  
27 title to the motor vehicle.

28 (e) Upon forfeiture of a motor vehicle, the court shall require  
29 the surrender of the registration and certificate of title of that

1 motor vehicle for delivery by the court to the department unless the  
2 title is released to a petitioner under (d) of this section.

3 (f) If not released under (d) of this section, a motor vehicle  
4 forfeited under this section may be disposed of at the discretion of  
5 the department.

6 Sec. 28.22.520. UNUSED MOTOR VEHICLES. A person may terminate  
7 or suspend a motor vehicle liability policy covering a vehicle that is  
8 unused. A person exercising this option shall remove the unused  
9 vehicle plates and deliver them to the nearest department office.  
10 When the vehicle is to be used the person shall present evidence  
11 satisfactory to the department of a motor vehicle liability policy  
12 that complies with AS 28.22.010 or a certificate of self-insurance  
13 that complies with AS 28.20.400 covering the vehicle and person, at  
14 which time the department shall reissue vehicle plates to the person.

15 Sec. 28.22.530. ANNUAL REPORT. Beginning in 1988, the Depart-  
16 ment of Commerce and Economic Development and Department of Public  
17 Safety shall submit a joint report to the legislature no later than  
18 February 1 of each year on the administration of this chapter. The  
19 report shall include

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

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

24 (3) the effect of the program on motor vehicle liability  
25 premiums in the state.

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

27 (a) An automobile liability policy that [WHICH] insures an owner  
28 or operator of a motor vehicle against loss resulting from [HIS]  
29 liability for bodily injury or death, or for property injury or

1 destruction, or both, which is sold in the state [AFTER JANUARY 1,  
2 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS  
3 STATE], shall contain limits in at least the amount prescribed for a  
4 motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.-  
5 010(b)(2), [AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS  
6 WAIVED AS PROVIDED IN THAT PARAGRAPH].

7 \* Sec. 19. AS 21.89.020 is amended by adding a new subsection to read:

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

- 17 (1) uninsured motorists, bodily injury;
- 18 (2) uninsured motorists, property damage;
- 19 (3) underinsured motorists, bodily injury; and
- 20 (4) underinsured motorists, property damage.

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

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

23 \* Sec. 22. Except for secs. 7, 18, and 19, this Act takes effect July  
24 1, 1984.

25