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Referred: Labor & Commerce,
Judiciary and Finance

1 IN THE HOUSE

BY KOPONEN

2

HOUSE BILL NO. 654

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to motor vehicles ; and providing

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for an effective date."

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

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* Section 1. AS 21 is amended by adding a new chapter to read:

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CHAPTER 85. STATE MOTOR VEHICLE INSURANCE PROGRAM.

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Sec. 21.85.010. INSURANCE REQUIRED. A person who is required to

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have a driver's license, permit, or restricted license under AS 28.15

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shall be covered by a policy of insurance issued under this chapter.

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Sec. 21.85.020. NATURE OF POLICY REQUIRED. A policy issued

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under this chapter shall

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(1) provide the coverage required under AS 28.22;

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(2) be noncancelable during the term of its coverage;

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(3) contain additional terms that the director may estab-

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lish by regulation.

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Sec. 21.85.030. DUTIES OF DIRECTOR. The director shall

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(1) supervise and administer the program;

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(2) procure every three years by competitive bid a person

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authorized to transact the business of insurance in the state to

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provide the insurance policies required by this chapter on the terms

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that the director establishes by regulation;

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(3) procure every three years by competitive bid a person

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to operate the program on the terms that the director establishes by

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regulation.

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Sec. 21.85.040. PROGRAM INSURER. (a) The program insurer shall

1 (1) issue to a person upon request and payment of the basic
2 premium a

3 (A) policy of insurance coverage that complies with
4 AS 21.85.020 and with the additional terms that the director may
5 establish by regulation; and

6 (B) certificate of insurance;

7 (2) maintain accurate books of account for the policies
8 issued under this chapter;

9 (3) report quarterly to the director the information that
10 the director requires by regulation.

11 (b) The program insurer may provide additional coverage.

12 Sec. 21.85.050. DUTIES OF PROGRAM OPERATOR. The program opera-
13 tor shall

14 (1) provide the services required under the contract;

15 (2) maintain accurate books of account;

16 (3) report quarterly to the director on the operation of
17 the program and the financial condition of the operation of the pro-
18 gram;

19 (4) comply with other requirements that the director may
20 establish by regulation.

21 Sec. 21.85.060. REGULATIONS. (a) The director shall adopt
22 regulations to implement the provisions of this chapter.

23 (b) The regulations of the director must include

24 (1) procedures for the operation of the program;

25 (2) additional terms for the insurance policies issued
26 under this chapter that the director determines are appropriate to the
27 operation and management of the program;

28 (3) additional terms for the contracts issued under AS 21.-
29 85.030 that are appropriate for the operation and management of the

1 program;

2 (4) the items to be included in the reports made to the
3 director under this chapter;

4 (5) the accounts to be maintained by the program insurer
5 and program operator.

6 Sec. 21.85.070. PENALTY FOR VIOLATION. A person who violates
7 AS 21.85.010 is guilty of a class A misdemeanor.

8 Sec. 21.85.080. DEFINITIONS. In this chapter,

9 (1) "additional coverage" means the insurance coverage
10 provided by the program insurer in excess of the basic coverage;

11 (2) "basic coverage" means the insurance coverage required
12 by AS 21.85.020;

13 (3) "certificate of insurance" means a certificate issued
14 to a person by the program insurer indicating that the person has
15 basic coverage;

16 (4) "program" means the state motor vehicle insurance
17 program established by this chapter;

18 (5) "program insurer" means the person selected under
19 AS 21.85.030 to provide the insurance required by this chapter;

20 (6) "program operator" means the person selected under
21 AS 21.85.030 to operate the program.

22 * Sec. 2. AS 28.15.031(b) is amended to read:

23 (b) The department may not issue an original or duplicate driv-
24 er's license to, nor renew or reinstate the driver's license of, a
25 person

26 (1) whose license is suspended or revoked, except as other-
27 wise provided in this chapter;

28 (2) who fails to appear in court for the adjudication of a
29 certain vehicle, driver or traffic offense when the person's

1 appearance is required by statute, regulation or court rule;

2 (3) who is an habitual user of alcohol or another drug to
3 the [SUCH A] degree that the person is incapable of safely driving a
4 motor vehicle;

5 (4) who has previously been adjudged to be afflicted with,
6 or suffering from, a mental disability or a disease and who has not,
7 at the time of application for the license, been restored to compe-
8 tency by the methods provided by law;

9 (5) when the department, based upon medical evidence, has
10 determined that because of the person's physical or mental disability
11 the person is not able to drive a motor vehicle safely;

12 (6) who is unable to understand official traffic control
13 devices as displayed in this state or who does not have a fair knowl-
14 edge of traffic laws and regulations, as demonstrated by an examina-
15 tion;

16 (7) who has knowingly made a false statement in the per-
17 son's application for a license or has committed fraud in connection
18 with the person's application for, or in obtaining or attempting to
19 obtain, a license, or who has not applied under oath on the form
20 provided for the purpose of obtaining or attempting to obtain a li-
21 cense or permit; or

22 (8) who does not provide the department with a certificate
23 of insurance issued to the person under AS 21.85 [WHO IS REQUIRED
24 UNDER AS 28.20 TO FURNISH PROOF OF FINANCIAL RESPONSIBILITY AND WHO
25 HAS NOT DONE SO].

26 * Sec. 3. AS 28.15.051 is amended by adding a new subsection to read:

27 (f) Notwithstanding the other provisions of this chapter, the
28 department may not issue an instruction permit, temporary driver's
29 license, or a special driver's permit to a person who does not provide

1 the department with a certificate of insurance issued to the person
2 under AS 21.85.

3 * Sec. 4. AS 28.15.061(a) is amended to read:

4 (a) Application for an instruction permit or for a driver's
5 license shall [MUST] be made on a form furnished by the department and
6 shall [MUST] be accompanied by the fee required under AS 28.15.271 and
7 by a certificate of insurance issued to the applicant under AS 21.85.

8 * Sec. 5. AS 28.15.071(d) is amended to read:

9 (d) A person who signs the application of a minor for a driver's
10 license may file with the department a verified written request that
11 the license of the minor be canceled. [WHEN THE LICENSE IS CANCELED,
12 THE PERSON WHO SIGNED THE APPLICATION IS RELIEVED FROM LIABILITY UNDER
13 (b) OF THIS SECTION.]

14 * Sec. 6. AS 28.15.101(a) is amended to read:

15 (a) Unless otherwise provided in this chapter, a driver's li-
16 cense expires on the licensee's date of birth [IN THE FIFTH YEAR] fol-
17 lowing issuance of the license. A license is renewable within one
18 year of its expiration upon proper application, successful completion
19 of a test of the licensee's eyesight, [AND] payment of the required
20 fee, and presentation of a certificate of insurance issued to the
21 licensee under AS 21.85.

22 * Sec. 7. AS 28.15.111(a) is amended to read:

23 (a) Upon successful completion of the application and all re-
24 quired examinations, [AND UPON] payment of the required fee, and
25 presentation of a certificate of insurance issued to the applicant
26 under AS 21.85, the department shall issue to every qualified appli-
27 cant a driver's license indicating the type or general class of vehi-
28 cles that [WHICH] the licensee may drive. The license must [SHALL]
29 display

- 1 (1) a distinguishing number assigned to the license;
- 2 (2) the licensee's full name, address, date of birth, brief
3 physical description, and color photograph; and
- 4 (3) either a facsimile of the signature of the licensee or
5 a space upon which the licensee must write the licensee's usual signa-
6 ture with pen and ink. A license is not valid until signed by the
7 licensee. If facilities are not available for the taking of the
8 photograph required under this section, the department shall endorse
9 on the license [,] the words "valid without photograph."

10 * Sec. 8. AS 28.15.151(a) is amended to read:

11 (a) The department may maintain a file of

12 (1) every driver's license application, license or permit
13 and duplicate driver's license issued by the department [IT];

14 (2) every license that [WHICH] has been suspended, revoked,
15 canceled, limited, restricted, or denied, and the reasons for the
16 action [THOSE ACTIONS]; [AND]

17 (3) all accident reports required to be forwarded to the
18 department under this title; and

19 (4) every certificate of insurance issued under AS 21.85
20 and provided to the department with an application for a license or
21 permit under this chapter.

22 * Sec. 9. AS 28.15.181(e) is amended to read:

23 (e) A court revoking a driver's license under (c) of this sec-
24 tion, or sustaining the action of the department under AS 28.15.-
25 165(c), may grant limited license privileges for the final 60 days
26 during which the license is revoked if the

27 (1) revocation was for driving while intoxicated but not if
28 the revocation was for refusal to submit to a chemical test of breath
29 under AS 28.35.032;

1 (2) person has not been previously convicted within the
2 preceding 10 years of an offense

3 (A) described in (a)(5) or (8) of this section; or

4 (B) under a law or ordinance in another jurisdiction
5 with elements substantially similar to an offense described in
6 (a)(5) or (8) of this section;

7 (3) court determines that the person's ability to earn a
8 livelihood would be severely impaired; [AND]

9 (4) court determines that a limitation under AS 28.15.201
10 can be placed on the license that will enable the person to earn a
11 livelihood without excessive danger to the public; and

12 (5) the person provides the court with a certificate of
13 insurance issued to the person under AS 21.85.

14 * Sec. 10. AS 28.15.201(c) is amended to read:

15 (c) After the termination of a limitation as shown on the certi-
16 ficate issued under (b) of this section, the license of a person on
17 whom a limitation was imposed is revoked until the person receives a
18 new license in accordance with this chapter [AS 28.20.240].

19 * Sec. 11. AS 28.15.211(e) is amended to read:

20 (e) At the end of a period of limitation, suspension, or revoca-
21 tion under this chapter, the department may not issue a driver's
22 license or a duplicate driver's license to the licensee until the
23 licensee has provided the department [COMPLIED] with a certificate of
24 insurance issued to the licensee under AS 21.85 [AS 28.20 RELATING TO
25 PROOF OF FINANCIAL RESPONSIBILITY].

26 * Sec. 12. AS 28.15.255(a) is amended to read:

27 (a) The department may not reinstate a driver's license that has
28 been revoked or suspended under AS 28.15.221 - 28.15.261 until the
29 person whose license has been revoked or suspended provides to the

1 department a certificate of insurance issued to the person under
2 AS 21.85 [PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE].

3 * Sec. 13. AS 28.22.010(a) is amended to read:

4 (a) A motor vehicle liability [THE OWNER'S] policy [OF LIABILITY
5 INSURANCE] shall

6 (1) designate by description or appropriate reference all
7 persons [VEHICLES] that it covers;

8 (2) insure the person named against loss from the liability
9 imposed by law for damages arising out of the [OWNERSHIP, MAINTENANCE,
10 OR] use of a [THE] vehicle in the United States or Canada, subject to
11 limits exclusive of interest and costs, [WITH RESPECT TO EACH VEHI-
12 CLE,] as follows:

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

17 (B) \$25,000 because of injury to or destruction of
18 property of others in [ANY] one accident;

19 (3) contain coverage prescribed in AS 28.22.100 - 28.22.130
20 in the amounts set out in (2) of this subsection for the protection of
21 the persons insured under the policy who are legally entitled to
22 recover damages from an uninsured or underinsured [THE OWNER OR]
23 operator of a [AN UNINSURED OR UNDERINSURED MOTOR] vehicle because of
24 bodily injury or death, or damage to or destruction of property aris-
25 ing out of the [OWNERSHIP, MAINTENANCE, OR] use of a [THE UNINSURED OR
26 UNDERINSURED MOTOR] vehicle.

27 * Sec. 14. AS 28.22.020(3) is amended to read:

28 (3) The policy, the written application for the policy, [IF
29 ANY,] and every rider or endorsement that does not conflict with the

1 provisions of this chapter constitute the entire contract between the
2 parties.

3 * Sec. 15. AS 28.22.120 is amended to read:

4 Sec. 28.22.120. POLICY COVERAGE AND PRIORITIES. If an insured
5 is entitled to uninsured or underinsured motorists coverage under more
6 than one [POLICY OF] motor vehicle liability policy [INSURANCE, OR
7 UNDER MORE THAN ONE COVERAGE IF TWO OR MORE VEHICLES ARE INSURED UNDER
8 ONE POLICY,] the maximum amount an insured may recover shall not
9 exceed the highest limit of any one policy or coverage. Where multi-
10 ple policies or coverages apply, payment shall be made in the follow-
11 ing order of priority, subject to the limit of liability for each
12 applicable policy or coverage:

13 (1) a policy or coverage covering the operator of the [A
14 MOTOR] vehicle occupied by the injured person at the time of the
15 accident;

16 (2) a policy or coverage covering the operator of the [A
17 MOTOR] vehicle that came into contact with the insured while a pedes-
18 trian; and

19 (3) a policy or coverage covering the operator of a
20 [MOTOR] vehicle not involved in the accident with respect to which the
21 injured person is an insured or a named insured.

22 * Sec. 16. AS 28.22.600 is amended to read:

23 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
24 liability policy" means an insurance policy issued under AS 21.85
25 [OWNER'S POLICY OR AN OPERATOR'S POLICY CONTAINING AN AGREEMENT OR
26 ENDORSEMENT AND ISSUED BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT
27 BUSINESS IN THE STATE TO OR FOR THE BENEFIT OF THE PERSON NAMED AS
28 INSURED].

29 * Sec. 17. AS 44.33.020 is amended by adding a new paragraph to read:

1 (28) administer the state motor vehicle insurance program
2 established under AS 21.85.

3 * Sec. 18. AS 21.89.020; AS 28.15.061(e), 28.15.071(b), 28.15.071(c),
4 28.15.255(b), and 28.15.255(c); AS 28.20; AS 28.22.040, 28.22.050, 28.22.-
5 100(a)(3), (b), and (c), 28.22.110, 28.22.200, 28.22.210, 28.22.220,
6 28.22.230, 28.22.240, 28.22.250, and 28.22.260 are repealed.

7 * Sec. 19. This Act takes effect January 1, 1988.