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Original Sponsors: Donley, Boucher,
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1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (L&C) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle liability insurance
7 and vehicle registration; and providing for an effective date."
8

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

10 * Section 1. AS 28 is amended by adding a new chapter to read:

11 CHAPTER 22. MANDATORY MOTOR VEHICLE INSURANCE.

12 ARTICLE 1. INSURANCE REQUIRED.

13 Sec. 28.22.011. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
14 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
15 registration under AS 28.10.011 when driven on a highway, vehicular
16 way or area, or on other public property in the state, shall be in-
17 sured under a motor vehicle liability policy that complies with this
18 chapter or a certificate of self-insurance that complies with AS 28.-
19 20.400 unless

20 (1) the motor vehicle is being driven or moved on a high-
21 way, vehicular way, or a public parking place in the state that is not
22 connected by a land highway or vehicular way to

23 (A) the land-connected state highway system, or

24 (B) a highway or vehicular way with an average daily
25 traffic volume greater than 499; and

26 (2) the operator has not been cited within the preceding
27 five years for a traffic law violation with a demerit point value of
28 six or more on the point schedule determined under regulations adopted
29 by the department under AS 28.15.221.

1 (b) The department shall annually publish a list of areas that
2 meet the requirements of (a)(1) of this section. This list shall be
3 available for public inspection at each office of the department.

4 (c) In this section, "operator" does not include an employee who
5 operates, during the course and within the scope of employment, a
6 motor vehicle that is owned or leased by the operator's employer.

7 Sec. 28.22.021. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
8 INSURANCE. The owner or operator of a motor vehicle required to have
9 motor vehicle liability insurance that complies with this chapter or a
10 certificate of self-insurance that complies with AS 28.20.400, shall
11 show proof of this insurance when that

12 (1) person is involved in an accident that results in
13 bodily injury to or death of a person, or damage to the property of a
14 person exceeding \$500; or

15 (2) is charged with a traffic law violation with a demerit
16 point of six or more on the point schedule determined under regula-
17 tions adopted by the department under AS 28.15.221.

18 Sec. 28.22.031. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
19 person involved in an accident who is required under AS 28.22.021 to
20 prove that a motor vehicle liability policy or a certificate of self-
21 insurance was in effect shall, within 15 days after the accident,

22 (1) present a copy of the insurance policy, certificate,
23 bond, or insurance binder that was in effect at the time of the acci-
24 dent to the department for inspection;

25 (2) provide the department with written certification from
26 an insurance company, insurance agent, insurance broker or surplus
27 lines broker confirming that a valid motor vehicle liability policy
28 issued in conformity with this chapter was in effect at the time of
29 the accident; or

1 (3) advise the department in writing that a certificate of
2 self-insurance was in effect at the time of the accident.

3 (b) The department shall develop and implement a program to
4 check the veracity of the documents filed for proof under this sec-
5 tion.

6 Sec. 28.22.041. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
7 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
8 who is required to prove that a motor vehicle liability insurance
9 policy or a certificate of self-insurance was in effect under AS 28.-
10 22.021 shall, at the time of that person's initial appearance in court
11 or within 15 days of the date of the charge of a traffic law viola-
12 tion, whichever is later,

13 (1) present a copy of the insurance policy, certificate,
14 bond, or insurance binder that was in effect at the time of the vio-
15 lation to the court for inspection;

16 (2) provide the court with written certification from an
17 insurance company, insurance agent, insurance broker, or surplus lines
18 broker confirming that motor vehicle liability insurance issued in
19 conformity with this chapter was in effect at the time of the viola-
20 tion; or

21 (3) advise the court in writing that a certificate of
22 self-insurance was in effect at the time the violation was charged.

23 (b) The court shall immediately report to the department a
24 failure to present proof of insurance as provided in this section.

25 Sec. 28.22.051. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

26 (a) If a person fails to provide proof required under AS 28.22.021 -
27 28.22.041, the department shall suspend the driver's license of that
28 person for the following periods:

29 (1) not less than 90 days if, within the preceding 10

1 years, the person has not had a driver's license suspended for vio-
2 lation of AS 28.22.011 or former AS 28.22.200;

3 (2) not less than one year if, within the preceding 10
4 years, the person has had a driver's license suspended one or more
5 times for violation of AS 28.22.011 or former AS 28.22.200.

6 (b) The suspension shall be consecutive to any other suspension
7 required by law or imposed by a court.

8 (c) The department may grant limited license privileges for work
9 purposes only to a person whose license has been suspended under this
10 section if

11 (1) the person has filed proof of financial responsibility
12 for the future as required by AS 28.22.071;

13 (2) the person's license has not been suspended two or more
14 times under this section or former AS 28.22.240 in the preceding 10
15 years;

16 (3) the department determines that the person's ability to
17 earn a livelihood would be severely impaired if a limited license
18 privilege is not granted; and

19 (4) the department determines that a limitation can be
20 placed on the license that will enable the person to earn a livelihood
21 without excessive danger to the public.

22 (d) When imposing a limitation under this section the department
23 shall

24 (1) require the surrender of the driver's license; and

25 (2) issue to the licensee a certificate valid for the
26 duration of the limitation.

27 (e) After the termination of a limitation as shown on the cer-
28 tificate issued under (d) of this section, the license of a person on
29 whom a limitation was imposed is suspended until the person receives a

1 new license under AS 28.15.211(c).

2 (f) The department shall notify the licensee that the suspension
3 becomes effective 30 days from the date of the notice and that the
4 licensee has the right, within the 30-day period, to make an oral or
5 written answer controverting any point or issue, or to present evi-
6 dence and arguments for the consideration of the department.

7 (g) Upon receipt of an oral or written answer from the licensee
8 the department shall make findings on the matter under consideration
9 within 15 days and shall notify the person involved of its decision in
10 writing by certified or registered mail. If the department's decision
11 is to sustain an action against the licensee's driver's license, the
12 department shall notify the licensee of the opportunity for a hearing
13 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
14 stayed until final disposition of the hearing under this section.

15 Sec. 28.22.061. FALSIFICATION OF INFORMATION. A person who,
16 with criminal negligence as defined in AS 11.81.900, provides false
17 information required under AS 28.22.021 - 28.22.051 is guilty of a
18 class A misdemeanor.

19 Sec. 28.22.071. PROOF FOR THE FUTURE. (a) A person whose li-
20 cense is suspended under AS 28.22.051 shall file proof of financial
21 responsibility for the future under AS 28.20 before full driving
22 privileges may be restored or limited license privileges are granted
23 under AS 28.22.051(c).

24 (b) A filing of proof of financial responsibility under AS 28.20
25 shall be required for a period of three years following expiration of
26 the suspension of license under AS 28.22.051.

27 ARTICLE 2. GENERAL POLICY PROVISIONS.

28 Sec. 28.22.101. GENERAL COVERAGE REQUIREMENTS; POLICY LIMITS.

29 (a) An owner's motor vehicle liability policy must designate by

1 description or appropriate reference the motor vehicles that it covers
2 and insure the person named against loss from the liability imposed by
3 law for damages that arise from the ownership, maintenance, or use of
4 a designated motor vehicle.

5 (b) An operator's motor vehicle liability policy must insure the
6 person named as insured against loss from the liability imposed by law
7 for damages that arise from the use by the operator of a motor vehicle
8 not owned by the operator.

9 (c) A personal motor vehicle liability policy must insure the
10 person named as insured against loss from liability imposed by law for
11 damages that arise from the ownership, maintenance, or use by the
12 named person of a motor vehicle whether owned or not owned by the
13 person.

14 (d) A motor vehicle liability policy must provide coverage in
15 the United States or Canada, subject to limits exclusive of interest
16 and costs, with respect to each vehicle, as follows:

17 (1) \$50,000 because of bodily injury to or death of one
18 person in one accident, and, subject to the same limit for one person,
19 \$100,000 because of bodily injury to or death of two or more persons
20 in one accident; and

21 (2) \$25,000 because of injury to or destruction of property
22 of others in one accident.

23 (e) A motor vehicle liability policy must provide coverage under
24 AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section
25 for the protection of the persons insured under the policy who are
26 legally entitled to recover damages from the owner or operator of an
27 uninsured or underinsured motor vehicle because of bodily injury or
28 death, or damage to or destruction of property arising out of the
29 ownership, maintenance, or use of the uninsured or underinsured motor

1 vehicle.

2 (f) A motor vehicle liability policy must state the name and
3 address of the named insured and meet the requirements of AS 21.42.-
4 160 - 21.42.170. In the absence of specific contract language or en-
5 dorsement, the motor vehicle liability policy issued for a person in
6 this state is presumed to meet the minimum requirements of (d) of this
7 section.

8 Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor
9 vehicle liability policy is subject to the following provisions which
10 do not need to be set out in the policy:

11 (1) satisfaction by the insured of a judgment for injury or
12 damages is not a condition precedent to the right or duty of the
13 insurance carrier to make payment on account of injury or damage;

14 (2) the insurance carrier may settle a claim covered by the
15 policy, and if settlement is made in good faith, the amount of settle-
16 ment is deductible from the limits of liability specified in AS 28.-
17 22.101;

18 (3) the policy, the written application for the policy, if
19 any, and every rider or endorsement that does not conflict with the
20 provisions of this chapter constitute the entire contract between the
21 parties.

22 Sec. 28.22.121. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
23 that grants the coverage required for a motor vehicle liability policy
24 may also grant lawful coverage in excess of or in addition to the
25 coverage specified for a policy and the excess or additional coverage
26 is not subject to the provisions of this chapter. With respect to a
27 policy that grants excess or additional coverage, the term "motor
28 vehicle liability policy" applies only to that part of the coverage
29 that is required by this chapter.

1 (b) A policy is excluded from the application of this chapter if
2 the automobile or motor vehicle liability coverage is provided only on
3 an excess or umbrella basis.

4 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may
5 provide for proration of the insurance with other valid and collect-
6 ible insurance.

7 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is
8 not effective under AS 28.22.101 unless it is issued by an insurance
9 company or surety company authorized to do business in this state,
10 except as provided in (b) of this section.

11 (b) A policy is not effective under AS 28.22.101 with respect to
12 a vehicle not registered in the state or a vehicle that was registered
13 in another jurisdiction on the effective date of the policy or the
14 most recent renewal of it, unless the insurance or surety company
15 issuing the policy is authorized to do business in the state, or if
16 the company is not authorized to do business in the state, unless it
17 executes a power of attorney authorizing the director of the division
18 of insurance to accept service of process on its behalf in an action
19 upon the policy arising out of the accident.

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

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

25 ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

26 Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured
27 and underinsured motorists coverage required under this chapter

28 (1) does not apply to bodily injury, sickness, disease, or
29 death of an insured or damage to or destruction of property of an

1 insured until the limits of liability bonds and policies that apply
2 have been used up by payments or judgments or settlements;

3 (2) must be a single combined coverage; and

4 (3) may be rejected by the insured in writing; if the
5 insured has rejected uninsured or underinsured coverage, the coverage
6 may not be included in a supplemental, renewal or replacement policy
7 unless the insured subsequently requests uninsured or underinsured
8 coverage in writing.

9 (b) If both the owner and operator of a vehicle are unknown,
10 payment under the uninsured and underinsured motorists coverage may be
11 made only where direct contact between the motor vehicles has occur-
12 red. A vehicle and operator that have left the scene of an accident
13 with another vehicle are presumed to be uninsured if the insured
14 person reports the accident to the appropriate authorities within 24
15 hours.

16 (c) The uninsured and underinsured motorists coverage for damage
17 to or destruction of property is subject to a deductible of \$250 in
18 any one accident, but the insurer may offer a deductible other than
19 \$250. This coverage shall be limited to damage to or destruction of
20 the covered motor vehicle. It may not include loss of use of such
21 vehicle.

22 Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
23 liability of the insurance carrier under the uninsured and underin-
24 sured motorists coverage required under this chapter is the difference
25 between the coverage limit of liability and the amount paid to the
26 insured by or on behalf of the uninsured and underinsured motorist.

27 (b) Amounts payable under the uninsured motorists and underin-
28 sured motorists coverage required under this chapter shall be reduced
29 by

1 (1) amounts paid or to be paid under any workers' compensa-
2 tion law;

3 (2) amounts paid or payable under any valid and collectible
4 automobile medical payments insurance or bodily injury or death lia-
5 bility insurance; and

6 (3) amounts paid by or on behalf of the uninsured or under-
7 insured motorist.

8 Sec. 28.22.221. POLICY COVERAGE AND PRIORITIES. If an insured
9 is entitled to uninsured or underinsured motorists coverage under more
10 than one motor vehicle liability insurance policy, or under more than
11 one coverage if two or more vehicles are insured under one policy, the
12 maximum amount an insured may recover may not exceed the highest limit
13 of any one policy or coverage. Where multiple policies or coverages
14 apply, payment shall be made in the following order of priority,
15 subject to the limit of liability for each applicable policy or cover-
16 age:

17 (1) a policy or coverage covering a motor vehicle occupied
18 by the injured person at the time of the accident;

19 (2) a policy or coverage covering a motor vehicle that came
20 into contact with the insured while a pedestrian; and

21 (3) a policy or coverage covering a motor vehicle not
22 involved in the accident with respect to which the injured person is
23 an insured or a named insured.

24 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and
25 underinsured motorists coverage required under this chapter does not
26 apply to bodily injury or death or damage to or destruction of pro-
27 perty of an insured

28 (1) while occupying a motor vehicle owned by, but not
29 insured by, the named insured or the insured's spouse or relative

1 residing in the same household; or
2 (2) through being struck by a vehicle owned by the named
3 insured or the insured's spouse or relative residing in the same
4 household.

5 ARTICLE 4. MISCELLANEOUS PROVISIONS.

6 Sec. 28.22.301. POLICY INTERPRETATION. A provision in this
7 chapter may not be interpreted to prohibit a motor vehicle liability
8 policy from including limitations, conditions, exceptions, exclusions,
9 or other provisions that do not violate the requirements of this
10 chapter or other applicable laws.

11 Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle
12 liability policy" means an owner's policy, an operator's policy, or a
13 personal policy that

- 14 (1) meets the requirements of AS 28.22.101; and
15 (2) is issued by an insurance carrier authorized to trans-
16 act business in the state to or for the benefit of the person named as
17 insured.

18 Sec. 28.22.321. SHORT TITLE. This chapter may be cited as the
19 Alaska Mandatory Automobile Insurance Act.

20 * Sec. 2. AS 21.36 is amended by adding a new section to read:

21 Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a)
22 An insurance policy that provides coverage only against property
23 damage to a motor vehicle and that does not provide liability coverage
24 required under AS 28.22.101(d) must contain the following statement
25 printed in bold face type: "This policy provides insurance only
26 against damage to the motor vehicle. This policy does not insure
27 against bodily injury, death, or property damage liability and does
28 not satisfy the mandatory motor vehicle liability insurance require-
29 ments of AS 28.22.011."

1 (b) If the insured under a policy described in (a) of this
2 section is not the owner of the motor vehicle, the insurer shall
3 provide a copy of the policy to the owner.

4 * Sec. 3. AS 21.89.020(a) is amended to read:

5 (a) An automobile liability policy that insures an owner or
6 operator of a motor vehicle against loss resulting from liability for
7 bodily injury or death, or for property injury or destruction, or
8 both, that is sold in the state, must [SHALL] contain limits in at
9 least the amount prescribed for a motor vehicle liability policy in
10 AS 28.20.440 or AS 28.22.101.

11 * Sec. 4. AS 21.89.020(c) is amended to read:

12 (c) An insurance company offering automobile liability insurance
13 in this state for bodily injury or death shall offer coverage pre-
14 scribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits equal
15 to at least the limit purchased voluntarily to cover the insured
16 person's liability for bodily injury or death, for the protection of
17 the persons insured under the policy who are legally entitled to
18 recover damages for bodily injury or death from owners or operators of
19 uninsured or underinsured motor vehicles. The limit written may not
20 be less than the limit in AS 28.20.440 or AS 28.22.101.

21 * Sec. 5. AS 21.89.020(d) is amended to read:

22 (d) An insurance company offering automobile liability insurance
23 in this state for injury to or destruction of property shall offer
24 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with
25 limits not less than those prescribed in AS 28.20.440 or AS 28.22.101,
26 to cover the insured person's liability for injury to or destruction
27 of property, for the protection of the persons insured under the
28 policy who are legally entitled to recover damages for injury to or
29 destruction of the covered motor vehicle from owners or operators of

1 uninsured or underinsured motor vehicles.

2 * Sec. 6. AS 21.89.020 is amended by adding new subsections to read:

3 (f) An automobile liability insurance policy must provide

4 (1) that all expenses and fees, not including counsel fees,
5 incurred because of arbitration or mediation shall be paid as deter-
6 mined by the arbitrator;

7 (2) liability coverage in the amount set out in AS 28.22.-
8 101(d) for motor vehicles rented in the United States or Canada by a
9 person insured under the policy;

10 (3) physical damage coverage for motor vehicles rented in
11 the United States or Canada, if the policy provides physical damage
12 coverage; if the insured declines physical damage coverage the insurer
13 shall offer physical damage coverage for rented vehicles.

14 (g) An insurance company offering automobile liability insurance
15 in this state shall offer a short term policy valid for no more than
16 seven days. The coverage available for the short term policy must be
17 comparable to coverage available for longer term policies.

18 * Sec. 7. AS 28.10.021 is repealed and reenacted to read:

19 Sec. 28.10.021. APPLICATION FOR REGISTRATION. (a) The owner of
20 a vehicle subject to registration shall apply for registration under
21 this chapter by properly completing the form prescribed by the commis-
22 sioner under AS 28.05.041. Before the issuance of a certificate of
23 registration by the department, the owner shall

24 (1) pay all registration fees and taxes required under this
25 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
26 4481 (Internal Revenue Code of 1954);

27 (2) unless the owner qualifies as a self-insurer under
28 AS 28.20.400 or is exempted from obtaining liability insurance under
29 AS 28.22.011, certify to the department the existence of a motor

1 vehicle liability policy that complies with AS 28.22.011 for the
2 vehicle being registered; in this paragraph, "certify" means to indi-
3 cate by check-off on the vehicle registration form prescribed by the
4 department the existence of a policy of insurance, if a policy is
5 required at that time, and the intention to continue the policy or
6 obtain a policy as required by this subsection; and

7 (3) comply with other applicable statutes and regulations.

8 (b) At the time of application for registration or renewal of
9 registration, the department shall provide the applicant written
10 information explaining the state's financial responsibility and manda-
11 tory motor vehicle insurance laws and applicable penalties for failure
12 to comply with those laws.

13 (c) An employee of the department who processes an application
14 for registration or renewal of registration, other than an application
15 received by mail, shall ask the applicant orally whether the applicant
16 wishes to execute an anatomical gift. The department shall make known
17 to all applicants the procedure for executing a gift under AS 13.50
18 (Uniform Anatomical Gifts Act) by displaying posters in the offices in
19 which applications are taken, by providing a brochure or other written
20 information to each person who applies in person or by mail, and, if
21 requested, by providing oral advice.

22 * Sec. 8. AS 28.10.041(a) is amended to read:

23 (a) The department may refuse to register a vehicle if

24 (1) the application contains a false or fraudulent state-
25 ment;

26 (2) the applicant fails to furnish information required by
27 the department;

28 (3) the applicant is not entitled to the issuance of a
29 certificate of title or registration under this chapter;

1 (4) the vehicle is determined to be mechanically unsafe to
2 be driven or moved on a highway, vehicular way or area, or other
3 public property in the [THIS] state;

4 (5) the department has reasonable grounds to believe that
5 the vehicle was stolen or fraudulently acquired or that the granting
6 of registration would be a fraud against the rightful owner or other
7 person having a valid lien upon the vehicle;

8 (6) the registration of the vehicle has been suspended or
9 revoked for any reason under the laws of the [THIS] state;

10 (7) the required fees or taxes have not been paid;

11 (8) the vehicle or applicant fails to comply with this
12 chapter or regulations implementing [AUTHORIZED BY] this section;

13 (9) the vehicle is without a certificate of inspection
14 required under AS 28.32.010;

15 (10) the vehicle is subject to a state-approved local emis-
16 sion inspection program adopted by municipal ordinance under AS 46.-
17 03.210, and the vehicle does not meet the standards of that program,
18 unless the vehicle uses a fuel source that does not primarily emit
19 carbon monoxide;

20 (11) the applicant fails to certify to the department the
21 existence of a motor vehicle liability policy that complies with
22 AS 28.22.101 for the vehicle being registered unless the owner of the
23 vehicle qualifies as a self-insurer under AS 28.20.400 or is exempted
24 from obtaining liability insurance under AS 28.22.011.

25 * Sec. 9. AS 28.10.051 is amended by adding a new subsection to read:

26 (b) Unless the owner qualifies as a self-insurer under AS 28.-
27 20.400, or is exempted from obtaining liability insurance under
28 AS 28.22.011, the department may suspend or revoke the registration of
29 a vehicle that is not insured by a motor vehicle liability policy that

1 complies with AS 28.22.101.

2 * Sec. 10. AS 28.10.421(c) is amended to read:

3 (c) The annual registration fees under this subsection are
4 imposed and are based upon the actual unladen weight as established by
5 the manufacturer's advertised weight or upon the actual weight which
6 the owner shall furnish, subject to the approval of the commissioner
7 or the commissioner's representative, for a vehicle, including a motor
8 vehicle pulling a trailer or semi-trailer, used or maintained for the
9 transportation of passengers for hire, excepting taxicabs and buses
10 under (b) of this section, or for the transportation of property for
11 hire or for other commercial use, including a commercial vehicle such
12 as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambu-
13 lance, and tractor, as follows:

- 14 (1) up to and including 5,000 pounds \$51 [\$50];
- 15 (2) more than 5,000 pounds to and including 12,000 pounds
- 16 \$86 [\$85];
- 17 (3) more than 12,000 pounds to and including 18,000 pounds
- 18 \$156 [\$155];
- 19 (4) more than 18,000 pounds \$221 [\$220].

20 * Sec. 11. AS 28.10.421 is amended by adding a new subsection to read:

21 (g) The fees collected by the department under this section
22 shall be deposited in the general fund. The Department of Adminis-
23 tration shall separately account for three percent of the fees col-
24 lected under this section and deposited in the general fund. The
25 annual estimated balance in the account may be used by the legislature
26 to make appropriations for administration of AS 28.10.021(a) and
27 AS 28.22 (Alaska Mandatory Automobile Insurance Act).

28 * Sec. 12. AS 28.15.061 is amended by adding a new subsection to read:

29 (f) At the time of application for a driver's license or an

1 instruction permit, or renewal of a driver's license or an instruction
2 permit, the department shall provide the applicant written information
3 explaining the state's financial responsibility and mandatory motor
4 vehicle insurance laws and potential penalties for failure to comply
5 with those laws.

6 * Sec. 13. AS 28.15.081(a) is repealed and reenacted to read:

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

25 * Sec. 14. AS 28.15.255(c) is amended to read:

26 (c) In this section, the term "proof of financial responsibility
27 [FOR THE FUTURE]" has the meaning given in AS 28.20.630 [AS 28.20.-
28 230(b)] and may be established as provided in AS 28.20.

29 * Sec. 15. AS 28.20.400(a) is amended to read:

1 (a) A person in whose name more than 25 vehicles are registered
2 in this state may qualify as a self-insurer by obtaining a certificate
3 of self-insurance issued by the department as provided in (b) of this
4 section. A person in whose name fewer than 25 vehicles are registered
5 qualifies as a self-insurer and shall be issued a certificate of
6 self-insurance, if the person provides proof satisfactory to the
7 department that the person has and will continue to have the ability
8 to pay a judgment for property damage, bodily injury, or both, in the
9 amount of at least \$125,000.

10 * Sec. 16. AS 28.20.630 is amended to read:

11 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,
12 unless the context otherwise requires,

13 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]
14 is final by expiration without appeal of the time within which an
15 appeal may be taken, or final by affirmation on appeal, given by a
16 court of a [ANY] state or of the United States, upon a cause of action
17 arising out of the ownership, maintenance, or use of a vehicle of a
18 type subject to registration under the laws of this state, for dam-
19 ages, including damages for care and loss of services, because of
20 bodily injury to or death of a person, or for damages because of
21 injury to or destruction of property, including the loss of use of
22 property, or upon a cause of action on an agreement of settlement for
23 such damages;

24 (2) "proof of financial responsibility" means an owner's
25 motor vehicle liability policy that covers all vehicles owned by the
26 person that are subject to registration in this state, or if the
27 person does not own a vehicle, proof required under AS 28.20.390.

28 * Sec. 17. Sections 2 and 6 of this Act apply to automobile liability
29 insurance policies entered into or renewed on or after January 1, 1990.

- 1 * Sec. 18. AS 28.20.230(b) is repealed.
- 2 * Sec. 19. Sections 7, 8, and 10 of this Act take effect January 1,
3 1990.
- 4 * Sec. 20. Except for secs. 7, 8, and 10 of this Act, this Act takes
5 effect immediately under AS 01.10.070(c).