

1 IN THE SENATE

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2

SENATE BILL NO. 4

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 publish annually 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 all division of motor vehicle  
4 offices in the state.

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

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

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

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

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

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

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

1 the accident; or

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

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

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

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

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

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

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

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

27 (a) If a person fails to provide proof that motor vehicle liability  
28 insurance or a certificate of self-insurance was in affect at the time  
29 of an accident or when the person was charged with a violation of a

1 traffic law described in AS 28.22.021, the department shall suspend  
2 the driver's license of that person for the following periods:

3 (1) not less than 90 days if, within the preceding 10  
4 years, the person has not previously had a driver's license suspended  
5 for violation of AS 28.22.011 or former AS 28.22.200;

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

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

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

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

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

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

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

25 (d) When imposing a limitation under this section the department  
26 shall

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

28 (2) issue to the licensee a certificate valid for the  
29 duration of the limitation.

1 (e) After the termination of a limitation as shown on the cer-  
2 tificate issued under (d) of this section, the license of a person on  
3 whom a limitation was imposed is suspended until the person receives a  
4 new license under AS 28.15.211(c).

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

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

18 Sec. 28.22.061. FALSIFICATION OF INFORMATION. A person who  
19 provides information required under AS 28.22.021 - 28.22.051 that the  
20 person does not believe to be true with the intent to mislead a public  
21 servant in the performance of a duty is guilty of a class A misde-  
22 meanor.

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

28 (b) A filing of proof of financial responsibility under AS 28.20  
29 shall be required for a period of three years following expiration of

1 the suspension of license under AS 28.22.051.

2 ARTICLE 2. GENERAL POLICY PROVISIONS.

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

4 (a) An owner's motor vehicle liability policy must designate by  
5 description or appropriate reference the motor vehicles that it covers  
6 and insure the person named against loss from the liability imposed by  
7 law for damages that arise from the ownership, maintenance, or use of  
8 a designated motor vehicle.

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

13 (c) A personal motor vehicle liability policy must insure the  
14 person named as insured against loss from liability imposed by law for  
15 damages that arise from the ownership, maintenance, or use by the  
16 named person of an owned or nonowned motor vehicle.

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

20 (1) \$50,000 because of bodily injury to or death of one  
21 person in one accident, and, subject to the same limit for one person,  
22 \$100,000 because of bodily injury to or death of two or more persons  
23 in one accident; and

24 (2) \$25,000 because of injury to or destruction of property  
25 of others in one accident.

26 (e) A motor vehicle liability policy must provide coverage under  
27 AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section  
28 for the protection of the persons insured under the policy who are  
29 legally entitled to recover damages from the owner or operator of an

1 uninsured or underinsured motor vehicle because of bodily injury or  
2 death, or damage to or destruction of property arising out of the  
3 ownership, maintenance, or use of the uninsured or underinsured motor  
4 vehicle.

5 (f) A motor vehicle liability policy must state the name and  
6 address of the named insured and meet the requirements of AS 21.42.160  
7 - 21.42.170. In the absence of specific contract language or endorse-  
8 ment, the motor vehicle liability policy issued for a person in this  
9 state is presumed to meet the minimum requirements of (d) of this  
10 section.

11 Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor  
12 vehicle liability policy is subject to the following provisions but  
13 these provisions need not be contained in the policy:

14 (1) The satisfaction by the insured of a judgment for  
15 injury or damages is not a condition precedent to the right or duty of  
16 the insurance carrier to make payment on account of injury or damage.

17 (2) The insurance carrier may settle a claim covered by the  
18 policy, and if settlement is made in good faith, the amount of settle-  
19 ment is deductible from the limits of liability specified in AS 28.-  
20 22.101.

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

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

1 policy that grants excess or additional coverage, the term "motor  
2 vehicle liability policy" applies only to that part of the coverage  
3 that is required by this chapter.

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

7 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may  
8 provide for proration of the insurance with other valid and collect-  
9 ible insurance.

10 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is  
11 not effective under AS 28.22.101 unless it is issued by an insurance  
12 company or surety company authorized to do business in this state,  
13 except as provided in (b) of this section, and unless it complies with  
14 the limit requirements established in AS 28.22.101.

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

24 (c) The requirements for a motor vehicle liability policy may be  
25 fulfilled by the policies of one or more insurance carriers who to-  
26 gether meet the requirements.

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

29 **ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.**

1           Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured  
2 and underinsured motorists coverage required in this chapter

3           (1) does not apply to bodily injury, sickness, disease, or  
4 death of an insured or damage to or destruction of property of an  
5 insured until the limits of liability bonds and policies that apply  
6 have been used up by payments or judgments or settlements;

7           (2) shall be a single combined coverage; and

8           (3) may be rejected by the insured in writing; if the  
9 insured has rejected uninsured or underinsured coverage, the coverage  
10 may not be included in a supplemental, renewal or replacement policy  
11 unless the insured subsequently requests uninsured or underinsured  
12 coverage in writing.

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

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

26           Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum  
27 liability of the insurance carrier under the uninsured and underin-  
28 sured motorists coverage required under this chapter is the difference  
29 between the coverage limit of liability and the amount paid to the

1 insured by or on behalf of the uninsured and underinsured motorist.

2 (b) Amounts payable under the uninsured motorists and underin-  
3 sured motorists coverage required to be offered under this chapter  
4 shall be reduced by

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

7 (2) amounts paid or payable under any valid and collectible  
8 automobile medical payments insurance or bodily injury or death lia-  
9 bility insurance; and

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

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

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

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

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

28 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and  
29 underinsured motorists coverage provided for in this chapter does not

1 apply to bodily injury or death or damage to or destruction of pro-  
2 perty of an insured

3 (1) while occupying a motor vehicle owned by, but not  
4 insured by, the named insured or the insured's spouse or relative  
5 residing in the same household; or

6 (2) through being struck by a vehicle owned by the named  
7 insured or the insured's spouse or relative residing in the same  
8 household.

9 ARTICLE 4. MISCELLANEOUS PROVISIONS.

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

15 Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle  
16 liability policy" means an owner's policy, an operator's policy, or a  
17 personal policy that

18 (1) meets the requirements established under AS 28.22.101;  
19 and

20 (2) is issued by an insurance carrier authorized to trans-  
21 act business in the state to or for the benefit of the person named as  
22 insured.

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

25 \* Sec. 2. AS 21.89.020(a) is amended to read:

26 (a) An automobile liability policy that insures an owner or  
27 operator of a motor vehicle against loss resulting from liability for  
28 bodily injury or death, or for property injury or destruction, or  
29 both, that is sold in the state, shall contain limits in at least the

1 amount prescribed for a motor vehicle liability policy in AS 28.20.440  
2 and AS 28.22.101.

3 \* Sec. 3. AS 21.89.020(c) is amended to read:

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

13 \* Sec. 4. AS 21.89.020(d) is amended to read:

14 (d) An insurance company offering automobile liability insurance  
15 in this state for injury to or destruction of property shall offer  
16 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with  
17 limits not less than those prescribed in AS 28.20.440 or AS 28.22.101,  
18 to cover the insured person's liability for injury to or destruction  
19 of property, for the protection of the persons insured under the  
20 policy who are legally entitled to recover damages for injury to or  
21 destruction of the covered motor vehicle from owners or operators of  
22 uninsured or underinsured motor vehicles.

23 \* Sec. 5. AS 28.10.021 is repealed and reenacted to read:

24 Sec. 28.10.021. APPLICATION FOR REGISTRATION. (a) The owner of  
25 a vehicle subject to registration shall apply for registration under  
26 this chapter by properly completing the form prescribed by the commis-  
27 sioner under AS 28.05.041. Before the issuance of a certificate of  
28 registration by the department, the owner shall

29 (1) pay all registration fees and taxes required under this

1 chapter and federal heavy vehicle use taxes required under 26 U.S.C.  
2 4481 (Internal Revenue Code of 1954);

3 (2) unless the owner qualifies as a self-insurer under  
4 AS 28.20.400 or is exempted from obtaining liability insurance under  
5 AS 28.22.011, certify to the department the existence of a motor  
6 vehicle liability policy that complies with AS 28.22.011 for the  
7 vehicle being registered; in this paragraph, "certify" means to indi-  
8 cate by check-off on the vehicle registration form prescribed by the  
9 department the existence of a policy of insurance, if a policy is  
10 required at that time, and the intention to continue the policy or  
11 obtain a policy as required by this subsection; and

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

13 (b) At the time of application for registration or renewal of  
14 registration, the department shall provide the applicant written  
15 information explaining the state's financial responsibility and manda-  
16 tory automobile insurance laws and applicable penalties for failure to  
17 comply with these laws.

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

27 \* Sec. 6. AS 28.10.041(a) is amended to read:

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

29 (1) the application contains a false or fraudulent

1 statement;

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

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

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

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

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

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

16 (8) the vehicle or applicant fails to comply with this  
17 chapter or regulations authorized by this section;

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

20 (10) the vehicle is subject to a state-approved local emis-  
21 sion inspection program adopted by municipal ordinance under AS 46.-  
22 03.210, and the vehicle does not meet the standards of that program,  
23 unless the vehicle uses a fuel source that does not primarily emit  
24 carbon monoxide;

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

1 \* Sec. 7. AS 28.10.051 is amended by adding a new subsection to read:

2 (b) Unless the owner qualifies as a self-insurer under AS 28.-  
3 20.400, or is exempted from obtaining liability insurance under  
4 AS 28.22.011, the department may suspend or revoke the registration of  
5 a vehicle that is not insured by a motor vehicle liability policy that  
6 complies with AS 28.22.101.

7 \* Sec. 8. AS 28.10.421(c) is amended to read:

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

- 19 (1) up to and including 5,000 pounds . . . . . \$51 [\$50];  
20 (2) more than 5,000 pounds to and including 12,000 pounds .  
21 . . . . . \$86 [\$85];  
22 (3) more than 12,000 pounds to and including 18,000 pounds  
23 . . . . . \$156 [\$155];  
24 (4) more than 18,000 pounds . . . . . \$221 [\$220].

25 \* Sec. 9. AS 28.10.421 is amended by adding a new subsection to read:

26 (g) The fees collected by the department under this section  
27 shall be deposited in the general fund. The Department of Adminis-  
28 tration shall separately account for three percent of the fees col-  
29 lected under this section and deposited in the general fund. The

1 annual estimated balance in the account may be used by the legislature  
2 to make appropriations for administration of AS 28.10.021(a) and  
3 AS 28.22 (Alaska Mandatory Automobile Insurance Act).

4 \* Sec. 10. AS 28.15.061 is amended by adding a new subsection to read:

5 (f) At the time of application for a driver's license or an  
6 instruction permit, or renewal of a driver's license or an instruction  
7 permit, the department shall provide the applicant written information  
8 explaining the state's financial responsibility and mandatory automo-  
9 bile insurance laws and potential penalties for failure to comply with  
10 these laws.

11 \* Sec. 11. AS 28.15.081(a) is repealed and reenacted to read:

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

1 \* Sec. 12. AS 28.15.255(c) is amended to read:

2 (c) In this section, the term "proof of financial responsibility  
3 [FOR THE FUTURE]" has the meaning given in AS 28.20.630 [AS 28.20.-  
4 230(b)] and may be established as provided in AS 28.20.

5 \* Sec. 13. AS 28.20.630 is amended to read:

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

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

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

23 \* Sec. 14. AS 28.20.230(b) is repealed.

24 \* Sec. 15. This Act takes effect immediately under AS 01.10.070(c).