

H B

7

#6

GENERAL DOLL/ 10 (F. NOTE)
 PRIME SPONSOR: HAYES.

OTHER DOLLAR 50
 CO-SPONSORS: BARNES, PHILLIPS, FURNACE, LINDAUE, ABOOD, UEHLING, LISKA, COMDERY, SZYMANSKI, FRITZ, FESTINGER, BUSSELL, WATO.
 CURRENT STATUS: 5/14/84 TRANSM TO GOVERNOR

| DATE | SEQ | PAGE | LEGISLATIVE ACTION |
|----------|-----|------|--|
| 03/31/83 | 01 | 0695 | FIRST READING -- COMMITTEE REPORTS |
| 04/20/83 | 02 | 0957 | CMTE REFERRALS CHANGED |
| 04/25/83 | 03 | 1010 | L&C -- CS04, NR02 |
| 04/25/83 | 04 | 1010 | L&C F/NOTE HSE SUPPL #45 |
| 05/10/83 | 05 | 1251 | JUD -- CS04, NR01 |
| 05/10/83 | 06 | 1251 | JUD F/NOTE HSE SUPPL #58 |
| 05/20/83 | 07 | 1441 | FIN -- CS07, NR02, OTHER01 TAKEN UP IMMEDIATELY |
| 05/20/83 | 08 | 1441 | FIN F/NOTE EQUALS ZERO |
| 05/20/83 | 09 | 1446 | SECOND READING |
| 05/20/83 | 10 | 1447 | FIN CS ADOPTED BY UNAN CONSENT |
| 05/20/83 | 11 | 1447 | ADVANCED TO 3RD READING BY UNAN CONSENT |
| 05/20/83 | 12 | 1447 | THIRD READING |
| 05/20/83 | 13 | 1447 | PASSED BY DIV 35-02-03 |
| 05/20/83 | 14 | 1448 | EFFECTIVE DATE VOTE SAME AS PASSAGE |
| 05/20/83 | 15 | 1448 | NOTICE OF RECONSIDERATION GIVEN |
| 05/21/83 | 16 | 1480 | RECONSIDERATION NOT TAKEN UP |
| 06/26/83 | 27 | 2035 | FAILED TO CONC IN (S) AMS BY DIV 09-23-00 |
| 06/26/83 | 28 | 2039 | CC -- HAYES BUSSELL WENDTE |
| 03/16/84 | 32 | 2947 | LIMITED POWERS FCC GRANTED |

| | | | |
|----------|----|------|--|
| 04/18/84 | 33 | 3390 | CONF COMM DISBANDED BY UNAN CONSENT |
| 04/27/84 | 34 | 3490 | CC -- BARNES FURNACE KOPOMEN |
| 04/27/84 | 35 | 3490 | GRANTED LIMITED POWERS FCC |
| 05/01/84 | 39 | 3553 | CC REPORT ADOPTED BY DIV 32-01-07 |
| 05/01/84 | 40 | 3554 | EFD CLAUSES VOTE SAME UNAN CONSENT |
| 05/01/84 | 41 | 3554 | LETTER OF INTENT ADOPTED BY DIV 33-01-06 |
| 05/14/84 | 45 | 3844 | TRANSMITTED TO GOVERNOR |

| | | | |
|----------|----|------|--|
| 05/23/83 | 17 | 1077 | FIRST READING -- COMMITTEE REPORTS |
| 06/23/83 | 18 | 1472 | L&C -- CS02, NR01 |
| 06/23/83 | 19 | 1472 | MOVED FROM FIN TO RLS BY UNAN CONSENT |
| 06/25/83 | 20 | 1504 | RLS -- NR01, OTHER01 TAKEN UP IMMEDIATELY |
| 06/25/83 | 21 | 1506 | SECOND READING |
| 06/25/83 | 22 | 1506 | L&C CS ADOPTED BY UNAN CONSENT |
| 06/25/83 | 23 | 1507 | ADVANCED TO 3RD READING BY UNAN CONSENT |
| 06/25/83 | 24 | 1507 | THIRD READING |
| 06/25/83 | 25 | 1507 | PASSED BY DIV 10-00-02 |
| 06/25/83 | 26 | 1507 | EFFECTIVE DATE VOTE SAME AS PASSAGE |
| 06/26/83 | 29 | 1548 | FAILED TO RECEDE FRM AMS BY DIV 00-20-00 |
| 06/26/83 | 30 | 1548 | CC -- ELIASON MULCAHY FISCHER, V. |
| 03/16/84 | 31 | 2376 | LIMITED POWERS FCC GRANTED |
| 04/27/84 | 36 | 2864 | CONF COMM DISBANDED BY UNAN CONSENT |
| 04/27/84 | 37 | 2864 | CC -- FERGUSON JOSEPHSON HALFORD |
| 04/27/84 | 38 | 2864 | GRANTED LIMITED POWERS FCC |
| 05/04/84 | 42 | 2923 | CC REPORT ADOPTED BY DIV 13-00-01 |
| 05/04/84 | 43 | 2923 | LEGISLATIVE LETTER OF INTENT ADOPTED |
| 05/04/84 | 44 | 2923 | EFF DATE VOTE SEC 21, 22, 23, SAME UNAN |

Alaska State Legislature



Speaker of the House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

April 18, 1984

Sen. Jalmar Kerttula
President of the Senate

Rep. Joe L. Hayes
Speaker of the House

The Conference Committee with limited powers of free conference which has had


CSSSHB 7(Fin) (relating to motor vehicles)

and

SCS CSSSHB 7 (L&C) (relating to motor vehicles)

under consideration is unable to reach agreement on amendments and requests that the committee be discharged and a new conference committee appointed.


Sen. Eliason, Chairman
Senate


Rep. Joe Hayes, Chairman
House

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

March 14, 1984

Honorable Jalmar Kerttula
President
Alaska State Senate
Juneau, Alaska

Honorable Joe Hayes
Speaker
House of Representatives
Juneau, Alaska

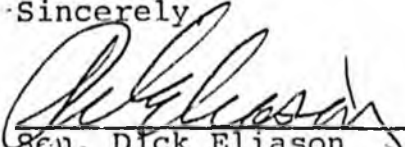
Dear Mr. President and Mr. Speaker:

The Conference Committee on House Bill 7 (motor vehicles) requests powers of limited free conference to address the following issues:

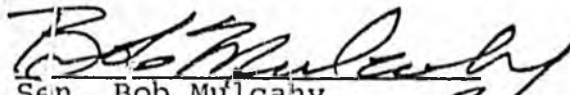
1. Clarification of the intent and purposes section regarding who should be required to carry insurance and when and how the purpose of the law should be accomplished.
2. A requirement to provide motorists information about the mandatory insurance law at the time of registration and licensure.
3. Establishment of a license reinstatement fee following suspension of a license.
4. Expand and define the coverage intended to be offered as uninsured and underinsured insurance.
5. Define the coverage of a liability insurance policy to be offered under the mandatory insurance law.
6. Establish the point at which adequate liability insurance must be demonstrated.

7. Allow for an exemption from the insurance requirement for operation of vehicles in remote, isolated areas unless the motorist has a history of traffic violations.
8. Define the method of demonstrating proof of insurance following an accident or traffic violation.
9. Provide for administrative revocation of driver's license and review process to be followed prior to suspension.
10. Addition of separability clause.
11. Amend insurance code to reflect a mandatory offer of the uninsured and underinsured coverage required as defined in mandatory insurance law.
12. Requirement of public education campaign prior to effective date of the mandatory law.
13. Change in effective dates.

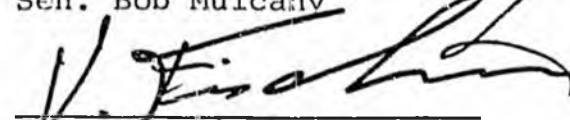
Sincerely


Sen. Dick Eliason

Rep. Joe Hayes


Sen. Bob Mulcahy

Rep. Charlie Bussell


Sen. Vic Fischer

Rep. Ron Wendte

Alaska State Legislature

June

MESSAGE TO THE SENATE

Date June 26, 1983

MR. PRESIDENT:

The House had failed to concur in the Senate amendment to CS SSHB 7(Fin) (Relating to motor vehicles; effective date) namely, SCS CSSSHB 7(L&C) (same title) and respectfully asks the Senate to recede from its amendment.

In the event that the Senate does not recede the Speaker has appointed the following members to a CONFERENCE COMMITTEE to meet with a like committee from the Senate;

Representative Hayes Chairman

Representative Buswell

Representative Wendt

(9-23)

Copies to

Senator Eliason ✓
Senator Reuther

Senate Appointed

Sen. Eliason

Sen. Mulcahy

Sen. V. Fischer

Leason

Chief Clerk of the House

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 17, 1984

To: Rep. Joe Hayes
Rep. Charlie Bussell
Rep. Ron Wendte

Sen. Dick Eliason
Sen. Bob Mulcahy
Sen. Vic Fischer

From: Jeff Day
Assistant to the Speaker

Re: Low Income Motorists

On April 11 I was instructed to investigate whether other states have implemented programs or provisions which specifically relate to making the cost of auto insurance affordable to the low income motorist. Since that time I have contacted a number of state insurance departments and insurance and consumer organizations. The results and contacts are listed below.

SUMMARY

10 state insurance departments were contacted as well as several industry research organizations and an insurance consumer organization. Only 1 state reported that a specific program had been instituted aimed at the low income driver. This was Hawaii, and it was further stated that the program is not working as intended and is opposed by the insurance industry.

A common reaction was that it was difficult to assess the impact of mandatory auto insurance on low income drivers or whether the cost was prohibitive. Some responded that it was a problem. Others said the competitive market affords a wide variety of coverages and prices. Some responded that the cost of insurance comes with the cost of operating a motor vehicle.

Hawaii's program gives free insurance to persons on public assistance. (See Hawaii section for details) The effect is to have the regular paying consumer bear the cost of providing insurance to low income drivers. So while low income drivers get insurance, the cost under this program, will rise for the average consumer who already buys insurance.

There was one reaction which said that it would seem more appropriate to increase welfare payments in general rather than create a specific program to address insurance for low income residents. Several said that factors in determining rates play the largest factor in the cost of insurance and we should examine our laws related to rate making for possible changes. North Carolina, for example, has eliminated age, gender and marital status as rate factors. Instead that state uses a merit rating system which bases premium cost on driving records. This has tended to lower rates for young males..at least those with good driving records.

One reaction that was voiced several times is that the marketplace generally allows a wide variety of coverages and there are a number of actions a person might take to lower insurance costs. These include increasing deductibles and not buying collision or comprehensive coverage if it's an older car. The number and types of cars insured plays a role. For example, if a family has fewer cars, the cost of insurance will be less. I have attached some information from the Ohio Insurance Institute which expands on this subject.

In conclusion, I have not discovered a workable solution to address the low income driver. I believe the industry reaction will be in opposition to a subsidy. First, there is not a consensus on whether a large segment of the population will truly be financially affected by a requirement to buy insurance. Additionally, there are some philosophical questions to be considered as to whether persons who operate cars should be expected to pay for insurance as part of the cost of operation or whether they should seek other alternatives as transit or car pooling if they do not desire to pay the cost of insurance. In general, the cost of insurance may be prohibitive for some individuals...however, determining who they are may be difficult. The question of providing a subsidy for auto insurance raises a number of philosophical questions both on a legislative and industry level. It may be more appropriate in the near future to explore options to make changes in rating mechanisms to ensure the lowest possible rates are consistently available.

Paraphrased comments from agencies which were interviewed follow.

The following is a summary of the interviews conducted.

All Industry Research Advisory Council
Oak Brook, Illinois
312-920-1177
Don Seagraves

Most states have addressed the high risk driver as opposed to the low income motorist. He knows of no specific plan addressing low income drivers. Most protests come from the middle income driver and legislative efforts have been directed at solving problems in this area. The general position of the industry and rating bureaus is that the cost of the product should be reasonably related to the experience of the group insured. (i.e. high risk drivers should pay higher premiums.)

When you depart from that concept you lose general competition by telling companies what to charge. The companies resent that. Any subsidy causes a distortion in that competitive market.

Rather than provide a specific program for payment of auto insurance, he suggested that it be treated as welfare. If the person requires more money to have the necessities, then welfare payments should be increased...not creation of a specific insurance subsidy.

The number of people for whom auto insurance is truly unaffordable is very small.

Competition keeps the marketplace healthy and produces a wide variance in rates. There are many factors people can do to lessen the cost of insurance such as the number and type of vehicles insured. * * * * *

National Association of Independent Insurers
Illinois 312-297-7800
Terry Tyrpin

Not aware of any program which specifically addresses low income drivers. Competition is the most normal procedure for providing rate flexibility and it provides the best rating environment. Every state has different laws and nuances which affect rate setting. There are many programs for high risk but he was not aware of programs for low income drivers. There is no model legislation he is aware of designed specifically to make car insurance more affordable for low income motorists.

National Insurance Consumer Organization
344 Commerce Street
Alexandria, VA 22314 703-549-8050
Bob Hunter, Director

The problem of low income drivers presents a Catch 22. On one hand, the cost of insurance may present a hardship. On the other hand, the low income driver needs some means of financial protection in case of an accident, especially if the person has no assets. Some states mandate un/underinsured coverage. Hawaii gives low income persons free insurance.

He noted the uninsured motorist provision in Virginia which allows uninsured motorists to pay \$200 at the time of registration if they don't have insurance. He also noted that \$200 is more than the cost of insurance in most cases so this does not really address the problem.

The rating process in each state will have the greatest effect on the price of insurance and laws relating to rates should be addressed to assure good rates...(i.e. whether investment income is used in calculating rate base.)

NICO also did a study of all compulsory law states and determined that there was no correlation between the increase in premium cost and passage of compulsory laws.

Arizona Dept. of Insurance
Deloris Williamson
602-255-5422

There is no specific low income program in Arizona. The market is competitive in all lines...particularly auto. Since enactment of the law, there have been no problems related to low income drivers.

Prior to enactment a survey was done to see if a state subsidized low income drivers...none was found. There was some initial concern of the effect of the law on low income drivers, and the Governor received a few inquiries on the subject. However, there have been no problems with the effect of the law.

Idaho Dept. of Insurance
Trent Woods Commissioner
208-334-2250

He conducted a survey of premium costs and found coverage available at about \$40 for a six month period. There is no indigent rating system and he doesn't understand why anyone would ever have such a plan. Idaho is open competition and availability of low cost insurance is not a problem.

Illinois Insurance Dept.
217 782 7446
Janet Frye

Never heard of any program designed for low income drivers....public or private. Open competition states tend to have affordable rates. Not aware if the cost of auto insurance presents a hardship in Illinois. It may be expensive for those who have poor driving records. If they are unable to afford insurance, why do they afford a car in the first place? If the industry subsidized low income motorists, there would likely be a reverse effect on the consumer who pays full premium as that person might have increased premiums to make up for the low income subsidy.

Minnesota Insurance Dept.
612-296-6944
William Kyle/ Supervisor of Insurance Analysts

No program in Minnesota designed as a subsidy is in place. Not aware of any state with such a program. There may be a problem for the low income or youthful driver. But there is little documentation in Minnesota to show that mandatory insurance has created any problems for low income drivers.

North Carolina Insurance Dept.
Richard Price
919-733-7343

No specific subsidy program in place. However, there are other rating factors in North Carolina which affect the price of insurance for some groups. North Carolina does not allow factors as age, gender or marital status in determining rates. Instead a merit rating system is used where everyone is charged a flat rate which is then increased depending on the number of accidents and violations a person may have. This tends to lower rates for persons under 25, particularly males. The mandatory law has created no problems for low income drivers and may have the effect of lowering the rates by expanding the base of the number of people insured. North Carolina takes a strict stance on rate making. A mandatory law would be good for the people of Alaska.

Oregon Insurance Dept.
Bill Haskell
503-378-4271

No such law or plan for low income drivers in place. Insurance is a problem for youthful drivers with poor driving records. He sees no solution outside of subsidization.

Texas Insurance Dept.
Don O'Brien, Director of Auto Insurance
512-475-3486

Insurance cost may be a problem for low income drivers. He has heard Hawaii may address that problem in some way. Texas recently changed minimum limits for financial responsibility and also made changes to the assigned risk pool which accounts for some rate increase.

West Virginia Insurance Dept.
Cheryl Davis/Wanda Smith Consumer Services
304-348-3386

No program designed to make it more affordable for low income drivers. WV is a prior approval state. No idea whether the cost presents a problem for low income drivers. The cost of insurance will cause a hardship on some people, but if you can afford to own a car, you should be able to afford insurance. Many low income drivers often have poor driving records and need insurance the most. There was chaos when the mandatory law first went into effect, but it is working well now and is achieving desired results.

Ohio Insurance Institute
Bill Fletcher
614-228-1593

Noted that Hawaii may have a subsidy program. Ohio is an open competition state which creates a wide variety of coverages and rates. He noted that Nationwide just dropped it's premiums by 10%. The cost of insurance for low income drivers is not a severe problem. People are starting to shop around. Ohio makes a strong effort to educate the public to shop around and not take the first policy offered.

Hawaii
Allen Gushiken
808-548-5450

Hawaii is a mandatory no fault state. Since the mandatory law was enacted in 1974, there has also been a program to pay for the insurance of persons of public assistance. Hawaii has a joint underwriting plan. All companies who do business in Hawaii must be part of the plan. 8 of the largest carriers are the service agents for the plan. When a person is determined to be qualified for public assistance, it includes auto insurance.

Hawaii (continued)

The person is given a certificate to take to one of the 8 service agents who agree to cover the person at minimum limits. No premiums are payed by anyone for the indigent person.

If the premiums taken in by the 8 service carriers from insuring non-indigents are not sufficient to cover claims filed by indigents, all other insurance companies are assessed on a pro rata basis to make up the difference. When the plan was enacted it was expected that the premiums taken in from covering other people would more than make up for the cost of claims filed by indigents who were given free insurance. This has not been the case.

In 10 years this has amounted to about 8 million dollars which has been assessed to all insurance companies in the state.

The net effect of assessing other companies for claims by indigents is an increase for normal customer policies since the cost of the product is related to the cost of delivering service on claims. The intent of the plan was to be self supporting when it was enacted. It has never worked that way. The insurance industry does not like the underwriting plan. There have been attempts to eliminate it but none have succeeded yet.

Virginia
804-786-3667

Has a concept called the uninsured motorist fund which allows an uninsured person to pay \$200 at time of registration as opposed to having auto insurance. See notes under National Insurance Consumer Organization for more details.

Alaska State Legislature

Eliason

20% expenses



Speaker of the House of Representatives

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Official Business

April 9, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte
Rep. Joe Hayes

From: Jeff Day *[Signature]*

Re: Costs of HB 7

The committee has requested a fiscal comparison of the House approach versus the Senate approach.

The House version establishes an enforcement procedure to see that motorists comply with the insurance Law. The Senate proposal affects only insurers; in that it requires them to offer uninsured or underinsured coverage to customers. In that the Senate version only affects insurance writers, there is no fiscal impact to the state.

FOR FY 85: effective date of House version is 1/35.

| <u>Dept.</u> | <u>House Version</u> | | <u>Senate Version</u> | |
|--|----------------------|-------------|-----------------------|---|
| | <u>FY85</u> | <u>FY86</u> | <u>FY87</u> | |
| Com. and Econ. Dvp. Div. of Insurance | 0 | 0 | 0 | 0 |
| Law | \$177.2 | 284.2 | 301.2 | 0 |
| Public Safety Motor Vehicles | \$322.6 | 514.2 | 591.8 | 0 |

Further information has been requested from the Department of Health and Social Services relating to the attached memo which suggests a mandatory law may have a positive fiscal impact on their programs.

The cost of the original House Bill as adopted last year was predicted to be 990.1.

Court System has been asked to submit fiscal note

As to the cost to the consumer, I have attached a synopsis of comments excepted from the nationwide survey this office conducted of mandatory insurance law states during the past interim. The original letters are available upon request to anyone who would wish to review them.

Finally, comments were made by an insurance industry representative at today's hearing that a study by Best's Insurance Management Report showed that mandatory laws increased premiums. What was not mentioned is that the following mandatory states fell in rank during the same time as the ranking relates to premium cost.

| | Ranking 1982 | Ranking 1981 |
|--------------|--------------|--------------|
| MONTANA | 34 | 25 |
| UTAH | 36 | 31 |
| NORTH DAKOTA | 38 | 34 |
| IDAHO | 40 | 38 |
| NEW MEXICO | 41 | 30 |
| INDIANA | 44 | 41 |
| KENTUCKY | 45 | 43 |

Additionally, there are non mandatory states which saw dramatic premium increases such as Arkansas which jumped from 46th to 30th place.

If you have questions or would like further clarification on any of these subjects or others related to the topic please give me a call.

" Outstanding exceptions are Texas, whose average premium rose sharply enough to bring it from 33rd in cost up to 13th. This apparent large increase is mainly the result of a state compulsory insurance law that went into effect in January, 1982 " - from same source as above list (Best Insurance Mgt Reports)

Alaska State Legislature



Speaker of the House of Representatives

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Official Business

JANUARY 1984

MANDATORY INSURANCE LAW SURVEY

In October 1983, letters were sent to insurance commissioners of all states and to Motor Vehicle Departments requesting an update on their insurance laws and an analysis of how they were working.

The attached is a general summary of comments from states with mandatory laws. This report is not a complete listing of all comments as many responses are very lengthy. This report is designed to be representative of the comments received. Copies of complete letters are available from the Speaker's Office.

At the time of the writing of this report, responses had not been received from all states, but a majority had responded.

The format of this report will be to list the question at the top of the page. Comments from various officials will follow and be noted as to source.

DO YOU BELIEVE THE MANDATORY ASPECT OF YOUR LAW IS A DIRECT INFLUENCE ON INCREASING PREMIUM COSTS FOR INSURANCE POLICIES?

The Department of Insurance has not yet seen any company rate increases directly related to the loss experience or underwriting expenses associated with the previously uninsured motorist.

-Deloris Williamson Chief Dep.Dir. Ariz. Dept. of Ins.

I don't believe that this mandatory liability has had any influence on increasing premium rates for the average driver.

-Trent Woods Director Idaho Dept. of Insurance

The State of Kansas is experiencing increased premium costs. It should be pointed out, however, that we feel the increase is comprised of the increased cost of bodily injury and property damage due to the inflation rate.

-Fletcher Bell Kansas Insurance Commissioner

The cost of auto insurance in Michigan is not prohibitive. I do not believe the mandatory aspect of the law has caused costs to rise.

-Nancy Baerwaldt Michigan Insurance Commissioner

It's difficult to determine if the rising cost of auto insurance is attributable only to inflation or if the extra first party no fault benefits also contribute.

-William Kyle Minnesota Supervisor of Insurance Analysts

No, generally the cost of the product remains the same.

-Thomas Buzby Legislative Liaison
Pennsylvania Insurance Dept.

We estimate the cost or "subsidy" incurred by each owner of an insured motor vehicle is approximately the cost of one tankfull of gasoline per year. We do not think this is an exorbitant subsidy. Unfortunately, other factors besides the law have driven up the cost of automobile insurance.

-John Richards Deputy Chief Insurance Commissioner
South Carolina

No, there has been no indication that compulsory insurance has had any effect on premium costs.

-Richard Shaw West Virginia Insurance Commissioner

We have no reason to believe this law has had an influence on increasing premium costs.

-Josephine Driscoll Oregon Insurance Commissioner

I do not believe mandatory insurance has had an appreciable effect on auto insurance rates.

-David Elliott Delaware Insurance Commissioner

WHAT EFFECT HAS A MANDATORY LAW HAD ON THE NUMBER OF MOTORISTS WHICH ARE PLACED IN THE ASSIGNED RISK POOL AND ON THE RATES CHARGED THOSE IN THE POOL?

The number of motorists placed in the assigned risk pool has not substantially increased and cannot be attributable to the impact of the previously uninsured motorist.

-Deloris Williamson Chief Dep. Dir. Ariz. Dept. of Ins.

We did experience increases in the number of applications... in 1973 when mandatory insurance and no fault was enacted... Since 1980, the number of applications in the assigned risk plan has leveled off and we are now experiencing a significant decrease in the number of such applications. The recent substantial decrease in the number of applications for insurance through the assigned risk plan could be explained by the recent entry into the voluntary market of three insurers willing to underwrite sub standard risks.

-Peter Gillies Connecticut Insurance Commissioner

We have no information that the assigned risks pool premium have been affected by this law.

-Trent Woods Director Idaho Dept. of Insurance

Immediately after the effective date of the law on January 1, 1974, a population increase was experienced in the assigned risk pool. The increase in the assigned risk pool cannot be correlated with the enactment of mandatory liability insurance. In fact, recent data has indicated as much as a 41% decrease in the pool's population.

-Fletcher Bell Kansas Insurance Commissioner

The rates have changed very little since the no fault law went into effect. I think the number of risks are down as reported prior to 1975.

-William Coleman Director Property and Casualty Division
Kentucky Insurance Dept.

While the mandatory aspect of the law undoubtedly causes our residual market to be more populated than non-mandatory states, that population generally constitutes less than 3% of the total auto insurance market in the state.

-Nancy Baerwa'it Michigan Insurance Commissioner

Doesn't appear to have had an adverse affect. The pool is down considerably since no fault went into effect.

-William Kyle Minnesota Supervisor of Insurance Analysts

At first, the number of risks increased dramatically but over the last several years, the number of risks in the pool has decreased from 400,000 to about 125,000 which is about 2.2% of the 5.6 million registered vehicles.

-Thomas Buzby Legislative Liaison
Pennsylvania Insurance Dept.

WHAT EFFECT HAS A MANDATORY LAW HAD ON THE NUMBER OF MOTORISTS WHICH ARE PLACED IN THE ASSIGNED RISK POOL AND ON THE RATES CHARGED THOSE IN THE POOL?

There has been a decline in the assigned risk insurance volume.
-Richard Shaw West Virginia Insurance Commissioner

None.
-J.T. Langdon Wyoming Insurance Commissioner

We have very few policy holders in the Assigned Risk Pool. There appears to be an excellent marketplace for substandard risks.
-Josephine Driscoll Oregon Insurance Commissioner

To: Rod Betit
Director
Division of Public Assistance

From: Henry Jeske
Collections Manager
Medical Review

Date: May 25, 1983

SUBJECT: Medical Assistance Required Because of Uninsured Motorists.

In response to your inquiry of Medical Assistance needs related to uninsured automobile drivers and owners I am providing you with this report of the TPL office involvement within this area.

It has been the experience of the Public Assistance TPL office during the last four years that the State of Alaska does pay a significant amount of public assistance for individuals who have been injured by uninsured automobile owners or drivers who are determined to be liable to the injured recipient. A difficulty of providing statistics in this area, however, is inherent in that this office normally has not been made aware if the past of uninsured accident cases requiring medical assistance. As there was little probability of obtaining any recovery, they were never investigated. The current system, though, does investigate all injury related medical assistance over \$500.00 for possible third party liability and statistics for automobile injury medical care needs will be available in the future.

There are enough past "vivid" examples of the need for public assistance brought about because of uninsured motorists, however, that they should be described in this report for purposes of providing evidence that there is significant cost to the public due to the State having inadequate requirements of liability and medical insurance for automobile owners and drivers. The cases listed below are accidents which have been investigated by this office within the last two years for third party liability.

1. Pedestrian hit and dragged by automobile. Driver of vehicle cited for DWI. No insurance. Cost to medical assistance was \$30,000.00.
2. Taxi-driver was hit head on by uninsured driver and owner. Cost of medical assistance exceeds \$120,000. Future cost of medical care and public assistance may be substantial.

-2-

— probably should have been covered by
Worker's Comp.

3. An individual injured when his car was struck by another car which ran a stop light. Insurance was available for \$50,000, but inadequate for \$150,000 medical cost to date. Cost to public is \$100,000 medical assistance plus substantial medical care and public assistance in the future. *Limits set by State already in place*
4. Individual was passenger in a vehicle driven and owned by uninsured driver. An accident in which driver was cited resulted in injury leaving passenger paralyzed for life. Cost exceeds \$50,000.
5. Teenager on motorcycle hit by camper truck pulling boat. Driver of the vehicle was uninsured. Due to no insurance, the accident was never properly investigated for possible liability. Injured party has been in a coma since July 5, 1980 accident. Medical assistance cost to date exceeds \$100,000. *Accidents are investigated*

I regret not having a more comprehensive compilation of statistics in this area. Past concentration on recovery probabilities, though, precluded accumulation of information on Medicaid paid victims of uninsured motorists that were recoverable by this office.

* * * * *

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 6, 1984

SUBJECT: Sectional Analysis
CCS HB 7

TO: Senator Richard I. Eliason
Chairman, Labor and Commerce
Committee

FROM: Richard C. Folta 
Legislative Counsel

Section 1. Amends AS 21.89.020(a) requiring automobile liability policy coverage limits to be at least the amounts prescribed in AS 28.20.440(b)(2).

Section 2. Amends AS 21.89.020 by adding three new subsections. The first requires an insurance company to offer for uninsured and underinsured bodily injury coverage at limits equal to those voluntarily purchased for bodily injury liability. The second subsection requires a basic limit offer of uninsured and underinsured property damage. The third subsection allows the insured to waive in writing the coverage under the first two subsections, or to make a written request for additional or more extensive coverage. The insurers notice requirements to an insured are conditioned.

Section 3. AS 28.20.440(b) is amended adding "underinsured" and "damage to or destruction of property in excess of \$250.00" coverage requirements that shall comply with AS 28.20.440(b)(2) and AS 28.20.445.

Section 4. AS 28.20 is amended by adding a new section on coverage requirements for uninsured and underinsured motorists. Subsection (a) describes the maximum liability of an insurance carrier. Three situations when payments may be reduced are listed in subsection (b). Priority of payments under multiple policies or coverages are described in subsection (c). Two situations where the coverage would not apply are given in (d) and three cases in (e) where coverage

Senator Eliason
page 2
April 6, 1984

may not apply. Subsection (f) provides for a procedure when the owner and operator of vehicle involved in an accident with an insured are unknown. A deductible of \$250.00 in any one accident including the destruction or damage to an insured vehicle is provided under (g). Subsection (h) describes "underinsured motor vehicle."

Section 5. Provides for a September 1, 1984 effective date.

RCF:csh
C2/141



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE


COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

MEMORANDUM

TO: Conference Committee Members

FROM: Senator Dick Eliason 

DATE: April 6, 1984

RE: Senate Committee Substitute for HB 7.

The attached proposal is an updated version of the Senate Committee Substitute for HB 7, passed by the Senate last session. It incorporates the changes made to the uninsured and underinsured motorists coverage found in both the House and Senate versions of the bill.

It is my concern that a mandatory approach to automobile liability insurance, at this time, may be an overreaction to a perceived problem. If one examines where the complaints and concerns emanate, it is from persons who have acted responsibly by purchasing coverage and have been involved in an accident with someone who has not acted responsibly. The response should not be to require everyone to buy the coverage. It should be one that allows the responsible person to cover all contingencies arising out of the operation of an automobile and to strictly enforce the financial responsibility law as to those persons who do not act responsibly.

A mandatory automobile insurance bill, by its very nature, must have some administrative cost reflected. This, of course, will vary depending on how complicated a system is adopted. I contend that the Senate proposal

will do as much to protect those with whom we are concerned as any mandatory insurance plan we might devise and do it with absolute minimum expense.

I urge that you seriously consider the attached proposal as the most desirable alternative. The results can be monitored and if after three or four years the problem has not been alleviated, another approach could then be considered.

Sectional Analysis

SCS CSSS HB 7 (L+C)

Section 1. Page 1

This section of the financial responsibility law is amended to add uninsured motorist property damage, underinsured motorist bodily injury and underinsured motorist property damage to the presently offered uninsured motorist bodily injury coverage. The section goes on to define the coverage. The property damage feature is subject to a \$250 deductible. The section describes the priority of coverage when faced with other coverages which provide a benefit in the same circumstances. The offer would be a single combined coverage which is subject to written rejection by the insured.

Section 2. Pages/-2

These new subsections relate to the uninsured/underinsured motorist coverage. In (l), the maximum liability is clarified. In (m), reductions of coverage are noted. In (n), the stacking of limits is prevented. In (o), exclusions of coverage are listed.

Section 3. Page 2

This provision in the insurance code ties the mandatory offer of uninsured/underinsured motorist coverage to the description of limits in the financial responsibility law and the mandatory insurance law.

Section 4. Pages 2-3

This section in the insurance code ties the mandatory offer of uninsured/underinsured motorist coverage to the description of that coverage in the financial responsibility law and the mandatory insurance law. The conditions set forth in the financial responsibility law and the mandatory automobile liability insurance law are the same in this section. This placement is necessary since all of the functional powers or authority of the director of insurance are in Title 21. The offer for the bodily injury feature must be equal to the amount voluntarily purchased for bodily injury liability. The limit for the property damage feature is the same as the minimum limit required under the financial responsibility law for property damage liability. The uninsured/underinsured coverage can be waived in whole or in part.

Alaska State Legislature



Speaker of the House of Representatives

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State Capitol
Juneau, Alaska 99811
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Official Business -

ANALYSIS FOR HB 7 COMPROMISE...March 1 Draft

The proposed a compromise on the mandatory auto insurance bill is basically modeled after legislation which passed in California last year. This compromise has been prepared with the assistance of the Division of Insurance, Departments of Law and Public Safety and State Farm.

The general concept would enact a law making it illegal to drive without liability insurance. Currently, it is legal to drive without insurance. Once you are caught as a result of an accident, however, you must obtain proof of insurance for three years. The compromise makes it illegal up front.

The major difference with the compromise is: In the House bill we require proof of insurance to be shown as a prerequisite for registration. In the compromise, that would not be required. The point of proof would come following an accident (which results in at least \$500 damage) for both the person at fault and not at fault. BUT, in addition, any person cited for a traffic violation carrying a 6 point demerit on the point system would have to show that insurance was in effect at the time of the violation within 15 days.

The burden of proof is on the person cited and requires the person to provide proof from the insurance company that the policy was in effect at the time of the accident. This information would be required to be verified by the Department of Public safety. The bill makes it a class A misdemeanor if the person cited knowingly provides false information during the verification process. It's estimated that between 20-30,000 citations for violations carrying a 6 point penalty are issued annually, and all these would be checked for insurance in addition to all persons involved in accidents whether at fault or not under the compromise.

The following traffic violations are all at least 6 points or greater and require a court appearance and would require proof of insurance to be shown.

Driving while license is cancelled, suspended, revoked
or in violation of license limitation

6 point violations cont.

Driving while intoxicated
Reckless Driving
speed contest racing
fleeing or attempting to elude a
 police officer
leaving scene of an accident
negligent driving
failure to yield right of way
failure to stop for school bus while
 bus is loading or unloading
failure to obey traffic control device
 in a school zone, playground,
 crosswalk or park
speeding 20 miles or more over limit

It's also my understanding that some, but not most, 6 point result in accidents so this is aimed at getting to the driver with the greatest potential for an accident..before the accident occurs. It's estimated there will be about 40,000 vehicles involved in accidents in the next year and between 20-30,000 6 point traffic violations..all of which would be checked for insurance under this bill. In an accident, all motorists would be checked regardless of fault. Currently, only the at fault person is checked.

All procedures for requiring proof at the time of licensing have been eliminated. All procedures which called for insurance companies to notify DMV upon cancellation of a policy have been eliminated as have the requirements that DMV follow up on such cancellation notices.

There is a further provision that providing false information to verify existence of insurance is a Class A misdemeanor. That's up to \$5000 fine and 1 year in jail.

The compromise calls for administrative revocation of the license rather than being charged with a class B misdemeanor. However, the revocation will be a mandatory one year. The removal of commission of a crime eliminates the proposed fine of \$250. However, the compromise requires payment of this fee as a license reinstatement fee as a prerequisite to reinstatement of driving priveleges following revocation of a license for driving uninsured. Thus the compromise would generally retain the punishment provisions originally intended.

Limited license priveleges could be granted but the reinstatement fee would have to be paid and there is a provision requiring the person to provide proof of financial responsibility for 3 years under our normal financial responsibility law prior to the granting of any limited priveleges.

The forfeiture provisions have been removed from the bill. There was a concern about administrative burdens this would place on the courts and Dept. of Law. Forfeiture was envisioned to be used in extreme cases. The legislature could consider this at a later date once the law has been enacted, and it may then be determined how severe a threat the repeat offender is.

The compromise retains the concept of raising the limits from 25/50/10 to 50/100/25.

The compromise also adds further language to the uninsured and undersinsured coverage provisions which basically allow a deductible of \$250. It allows companies to offer a smaller deductible and for the insured to opt for a higher deductible. It also requires direct physical contact between the insured and un/underinsured vehicles to activate the property damage coverage. Hit and run drivers are presumed to be uninsured motorists if the victim reports the incident within 24 hours. This is to prevent people from running into a tree and trying to claim they were hit by an uninsured person.

We have worked with State Farm to include several pages of language which define when the uninsured/underinsured coverage is triggered and in what priority other insurance policies would pay. Generally speaking, these appear to be fair compromises and we have incorporated most of them after some discussion and refining. The goal has been consumer protection as we reviewed the provisions. The bill requires insurers to offer the insured coverage for un/underinsured drivers in the amount the insured voluntarily purchases. The insured may waive this coverage or choose to increase the offer.

There is an exemption for isolated rural communities so that vehicles operated in these areas don't have to have insurance unless they have a history of traffic violations or accidents. A separability clause has been added to the bill in case there could be a legal problem with this exemption although it is felt by many that the constitutional test for such an exemption has been met.

The compromise repeals two current sections in the financial responsibility law allowing deposit of securities or cash as proof of financial responsibility. In the opinion of the Division of insurance, this option is probably not needed any longer since it is less expensive to buy a policy rather than putting up securities worth \$100,000 as would be required if other provisions of this bill pass. This would leave the means of proving financial responsibility as either having a liability policy or a certificate of self insurance as allowed by statute. These two methods should cover all motorists adequately.

The compromise retains the provision which required knowledge of financial responsibility laws as part of the drivers test for a license.

There are two substantial changes in the definition of a motor vehicle liability policy which is required.

Under the House bill we lifted word for word the definition of a policy which was required of those people who had been involved in an accident with no insurance. Such a policy required at that time is different than normal policies which the average person routinely buys. Policies required under the FR law are basically exclusionless with insurer defenses inoperable. The compromise proposes a change in defining who is covered under an insurance policy and removes the provision that liability becomes absolute without defense following an accident...only for persons who purchase insurance voluntarily and do not fall under the financial responsibility law. The absolute liability provision and stricter provisions would remain in policies required under the FR law which would take effect for a person who is convicted of not having insurance. After extensive discussion on this point, this appears to be a fair stance to take. The compromise does not change the type of coverage that is offered currently to people buying insurance.

The compromise deletes the provision requiring companies to issue a card with all policies and that the card remain in the vehicle. This is okay in that the proof of insurance that is now required following a citation is an written verification from the insurance company. The necessity for such a card is eliminated.

The compromise eliminates a section for unused motor vehicles because it is no longer necessary if proof is not required at the time of registration.

The compromise eliminates an annual report on the effectiveness of the law and the ability to enforce it. The report concept was designed to provide legislators with some accounting of how well the system is working but, admittedly, it would be difficult to compile a meaningful report about the effect on premiums, administration and uninsured population. However, it has been suggested that a report could be initiated by a letter of intent to keep track of the statistics compiled as a result of the law.

The compromise incorporates two steps to involve the public about the law. Three months prior to the effective date of the law, the Department must conduct a public education campaign about the new law and failure to comply. Additionally, the bill mandates that, at the time of registration and licensing, the department give the applicant written information about the mandatory insurance law of the state.

It's hoped this will make people aware and encourage them to seek insurance rather than take the chance of being stopped and losing their license for a year.

It should also be noted that if a person drives on a revoked or suspended license...current law already mandates a 10 year jail visit which hopefully will act as an incentive to keep people from driving on suspended licenses.

The effective date of the compromise is 1/1/85.

Alaska State Legislature



Speaker of the House of Representatives

Phone:
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Official Business

April 6, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte

From: Joe L. Hayes *[Signature]*

Re: Conference Committee draft of HB 7

Attached is the revised draft from Legislative Affairs on HB 7. While the layout is slightly different than the earlier draft, the substance is the same. Also attached is a section analysis.

The only substantive changes from the March 1 draft are:

- * Reduction of the administrative fee from \$250 to \$100.
- * Reduction from 10 to 5 the number of years a person must be free of accidents or traffic violations if that person otherwise qualifies for the exemption. This was requested by the Dept. of Public Safety since records are not kept for 10 years.
- * Clarification that a person's license will not be suspended until final court action is completed. Requested by Dept. of Law.
- * Clarification that insurers can offer un/underinsured coverage for property damage at the minimum level required by law. This does not prohibit the insured from purchasing a higher limit.

The committee is scheduled to meet at 1 p.m. Monday in the Speaker's Chambers.

SECTION ANALYSIS COMPROMISE FOR HB 7 4/6 Draft

The substance of this draft is similar to the March 1 draft but the bill has been laid out differently to meet the style of Legislative Affairs drafting.

SECTION 1 PURPOSE

Legislature declares concern over rising toll of motor vehicle accidents and determines it is in the public's best interest that motorists be financially responsible for negligent acts so that innocent victims be recompensed for injury or financial loss. Declares that this can best be served by requiring motorists to be insured when operating a vehicle "where the potential for motor vehicle accidents is substantial". Further declares that the most practical and economical time of proof of compliance is following a moving violation or accident.

SECTION 2

Amends insurance code to conform by requiring insurers in the state to write policies at the newly established minimums of 50/100/25.

SECTION 3

Requires insurers to offer customers un/underinsured coverage for both bodily injury and property damage in at least the amount voluntarily purchased for personal injury liability insurance. Requires an offer for property damage not less than the minimum of \$25,000. This coverage may be waived by the insured.

SECTION 4

Requires the Department of Public Safety to provide an applicant for registration of a motor vehicle with information regarding the state's mandatory insurance law at the time of registration.

SECTION 5

Requires the Department of Public Safety to provide an applicant for motor vehicle licensure with information regarding the state's mandatory insurance law at the time of license application.

SECTION 6

Adds knowledge of the states mandatory insurance law to examination provisions for obtaining a drivers license.

SECTION 7

requires person who has had license suspended to pay \$100 reinstatement fee prior to the granting of limited driving privileges or restoration of driving privilege in addition to financial responsibility requirements.

SECTIONS 8 and 9

Raises minimum liability policy limits a person must be insured for under the financial responsibility law from 25/50/10 to 50,000 for bodily injury to any one person in an accident, \$100,000 maximum for bodily injury of all involved in an accident and \$25,000 for property damage.

SECTION 10

Increases from 25/20/10 to 50/100/25 the threshold at which a judgement against a person falling under the financial responsibility law is satisfied.

SECTION 11

same as section 8 to make statute conform regarding limits. Describes limits for un/underinsured coverage to be offered as part of an insurance policy.

SECTION 12

Defines un/underinsured motorist coverage.

(a) Limits insurers responsibility under the un/underinsured provisions to the difference between what might be paid on behalf of the the uninsured person and the maximum limits of the insured's policy.

(b) Establishes priority for payment of un/underinsured claims and lists items that would be deducted from liability for payment of such coverage.

(c) Prohibits the stacking of several policies in the event that the insured is covered by more than one uninsured coverage which might apply. The liability is limited to the highest amount of one policy. Establishes priority of policies which would apply.

(d) Clarifies that UM/UIM coverage does not apply in situations where the alleged un/underinsured vehicle is owned by a name insured or resident relative but not insured. This is designed to prevent a person from owning several vehicles but only insuring one.

Specifies a single combined coverage. Allows insured to waive coverage in writing. Limits coverage for property damage to only the damage to the vehicle involved. Hit and run motorists are presumed to be uninsured if the accident is reported within 24 hours. Allows deductible of \$250 but allows insurer to offer a deductible other than \$250.

SECTION 13

28.22.010-28.22.050 Defines specific provisions of motor vehicle liability policy that must be in effect to comply with the mandatory law.

Generally follows current requirements under the financial responsibility law. A major difference from the FR law is the removal of an absolute liability clause which is retained in the FR law. The removal is intended to allow companies to issue policies just as they are now. There is also a modification from the FR law in describing who the policy must cover.

Raises current liability minimums from 25/50/10 to 50/100/25.

28.22.100-28.22.130 Defines un/underinsured coverage for the purposed of this chapter identical to the provisions in Section 12.

28.22.200 requires operator or owner of a motor vehicle to have adequate insurance when operating vehicle on roadway. Provides an exemption of the requirement to have insurance if the vehicle is operated in isolated areas not connected to the highway system and with minimal traffic. Exemption does not apply if the owner/operator has a history of traffic violations or accidents within 5 years.

28.22.210 Requires persons involved in an accident resulting in at least \$500 damage or involved in a 6 demerit traffic violation to show proof of insurance.

28.22.220 Requires person cited for an accident to present proof of insurance to the department within 15 days. Requires the Department to establish a method to check all documents filed as proof.

28.22.230 Requires person cited for traffic violation to present proof of insurance at the time of the initial court appearance or within 15 days of the charged violation. Requires court to notify the department if such proof is not presented.

28.22.240 Provides for administrative suspension of license for one year if person fails to prove insurance was in effect at time of violation or accident. Establishes notification procedure and allows the person who stands to lose license a chance for a hearing to plead that person's case. Suspension will not take place until final court action is taken.

28.22.250 Establishes a Class A misdemeanor for knowingly filing false information with the department.

28.22.260 Requires person to file SR 22 under the financial responsibility law (proof of insurance for 3 years) as a prerequisite to reinstatement of license or granting of limited license privileges.

28.22.500 Allows policy to contain provisions which do not violate the provisions of this chapter.

28.22.510 separability clause

28.22.600 definition of general motor vehicle liability policy for purposes of mandatory insurance requirements.

SECTION 14
Definition of underinsured motor vehicle

SECTION 15

Repeals provisions in law allowing deposit of cash or securities as a means of proving financial responsibility for the future. Repeals the reinstatement fee which only pertained to driving in violation of financial responsibility law. This has been encompassed in section 7 of this bill.

SECTION 16

Requires Department to begin to conduct public education campaign about the mandatory law three months prior to its effect.

SECTIONS 17-18

effective dates
Law takes effect 1/1/85.

3/1/84 DRAFT ALTERNATE FOR HB7
SECTION BY SECTION ANALYSIS.

This draft alternative bill utilizes the House passed version as a starting point. The major distinction between this alternate and the House passed bill is that the alternate uses a point of proof which is at the time of an accident or charge of a serious traffic law violation. This approach is intended to reduce the fiscal impact yet give a reasonable quantity of proofs to assure that the effect of the legislation is maximized. In drafting this alternate, the Division of Insurance has attempted to reflect a variety of interests. This proposal does minimize the administrative cost, though that is still expected to be large, and substantially reduces the cost impact to the insurers providing automobile coverage, thus keeping the increased cost to the insurance purchaser to a minimum. We still believe that the Senate passed version is the best approach to the situation since it allows the responsible person to protect himself, not just the other party in an accident.

This proposal is actually several bills in one. The first is a mandatory automobile law which is dealt with in sections 1, 2, 3, 4, 5, 13, and 17. The second is to make some editorial or clean up changes in the motor vehicle code. This is dealt with in sections 4, 12, and 16. The third is to increase the financial responsibility law limits from the current 25m/50m/10m to 50m/100m/25m. This is done in sections 6, 7, 8, 9, and 13 (see sec. 28.22.010). The fourth is to require a mandatory offer of uninsured and underinsured motorist coverage for bodily injury and property damage. This is done in sections 10, 11, 13, 14, and 15.

Section 1. Page 1, lines 8-24.

Purpose section. This section is very similar to the purpose section of the financial responsibility law.

Section 2. Page 1, lines 25-31.

This section provides for information about this proposal to be furnished to persons registering an automobile in this state.

Section 3. Page 2, lines 1-8.

This section provides for information about this proposal to be furnished to persons licensing to drive a motor vehicle in this state.

Section 4. Page 2, lines 9-28.

This section modifies the law dealing with the drivers license test to require knowledge of the financial responsibility law and the mandatory automobile insurance requirements.

Section 5. Page 2, lines 29-32 & page 3, lines 1-5.

This section provides for a \$250 license reinstatement fee following a suspension for failure to prove that insurance was in force.

Section 6. Page 3, lines 6-19.

This is the first of several sections revised to reflect higher financial responsibility law limits.

Section 7. Page 3, lines 20-32 & page 4, lines 1-2.

Section reflects higher financial responsibility law limits.

Section 8. Page 4, lines 3-16.

Same comment as section 7.

Section 9. Page 4, lines 17-29.

Same comment as section 7.

Section 10. Page 4, lines 30-32, all of page 5, & page 6, lines 1-16.

This section of the financial responsibility law is amended to add uninsured motorist property damage, underinsured motorist bodily injury and underinsured motorist property damage to the presently offered uninsured motorist bodily injury coverage. The section goes on to define the coverage. The property damage feature is subject to a \$250 deductible. The section describes the priority of coverage when faced with other coverages which provide a benefit in the same circumstances. The offer would be a single combined coverage which is subject to written rejection by the insured.

Section 11. Page 6, lines 17-32 & page 7, lines 1-24.

These new subsections relate to the uninsured/underinsured motorist coverage. In (l), the maximum liability is clarified. In (m), reductions of coverage are noted. In (n), the stacking of limits is prevented. In (o), exclusions of coverage are listed.

Section 12. Page 7, lines 25-29.

The reinstatement fee in the financial responsibility law is increased from \$50 to \$250.

Section 13. Page 7, lines 30-32, all of pages 8-15, & page 16, lines 1-28.

This section sets up the mandatory automobile insurance mechanism along with method of proof, requirements of policy, and, penalties.

Sec 28.22.010. Page 7, lines 30-32, all of pages 8-11, & page 12, lines 1-28.

This section is very similar to AS 28.20.440 in the financial responsibility law. Subsections (b)(1), (b)(3), (c), (f)(1)-(3), (g), and (i)-(o) are identical to provisions in AS 28.20.440. Subsections (a), (b)(2), and, (d) are similar. Several subsections from AS 28.20.440 are not duplicated in this section. These are 440(e), 440(f)(1), and 440(h). A policy issued as proof of financial responsibility under AS 28.20.440

must cover all persons operating the insured automobile with the express or implied consent of the insured. The policy is basically exclusionless with the insurer having absolute liability. This feature is not incorporated in this section of law which describes the automobile liability policy purchased voluntarily to comply with the mandatory provision in this bill. This feature is one where considerable, however unquantifiable, expense is to be found. In drafting this section we have attempted to track the financial responsibility law as closely as possible while avoiding those elements that would increase insurance costs for those person who already have demonstrated responsibility by voluntarily purchasing coverage without a mandatory requirement in the law. Subsections (1)-(o) are the same as provisions being added to the financial responsibility law and discussed in section 11.

Sec 28.22.020. Page 12, lines 29-32 & page 13, lines 1-11.
This section requires that policies can not be written for limits less than those in the previous section. It also requires that the policy be written by an admitted insurance company or by one that has filed a power of attorney to permit service of process by the director of insurance.

Sec 28.22.030. Page 13, lines 12-32 & page 14, lines 1-12.
This section mandates automobile liability insurance in Alaska. It provides that a person involved in a reportable accident and a person charged with a 6 point violation must prove that insurance was in effect at the time of the accident or the violation. Persons in communities not connected with a highway with an average daily traffic volume greater than 499 unless previously involved in an accident or previously charged with a violation.

Sec 28.22.040. Page 14, lines 13-32 & page 15, lines 1-2.
This section sets up the method of proof following a reportable accident.

Sec 28.22.050. Page 15, lines 3-23.
This section sets up the method of proof following a serious violation.

Sec 28.22.060. Page 15, lines 24-32 & page 16, lines 1-15.
This section provides for an administrative suspension of the drivers license when a person required to prove insurance fails to do so. It call for a one year suspension for each failure and provides a hearing mechanism for persons impacted by the section.

Sec 28.22.070. Page 16, lines 16-22.
This section provides for a filing of proof for the future applicable to persons who have failed to prove insurance when so required.

Sec 28.22.080. Page 16, lines 23-28.
Separability section.

Section 14. Page 16, lines 29-32 & page 17, lines 1-7.

As amended by replacement language.

This provision in the insurance code ties the mandatory offer of uninsured/underinsured motorist coverage to the description of limits in the financial responsibility law and the mandatory insurance law.

Section 15. Page 17, lines 8-21.

As amended by replacement language.

This section in the insurance code ties the mandatory offer of uninsured/underinsured motorist coverage to the description of that coverage in the financial responsibility law and the mandatory insurance law. The conditions set forth in the financial responsibility law and the mandatory automobile liability insurance law are the same in this section. This placement is necessary since all of the functional powers or authority of the director of insurance are in Title 21. The offer for the bodily injury feature must be equal to the amount voluntarily purchased for bodily injury liability. The limit for the property damage feature is the same as the minimum limit required under the financial responsibility law for property damage liability. The uninsured/underinsured coverage can be waived in whole or in part.

Section 16. Page 17, line 22.

The repeal section repeals two sections in the financial responsibility law that deal with cash or securities as a means of proving financial responsibility for the future. This is inconsistent with a mandatory automobile insurance requirement.

Section 17. Page 17, lines 23-26.

This section requires the Department of Public Safety to conduct an information campaign to get the word out about the new law.

Section 18. Page 17, line 27.

The bulk of the act takes effect on January 1, 1985 to give plenty of lead time to implement the act.

Section 19. Page 17, line 28.

The public information campaign starts three months before the re: of the act is effective.

Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2) [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of uninsured or underinsured motor vehicles.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 463 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 3, 1984

SUBJECT: Constitutionality of the rural exemption in
CCS HB 7, Section 28.22.200, page 15

TO: Senator Richard Eliason
Chairman, House Labor and Commerce Committee

FROM: Richard C. Folta
Legislative Counsel

You have asked if the rural exemption in the latest proposal for CCS HB 7 is constitutional.

It is my opinion that the exemption does not violate the equal protection provisions of the Alaska Constitution if there is adequate factual data supporting the average daily traffic figure of 499 as a reasonable break point for mandatory insurance exemptions in the rural areas of the state. At this time I have not been able to obtain any information on how the 499 number was selected, in order to evaluate the exemption under the test established by the Supreme Court.

The Alaska Supreme Court equal protection test is stated in State v. Erickson, 574 P.2d 112 (1978):

. . . must look to the purpose of the statute, viewing the legislation as a whole, and the circumstance surrounding it. It must be determined that this purpose is legitimate, that it falls within the police power of the state. Examining the means used to accomplish the legislative objective and the reasons advanced. Therefore, the court must then determine whether the means chosen substantially further the goals of the enactment. Finally, the state interest in the chosen means must be balanced against the nature of the constitutional right invaded.

The purpose of the statute is set out in section 1. The portion that is most pertinent is:

The legislature finds and declares that the public interest can best be served by the requirement that the owner of a motor vehicle which is to be operated on vehicular ways of the state where the potential for motor vehicle accidents is substantial be required to furnish evidence of the existence of a motor vehicle liability policy

A statutory regulation requiring a bond, liability policy, or other security is not unreasonable, and is constitutional and valid. (60 C.J.S. & 110, page 669).

At this time we are unable to evaluate if the means chosen in the exemption provision "substantially further goals of the enactment."

RCF:ojb
J5/050

For discussion only
- not reviewed

received 12/6
Kuen
today
12-6-83

1 IN THE SENATE

BY ELIASON

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND 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. (a) The legislature is concerned
10 over the rising toll of motor vehicle accidents and the suffering and loss
11 inflicted 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 that is to be operated on vehicular ways
17 of the state where the potential for motor vehicle accidents is substantial
18 be required to furnish evidence of the existence of a motor vehicle liability
19 policy issued in conformity with AS 28.22.010 or of a certificate of
20 self-insurance issued under AS 28.20.400 when the vehicle registration is
21 made or renewed as a prerequisite to the exercise of the privilege of
22 registering and operating a motor vehicle in the state.

23 (b) The legislature further finds and declares that the public interest
24 can be best served by providing for the improvement of motor vehicle
25 warranty.

26 * Sec. 2. AS 45.45 is amended by adding a new section to read:

27 ARTICLE 6. MOTOR VEHICLE WARRANTIES.

28 Sec. 45.45.300. MOTOR VEHICLE WARRANTIES. (a) If a new motor
29 vehicle does not conform to an express warranty that is applicable to

1 it and the owner of the vehicle reports the nonconformity in writing
2 to the manufacturer or distributor of the vehicle, the agent of the
3 manufacturer or distributor, or the manufacturer's or distributor's
4 dealer during the term of the warranty or within one-year after the
5 date of delivery of the motor vehicle to the owner, whichever date is
6 earlier, the manufacturer, distributor, agent, or dealer shall make
7 the necessary repairs to conform the vehicle under the express warran-
8 ty.

9 (b) If a manufacturer, distributor, agent, or dealer is unable
10 to conform the motor vehicle under an applicable express warranty
11 under (a) of this section after a reasonable number of attempts and
12 the nonconformity is a defect or condition that substantially impairs
13 the use and market value of the motor vehicle to the owner, the manu-
14 facturer or distributor shall accept the return of the defective motor
15 vehicle and shall, at its option, replace the motor vehicle with a
16 new, comparable motor vehicle, or refund the full purchase price to
17 the owner, including all collateral charges less a reasonable allow-
18 ance for the consumer's use of the motor vehicle. A refund under this
19 subsection shall be made to the owner and to a lienholder as their
20 respective interests appear.

21 (c) It is an affirmative defense to a claim ^{made} under (b) of this
22 section for a new motor vehicle or a refund that the nonconformity
23 complained of

24 (1) does not substantially impair the use and market value
25 of the motor vehicle; or

26 (2) is the result of abuse, unreasonable neglect, or unau-
27 thorized modification or alteration of the motor vehicle by the owner
28 or any other party who is not an official representative of the manu-
29 facturer, distributor, agent, or dealer.

1
2
3 (d) A presumption that a reasonable number of attempts have been
4 undertaken to conform a motor vehicle under an applicable express
5 warranty is established if (1) the same nonconformity has been subject
6 to repair four or more times by the manufacturer or distributor, its
7 agent, or its dealer during the term of the warranty or the one-year
8 period after delivery of the motor vehicle to the owner, whichever
9 period terminates first, but the nonconformity continues to exist; or
10 (2) the vehicle is out of service for repair for a total of 30 or more
11 business days during the warranty term or the one-year period referred
12 to in (1) of this subsection, whichever period terminates first. The
13 warranty term or the one-year period referred to in (1) of this sub-
14 section is extended by any period during which repair services are not
15 available to the owner for reasons that are not the responsibility of
16 the owner. Any period of time that repairs are not performed for
17 reasons that are beyond the control of the manufacturer or the manu-
18 facturer's agent is excluded from the 30-day time period referred to
19 in (2) of this subsection.

20 (e) A failure to replace or refund the purchase price of a motor
21 vehicle when there is a requirement to do so under this section is an
22 unfair trade practice under AS 45.50.471.

23 (f) A motor vehicle returned under (b) of this section may not
24 be resold unless full disclosure of the reasons for the return is made
25 to the prospective buyer before the resale is concluded.

26 (g) The provisions of this section do not limit other rights and
27 remedies that may be available to the owner of a motor vehicle under
28 other provisions of law.

29 (h) A manufacturer or distributor of motor vehicles sold in the
state under manufacturer's or distributor's express warranty shall

1 maintain a repair facility that is able to perform the service and
2 make the repairs required by the warranty and by this section. A
3 manufacturer or distributor may comply with the requirements of this
4 subsection by entering into a warranty service contract with an inde-
5 pendent service and repair facility that provides for the manufacturer
6 or distributor to reimburse the facility for all service and repairs
7 that are covered by the written independent service contract. In lieu
8 of establishing a repair facility or entering into a warranty service
9 contract with an independent service and repair facility as required
10 by this subsection, a manufacturer or distributor may pay the actual
11 costs of shipping a motor vehicle to and from the nearest authorized
12 facility for warranty service and repairs.

13 (i) If a manufacturer or distributor has established an informal
14 dispute settlement procedure in the state that substantially complies
15 with the provisions of 16 C.F.R. Part 703, as that Part may be amend-
16 ed, the provisions of (b) of this section concerning refund or re-
17 placement do not apply to an owner who has not first resorted to the
18 informal dispute settlement procedure.

19 (j) No claim under this section may be filed by an owner more
20 than 12 months after expiration of the express warranty.

21 (k) In this section

22 (1) "distributor" means an agent of a manufacturer or a
23 corporation engaged in the wholesale distribution of motor vehicles to
24 retail motor vehicle dealers;

25 (2) "motor vehicle" or "vehicle" means a motor vehicle as
26 defined in AS 28.35.260 that is purchased for personal, family, or
27 household purposes and required to be registered under AS 28.10 or
28 with a governmental agency of another jurisdiction performing a simi-
29 lar function;

1 (3) "owner" means a purchaser, other than for resale, of a
 2 new motor vehicle, a person to whom the motor vehicle is transferred
 3 during the term of an express warranty applicable to the vehicle, or
 4 any other person entitled to enforce an express warranty on the vehi-
 5 cle under the terms of the warranty;

6 (4) "reasonable allowance" means an amount attributable to
 7 a consumer's use of a motor vehicle, but does not include any period
 8 after the consumer's first report to the manufacturer, or any of its
 9 authorized agents or dealers, of a ⁰⁰⁰reconformity with an express war-
 10 ranty applicable to the motor vehicle during which the motor vehicle
 11 is out of service due to the nonconformity;

12 (5) "substantially impairs use and value" refers to a
 13 defect or condition in a vehicle that

How does this differ from AS 28.22.010
 (b) ↓

- (A) prevents it from being operated;
- (B) makes it unsafe to operate; or
- (C) decreases the economic life of the vehicle.

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

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

(1) designate by description or appropriate reference all
 vehicles which it covers;

(2) insure the person named and every other person using
 the vehicle with the express or implied permission of the named in-
 sured, against loss from the liability imposed by law for damages
 arising out of the ownership, maintenance or use of the vehicle within
 the United States of America or the Dominion of Canada, subject to
 limits exclusive of interests and costs, with respect to each vehicle,
 as follows: \$25,000 because of bodily injury to or death of one
 person in any one accident, and, subject to the same limit for one
 person, \$50,000 because of bodily injury to or death of two or more

Same as sec 17 pg 11

limits should be higher 50/100/25 see pg 19/pg 10

1 persons in any one accident, and \$10,000 because of injury to or
2 destruction of property of others in any one accident;

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

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

12 (a) An automobile liability policy that [WHICH] insures an owner
13 or operator of a motor vehicle against loss resulting from [HIS]
14 liability for bodily injury or death, or for property injury or de-
15 struction, or both, which is sold in this state [AFTER JANUARY 1,
16 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS
17 STATE], shall contain limits in at least the amount prescribed for a
18 motor vehicle liability policy in AS 28.20.440(b)(2) [, AND MEET THE
19 REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT
20 PARAGRAPH].

21 * Sec. 5. AS 21.89.020 is amended by adding a new subsection to read:

22 (c) In addition to the coverages and limits required in (a) of
23 this section, an insurance company offering automobile liability
24 insurance in this state shall offer coverage, with limits equal to at
25 least the limit purchased voluntarily to cover the insured persons
26 liability, for the protection of the persons insured under the policy
27 who are legally entitled to recover damages from owners or operators
28 of uninsured or underinsured motor vehicles. The coverage shall be
29 offered in four parts, one or more of which may be waived under AS 28.20.4

28.10.011(2)(3)

1 The parts are:

- 2 (1) uninsured motorists, bodily injury;
- 3 (2) uninsured motorists, property damage;
- 4 (3) underinsured motorists, bodily injury; and
- 5 (4) underinsured motorists, property damage.

6 * Sec. 6. AS 28.10.011 is amended by adding new subsections to read:

7 (b) An owner of a motor vehicle may not register a motor vehicle
 8 in the state and may not renew the registration of a motor vehicle in
 9 the state without providing evidence satisfactory to the department
 10 of the existence of (1) a motor vehicle liability policy that complies
 11 with AS 28.22.010; or (2) a certificate of self-insurance that com-
 12 plies with AS 28.20.400; or (3) cash, securities or a bond deposited
 13 or filed with the department on the terms and conditions that will
 14 provide the same benefits available under a required motor vehicle
 15 liability policy.

16 (c) An owner of a motor vehicle is exempt from (b) of this
 17 section if that person submits to the department an affidavit in the
 18 form prescribed by the department declaring, under penalty of perjury,
 19 that either (1) the motor vehicle will be continuously garaged and
 20 operated outside the state and explaining the reasons why the motor
 21 vehicle will be continuously garaged and operated outside the state;
 22 or (2) the motor vehicles will not be operated on the state highways
 23 or vehicular ways of the municipalities of Anchorage, Fairbanks,
 24 Juneau, Ketchikan, Sitka, Kenai, Soldotna, Valdez, Petersburg,
 25 Wrangell, Cordova, Kodiak, Bethel, Nome, Kotzebue, Haines, Skagway
 26 Seward, Palmer, Glenallen, Tok or Delta Junction. A person who vio-
 27 lates a provision of an affidavit submitted under this subsection is
 28 subject to penalties under AS 28.10.491(9)(B). A person required to
 29 maintain and show proof of financial responsibility required by

*- Check C-FA for maps to DOT
- List roads between major points*

wonder what penalties are -

restricted under AS 28.10.011(b), if vehicle
USPS

1 AS 28.20, may not claim an exemption under this subsection.

2 (d) A person who registers a motor vehicle in compliance with
3 (c) of this section by signing an affidavit in lieu of providing the
4 department with proof of financial responsibility shall be issued
5 unique vehicle plates under AS 28.10.181(1). When the person provides
6 proof of financial responsibility for the motor vehicle under (b) of
7 this section, and returns the unique vehicle plates, the person shall
8 be issued vehicle plates under AS 28.10.161 or AS 28.10.181.

9 * Sec. 7. AS 28.10.021 is amended by adding a new subsection to read:

10 (b) A certificate of registration may not be issued under this
11 section unless the owner complies with AS 28.10.011(b) or (c).

12 * Sec. 8. AS 28.10.111 is amended by adding a new subsection to read:

13 (c) The department may not renew the registration of a motor
14 vehicle under this section unless the owner complies with AS 28.10.-
15 011(b) or (c).

16 * Sec. 9. AS 28.10.131 is amended by adding a new subsection to read:

17 (c) A person registering a vehicle under AS 28.10.011(2) may be
18 issued a temporary permit by the department to operate or transport
19 the motor vehicle in areas other than those to which the vehicle is to
20 be moved or driven only for the purpose of maintenance, repair, re-
21 building or dismantling. A person applying for this permit shall
22 provide adequate evidence to the department that the vehicle will be
23 operated only for the purposes for which the permit may be granted. A
24 permit granted under this subsection is effective for no more than 30
25 days.

*will be approved
out side of state*

LIBERT

26 * Sec. 10. AS 28.10.151 is amended by adding a new paragraph to read:

27 (4) a vehicle subject to AS 28.22.520 that is to be moved
28 or driven only for the purpose of maintenance, repair, rebuilding or
29 dismantling; this permit shall be effective for 30 days.

* Sec. 11. AS 28.10.181 is amended by adding a new subsection to read:

(1) Uninsured motor vehicles. A person who registers a motor vehicle under AS 28.10.011(c) in lieu of AS 28.10.011(b) shall be issued unique vehicle plates. When the person provides proof of financial responsibility for the motor vehicle under AS 28.10.011(b), the person upon returning the unique plates, shall be issued vehicle plates under AS 28.10.161 or this section.

cross-referenced

* Sec. 12. AS 28.10.201(b) is amended to read:

(b) The owner of a vehicle described in AS 28.10.011 as being exempt from registration and the owner of a snowmobile or off-highway vehicle may not apply for, nor may the department issue, a certificate of title for such a vehicle. However, the department may issue a certificate of title to the owner of a vehicle exempt from registration ⁽¹¹⁾ 0.011 ⁽¹¹⁾ ~~(11)~~, ⁽⁷⁾ ~~(11)~~ or ⁽¹¹⁾ ~~(11)~~ only upon application by that

* 28.10.201(a) is amended to read:

The department shall examine every applicant for a driver's license. The examination shall include a test of the applicant's (1) eyesight, (2) ability to read and understand official traffic control devices, (3) knowledge of safe driving practices, (4) knowledge of the effects of alcohol and drugs on drivers and the dangers of driving under the influence of alcohol or drugs, and (5) knowledge of the laws relating to driving while intoxicated and the traffic laws and regulations of this state. The examination may include a demonstration of ability to exercise ordinary and reasonable control in the driving of a motor vehicle of the type and general class of vehicles for which the applicant seeks a license. However, an applicant who has not been previously issued a driver's license by this or another jurisdiction must demonstrate ability, and must present medical information that

Should this be used under 28.10.201?

1 the department reasonably requires to determine fitness to safely
2 drive a motor vehicle of the type and general class of vehicles for
3 which the applicant seeks a license.

4 * Sec. 14. AS 28.20.070(a) is amended to read:

5 (a) No policy or bond is effective under AS 28.20.060 unless it
6 is issued by an insurance company or surety company authorized to do
7 business in this state, except as provided in (b) of this section, and
8 if the accident resulted in bodily injury or death, unless the policy
9 or bond is subject to a limit, exclusive of interest and costs, of not
10 less than \$50,000 [\$25,000] because of bodily injury to or death of
11 one person in any one accident and, subject to the same limit for one
12 person, to a limit of not less than \$100,000 [\$50,000] because of
13 bodily injury to or death of two or more persons in any one accident,
14 and if the accident has resulted in injury to, or destruction of,
15 property to a limit of not less than \$25,000 [\$10,000] because of
16 injury to or destruction of property of others in any one accident.

17 * Sec. 15. AS 28.20.230(b) is amended to read:

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

1 financial responsibility for the future.

2 * Sec. 16. AS 28.20.360(a) is amended to read:

3 (a) For the purpose of this chapter, a judgment is satisfied
4 when

5 (1) \$50,000 [\$25,000] is credited upon a judgment given in
6 excess of that amount because of bodily injury to or death of one
7 person as the result of any one accident; or

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

13 (3) \$25,000 [\$10,000] is credited upon a judgment given in
14 excess of that amount because of injury to or destruction of property
15 of others as a result of any one accident.

16 * Sec. 17. AS 28.20.440(b) is amended to read:

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

18 (1) designate by description or appropriate reference all
19 vehicles which it covers;

20 (2) insure the person named and every other person using
21 the vehicle with the express or implied permission of the named insur-
22 ed, against loss from the liability imposed by law for damages arising
23 out of the ownership, maintenance or use of the vehicle within the
24 United States of America or the Dominion of Canada, subject to limits
25 exclusive of interests and costs, with respect to each vehicle, as
26 follows: \$50,000 [\$25,000] because of bodily injury to or death of
27 one person in any one accident, and, subject to the same limit for one
28 person, \$100,000 [\$50,000] because of bodily injury to or death of two
29 or more persons in any one accident, and \$25,000 [\$10,000] because of

1 injury to or destruction of property of others in any one accident;

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

10 * Sec. 18. AS 28.20.440 is amended by adding new subsections to read:

11 (1) The insurance carrier shall provide notice to the department
12 of the termination of coverage commenced during the preceding 180 days
13 under (a) of this section within 10 days of actual knowledge of the
14 termination or the receipt of written notice of intent to terminate.
15 The department may notify the insurance carrier of a person with
16 previous policy abuses and require notice of termination of coverage
17 for the person. If the person whose coverage terminates fails to
18 provide the department with evidence satisfactory to it of the exis-
19 tence of (1) a motor vehicle liability policy issued in conformity
20 with AS 28.20.440; or (2) a certificate of self-insurance issued in
21 conformity with AS 28.400; or (3) cash, securities or a bond deposited
22 or filed with the department on the terms and conditions that will
23 provide the same benefits available under a required motor vehicle
24 liability policy, the department shall suspend the driver's license
25 and all registration certificates and registration plates issued to
26 the person until the person has provided the department with such
27 evidence.

28 (m) An insurance carrier authorized to transact business in the
29 state that issues a motor vehicle liability policy to the owner of a

*Paper work - how expensive?
Better to sign affidavit??*

1 motor vehicle under this section shall provide the owner with a card
2 indicating the existence of the policy. The operator of the motor
3 vehicle shall at all times carry in the vehicle the card indicating
4 the existence of the policy.

5 * Sec. 19. AS 28.20.490 is amended to read:

6 Sec. 28.20.490. MONEY OR SECURITIES AS PROOF. Proof of finan-
7 cial responsibility may be evidenced by the deposit of \$100,000
8 [\$25,000] in cash, or securities which are legal investments for
9 saving banks or trust funds having a market value of \$100,000
10 [\$25,000]. The department shall not accept a deposit unless accom-
11 panied by evidence that there are no unsatisfied judgments of any
12 character against the depositor in the recording district where the
13 depositor resides.

14 * Sec. 20. AS 28 is amended by adding a new chapter to read:

15 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

16 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-
17 10.011, AS 28.15.011, and this chapter "motor vehicle liability
18 policy" means an "owner policy" or an "operator's policy" containing
19 an agreement or endorsement as provided in this section and issued by
20 an insurance carrier authorized to transact business in the state to
21 or for the benefit of the person named as insured.

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

23 (1) designate by description or appropriate reference all
24 vehicles that it covers;

25 (2) insure the person named and every other person using
26 the vehicle with the express or implied permission of the named insur-
27 ed, against loss from the liability imposed by law for damages arising
28 out of the ownership, maintenance, or use of the vehicle in th United-
29 States or the Dominion of Canada, subject to limits exclusive of

1 interests and costs, with respect to each vehicle, as follows:

2 (A) \$50,000 because of bodily injury to or death of
3 one person in any one accident, and, subject to the same limit
4 for one person, \$100,000 because of bodily injury to or death of
5 two or more persons in any one accident; and

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

8 (3) contain coverage in the amounts set out in (2) of this
9 subsection for the protection of the persons insured under the policy
10 who are legally entitled to recover damages from the owner or operator
11 of an uninsured or underinsured motor vehicle because of bodily injury
12 or death, or damage to or destruction of property arising out of the
13 ownership, maintenance, or use of the uninsured or underinsured motor
14 vehicle, except that this coverage or part of it may be waived in
15 writing by the insured on or before the effective date of the policy.

16 (c) The operator's policy of liability insurance shall insure
17 the person named as insured against loss from the liability imposed on
18 the operator by law for damages arising out of the use by the operator
19 of a motor vehicle not owned by the operator, within the same territo-
20 rial limits and subject to the same limits of liability as are requir-
21 ed for an owner's policy of liability insurance.

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

28 (e) The motor vehicle liability policy need not insure liability
29 under a workers' compensation law nor liability for damage to property

owned by, rented to, in charge of, or transported by the insured.

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

? Is this what Don Koch is referring to?

The liability of the insurance carrier becomes absolute whenever injury or damage covered by the policy occurs. The policy may not be cancelled or annulled as to this liability after the occurrence of the injury or damage. No statement made by the insured or on behalf of the insured and no violation of the policy defeats or voids the policy.

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

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

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

(g) A policy that grants the coverage required for a motor vehicle liability policy may also grant lawful coverage in excess of or in addition to the coverage specified for a policy and the excess or additional coverage is not subject to the provisions of this chapter. With respect to a policy that grants excess or additional coverage the term "motor vehicle liability policy" applies only to that part of the coverage that is required by this section.

(h) A motor vehicle liability policy may provide that the

1 insured shall reimburse the insurance carrier for any payment the
2 insurance carrier would not have been obligated to make under the
3 terms of the policy except for the provisions of this chapter.

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

6 (j) The requirements for a motor vehicle liability policy may be
7 fulfilled by the policies of one or more insurance carriers that
8 together meet the requirements.

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

11 (l) The insurance carrier shall provide notice to the department
12 of the termination of coverage commenced during the preceding 180 days
13 under (a) of this section within 10 days of actual knowledge of the
14 termination or the receipt of written notice of intent to terminate.
15 The department may notify the insurance carrier of a person with
16 previous policy abuses and require notice of termination of coverage
17 for the person. If the person whose coverage terminates fails to
18 provide the department with evidence satisfactory to it of the exis-
19 tence of (1) a motor vehicle liability policy issued in conformity
20 with AS 28.22.010; or (2) a certificate of self-insurance issued in
21 conformity with AS 28.20.400; or (3) cash, securities or a bond depos-
22 ited or filed with the department on the terms and conditions that
23 will provide the same benefits available under a required motor vehi-
24 cle liability policy, the department shall suspend the driver's li-
25 cense and all registration certificates and registration plates issued
26 to the owner of the motor vehicle until the person has provided the
27 department with such evidence.

28 (m) An insurance carrier authorized to transact business in the
29 state that issues a motor vehicle liability policy to the owner of a

1 motor vehicle under this section shall provide the owner with a card
2 indicating the existence of the policy. The operator of the motor
3 vehicle shall at all times carry in the vehicle the card indicating
4 the existence of the policy.

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

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

19 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
20 CLE LIABILITY POLICY. (a) A person may not drive or move, nor may an
21 owner knowingly permit to be driven or moved, on a highway or vehicu-
22 lar way or area, a vehicle required to be insured under a motor vehi-
23 cle liability policy that complies with AS 28.22.010 or a certificate
24 of self-insurance that complies with AS 28.20.400 unless a motor
25 vehicle liability policy is in effect for the motor vehicle. Cash,
26 securities, or a bond that will provide the same benefits available
27 under a required motor vehicle liability policy may be deposited or
28 filed with the department in lieu of a motor vehicle liability policy-
29 or certificate of self-insurance.

1 (b) If a peace officer has probable cause to believe a motor
2 vehicle was used in the violation of (a) of this section, a citation
3 will be issued. The citation will be voided if the driver or owner of
4 a vehicle cited under this section appears at an Alaska State Trooper
5 Office or an office of the policy agency that issued the citation
6 before the court appearance date indicated on the citation and pro-
7 vides evidence showing that a motor vehicle liability policy that
8 complies with AS 28.22.010 or a certificate of self-insurance that
9 complies with AS 28.22.400 was in effect at the time the citation was
10 issued or that cash, securities or a bond had been deposited or filed
11 with the department at the time the citation was issued and meets
12 conditions that will provide the same benefits available under a
13 required motor vehicle policy.

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

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

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

25 (A) suspension of that person's driver's license for
26 not less than 10 days or more than 30 days; and

27 (B) suspension of the registration of the subject motor
28 vehicle until proof of compliance with AS 28.10.011(b) is fur-
29 nished to the department.

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

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

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

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

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

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

21 Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) Upon a per-
22 son's conviction of an offense under AS 28.22.500, if the convicted
23 person was twice or more previously convicted within the last 10 years
24 of violating AS 28.22.500 or a statute in another jurisdiction with
25 elements substantially similar to AS 28.22.500, the state may move the
26 court to order the forfeiture of a motor vehicle. Upon receipt of a
27 motion for forfeiture of a motor vehicle. Upon receipt of a motion
28 for forfeiture, the court shall schedule a hearing on the matter and
29 shall notify the state of the time and place set for the hearing.

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

- 5 (1) a description of the motor vehicle;
6 (2) the time and place of the forfeiture hearing;
7 (3) the legal authority under which the motor vehicle may
8 be forfeited;
9 (4) notice of the right to intervene to protect the inter-
10 est in the motor vehicle.

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

- 14 (1) the petitioner has an interest in the motor vehicle
15 acquired in good faith;
16 (2) a person other than the petitioner was convicted of
17 violating AS 28.22.500; and
18 (3) before parting with the motor vehicle, the petitioner
19 did not know or have reasonable cause to believe that it would be used
20 in the commission of an offense.

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

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

1 title is released to a petitioner under (d) of this section.

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

5 Sec. 28.22.520. UNUSED MOTOR VEHICLES. (a) A person may termi-
6 nate or suspend a motor vehicle liability policy covering a vehicle
7 that is unused. A person exercising this option shall remove the
8 unused vehicle's plates and deliver them to the nearest department
9 office. Except as provided in (c) of this section, when the vehicle
10 is to be used the person shall present evidence satisfactory to the
11 department of a motor vehicle liability policy that complies with
12 AS 28.22.010 or a certificate of self-insurance that complies with
13 AS 28.20.400 covering the vehicle and person, at which time the de-
14 partment shall reissue vehicle plates to the person. Cash, securities
15 or a bond that will provide the same benefits available under a re-
16 quired motor vehicle policy may be deposited or filed with the depart-
17 ment in lieu of a motor vehicle liability policy or certificate of
18 self-insurance.

19 (b) The department shall retain, for a period not to exceed one-
20 year, special vehicle plates turned in under this section and reissue
21 the identical plates to the person in accordance with this chapter.

22 (c) When the vehicle is to be driven or transported only for the
23 purposes for which registration is not required under AS 28.10.151,
24 the department shall issue a special permit that shall be effective
25 for a 30-day period. Presentation of evidence of financial respon-
26 sibility as required by (a) of this section is not required for issu-
27 ance of this special permit.

28 (d) A person seeking a special permit under (c) of this section
29 must present evidence satisfactory to the department that the vehicle

Check

1 will be operated only as allowed by AS 28.10.151.

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

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

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

11 (3) the effect of the program on motor vehicle liability
12 premiums in the state

13 * Sec. 21. Sections 3, 4, 5, and 14 of this Act take effect January 1,
14 1984.

15 * Sec. 22. Except for secs. 3, 4, 5, and 14, this Act takes effect
16 July 1, 1984.

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4/24/84

Original sponsors: Hayes, Barnes,
Phillips, et al

1 IN THE HOUSE

BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND 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
11 inflicted 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 both the owner and operator of a motor vehicle that is to be operated
17 on vehicular ways of the state where the potential for motor vehicle acci-
18 dents is substantial be required to maintain coverage under a motor vehicle
19 liability policy issued in conformity with AS 28.22.010 or through a cer-
20 tificate of self-insurance issued under AS 28.20.400. The legislature also
21 finds and declares that the most economical and practical time to require
22 proof of compliance with insurance coverage is when an operator of a motor
23 vehicle has been involved in an accident or charged with a traffic law
24 violation.

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

26 (a) An automobile liability policy that [WHICH] insures an owner
27 or operator of a motor vehicle against loss resulting from [HIS]
28 liability for bodily injury or death, or for property injury or de-
29 struction, or both, that [WHICH] is sold in the [THIS] state [AFTER

1 JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSI-
2 NESS IN THIS STATE], shall maintain limits in at least the amount
3 prescribed for a motor vehicle liability policy in AS 28.20.440 and
4 AS 28.22.010 [AS 28.20.440(b)(2), AND MEET THE REQUIREMENTS OF
5 AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

6 * Sec. 3. AS 21.89.020 is amended by adding new subsections to read:

7 (c) An insurance company offering automobile liability insurance
8 in this state for bodily injury or death shall offer coverage pre-
9 scribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 - 28.22.130,
10 with limits equal to at least the limit purchased voluntarily to cover
11 the insured person's liability for bodily injury or death, for the
12 protection of the persons insured under the policy who are legally
13 entitled to recover damages for bodily injury or death from owners or
14 operators of uninsured or underinsured motor vehicles. The limit
15 written may not be less than the limit in AS 28.20.440 or AS 28.22.-
16 010.

17 (d) An insurance company offering automobile liability insurance
18 in this state for injury to or destruction of property shall offer
19 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 -
20 28.22.130, with limits not less than those prescribed in AS 28.20.440
21 or AS 28.22.010, to cover the insured person's liability for injury to
22 or destruction of property, for the protection of the persons insured
23 under the policy who are legally entitled to recover damages for
24 injury to or destruction of the covered motor vehicle from owners or
25 operators of uninsured or underinsured motor vehicles.

26 (e) The coverage required under (c) and (d) of this section may
27 be waived in writing by the insured in whole or in part. After selec-
28 tion of the limits by the insured or the exercise of the option to
29 waive the coverage in whole or in part, the insurer is not required to

1 notify any policy holder in any renewal, supplemental or replacement
2 policy, as to the availability of the coverage or optional limits, and
3 the waived coverage may not be included in any renewal, supplemental
4 or replacement policy. The insured may, at any time, make a written
5 request for additional coverage or coverage more extensive than that
6 provided on a prior policy.

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

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 law, the
11 mandatory automobile insurance requirement, and potential penalties
12 for failure to comply with the law.

13 * Sec. 5. AS 28.15.061 is amended by adding a new subsection to read:

14 (e) At the time of application for a driver's license or an
15 instruction permit, or renewal of a driver's license or an instruction
16 permit, the department shall provide the applicant written information
17 explaining the state's financial responsibility law, the mandatory
18 automobile insurance requirement, and potential penalties for failure
19 to comply with the law.

20 * Sec. 6. AS 28.15.081(a) is amended to read:

21 (a) The department shall examine every applicant for a driver's
22 license. The examination shall include a test of the applicant's (1)
23 eyesight, (2) ability to read and understand official traffic control
24 devices, (3) knowledge of safe driving practices, (4) knowledge of the
25 effects of alcohol and drugs on drivers and the dangers of driving
26 under the influence of alcohol or drugs, [AND] (5) knowledge of the
27 laws on [RELATING TO] driving while intoxicated, (6) knowledge of the
28 laws on financial responsibility and mandatory automobile liability
29 insurance, and, (7) the traffic laws and regulations of this state.

1 The examination may include a demonstration of ability to exercise
2 ordinary and reasonable control in the driving of a motor vehicle of
3 the type and general class of vehicles for which the applicant seeks a
4 license. However, an applicant who has not been previously issued a
5 driver's license by this or another jurisdiction must demonstrate
6 ability, and must present medical information that the department
7 reasonably requires to determine fitness to safely drive a motor
8 vehicle of the type and general class of vehicles for which the appli-
9 cant seeks a license.

10 * Sec. AS 28.15.211 is amended to read:

11 Sec. 28.15.211. PERIODS OF LIMITATION, SUSPENSION OR REVOCA-
12 TION; OPPORTUNITY FOR HEARING AND SURRENDER OF LICENSE. (a) Except
13 for a point system suspension or revocation under AS 28.15.221 -
14 28.15.241 and unless provided otherwise by law, and unless the suspen-
15 sion or revocation was for a cause that [WHICH] has been removed, a
16 person whose driver's license or privilege to drive a motor vehicle in
17 this state has been suspended or revoked may not apply for a new
18 license nor may the person's [HIS] driving privilege be restored until
19 the expiration of

20 (1) one month from the date on which the license was sus-
21 pended or revoked for a first conviction of the particular offense
22 from which the suspension or revocation resulted;

23 (2) three months from the date on which the license was
24 suspended or revoked for a second conviction within 12 consecutive
25 months of the same offense from which the suspension or revocation
26 resulted];

27 (3) one year from the date on which the license was sus-
28 pended or revoked for a third or subsequent conviction within 12
29 consecutive months of the same offense from which the suspension or

1 revocation resulted. [; OR]

2 (b) A limitation, suspension, or revocation of a driver's li-
3 cense imposed by a court takes effect on the date of final judgment,
4 except that if another limitation, suspension, or revocation of li-
5 cense is in effect on the date of final judgment, the effective date
6 of the last imposed limitation, suspension, or revocation is at the
7 end of the last day of the previous limitation, suspension, or revoca-
8 tion unless the court specifies otherwise.

9 (c) At the end of a period of suspension or limitation, when
10 that limitation follows a suspension, the person whose license has
11 been suspended or limited may apply to the department and, upon pay-
12 ment of the proper fees, including a reinstatement fee of \$100 [FEE],
13 be issued a duplicate driver's license if the person [HE] is otherwise
14 entitled to the license under this title.

15 (d) At the end of a period of revocation or limitation following
16 a revocation, a person whose driver's license has been revoked may
17 apply to the department for the issuance of a new license, but shall
18 submit to reexamination [RE-EXAMINATION] and pay all required fees
19 including a reinstatement fee of \$100.

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 [HE] has complied with AS 28.20 relating to proof of finan-
24 cial responsibility.

25 (f) Unless otherwise provided by law, periods of limitation
26 shall be made at the discretion of the court.

27 * Sec. 8. AS 28.20.070(a) is amended to read:

28 (a) A [NO] policy or bond is not effective under AS 28.20.060
29 unless it is issued by an insurance company or surety company

1 authorized to do business in this state, except as provided in (b) of
2 this section, and if the accident resulted in bodily injury or death,
3 unless the policy or bond is subject to a limit, exclusive of interest
4 and costs, of not less than \$50,000 [\$25,000] because of bodily injury
5 to or death of one person in any one accident and, subject to the same
6 limit for one person, to a limit of not less than \$100,000 [\$50,000]
7 because of bodily injury to or death of two or more persons in any one
8 accident, and if the accident has resulted in injury to, or destruc-
9 tion of, property to a limit of not less than \$25,000 [\$10,000] be-
10 cause of injury to or destruction of property of others in any one
11 accident.

12 * Sec. 9. AS 28.20.230(b) is amended to read:

13 (b) The term "proof of financial responsibility for the future"
14 [AS USED] in this chapter means proof of ability to respond in damages
15 for liability, on account of an accident occurring after the effective
16 date of proof, that [WHICH] arises out of the ownership, maintenance
17 or use of a vehicle subject to registration under the laws of this
18 state, in the amount of \$50,000 [\$25,000] because of bodily injury to
19 or death of one person in any one accident, and, subject to the same
20 limit for one person, in the amount of \$100,000 [\$50,000] because of
21 bodily injury to or death of two or more persons in any one accident,
22 and in the amount of \$25,000 [\$10,000] because of injury to or de-
23 struction of property of others in any one accident. In [AS USED IN]
24 this chapter the terms "proof of financial responsibility" or "proof"
25 mean proof of financial responsibility for the future.

26 * Sec. 10. AS 28.20.360(a) is amended to read:

27 (a) In [FOR THE PURPOSE OF] this chapter, a judgment is sat-
28 isfied when

29 (1) \$50,000 [\$25,000] is credited upon a judgment given in

1 excess of that amount because of bodily injury to or death of one
2 person as the result of any one accident; or

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

8 (3) \$25,000 [\$10,000] is credited upon a judgment given in
9 excess of that amount because of injury to or destruction of property
10 of others as a result of any one accident.

11 * Sec. 11. AS 28.20.440(b) is amended to read:

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

13 (1) designate by description or appropriate reference all
14 vehicles which it covers;

15 (2) insure the person named and every other person using
16 the vehicle with the express or implied permission of the named in-
17 sured, against loss from the liability imposed by law for damages
18 arising out of the ownership, maintenance, or use of the vehicle
19 within the United States [OF AMERICA] or [THE DOMINION OF] Canada,
20 subject to limits exclusive of interests and costs, with respect to
21 each vehicle, as follows: \$50,000 [\$25,000] because of bodily injury
22 to or death of one person in any one accident, and, subject to the
23 same limit for one person, \$100,000 [\$50,000] because of bodily injury
24 to or death of two or more persons in any one accident, and \$25,000
25 [\$10,000] because of injury to or destruction of property of others in
26 any one accident;

27 (3) contain coverage in not less than the amounts set out
28 in (2) of this subsection for the protection of the persons insured
29 under the policy who are legally entitled to recover damages from

1 owners or operators of uninsured or underinsured motor vehicles be-
2 cause of bodily injury or death, or damage to or destruction of prop-
3 erty arising out of the ownership, maintenance or use of the unin-
4 sured or underinsured motor vehicle; this coverage shall comply with
5 the provisions of AS 28.20.445 [, EXCEPT THAT THIS COVERAGE MAY BE
6 WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF
7 THE POLICY].

8 * Sec. 12. AS 28.20 is amended by adding a new section to read:

9 Sec. 28.20.445. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

10 (a) The maximum liability of the insurance carrier under the unin-
11 sured and underinsured motorists coverage required to be offered under
12 AS 28.20.440 shall be the difference between the coverage limit of
13 liability and the amount paid to the insured by or on behalf of the
14 uninsured and underinsured motorist.

15 (b) Amounts payable under the uninsured motorists and under-
16 insured motorist coverage may be reduced by

17 (1) amounts paid or to be paid under any worker's compen-
18 sation law;

19 (2) amounts paid or payable under valid and collectible
20 automobile medical payments insurance or bodily injury or death lia-
21 bility insurance; and

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

24 (c) If an insured is entitled to uninsured or underinsured
25 motorists coverage under more than one policy of motor vehicle liabil-
26 ity insurance, or under more than one coverage if two or more vehicles
27 are insured under one policy, the maximum amount an insured may re-
28 cover may not exceed the highest limit of any one policy or coverage.
29 When multiple policies or coverages apply, payment may be made in the

1 following order of priority, subject to the limit of liability for
2 each applicable policy or coverage:

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

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

7 (3) a policy or coverage covering a motor vehicle not
8 involved in the accident under which the injured person is an insured
9 or a named insured.

10 (d) Uninsured and underinsured motorists coverage does not apply
11 to bodily injury or death or damage to or destruction of property of
12 an insured

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

16 (2) through being struck by a vehicle owned by the named
17 insured or the insured's spouse or relative residing in the same
18 household.

19 (e) Uninsured and underinsured motorists coverage

20 (1) may not apply to bodily injury, sickness, disease or
21 death of an insured or damage to or destruction of property of an
22 insured until the limits of liability of all bodily injury and prop-
23 erty damage liability bonds and policies that apply have been used up
24 by payments, judgments or settlements;

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

26 (3) may be rejected by the insured in writing; if the
27 insured has rejected the coverage, the coverage shall not be included
28 in any supplemental, renewal, or replacement policy unless the insured
29 subsequently requests the coverage in writing.

1 (f) If both the owner and operator of the uninsured vehicle are
2 unknown, payment under the uninsured and underinsured motorists cover-
3 age shall be made only where direct physical contact between the
4 insured and uninsured or underinsured motor vehicles has occurred. A
5 vehicle that has left the scene of the accident with an insured vehi-
6 cle is presumed to be uninsured if the person insured reports the
7 accident to the appropriate authorities within 24 hours.

8 (g) The uninsured and underinsured motorists coverage for damage
9 to or destruction of property is subject to a deductible of \$250 in
10 any one accident, but the insurer may offer a deductible other than
11 \$250. This coverage shall be limited to damage to or destruction of
12 the insured motor vehicle. It shall not include loss of use of the
13 vehicle.

14 (h) "Underinsured motor vehicle" means a motor vehicle licensed
15 for highway use with respect to the ownership, operation, maintenance
16 or use of which motor vehicle there is a bodily injury or property
17 damage insurance policy or a bond applicable at the time of the acci-
18 dent and the amount of insurance or bond

19 (1) is less than the limit for uninsured and underinsured
20 motorists coverage under the insured's policy; or

21 (2) has been reduced by payments to persons other than an
22 insured, injured in an accident, to less than the limit for uninsured
23 and underinsured motorists coverage under the insured's policy.

24 * Sec. 13. AS 28 is amended by adding a new chapter to read:

25 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

26 ARTICLE 1. DESCRIPTION OF GENERAL POLICY PROVISIONS.

27 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) The
28 owner's policy of liability insurance shall

29 (1) designate by description or appropriate reference all

1 vehicles that it covers;

2 (2) insure the person named against loss from the liability
3 imposed by law for damages arising out of the ownership, maintenance,
4 or use of the vehicle in the United States or Canada, subject to
5 limits exclusive of interest and costs, with respect to each vehicle,
6 as follows:

7 (A) \$50,000 because of bodily injury to or death of
8 one person in any one accident, and, subject to the same limit
9 for one person, \$100,000 because of bodily injury to or death of
10 two or more persons in any one accident; and

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

13 (3) contain coverage prescribed in AS 28.22.100 - 28.22.130
14 in the amounts set out in (2) of this subsection for the protection of
15 the persons insured under the policy who are legally entitled to
16 recover damages from the owner or operator of an uninsured or under-
17 insured motor vehicle because of bodily injury or death, or damage to
18 or destruction of property arising out of the ownership, maintenance,
19 or use of the uninsured or underinsured motor vehicle.

20 (b) The operator's policy of liability insurance shall insure
21 the person named as insured against loss from the liability imposed on
22 the operator by law for damages arising out of the use by the operator
23 of a motor vehicle not owned by the operator, within the same territo-
24 rial limits and subject to the same limits of liability as are re-
25 quired for an owner's policy of liability insurance.

26 (c) The motor vehicle liability policy shall state the name and
27 address of the named insured, the coverage, the premium charges, the
28 policy period, and the limits of liability, and shall contain an
29 agreement or an endorsement that insurance is provided in accordance

1 with the coverage defined in (a) of this section for bodily injury and
2 death or property damage, or both.

3 Sec. 28.22.020. POLICY PROVISIONS THAT ARE IMPLIED. A motor
4 vehicle liability policy is subject to the following provisions but
5 these provisions need not be contained in the policy:

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

9 (2) The insurance carrier may settle a claim covered by the
10 policy, and if settlement is made in good faith, the amount of settle-
11 ment is deductible from the limits of liability specified in AS 28.-
12 22.010.

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

17 Sec. 28.22.030. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
18 that grants the coverage required for a motor vehicle liability policy
19 may also grant lawful coverage in excess of or in addition to the
20 coverage specified for a policy and the excess or additional coverage
21 is not subject to the provisions of this chapter. With respect to a
22 policy that grants excess or additional coverage, the term "motor
23 vehicle liability policy" applies only to that part of the coverage
24 that is required by this chapter.

25 (b) A policy shall be excluded from the application of this
26 chapter if the automobile or motor vehicle liability coverage is
27 provided only on an excess or umbrella basis.

28 Sec. 28.22.040. PRORATION. A motor vehicle liability policy may
29 provide for proration of the insurance with other valid and

1 collectible insurance.

2 Sec. 28.22.050. REQUIREMENTS OF POLICY. (a) A policy is not
3 effective under AS 28.22.010 unless it is issued by an insurance
4 company or surety company authorized to do business in this state,
5 except as provided in (b) of this section, and unless it complies with
6 the limit requirements established in AS 28.22.010.

7 (b) A policy is not effective under AS 28.22.010 with respect to
8 a vehicle not registered in the state or a vehicle that was registered
9 in another jurisdiction on the effective date of the policy or the
10 most recent renewal of it, unless the insurance or surety company
11 issuing the policy is authorized to do business in the state, or if
12 the company is not authorized to do business in the state, unless it
13 executes a power of attorney authorizing the director of the division
14 of insurance to accept service on its behalf of notice or process in
15 an action upon the policy arising out of the accident.

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

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

21 ARTICLE 2. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

22 Sec. 28.22.100. GENERAL POLICY PROVISIONS. (a) The uninsured
23 and underinsured motorists coverage required in this chapter

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

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

29 (3) may be rejected by the insured in writing; if the

1 insured has rejected uninsured or underinsured coverage, the coverage
2 shall not be included in a supplemental, renewal or replacement policy
3 unless the insured subsequently requests uninsured or underinsured
4 coverage in writing.

5 (b) If both the owner and operator of the uninsured vehicle are
6 unknown, payment under the uninsured and underinsured motorists cover-
7 age may be made only where direct contact between the insured and
8 uninsured or underinsured motor vehicles has occurred. A vehicle that
9 has left the scene of the accident with an insured vehicle is presumed
10 to be uninsured if the insured person reports the accident to the
11 appropriate authorities within 24 hours.

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

18 Sec. 28.22.110. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
19 liability of the insurance carrier under the uninsured and underin-
20 sured motorists coverage required under this chapter shall be the
21 difference between the coverage limit of liability and the amount paid
22 to the insured by or on behalf of the uninsured and underinsured
23 motorist.

24 (b) Amounts payable under the uninsured motorists and underin-
25 sured motorists coverage required to be offered under this chapter
26 shall be reduced by

27 (1) amounts paid or to be paid under any workers' compen-
28 sation law;

29 (2) amounts paid or payable under any valid and collectible

1 automobile medical payments insurance or bodily injury or death lia-
2 bility insurance; and

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

5 Sec. 28.22.120. POLICY COVERAGE AND PRIORITIES. If an insured
6 is entitled to uninsured or underinsured motorists coverage under more
7 than one policy of motor vehicle liability insurance, or under more
8 than one coverage if two or more vehicles are insured under one
9 policy, the maximum amount an insured may recover shall not exceed the
10 highest limit of any one policy or coverage. Where multiple policies
11 or coverages apply, payment shall be made in the following order of
12 priority, subject to the limit of liability for each applicable policy
13 or coverage:

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

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

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

21 Sec. 28.22.130. POLICY COVERAGE EXCLUSIONS. The uninsured and
22 underinsured motorists coverage provided for in this chapter does not
23 apply to bodily injury or death or damage to or destruction of prop-
24 erty of an insured

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

28 (2) through being struck by a vehicle owned by the named
29 insured or the insured's spouse or relative residing in the same

1 household.

2 ARTICLE 3. PROOF OF INSURANCE REQUIRED.

3 Sec. 28.22.200. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
4 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
5 registration under AS 28.10.011 when driven on a highway, vehicular
6 way or area, or on other public property in the state, shall have
7 motor vehicle liability insurance that complies with this chapter or a
8 certificate of self-insurance that complies with AS 28.20.400 in
9 effect for the motor vehicle, unless

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

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

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

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

20 (b) The department shall publish annually a list of areas that
21 meet the requirements of (a)(1) of this section. This list shall be
22 available for public inspection at all division of motor vehicle
23 offices in the state.

24 Sec. 28.22.210. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
25 INSURANCE. The owner or operator of a motor vehicle required to have
26 motor vehicle liability insurance that complies with this chapter or a
27 certificate of self-insurance that complies with AS 28.20.400, must
28 show proof of this insurance when that person

29 (1) is involved in an accident that results in bodily

1 injury to or death of a person, or damage to the property of a person
2 exceeding \$500; or

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

6 Sec. 28.22.220. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
7 person involved in an accident who is required to prove that a motor
8 vehicle liability insurance or a certificate of self-insurance was in
9 effect under AS 28.22.210 shall, within 15 days of the accident

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

13 (2) provide the department with written certification from
14 an insurance company, insurance agent, insurance broker or surplus
15 lines broker confirming that a valid motor vehicle liability policy
16 issued in conformity with this chapter was in effect at the time of
17 the accident; or

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

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

23 Sec. 28.22.230. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
24 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
25 who is required to prove that a motor vehicle liability insurance pol-
26 icy or a certificate of self-insurance was in effect under AS 28.22.-
27 210 shall, at the time of that person's initial appearance in court or
28 within 15 days of the date of the charge of a traffic law violation,
29 whichever is later,

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

4 (2) provide the court with written certification from an
5 insurance company, insurance agent, insurance broker, or surplus lines
6 broker confirming that motor vehicle liability insurance issued in
7 conformity with this chapter was in effect at the time of the vio-
8 lation; or

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

11 (b) The court shall immediately report to the department any
12 failure to present proof of insurance as provided in this section.

13 Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

14 (a) If a person fails to provide proof that motor vehicle liability
15 insurance or a certificate of self-insurance was in effect at the time
16 of an accident or when the person was charged with a violation of a
17 traffic law described in AS 28.22.210, the department shall suspend
18 the driver's license of that person for one year. The suspension
19 shall be consecutive to any other suspension required by law or im-
20 posed by a court.

21 (b) The department shall notify the licensee that the suspension
22 becomes effective 30 days from the date of the notice and that the
23 licensee has the right, within the 30-day period, to make an oral or
24 written answer controverting any point or issue, or to present evi-
25 dence and arguments for the consideration of the department.

26 (c) Upon receipt of an oral or written answer from the licensee,
27 the department shall make findings on the matter under consideration
28 within 15 days and shall notify the person involved of its decision in
29 writing by certified or registered mail. If the department's decision

The lang was given to Sew Ferguson + he drafted his amendment off this lang.

Wording is from Dept of Law —

This lang was not considered by 1st confcmtc

New wording of 4/24/84
draft

1 is to sustain an action against the licensee's driver's license, the
2 department shall notify the licensee of the opportunity for a hearing
3 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
4 stayed until final disposition of the hearing under this section.

5 (d) The department may grant limited license privileges for work
6 purposes only to a person whose license has been suspended under (a)
7 of this section, if

8 (1) the person has filed proof of financial responsibility
9 for the future as required by AS 28.22.260;

10 (2) the person's license has not been suspended within the
11 last 10 years under (a) of this section or a law of another
12 jurisdiction substantially similar to (a) of this section;

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

16 (4) the department determines that a limitation can be
17 placed on the license that will enable the person to earn a livelihood
18 without excessive risk or danger to the public.

19 (e) When imposing a limitation under (d) of this section the
20 department shall

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

22 (2) issue to the licensee a certificate valid for the
23 duration of the limitation.

24 (f) After the termination of a limitation as shown on the cer-
25 tificate issued under (e) of this section, the license of a person on
26 whom a limitation was imposed is suspended until the person receives a
27 new license under AS 28.15.211(c).

28 Sec. 28.22.250. FALSIFICATION OF INFORMATION. A person who
29 provides information required under AS 28.22.210 - 28.22.240 that the

1 person does not believe to be true with the intent to mislead a public
2 servant in the performance of a duty is guilty of a class A misdemean-
3 or.

4 Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose
5 license is suspended under AS 28.22.240(a) must file proof of finan-
6 cial responsibility for the future under AS 28.20 before full driving
7 privileges may be restored or limited license privileges are granted
8 under AS 28.22.240(d).

9 (b) A filing of proof of financial responsibility under AS 28.20
10 shall be required for a period of three years following expiration of
11 the suspension of license under AS 28.22.240.

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 28.22.500. POLICY INTERPRETATION. A provision in this
14 chapter may not be interpreted to prohibit a motor vehicle liability
15 policy from including limitations, conditions, exceptions, exclusions,
16 or other provisions that do not violate the requirements of this
17 chapter or other applicable laws.

18 Sec. 28.22.510. SEPARABILITY. If any provision of this chapter,
19 or the application of a provision of this chapter to any person or
20 circumstance, is held invalid, the remainder of the chapter and the
21 application of the provision to persons or circumstances other than
22 those to which it is held invalid, is not affected.

23 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
24 liability policy" means an owner's policy or an operator's policy
25 containing an agreement or endorsement and issued by an insurance
26 carrier authorized to transact business in the state to or for the
27 benefit of the person named as insured.

28 * Sec. 14. AS 28.35.260(a) is amended by adding a new paragraph to
29 read:

1 (19) "underinsured motor vehicle" means a motor vehicle
2 licensed for highway use with respect to ownership, operation, mainte-
3 nance, or use for which there is a bodily injury or property damage
4 insurance policy or a bond applicable at the time of an accident and
5 the amount of insurance or bond

6 (A) is less than the limit for uninsured and under-
7 insured coverage of the insured's policy; or

8 (B) has been reduced by payments to persons other than
9 an insured, injured in an accident, to less than the limit for
10 uninsured and underinsured coverage of the insured's policy.

11 * Sec. 15. AS 28.20.390(3), 28.20.490, and 28.20.585 are repealed.

12 * Sec. 16. The Department of Public Safety shall conduct a public
13 information campaign designed to educate the public about changes in the
14 motor vehicle code implemented by this Act and the potential penalties for
15 failure to comply.

16 * Sec. 17. Sections 1 - 15 of this Act take effect January 1, 1985.

17 * Sec. 18. Section 16 of this Act takes effect October 1, 1984.
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Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 17, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte
Rep. Joe Hayes

From: Jeff Day

Re: Proposed amendment on license suspension

Attached is a proposed substitute regarding the section on license suspension which has been drafted by the Department of Law.

Under the current House proposal, licenses would be suspended for one year for not being able to demonstrate proof of insurance. Limited driving privileges could be granted at any time.

The proposed amendment would change that in the following way:

First offense would have license suspension of 90 days.

Second offense would have a minimum of one year if the second offense occurs within ten years of the first offense.

Limited license privileges may be granted at any time if the person first files proof of financial responsibility and has not had the license suspended more than twice for failure to have insurance. Limited privileges would not be available to a person who has had a license suspended three times in ten years for failure to carry insurance.

The length of suspension generally follows the concepts used in the drunk driving law passed last session.

PROPOSED CS FOR SECTION 13,
SEC. 28.22.240, AND SEC. 28.22.260
OF 4/6/84 DRAFT OF CONFERENCE CS FOR HB 7

Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

(a) If a person fails to provide proof that motor vehicle liability insurance or a certificate of self-insurance was in effect at the time of an accident or when the person was charged with a violation of a traffic law described in AS 28.22.210, the department shall suspend the driver's license of that person for the following periods:

(1) not less than 90 days if, within the preceding 10 years, the person has not previously had their license suspended for violation of AS 28.22.200;

(2) not less than one year if, within the preceding 10 years, the person has previously had their license suspended one or more times for violation of AS 28.22.200.

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

(c) The department may grant limited license privileges for work purposes only to a person whose license has been suspended under AS 28.22.240, if

(1) that person has filed proof of financial responsibility for the future as required by AS 28.22.260;

(2) that person has not had their license suspended two or more times under AS 28.22.240 in the preceding 10 years;

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

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

(d) The department imposing a limitation under this section shall

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

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

(e) After the termination of a limitation as shown on the certificate issued under (d) of this section, the license of a person on whom a limitation was imposed is suspended until the person receives a new license in accordance with AS 28.15.211(c).

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

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

Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose license is suspended under AS 28.22.240 must file proof of financial responsibility for the future under AS 28.20 before full driving privileges may be restored or limited license privileges are granted under AS 28.22.240(c).

(b) A filing of proof of financial responsibility under AS 28.20 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.240.

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 6, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte

From: Joe L. Hayes *[Signature]*

Re: Conference Committee draft of HB 7

Attached is the revised draft from Legislative Affairs on HB 7. While the layout is slightly different than the earlier draft, the substance is the same. Also attached is a section analysis.

The only substantive changes from the March 1 draft are:

- * Reduction of the administrative fee from \$250 to \$100.
- * Reduction from 10 to 5 the number of years a person must be free of accidents or traffic violations if that person otherwise qualifies for the exemption. This was requested by the Dept. of Public Safety since records are not kept for 10 years.
- * Clarification that a person's license will not be suspended until final court action is completed. Requested by Dept. of Law.
- * Clarification that insurers can offer un/underinsured coverage for property damage at the minimum level required by law. This does not prohibit the insured from purchasing a higher limit.

The committee is scheduled to meet at 1 p.m. Monday in the Speaker's Chambers.

SECTION ANALYSIS COMPROMISE FOR HB 7 4/6 Draft

The substance of this draft is similar to the March 1 draft but the bill has been laid out differently to meet the style of Legislative Affairs drafting.

SECTION 1 PURPOSE

Legislature declares concern over rising toll of motor vehicle accidents and determines it is in the public's best interest that motorists be financially responsible for negligent acts so that innocent victims be recompensed for for injury or financial loss. Declares that this can best be served by requiring motorists to be insured when operating a vehicle "where the potential for motor vehicle accidents is substantial". Further declares that the most practical and economical time of proof of compliance is following a moving violation or accident.

SECTION 2

Amends insurance code to conform by requiring insurers in the state to write policies at the newly established minimums of 50/100/25.

SECTION 3

Requires insurers to offer customers un/underinsured coverage for both bodily injury and property damage in at least the amount voluntarily purchased for personal injury liability insurance. Requires an offer for property damage not less than the minimum of \$25,000. This coverage may be waived by the insured.

SECTION 4

Requires the Department of Public Safety to provide an applicant for registration of a motor vehicle with information regarding the state's mandatory insurance law at the time of registration.

SECTION 5

Requires the Department of Public Safety to provide an applicant for motor vehicle licensure with information regarding the state's mandatory insurance law at the time of license application.

SECTION 6

Adds knowledge of the states mandatory insurance law to examination provisions for obtaining a drivers license.

SECTION 7

requires person who has had license suspended to pay \$100 reinstatement fee prior to the granting of limited driving privileges or restoration of driving privilege in addition to financial responsibility requirements.

SECTIONS 8 and 9

Raises minimum liability policy limits a person must be insured for under the financial responsibility law from 25/50/10 to 50,000 for bodily injury to any one person in an accident, \$100,000 maximum for bodily injury of all involved in an accident and \$25,000 for property damage.

SECTION 10

Increases from 25/20/10 to 50/100/25 the threshold at which a judgement against a person falling under the financial responsibility law is satisfied.

SECTION 11

same as section 8 to make statute conform regarding limits. Describes limits for un/underinsured coverage to be offered as part of an insurance policy.

SECTION 12

Defines un/underinsured motorist coverage.

(a) Limits insurers responsibility under the un/underinsured provisions to the difference between what might be paid on behalf of the the uninsured person and the maximum limits of the insured's policy.

(b) Establishes priority for payment of un/underinsured claims and lists items that would be deducted from liability for payment of such coverage.

(c) Prohibits the stacking of several policies in the event that the insured is covered by more than one uninsured coverage which might apply. The liability is limited to the highest amount of one policy. Establishes priority of policies which would apply.

(d) Clarifies that UM/UIM coverage does not apply in situations where the alleged un/underinsured vehicle is owned by a name insured or resident relative but not insured. This is designed to prevent a person from owning several vehicles but only insuring one.

Specifies a single combined coverage. Allows insured to waive coverage in writing. Limits coverage for property damage to only the damage to the vehicle involved. Hit and run motorists are presumed to be uninsured if the accident is reported within 24 hours. Allows deductible of \$250 but allows insurer to offer deductible other than \$250.

SECTION 13

28.22.010-28.22.050 Defines specific provisions of motor vehicle liability policy that must be in effect to comply with the mandatory law.

Generally follows current requirements under the financial responsibility law. A major difference from the FR law is the removal of an absolute liability clause which is retained in the FR law. The removal is intended to allow companies to issue policies just as they are now. There is also a modification from the FR law in describing who the policy must cover.

Raises current liability minimums from 25/50/10 to 50/100/25.

28.22.100-28.22.130 Defines un/underinsured coverage for the purposed of this chapter identical to the provisions in Section 12.

28.22.200 requires operator or owner of a motor vehicle to have adequate insurance when operating vehicle on roadway. Provides an exemption of the requirement to have insurance if the vehicle is operated in isolated areas not connected to the highway system and with minimal traffic. Exemption does not apply if the owner/operator has a history of traffic violations or accidents within 5 years.

28.22.210 Requires persons involved in an accident resulting in at least \$500 damage or involved in a 6 demerit traffic violation to show proof of insurance.

28.22.220 Requires person cited for an accident to present proof of insurance to the department within 15 days. Requires the Department to establish a method to check all documents filed as proof.

28.22.230 Requires person cited for traffic violation to present proof of insurance at the time of the initial court appearance or within 15 days of the charged violation. Requires court to notify the department if such proof is not presented.

28.22.240 Provides for administrative suspension of license for one year if person fails to prove insurance was in effect at time of violation or accident. Establishes notification procedure and allows the person who stands to lose license a chance for a hearing to plead that person's case. Suspension will not take place until final court action is taken.

28.22.250 Establishes a Class A misdemeanor for knowingly filing false information with the department.

28.22.260 Requires person to file SR 22 under the financial responsibility law (proof of insurance for 3 years) as a prerequisite to reinstatement of license or granting of limited license privileges.

28.22.500 Allows policy to contain provisions which do not violate the provisions of this chapter.

28.22.510 separability clause

28.22.600 definition of general motor vehicle liability policy for purposes of mandatory insurance requirements.

SECTION 14
Definition of underinsured motor vehicle

SECTION 15

Repeals provisions in law allowing deposit of cash or securities as a means of proving financial responsibility for the future. Repeals the reinstatement fee which only pertained to driving in violation of financial responsibility law. This has been encompassed in section 7 of this bill.

SECTION 16

Requires Department to begin to conduct public education campaign about the mandatory law three months prior to its effect.

SECTIONS 17-18

effective dates
Law takes effect 1/1/85.

Original sponsors: Hayes, Barnes,
Phillips, et al

1 IN THE HOUSE BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND 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
11 inflicted 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 both the owner and operator of a motor vehicle that is to be operated
17 on vehicular ways of the state where the potential for motor vehicle acci-
18 dents is substantial be required to maintain coverage under a motor vehicle
19 liability policy issued in conformity with AS 28.22.010 or through a cer-
20 tificate of self-insurance issued under AS 28.20.400. The legislature also
21 finds and declares that the most economical and practical time to require
22 proof of compliance with insurance coverage is when an operator of a motor
23 vehicle has been involved in an accident or charged with a traffic law
24 violation.

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

26 (a) An automobile liability policy that [WHICH] insures an owner
27 or operator of a motor vehicle against loss resulting from [HIS]
28 liability for bodily injury or death, or for property injury or de-
29 struction, or both, that [WHICH] is sold in the [THIS] state [AFTER

This is the
Version you were
working from.

*slightly different
reference to
operator's
limits*

1 JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSI-
2 NESS IN THIS STATE], shall contain limits in at least the amount
3 prescribed for a motor vehicle liability policy in AS 28.20.440 and
4 AS 28.22.010 [AS 28.20.440(b)(2), AND MEET THE REQUIREMENTS OF
5 AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

6 * Sec. 3. AS 21.89.020 is amended by adding new subsections to read:

7 (c) An insurance company offering automobile liability insurance
8 in this state for bodily injury or death shall offer coverage pre-
9 scribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 - 28.22.130,
10 with limits equal to at least the limit purchased voluntarily to cover
11 the insured person's liability for bodily injury or death, for the
12 protection of the persons insured under the policy who are legally
13 entitled to recover damages for bodily injury or death from owners or
14 operators of uninsured or underinsured motor vehicles. The limit
15 written may not be less than the limit in AS 28.20.440 or AS 28.22.-
16 010.

17 (d) An insurance company offering automobile liability insurance
18 in this state for injury to or destruction of property shall offer
19 coverage prescribed in AS 28.20.440 and 28.20.445, (or AS 28.22.010 *not*
20 28.22.130,) with limits not less than those prescribed in AS 28.20.440 *included*
21 or AS 28.22.010, to cover the insured person's liability for injury to
22 or destruction of property, for the protection of the persons insured
23 under the policy who are legally entitled to recover damages for
24 injury to or destruction of the covered motor vehicle from owners or
25 operators of uninsured or underinsured motor vehicles.

26 (e) The coverage required under (c) and (d) of this section may
27 be waived in writing by the insured in whole or in part. After selec-
28 tion of the limits by the insured or the exercise of the option to
29 waive the coverage in whole or in part, the insurer is not required to

1 notify any policy holder in any renewal, supplemental or replacement
2 policy, as to the availability of the coverage or optional limits, and
3 the waived coverage may not be included in any renewal, supplemental
4 or replacement policy. The insured may, at any time, make a written
5 request for additional coverage or coverage more extensive than that
6 provided on a prior policy.

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

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 law, the
11 mandatory automobile insurance requirement, and potential penalties
12 for failure to comply with the law.

13 * Sec. 5. AS 28.15.061 is amended by adding a new subsection to read:

14 (e) At the time of application for a driver's license or an
15 instruction permit, or renewal of a driver's license or an instruction
16 permit, the department shall provide the applicant written information
17 explaining the state's financial responsibility law, the mandatory
18 automobile insurance requirement, and potential penalties for failure
19 to comply with the law.

20 * Sec. 6. AS 28.15.081(a) is amended to read:

21 (a) The department shall examine every applicant for a driver's
22 license. The examination shall include a test of the applicant's (1)
23 eyesight, (2) ability to read and understand official traffic control
24 devices, (3) knowledge of safe driving practices, (4) knowledge of the
25 effects of alcohol and drugs on drivers and the dangers of driving
26 under the influence of alcohol or drugs, [AND] (5) knowledge of the
27 laws on [RELATING TO] driving while intoxicated, (6) knowledge of the
28 laws on financial responsibility and mandatory automobile liability
29 insurance, and, (7) the traffic laws and regulations of this state.

1 The examination may include a demonstration of ability to exercise
2 ordinary and reasonable control in the driving of a motor vehicle of
3 the type and general class of vehicles for which the applicant seeks a
4 license. However, an applicant who has not been previously issued a
5 driver's license by this or another jurisdiction must demonstrate
6 ability, and must present medical information that the department
7 reasonably requires to determine fitness to safely drive a motor
8 vehicle of the type and general class of vehicles for which the appli-
9 cant seeks a license.

10 * Sec. 7. AS 28.15.211 is amended to read:

11 Sec. 28.15.211. PERIODS OF LIMITATION, SUSPENSION OR REVOCA-
12 TION; OPPORTUNITY FOR HEARING AND SURRENDER OF LICENSE. (a) Except
13 for a point system suspension or revocation under AS 28.15.221 -
14 28.15.241 and unless provided otherwise by law, and unless the suspen-
15 sion or revocation was for a cause that [WHICH] has been removed, a
16 person whose driver's license or privilege to drive a motor vehicle in
17 this state has been suspended or revoked may not apply for a new
18 license nor may the person's [HIS] driving privilege be restored until
19 the expiration of

20 (1) one month from the date on which the license was sus-
21 pended or revoked for a first conviction of the particular offense
22 from which the suspension or revocation resulted;

23 (2) three months from the date on which the license was
24 suspended or revoked for a second conviction within 12 consecutive
25 months of the same offense from which the suspension or revocation
26 resulted];

27 (3) one year from the date on which the license was sus-
28 pended or revoked for a third or subsequent conviction within 12
29 consecutive months of the same offense from which the suspension or

1 revocation resulted. [; OR]

2 (b) A limitation, suspension, or revocation of a driver's li-
3 cense imposed by a court takes effect on the date of final judgment,
4 except that if another limitation, suspension, or revocation of li-
5 cense is in effect on the date of final judgment, the effective date
6 of the last imposed limitation, suspension, or revocation is at the
7 end of the last day of the previous limitation, suspension, or revoca-
8 tion unless the court specifies otherwise.

9 (c) At the end of a period of suspension or limitation, when
10 that limitation follows a suspension. the person whose license has
11 been suspended or limited may apply to the department and, upon pay-
12 ment of the proper fees, including a reinstatement fee of \$100 [FEE],
13 be issued a duplicate driver's license if the person [HE] is otherwise
14 entitled to the license under this title.

15 (d) At the end of a period of revocation or limitation following
16 a revocation, a person whose driver's license has been revoked may
17 apply to the department for the issuance of a new license, but shall
18 submit to reexamination [RE-EXAMINATION] and pay all required fees
19 including a reinstatement fee of \$100.

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 [HE] has complied with AS 28.20 relating to proof of finan-
24 cial responsibility.

25 (f) Unless otherwise provided by law, periods of limitation
26 shall be made at the discretion of the court.

27 * Sec. 6. AS 28.20.070(a) is amended to read:

28 (a) A [NO] policy or bond is not effective under AS 28.20.060
29 unless it is issued by an insurance company or surety company

1 authorized to do business in this state, except as provided in (b) of
2 this section, and if the accident resulted in bodily injury or death,
3 unless the policy or bond is subject to a limit, exclusive of interest
4 and costs, of not less than \$50,000 [\$25,000] because of bodily injury
5 to or death of one person in any one accident and, subject to the same
6 limit for one person, to a limit of not less than \$100,000 [\$50,000]
7 because of bodily injury to or death of two or more persons in any one
8 accident, and if the accident has resulted in injury to, or destruc-
9 tion of, property to a limit of not less than \$25,000 [\$10,000] be-
10 cause of injury to or destruction of property of others in any one
11 accident.

12 * Sec. 9. AS 28.20.230(b) is amended to read:

13 (b) The term "proof of financial responsibility for the future"
14 [AS USED] in this chapter means proof of ability to respond in damages
15 for liability, on account of an accident occurring after the effective
16 date of proof, that [WHICH] arises out of the ownership, maintenance
17 or use of a vehicle subject to registration under the laws of this
18 state, in the amount of \$50,000 [\$25,000] because of bodily injury to
19 or death of one person in any one accident, and, subject to the same
20 limit for one person, in the amount of \$100,000 [\$50,000] because of
21 bodily injury to or death of two or more persons in any one accident,
22 and in the amount of \$25,000 [\$10,000] because of injury to or de-
23 struction of property of others in any one accident. In [AS USED IN]
24 this chapter the terms "proof of financial responsibility" or "proof"
25 mean proof of financial responsibility for the future.

26 * Sec. 10. AS 28.20.360(a) is amended to read:

27 (a) In [FOR THE PURPOSE OF] this chapter, a judgment is sat-
28 isfied when

29 (1) \$50,000 [\$25,000] is credited upon a judgment given in

1 excess of that amount because of bodily injury to or death of one
2 person as the result of any one accident; or

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

8 (3) \$25,000 [\$10,000] is credited upon a judgment given in
9 excess of that amount because of injury to or destruction of property
10 of others as a result of any one accident.

11 * Sec. 11. AS 28.20.440(b) is amended to read:

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

13 (1) designate by description or appropriate reference all
14 vehicles which it covers;

15 (2) insure the person named and every other person using
16 the vehicle with the express or implied permission of the named in-
17 sured, against loss from the liability imposed by law for damages
18 arising out of the ownership, maintenance, or use of the vehicle
19 within the United States [OF AMERICA] or [THE DOMINION OF] Canada,
20 subject to limits exclusive of interests and costs, with respect to
21 each vehicle, as follows: \$50,000 [\$25,000] because of bodily injury
22 to or death of one person in any one accident, and, subject to the
23 same limit for one person, \$100,000 [\$50,000] because of bodily injury
24 to or death of two or more persons in any one accident, and \$25,000
25 [\$10,000] because of injury to or destruction of property of others in
26 any one accident;

27 (3) contain coverage in not less than the amounts set out
28 in (2) of this subsection for the protection of the persons insured
29 under the policy who are legally entitled to recover damages from

1 owners or operators of uninsured or underinsured motor vehicles be-
2 cause of bodily injury or death, or damage to or destruction of prop-
3 erty arising out of the ownership, maintenance or use of the unin-
4 sured or underinsured motor vehicle; this coverage shall comply with
5 the provisions of AS 28.20.445 [, EXCEPT THAT THIS COVERAGE MAY BE
6 WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF
7 THE POLICY].

8 * Sec. 12. AS 28.20 is amended by adding a new section to read:

9 Sec. 28.20.445. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

10 (a) The maximum liability of the insurance carrier under the unin-
11 sured and underinsured motorists coverage required to be offered under
12 AS 28.20.440 shall be the difference between the coverage limit of
13 liability and the amount paid to the insured by or on behalf of the
14 uninsured and underinsured motorist.

15 (b) Amounts payable under the uninsured motorists and under-
16 insured motorists coverage may be reduced by

17 (1) amounts paid or to be paid under any worker's compen-
18 sation law;

19 (2) amounts paid or payable under valid and collectible
20 automobile medical payments insurance or bodily injury or death lia-
21 bility insurance; and

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

24 (c) If an insured is entitled to uninsured or underinsured
25 motorists coverage under more than one policy of motor vehicle liabil-
26 ity insurance, or under more than one coverage if two or more vehicles
27 are insured under one policy, the maximum amount an insured may re-
28 cover may not exceed the highest limit of any one policy or coverage.
29 When multiple policies or coverages apply, payment may be made in the

1 following order of priority, subject to the limit of liability for
2 each applicable policy or coverage:

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

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

7 (3) a policy or coverage covering a motor vehicle not
8 involved in the accident under which the injured person is an insured
9 or a named insured.

10 (d) Uninsured and underinsured motorists coverage does not apply
11 to bodily injury or death or damage to or destruction of property of
12 an insured

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

16 (2) through being struck by a vehicle owned by the named
17 insured or the insured's spouse or relative residing in the same
18 household.

19 (e) Uninsured and underinsured motorists coverage

20 (1) may not apply to bodily injury, sickness, disease or
21 death of an insured or damage to or destruction of property of an
22 insured until the limits of liability of all bodily injury and prop-
23 erty damage liability bonds and policies that apply have been used up
24 by payments, judgments or settlements;

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

26 (3) may be rejected by the insured in writing; if the
27 insured has rejected the coverage, the coverage shall not be included
28 in any supplemental, renewal, or replacement policy unless the insured
29 subsequently requests the coverage in writing.

1 (f) If both the owner and operator of the uninsured vehicle are
2 unknown, payment under the uninsured and underinsured motorists cover-
3 age shall be made only where direct physical contact between the
4 insured and uninsured or underinsured motor vehicles has occurred. A
5 vehicle that has left the scene of the accident with an insured vehi-
6 cle is presumed to be uninsured if the person insured reports the
7 accident to the appropriate authorities within 24 hours.

8 (g) The uninsured and underinsured motorists coverage for damage
9 to or destruction of property is subject to a deductible of \$250 in
10 any one accident, but the insurer may offer a deductible other than
11 \$250. This coverage shall be limited to damage to or destruction of
12 the insured motor vehicle. It shall not include loss of use of the
13 vehicle.

14 (h) "Underinsured motor vehicle" means a motor vehicle licensed
15 for highway use with respect to the ownership, operation, maintenance
16 or use of which motor vehicle there is a bodily injury or property
17 damage insurance policy or a bond applicable at the time of the acci-
18 dent and the amount of insurance or bond

19 (1) is less than the limit for uninsured and underinsured
20 motorists coverage under the insured's policy; or

21 (2) has been reduced by payments to persons other than an
22 insured, injured in an accident, to less than the limit for uninsured
23 and underinsured motorists coverage under the insured's policy.

24 * Sec. 13. AS 28 is amended by adding a new chapter to read:

25 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

26 ARTICLE 1. DESCRIPTION OF GENERAL POLICY PROVISIONS.

27 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) The
28 owner's policy of liability insurance shall

29 (1) designate by description or appropriate reference all

1 vehicles that it covers;

2 (2) insure the person named against loss from the liability
3 imposed by law for damages arising out of the ownership, maintenance,
4 or use of the vehicle in the United States or Canada, subject to
5 limits exclusive of interest and costs, with respect to each vehicle,
6 as follows:

7 (A) \$50,000 because of bodily injury to or death of
8 one person in any one accident, and, subject to the same limit
9 for one person, \$100,000 because of bodily injury to or death of
10 two or more persons in any one accident; and

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

13 (3) contain coverage prescribed in AS 28.22.100 - 28.22.130
14 in the amounts set out in (2) of this subsection for the protection of
15 the persons insured under the policy who are legally entitled to
16 recover damages from the owner or operator of an uninsured or under-
17 insured motor vehicle because of bodily injury or death, or damage to
18 or destruction of property arising out of the ownership, maintenance,
19 or use of the uninsured or underinsured motor vehicle.

20 (b) The operator's policy of liability insurance shall insure
21 the person named as insured against loss from the liability imposed on
22 the operator by law for damages arising out of the use by the operator
23 of a motor vehicle not owned by the operator, within the same territo-
24 rial limits and subject to the same limits of liability as are re-
25 quired for an owner's policy of liability insurance.

26 (c) The motor vehicle liability policy shall state the name and
27 address of the named insured, the coverage, the premium charges, the
28 policy period, and the limits of liability, and shall contain an
29 agreement or an endorsement that insurance is provided in accordance

1 with the coverage defined in (a) of this section for bodily injury and
2 death or property damage, or both.

3 Sec. 28.22.020. POLICY PROVISIONS THAT ARE IMPLIED. A motor
4 vehicle liability policy is subject to the following provisions but
5 these provisions need not be contained in the policy:

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

9 (2) The insurance carrier may settle a claim covered by the
10 policy, and if settlement is made in good faith, the amount of settle-
11 ment is deductible from the limits of liability specified in AS 28.-
12 22.010.

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

17 Sec. 28.22.030. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
18 that grants the coverage required for a motor vehicle liability policy
19 may also grant lawful coverage in excess of or in addition to the
20 coverage specified for a policy and the excess or additional coverage
21 is not subject to the provisions of this chapter. With respect to a
22 policy that grants excess or additional coverage, the term "motor
23 vehicle liability policy" applies only to that part of the coverage
24 that is required by this chapter.

25 (b) A policy shall be excluded from the application of this
26 chapter if the automobile or motor vehicle liability coverage is
27 provided only on an excess or umbrella basis.

28 Sec. 28.22.040. PRORATION. A motor vehicle liability policy may
29 provide for proration of the insurance with other valid and

1 collectible insurance.

2 Sec. 28.22.050. REQUIREMENTS OF POLICY. (a) A policy is not
3 effective under AS 28.22.010 unless it is issued by an insurance
4 company or surety company authorized to do business in this state,
5 except as provided in (b) of this section, and unless it complies with
6 the limit requirements established in AS 28.22.010.

7 (b) A policy is not effective under AS 28.22.010 with respect to
8 a vehicle not registered in the state or a vehicle that was registered
9 in another jurisdiction on the effective date of the policy or the
10 most recent renewal of it, unless the insurance or surety company
11 issuing the policy is authorized to do business in the state, or if
12 the company is not authorized to do business in the state, unless it
13 executes a power of attorney authorizing the director of the division
14 of insurance to accept service on its behalf of notice or process in
15 an action upon the policy arising out of the accident.

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

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

21 ARTICLE 2. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

22 Sec. 28.22.100. GENERAL POLICY PROVISIONS. (a) The uninsured
23 and underinsured motorists coverage required in this chapter

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

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

29 (3) may be rejected by the insured in writing; if the

1 insured has rejected uninsured or underinsured coverage, the coverage
2 shall not be included in a supplemental, renewal or replacement policy
3 unless the insured subsequently requests uninsured or underinsured
4 coverage in writing.

5 (b) If both the owner and operator of the uninsured vehicle are
6 unknown, payment under the uninsured and underinsured motorists cover-
7 age may be made only where direct contact between the insured and
8 uninsured or underinsured motor vehicles has occurred. A vehicle that
9 has left the scene of the accident with an insured vehicle is presumed
10 to be uninsured if the insured person reports the accident to the
11 appropriate authorities within 24 hours.

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

18 Sec. 28.22.110. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
19 liability of the insurance carrier under the uninsured and underin-
20 sured motorists coverage required under this chapter shall be the
21 difference between the coverage limit of liability and the amount paid
22 to the insured by or on behalf of the uninsured and underinsured
23 motorist.

24 (b) Amounts payable under the uninsured motorists and underin-
25 sured motorists coverage required to be offered under this chapter
26 shall be reduced by

27 (1) amounts paid or to be paid under any workers' compen-
28 sation law;

29 (2) amounts paid or payable under any valid and collectible

1 automobile medical payments insurance or bodily injury or death lia-
2 bility insurance; and

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

5 Sec. 28.22.120. POLICY COVERAGE AND PRIORITIES. If an insured
6 is entitled to uninsured or underinsured motorists coverage under more
7 than one policy of motor vehicle liability insurance, or under more
8 than one coverage if two or more vehicles are insured under one
9 policy, the maximum amount an insured may recover shall not exceed the
10 highest limit of any one policy or coverage. Where multiple policies
11 or coverages apply, payment shall be made in the following order of
12 priority, subject to the limit of liability for each applicable policy
13 or coverage:

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

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

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

21 Sec. 28.22.130. POLICY COVERAGE EXCLUSIONS. The uninsured and
22 underinsured motorists coverage provided for in this chapter does not
23 apply to bodily injury or death or damage to or destruction of prop-
24 erty of an insured

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

28 (2) through being struck by a vehicle owned by the named
29 insured or the insured's spouse or relative residing in the same

1 household.

2 ARTICLE 3. PROOF OF INSURANCE REQUIRED.

3 Sec. 28.22.200. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
4 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
5 registration under AS 28.10.011 when driven on a highway, vehicular
6 way or area, or on other public property in the state, shall have
7 motor vehicle liability insurance that complies with this chapter or a
8 certificate of self-insurance that complies with AS 28.20.400 in
9 effect for the motor vehicle, unless

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

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

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

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

20 (b) The department shall publish annually a list of areas that
21 meet the requirements of (a)(1) of this section. This list shall be
22 available for public inspection at all division of motor vehicle
23 offices in the state.

24 Sec. 28.22.210. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
25 INSURANCE. The owner or operator of a motor vehicle required to have
26 motor vehicle liability insurance that complies with this chapter or a
27 certificate of self-insurance that complies with AS 28.20.400, must
28 show proof of this insurance when that person

29 (1) is involved in an accident that results in bodily

1 injury to or death of a person, or damage to the property of a person
2 exceeding \$500; or

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

6 Sec. 28.22.220. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
7 person involved in an accident who is required to prove that a motor
8 vehicle liability insurance or a certificate of self-insurance was in
9 effect under AS 28.22.210 shall, within 15 days of the accident

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

13 (2) provide the department with written certification from
14 an insurance company, insurance agent, insurance broker or surplus
15 lines broker confirming that a valid motor vehicle liability policy
16 issued in conformity with this chapter was in effect at the time of
17 the accident; or

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

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

23 Sec. 28.22.230. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
24 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
25 who is required to prove that a motor vehicle liability insurance pol-
26 icy or a certificate of self-insurance was in effect under AS 28.22.-
27 210 shall, at the time of that person's initial appearance in court or
28 within 15 days of the date of the charge of a traffic law violation,
29 whichever is later,

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

4 (2) provide the court with written certification from an
5 insurance company, insurance agent, insurance broker, or surplus lines
6 broker confirming that motor vehicle liability insurance issued in
7 conformity with this chapter was in effect at the time of the vio-
8 lation; or

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

11 (b) The court shall immediately report to the department any
12 failure to present proof of insurance as provided in this section.

13 Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

14 (a) If a person fails to provide proof that motor vehicle liability
15 insurance or a certificate of self-insurance was in effect at the time
16 of an accident or when the person was charged with a violation of a
17 traffic law described in AS 28.22.210, the department shall suspend
18 the driver's license of that person for one year. The suspension
19 shall be consecutive to any other suspension required by law or im-
20 posed by a court.

21 (b) The department shall notify the licensee that the suspension
22 becomes effective 30 days from the date of the notice and that the
23 licensee has the right, within the 30-day period, to make an oral or
24 written answer controverting any point or issue, or to present evi-
25 dence and arguments for the consideration of the department.

26 (c) Upon receipt of an oral or written answer from the licensee,
27 the department shall make findings on the matter under consideration
28 within 15 days and shall notify the person involved of its decision in
29 writing by certified or registered mail. If the department's decision

1 is to sustain an action against the licensee's driver's license, the
2 department shall notify the licensee of the opportunity for a hearing
3 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
4 stayed until final disposition of the hearing under this section.

5 Sec. 28.22.250. FALSIFICATION OF INFORMATION. A person who
6 provides information required under AS 28.22.210 - 28.22.240 that the
7 person does not believe to be true with the intent to mislead a public
8 servant in the performance of a duty is guilty of a class A misdemean-
9 or.

10 Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose
11 license is suspended under AS 28.22.240 must file proof of financial
12 responsibility for the future under AS 28.20 before the driving privi-
13 lege may be restored.

14 (b) A filing of proof of financial responsibility under AS 28.20
15 shall be required for a period of three years following expiration of
16 the suspension of license under AS 28.22.240.

17 ARTICLE 4. MISCELLANEOUS PROVISIONS.

18 Sec. 28.22.500. POLICY INTERPRETATION. A provision in this
19 chapter may not be interpreted to prohibit a motor vehicle liability
20 policy from including limitations, conditions, exceptions, exclusions,
21 or other provisions that do not violate the requirements of this
22 chapter or other applicable laws.

23 Sec. 28.22.510. SEPARABILITY. If any provision of this chapter,
24 or the application of a provision of this chapter to any person or
25 circumstance, is held invalid, the remainder of the chapter and the
26 application of the provision to persons or circumstances other than
27 those to which it is held invalid, is not affected.

28 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
29 liability policy" means an owner's policy or an operator's policy

1 containing an agreement or endorsement and issued by an insurance
2 carrier authorized to transact business in the state to or for the
3 benefit of the person named as insured.

4 * Sec. 14. AS 28.35.260(a) is amended by adding a new paragraph to
5 read:

6 (19) "underinsured motor vehicle" means a motor vehicle
7 licensed for highway use with respect to ownership, operation, mainte-
8 nance, or use for which there is a bodily injury or property damage
9 insurance policy or a bond applicable at the time of an accident and
10 the amount of insurance or bond

11 (A) is less than the limit for uninsured and under-
12 insured coverage of the insured's policy; or

13 (B) has been reduced by payments to persons other than
14 an insured, injured in an accident, to less than the limit for
15 uninsured and underinsured coverage of the insured's policy.

16 * Sec. 15. AS 28.20.390(3), 28.20.490, and 28.20.585 are repealed.

17 * Sec. 16. The Department of Public Safety shall conduct a public
18 information campaign designed to educate the public about changes in the
19 motor vehicle code implemented by this Act and the potential penalties for
20 failure to comply.

21 * Sec. 17. Sections 1 - 15 of this Act take effect *Sept 1, 1984* January 1, 1985.

22 * Sec. 18. Section 16 of this Act takes effect October 1, 1984.



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE


COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

MEMORANDUM

TO: Conference Committee Members

FROM: Senator Dick Eliason 

DATE: April 6, 1984

RE: Senate Committee Substitute for HB 7.

The attached proposal is an updated version of the Senate Committee Substitute for HB 7, passed by the Senate last session. It incorporates the changes made to the uninsured and underinsured motorists coverage found in both the House and Senate versions of the bill.

It is my concern that a mandatory approach to automobile liability insurance, at this time, may be an overreaction to a perceived problem. If one examines where the complaints and concerns emanate, it is from persons who have acted responsibly by purchasing coverage and have been involved in an accident with someone who has not acted responsibly. The response should not be to require everyone to buy the coverage. It should be one that allows the responsible person to cover all contingencies arising out of the operation of an automobile and to strictly enforce the financial responsibility law as to those persons who do not act responsibly.

A mandatory automobile insurance bill, by its very nature, must have some administrative cost reflected. This, of course, will vary depending on how complicated a system is adopted. I contend that the Senate proposal

will do as much to protect those with whom we are concerned as any mandatory insurance plan we might devise and do it with absolute minimum expense.

I urge that you seriously consider the attached proposal as the most desirable alternative. The results can be monitored and if after three or four years the problem has not been alleviated, another approach could then be considered.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 6, 1984

SUBJECT: Sectional Analysis
CCS HB 7

TO: Senator Richard I. Eliason
Chairman, Labor and Commerce
Committee

FROM: Richard C. Folta 
Legislative Counsel

Section 1. Amends AS 21.89.020(a) requiring automobile liability policy coverage limits to be at least the amounts prescribed in AS 28.20.440(b)(2).

Section 2. Amends AS 21.89.020 by adding three new subsections. The first requires an insurance company to offer for uninsured and underinsured bodily injury coverage at limits equal to those voluntarily purchased for bodily injury liability. The second subsection requires a basic limit offer of uninsured and underinsured property damage. The third subsection allows the insured to waive in writing the coverage under the first two subsections, or to make a written request for additional or more extensive coverage. The insurers notice requirements to an insured are conditioned.

Section 3. AS 28.20.440(b) is amended adding "underinsured" and "damage to or destruction of property in excess of \$250.00" coverage requirements that shall comply with AS 28.20.440(b)(2) and AS 28.20.445.

Section 4. AS 28.20 is amended by adding a new section on coverage requirements for uninsured and underinsured motorists. Subsection (a) describes the maximum liability of an insurance carrier. Three situations when payments may be reduced are listed in subsection (b). Priority of payments under multiple policies or coverages are described in subsection (c). Two situations where the coverage would not apply are given in (d) and three cases in (e) where coverage

Senator Eliason
page 2
April 6, 1984

may not apply. Subsection (f) provides for a procedure when the owner and operator of vehicle involved in an accident with an insured are unknown. A deductible of \$250.00 in any one accident including the destruction or damage to an insured vehicle is provided under (g). Subsection (h) describes "underinsured motor vehicle."

Section 5. Provides for a September 1, 1984 effective date.

RCF:csh
C2/141

3-1-84
DRAFT

1 IN THE LEGISLATURE OF THE STATE OF ALASKA
2 THIRTEENTH LEGISLATURE - SECOND SESSION
3 A BILL

4
5 For an Act entitled: "An Act relating to motor vehicles; and providing
6 for an effective date."

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

8 *Section 1. DECLARATION OF PURPOSE. The legislature is concerned
9 over the rising toll of motor vehicle accidents and the suffering
10 and loss inflicted by them. The legislature determines that it is
11 a matter of grave concern that motorists be financially responsible
12 for their negligent acts so that innocent victims of motor vehicle
13 accidents may be recompensed for the injury and financial loss
14 inflicted upon them. The legislature finds and declares that the
15 public interest can best be served by the requirement that both the
16 owner and the operator of a motor vehicle which is to be operated
17 on vehicular ways of the state where the potential for motor vehicle
18 accidents is substantial be required to maintain coverage under a
19 motor vehicle liability policy issued in conformity with AS 28.22.010
20 or of a certificate of self-insurance issued under AS 28.20.400.
21 The legislature also finds and declares that the most economical
22 and practical time of proof of compliance with this requirement is
23 when an operator of a motor vehicle has been involved in an accident
24 or charged with a traffic law violation.

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

27 (b) At the time of application for registration or renewal of
28 registration, the department shall provide the applicant, in writing,
29 information detailing the state's financial responsibility law,
30 mandatory automobile insurance requirement, and potential penalties
31 for failure to comply with the law.
32

1 *Sec. 3. AS 28.15.061 is amended by adding a new subsection to
2 read:

3 (e) At the time of application for driver's license or
4 instruction permit, or renewal of driver's license or instruction
5 permit, the department shall provide the applicant, in writing,
6 information detailing the state's financial responsibility law,
7 mandatory automobile insurance requirement, and potential penalties
8 for failure to comply with the law.

9 *Sec. 4. AS 21.15.081(a) is amended to read:

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

29 *Sec. 5. AS 28.15.221(e) is amended to read:

30 (e) At the end of the period of limitation, suspension or
31 revocation under this chapter, the department may not issue a
32 driver's license to the licensee until the licensee [HE] has

1 complied with AS 28.20 relating to proof of financial responsi-
2 bility. Additionally, the licensee shall be required to pay a \$250
3 fee prior to reinstatement of the license or granting of limited
4 driving privileges if the license has been suspended pursuant to
5 AS 28.22.060.

6 *Sec. 6. AS 28.20.070(a) is amended to read:

7 (a) No policy or bond is effective under AS 28.20.060 unless
8 it is issued by an insurance company or surety company authorized
9 to do business in this state, except as provided in (b) of this
10 section, and if the accident resulted in bodily injury or death,
11 unless the policy or bond is subject to a limit, exclusive of
12 interest and costs, of not less than \$50,000 [\$25,000] because of
13 bodily injury to or death of one person in any one accident and,
14 subject to the same limit for one person, to a limit of not less
15 than \$100,000 [\$50,000] because of bodily injury to or death of two
16 or more persons in any one accident, and if the accident has resulted
17 in injury to, or destruction of, property to a limit of not less
18 than \$25,000 [\$10,000] because of injury to or destruction of
19 property of others in any one accident.

20 *Sec. 7. AS 28.20.230(b) is amended to read:

21 (b) The term "proof of financial responsibility for the
22 future" as used in this chapter means proof of ability to respond
23 in damages for liability, on account of an accident occurring after
24 the effective date of proof, which arises out of the ownership,
25 maintenance or use of a vehicle subject to registration under the
26 laws of this state, in the amount of \$50,000 [\$25,000] because of
27 bodily injury to or death of one person in any one accident, and,
28 subject to the same limit for one person, in the amount of \$100,000
29 [\$50,000] because of bodily injury to or death of two or more
30 persons in any one accident, and in the amount of \$25,000 [\$10,000]
31 because of injury to or destruction of property of others in any
32 one accident. As used in this chapter the terms "proof of financial

responsibility" or "proof" mean proof of financial responsibility for the future.

*Sec. 8. AS 28.20.360(a) is amended to read:

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

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

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

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

*Sec. 9. AS 28.20.440(b)(2) is amended to read:

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

*Sec. 10. AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in not less than the amounts set out in (2) of this subsection for the protection of the persons

1 insured under the policy who are legally entitled to recover
2 damages from owners or operators of uninsured or underinsured motor
3 vehicles because of bodily injury or death, or damage to or des-
4 truction of property in excess of \$250 arising out of the owner-
5 ship, maintenance or use of the uninsured or underinsured motor
6 vehicle[, EXCEPT THAT THIS COVERAGE MAY BE WAIVED IN WRITING BY THE
7 INSURED ON OR BEFORE THE EFFECTIVE DATE OF THE POLICY].

8 (A) "Underinsured motor vehicle" means a motor
9 vehicle licensed for highway use with respect to the owner-
10 ship, operation, maintenance or use of which motor vehicle
11 there is a bodily injury or property damage insurance policy
12 or a bond applicable at the time of the accident and the
13 amount of insurance or bond:

14 (i) is less than the limit for uninsured and
15 underinsured motorists coverage under the insured's
16 policy, or

17 (ii) has been reduced by payments to persons
18 other than an insured, injured in an accident, to less
19 than the limit for uninsured and underinsured motorists
20 coverage under the insured's policy.

21 (B) The uninsured and underinsured motorists
22 coverage provided for in this chapter:

23 (i) shall not apply to bodily injury, sickness,
24 disease or death of an insured or damage to or destruct on
25 of property of an insured until the limits of liability
26 of all bodily injury and property damage liability bonds
27 and policies that apply have been used up by payments,
28 judgments or settlements;

29 (ii) shall be a single combined coverage; and

30 (iii) may be rejected by the insured in
31 writing. If the insured has rejected such coverage, the
32 coverage shall not be included in any supplemental,

1 renewal or replacement policy unless the insured sub-
2 sequently requests such coverage in writing.

3 (C) If both the owner and operator of the uninsured
4 vehicle are unknown, payment under the uninsured and under-
5 insured motorists coverage shall be made only where direct
6 physical contact between the insured and uninsured or under-
7 insured motor vehicles has occurred. A vehicle that has left
8 the scene of the accident is presumed to be uninsured if the
9 person insured reports the accident to the appropriate
10 authorities within 24 hours.

11 (D) The uninsured and underinsured motorists
12 coverage for damage to or destruction of property is subject
13 to a deductible of \$250 in any one accident, but the insurer
14 may offer a deductible other than \$250. This coverage shall
15 be limited to damage to or destruction of the insured motor
16 vehicle. It shall not include loss of use of such vehicle.

17 *Sec. 11. AS 28.20.440 is amended by adding new subsections to read:

18 (1) The maximum liability of the insurance carrier under the
19 uninsured and underinsured motorists coverage required to be offered
20 pursuant to AS 28.20.440(b)(3) shall be the difference between the
21 coverage limit of liability and the amount paid to the insured by
22 or on behalf of the uninsured and underinsured motorist.

23 (m) Amounts payable under the uninsured motorists and under-
24 insured motorists coverage required to be offered pursuant to
25 AS 28.20.440(b)(3) shall be reduced by:

26 (1) amounts paid or to be paid under any worker's compen-
27 sation law;

28 (2) amounts paid or payable under any valid and col-
29 lectible automobile medical payments insurance or bodily injury or
30 death liability insurance; and

31 (3) amounts paid by or on behalf of the uninsured or
32 underinsured motorist.

1 (n) In the event an insured is entitled to uninsured or
2 underinsured motorists coverage under more than one policy of motor
3 vehicle liability insurance, or under more than one coverage if two
4 or more vehicles are insured under one policy, the maximum amount
5 an insured may recover shall not exceed the highest limit of any
6 one policy or coverage. Where multiple policies or coverages
7 apply, payment should be made in the following order of priority,
8 subject to the limit of liability for each applicable policy or
9 coverage:

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

12 (2) a policy or coverage covering a motor vehicle which
13 came into contact with the insured while a pedestrian; and

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

17 (o) The uninsured and underinsured motorists coverage provided
18 for in this chapter does not apply to bodily injury or death or
19 damage or destruction of property of an insured;

20 (1) while occupying a motor vehicle owned by, but not
21 insured by, the named insured or resident spouse or resident
22 relative; or

23 (2) through being struck by a vehicle owned by the named
24 insured, or resident spouse or resident relative.

25 *Sec. 12. AS 28.20.585 is amended to read:

26 REINSTATEMENT FEE. If an operator's license is suspended
27 under the provisions of this chapter, the department shall charge a
28 person who applies for reinstatement of the operator's license a
29 reinstatement fee of \$250 [\$50].

30 *Sec. 13. AS 28 is amended by adding a new chapter to read:

31 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE

32 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY (a) In this

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

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

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

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

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

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

20 (3) contain coverage in not less than the amounts set
21 out in (2) of this subsection for the protection of the persons
22 insured under the policy who are legally entitled to recover
23 damages from the owner or operator of an uninsured or underinsured
24 motor vehicle because of bodily injury or death, or damage to or
25 destruction of property in excess of \$250 arising out of the owner-
26 ship, maintenance, or use of the uninsured or underinsured motor
27 vehicle.

28 (A) "Underinsured motor vehicle" means a motor
29 vehicle licensed for highway use with respect to the owner-
30 ship, operation, maintenance or use of which motor vehicle
31 there is a bodily injury or property damage insurance policy
32 or a bond applicable at the time of the accident and the

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1 amount of insurance or bond:

2 (i) is less than the limit for uninsured and
3 underinsured motorists coverage under the insured's
4 policy; or

5 (ii) has been reduced by payments to persons
6 other than an insured, injured in an accident, to less
7 than the limit for uninsured and underinsured motorists
8 coverage under the insured's policy.

9 (B) The uninsured and underinsured motorists
10 coverage provided for in this chapter:

11 (i) shall not apply to bodily injury, sick-
12 ness, disease or death of an insured or damage to or
13 destruction of property of an insured until the limits of
14 liability bonds and policies that apply have been used up
15 by payments or judgments or settlements;

16 (ii) shall be a single combined coverage; and

17 (iii) may be rejected by the insured in
18 writing. If the insured has rejected such coverage, the
19 coverage shall not be included in any supplemental,
20 renewal or replacement policy unless the insured sub-
21 sequently requests such coverage in writing.

22 (C) If both the owner and operator of the uninsured
23 vehicle are unknown, payment under the uninsured and under-
24 insured motorists coverage shall be made only where direct
25 physical contact between the insured and uninsured or under-
26 insured motor vehicles has occurred. A vehicle that has left
27 the scene of the accident is presumed to be uninsured if the
28 person insured reports the accident to the appropriate au-
29 thorities within 24 hours.

30 (D) The uninsured and underinsured motorists
31 coverage for damage to or destruction of property is subject
32 to a deductible of \$250 in any one accident, but the insurer

1 may offer a deductible other than \$250. This coverage shall
2 be limited to damage to or destruction of the insured motor
3 vehicle. It shall not include loss of use of such vehicle.

4 (c) The operator's policy of liability insurance shall insure
5 the person named as insured against loss from the liability imposed
6 on the operator by law for damages arising out of the use by the
7 operator of a motor vehicle not owned by the operator, within the
8 same territorial limits and subject to the same limits of liability
9 as are required for an owner's policy of liability insurance.

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

16 (e) Nothing contained in this chapter shall be interpreted to
17 prohibit a motor vehicle liability policy from containing limitations,
18 conditions, exceptions, exclusions or other provisions which them-
19 selves do not violate the requirements of this chapter or other
20 applicable laws.

21 (f) Every motor vehicle liability policy is subject to the
22 following provisions but these provisions need not be contained in
23 the policy:

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

28 (2) The insurance carrier may settle a claim covered by
29 the policy, and if settlement is made in good faith, the amount of
30 settlement is deductible from the limits of liability specified in
31 (b) of this section.

32 (3) The policy, the written application for the policy,

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

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

12 (h) A policy shall be excluded from the application of this
13 chapter if the automobile or motor vehicle liability coverage is
14 provided only on an excess or umbrella basis.

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

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

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

22 (l) The maximum liability of the insurance carrier under the
23 uninsured and underinsured motorists coverage required to be offered
24 pursuant to AS 28.22.010(b)(3) shall be the difference between the
25 coverage limit of liability and the amount paid to the insured by
26 or on behalf of the uninsured and underinsured motorist.

27 (m) Amounts payable under the uninsured motorists and under-
28 insured motorists coverage required to be offered pursuant to
29 AS 28.22.010(b)(3) shall be reduced by:

30 (1) amounts paid or to be paid under any worker's
31 compensation law;

32 (2) amounts paid or payable under any valid and col-

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1 lectible automobile medical payments insurance or bodily injury or
2 death liability insurance; and

3 (3) amounts paid by or on behalf of the uninsured or
4 underinsured motorist.

5 (n) In the event an insured is entitled to uninsured or
6 underinsured motorists coverage under more than one policy of motor
7 vehicle liability insurance, or under more than one coverage if two
8 or more vehicles are insured under one policy, the maximum amount
9 an insured may recover shall not exceed the highest limit of any
10 one policy or coverage. Where multiple policies or coverages
11 apply, payment should be made in the following order of priority,
12 subject to the limit of liability for each applicable policy or
13 coverage:

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

16 (2) a policy or coverage covering a motor vehicle which
17 came into contact with the insured while a pedestrian; and

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

21 (o) The uninsured and underinsured motorists coverage pro-
22 vided for in this chapter does not apply to bodily injury or death
23 or damage to or destruction of property of an insured:

24 (1) while occupying a motor vehicle owned by, but not
25 insured by, the named insured or resident spouse or resident relative;
26 or

27 (2) through being struck by a vehicle owned by the named
28 insured, or resident spouse or resident relative.

29 Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not
30 effective under AS 28.22.010 unless it is issued by an insurance
31 company or surety company authorized to do business in this state,
32 except as provided in (b) of this section, and unless it complies

1 with the limit requirements established in AS 28.22.010(b)(2).

2 (b) A policy is not effective under AS 28.22.010 with respect
3 to a vehicle not registered in the state or a vehicle that was
4 registered in another jurisdiction at the effective date of the
5 policy or the most recent renewal of it, unless the insurance or
6 surety company issuing the policy is authorized to do business in
7 the state, or if the company is not authorized to do business in
8 the state, unless it executes a power of attorney authorizing the
9 director of the division of insurance to accept service on its
10 behalf of notice or process in an action upon the policy arising
11 out of the accident.

12 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

13 (a) The operator or owner of a motor vehicle subject to regis-
14 tration under AS 28.10.011, when driven upon a highway, vehicular
15 way or area, or other public property in this state, shall have
16 motor vehicle liability insurance that complies with AS 28.22.010
17 or a certificate of self-insurance that complies with AS 28.20.400
18 in effect for the motor vehicle.

19 (b) A person involved in an accident in this state resulting
20 in bodily injury to or death of a person or damage to the property
21 of any one person exceeding \$500 must prove that motor vehicle
22 liability insurance or a certificate of self-insurance was in
23 effect for the motor vehicle involved in the accident at the
24 time of the accident.

25 (c) A person charged with a traffic law violation with a
26 demerit point value of 6 or more on the point schedule in
27 regulations adopted by the department under AS 28.15.221 must
28 prove that motor vehicle liability insurance or a certificate
29 of self-insurance under (a) of this section was in effect for
30 the motor vehicle operated at the time the charged violation
31 occurred.

32 (d) If a vehicle is being driven or moved on a highway or

1 vehicular way not connected by a land highway or vehicular way to
2 the land connected state highway system when that highway or
3 vehicular way is not connected to a highway or vehicular way with
4 an average daily traffic volume greater than 499, the operator of
5 the vehicle is exempt from (a) of this section if the operator has
6 not been involved in a traffic accident or cited for a traffic law
7 violation described in (c) of this section within the preceding ten
8 years.

9 (e) Every three years the Department shall publish a list of
10 areas that meet the requirements for (d) of this section. The list
11 shall be available for public inspection at all division of motor
12 vehicle offices in the state.

13 Sec. 28.22.040. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a)
14 A person involved in an accident who is required to prove that a
15 motor vehicle liability insurance or a certificate of self-insurance
16 was in effect pursuant to AS 28.22.030(b) shall, within 15 days of
17 the accident

18 (1) present a copy of the insurance policy, certificate,
19 bond, or insurance binder that was in effect at the time of the
20 accident to the department for inspection;

21 (2) provide the department with written certification
22 from an insurance company, insurance agent, insurance broker or
23 surplus lines broker confirming that a valid motor vehicle liability
24 policy issued in conformity with AS 28.22.010 was in effect at the
25 time of the accident; or,

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

28 (b) The department shall develop and implement a program to
29 check the veracity of the documents filed for proof under this
30 section.

31 (c) Providing information required under this section which
32 the person does not believe to be true and with the intent to

1 mislead a public servant in the performance of a duty is a class A
2 misdemeanor.

3 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
4 MOVING TRAFFIC VIOLATION. (a) A person charged with a traffic law
5 violation described in AS 28.22.030(c) shall, at the time of that
6 person's initial appearance in court or within 15 days of the date
7 of the violation, whichever is later,

8 (1) present a copy of the insurance policy, certificate,
9 bond, or insurance binder that was in effect at the time of the
10 violation to the court for inspection;

11 (2) provide the court with written certification from an
12 insurance company, insurance agent, insurance broker or surplus
13 lines broker confirming that motor vehicle liability insurance
14 issued in conformity with AS 28.22.010 was in effect at the time of
15 the violation; or

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

18 (b) Evidence presented to the court in accordance with (a) of
19 this section shall be presented to the court at the initial ap-
20 pearance, or otherwise to the clerk of the court in which the
21 matter is pending.

22 (c) The court shall report immediately to the department any
23 failure to present proof of insurance as provided in this section.

24 Sec. 28.22.060. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES

25 (a) If a person fails to provide proof that motor vehicle liability
26 insurance or a certificate of self-insurance was in effect at the
27 time of an accident described in AS 28.22.030(b), or at the time of
28 a violation described in AS 28.22.030(c), the department shall
29 suspend the driver's license of that person for one year. Such
30 suspension shall be consecutive to any other suspension required by
31 law.

32 (b) When the department proposes to suspend a driver's license

1 under (a) of this section, it shall notify the licensee that the
2 suspension shall become effective 30 days from the date of the
3 notice, except that the licensee shall have the right, within the
4 30-day period, to make an oral or written answer or statement in
5 which he may controvert any point or issue, and he may present
6 evidence and arguments for the consideration of the department
7 pertinent to the action to be taken or the grounds for the action.

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

16 Sec. 28.22.070. PROOF FOR THE FUTURE. (a) A person who
17 violates AS 28.22.030(a) must file proof of financial responsi-
18 bility for the future pursuant to AS 28.20 before the driving
19 privilege may be restored.

20 (b) A filing of proof of financial responsibility under
21 AS 28.20 shall be required for a period of three years following
22 expiration of the suspension of license under AS 28.22.060.

23 Sec. 28.22.080. SEPARABILITY. If any provision of this
24 chapter, or the application of a provision of this chapter to any
25 person or circumstance, shall be held invalid, the remainder of the
26 chapter and the application of the provision to persons or circum-
27 stances other than those to which it is held invalid, shall not be
28 affected.

29 *Sec. 14. AS 21.89.020(a) is amended to read:

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

1 or destruction, or both, which is sold in the state [AFTER JANUARY 1,
2 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN
3 THIS STATE], shall contain limits in at least the amount prescribed
4 for a motor vehicle liability policy in AS 28.20.440(b)(2),
5 [AND] AS 28.20.440(b)(3) AS 28.22.010(b)(2) and AS 28.22.010(b)(3).
6 [, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS
7 PROVIDED IN THAT PARAGRAPH].

8 *Sec. 15. AS 21.89.020 is amended by adding new subsections to
9 read:

10 (c) In addition to the coverages and limits required in (a)
11 of this section, an insurance company offering automobile liability
12 insurance for bodily injury or death in this state shall offer
13 coverage, with limits equal to at least the limit purchased volun-
14 tarily to cover the insured person's liability for bodily injury or
15 death, for the protection of the persons insured under the policy
16 who are legally entitled to recover damages for bodily injury or
17 death from owners or operators of uninsured or underinsured motor
18 vehicles.

19 (d) The coverage required under (a) of this section to meet
20 the requirements of AS 28.20.440(b)(3) and AS 28.22.010(b)(3) may
21 be waived in writing by the insured in whole or in part.

22 *Sec. 16. AS 28.20.390(3) and AS 28.20.490 are repealed.

23 *Sec. 17. The Department of Public Safety will conduct a public
24 information campaign designed to educate the public about changes
25 in the motor vehicle code introduced with this Act and the potential
26 penalties for failure to comply.

27 *Sec. 18. Secs. 1-16 of this Act take effect January 1, 1985.

28 *Sec. 19. Sec. 17 of this Act takes effect October 1, 1984.

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Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of uninsured or underinsured motor vehicles.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o). or AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of uninsured or underinsured motor vehicles.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of uninsured or underinsured motor vehicles.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Section by Section Comparison and Commentary Between
CSSH 7 (Fin) and the 2/17/84 Draft Alternate

The first section note refers to the section CSSHB 7 (Fin) while the next section reference refers to the section in the 2/17/84 draft alternate.

Section 1. Section 1.

The alternate is similar to CSSHB 7 (Fin) but the difference in the point of proof is reflected. The alternate requires insurance on vehicles operated on a highway, vehicular way, area, or other public property in Alaska. The point of proof of that insurance is at the point of an accident or serious moving traffic violation whether at fault or not and whether convicted of a violation or not. Failure to comply results in a one year suspension of license and requires a financial responsibility filing. This is contrasted with the House passed version requiring proof at the point of licensure or registration.

- - - - - Section 2.

This section requires that information about this act be provided to a registrant at the time of registration.

- - - - - Section 3.

This section requires that information about this act be provided to an applicant for a driver's license, instruction permit or renewal at the time of application.

Section 2. - - - - -

This change was accomplished in HB 184 passed last session. It has been removed from the alternate.

Section 3. - - - - -

This change is appropriate when proof is at point of registration. It has been removed from the alternate.

Section 4. - - - - -

This change is appropriate when proof is at point of registration. It has been removed from the alternate.

Section 5. - - - - -

This change is appropriate when the proof is at the point of registration. It has been removed from the alternate.

Section 6. - - - - -

This change was accomplished in HB 184 passed last session. It has been removed from the alternate.

Section 7. - - - - -

This change is appropriate when the point of proof is at the time of licensure. It has been removed in the alternate.

Section 8. - - - - -

This change is appropriate when the point of proof is at the time of licensure. It has been removed in the alternate.

Section 9. Section 4.

This change was partially accomplished in HB 6 passed last session. It requires a knowledge of the financial responsibility law and this a for any driver's license applicant.

Section 10. Section 5.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 11. Section 6.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 12. Section 7.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 13. Section 8.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 14. Section 9.

This section also corresponds with Section 1 of SCS CSSSHB 7 (L&C) but is not identical. It adds additional parts to the uninsured motorist coverage. These parts are underinsured motorist bodily injury, underinsured motorist property damage and uninsured motorist property damage. This property damage feature has a \$250 deductible which is added to the alternate as a cost containment device along with a provision permitting

other deductibles if desired. The property damage feature covers only damage to the vehicle and requires direct physical contact between the uninsured/underinsured and insured vehicles. Hit and run motorists are presumed to be uninsured motorists. The priority of policies is described to clarify when the coverage is triggered.

- - - - - Section 10.

These new subsections relate to the uninsured/underinsured motorist coverage. In (L) maximum liability is clarified. In (M) reductions of coverage are noted. In (N) the stacking of coverage is treated. In (O) exclusions of coverage are listed.

Section 15. - - - - -

These changes are appropriate to a law where proof is at the point of licensure or registration. We believe (M) to be unworkable since the card only represents a policy in force at the time of its issue. This section has been removed from the alternate.

Section 16. Section 14.

This section amends a part of the financial responsibility law to increase the limits. The section deals with the posting of cash or securities for proof of financial responsibility for the future. This tends to be inconsistent with a requirement that insurance be the method of proof. It has been repealed in the alternate.

Section 17. Section 11.

.010 .010

In the House passed version of this legislation, .010 repeats the language found in the financial responsibility law (AS 28.20.440). This causes a policy proposed to be issued under that bill to be broader than one now purchased voluntarily. Since such a policy would be substantially exclusionless with insurer defenses inoperable, the cost for a policy would ultimately reflect the broadened coverage. To avoid this, (b)(2) dealing with who must be covered has been modified and (f)(1) dealing with the absolute liability provision has been removed. The financial responsibility law would be broader in its policy requirements and this is appropriate since it deals with those persons who have generally demonstrated that they are not financially responsible. Other changes in .010 are discussed under section 14 of the House passed bill and sections 9 and 10 of this alternate draft. Within the alternate, AS 28.22.010 substantially tracks AS 28.20.440. 010(a) is similar to 440(a); .010(b)(1) is identical to .440(h)(1); .010(c) is identical to .440(c); .010(d) is similar to .440(d); .440(e) is not duplicated in .010; .440(f)(1) is not duplicated in .010; .010(f)(1) is identical to .440(f)(2); .010(f)(2) is identical to .440(f)(3); .010(f)(3) is identi-

cal to .440(f)(4); .010(g) is identical to .440(g); .440(h) is not duplicated in .010; .010(i)-(o) are identical to .440(i)-(o).

.020 .020

This section is the same in both versions.

.500(a) .030(a)

This section requires that a motor vehicle liability insurance policy be in effect when a vehicle is operated. This has been restructured to reflect the difference between the points of proof on which the two bills are based.

.500(b) - - - - -

Removed since point of proof is at violation or accident.

- - - - - .030(b)

Establishes accident point of proof.

- - - - - .030(c)

Establishes traffic violation point of proof. Accidents used as point of proof will be those developing six points or more on the demerit schedule.

.500(c) - - - - -

This section has been removed since the alternate utilizes the civil or administrative approach rather than criminal.

.500(d) .060

This section has been removed as a criminal provision and replaced with an administrative suspension provision.

- - - - - .030(d) and (e)

These sections deal with exemption for persons in very small communities not connected with other communities which have or add to a traffic volume of more than 499 vehicles per day.

- - - - - .040

Establishes the method of proof following an accident.

- - - - -

.060

This section establishes an administrative suspension of driver's license for failure to provide proof when required. The language is similar to suspension language in AS 28.15.251(e) and (f).

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.070

Requires a three year financial responsibility filing following suspension for noncompliance with the mandatory provisions of this proposal.

510

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This section deals with forfeiture of the motor vehicle. It has been removed from the alternate since forfeiture is a criminal remedy and the alternate uses an administrative approach.

.520

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Section on unused automobiles not needed under the alternate since point of proof is different. Tags do not have to be returned during layup periods. Section removed.

.530

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The report requirements have been removed since there is no reasonable way to develop the base data. Any information developed would be subject to substantial subjectivity and in our opinion would be useless.

Section 18.

Section 12

This is similar in all versions of the legislation and appears as Section 2 in the Senate CS.

Section 19.

Section 13.

This is similar in all versions of the legislation and appears as Section 3 in the Senate CS. The alternate addresses a mandated offer for higher limits of bodily injury uninsured/underinsured motorist coverage.

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Section 14

This is the repeal section. Two sections of the financial responsibility law are repealed because they deal with cash or securities as a means of providing financial responsibility for the future. This is inconsistent with a mandatory automobile insurance requirement.

2-17-84
DRAFT

1 IN THE LEGISLATURE OF THE STATE OF ALASKA
2 THIRTEENTH LEGISLATURE - SECOND SESSION
3 A BILL
4

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

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

8 *Section 1. DECLARATION OF PURPOSE. The legislature is concerned
9 over the rising toll of motor vehicle accidents and the suffering
10 and loss inflicted by them. The legislature determines that it is
11 a matter of grave concern that motorists be financially responsible
12 for their negligent acts so that innocent victims of motor vehicle
13 accidents may be recompensed for the injury and financial loss
14 inflicted upon them. The legislature finds and declares that the
15 public interest can best be served by the requirement that both the
16 owner and the operator of a motor vehicle which is to be operated
17 on vehicular ways of the state where the potential for motor vehicle
18 accidents is substantial be required to maintain coverage under a
19 motor vehicle liability policy issued in conformity with AS 28.22.010
20 or of a certificate of self-insurance issued under AS 28.20.400.
21 The legislature also finds and declares that the most economical
22 and practical time of proof of compliance with this requirement is
23 when an operator of a motor vehicle has been involved in a reportable
24 accident or charged with a moving traffic violation.

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

27 (b) At the time of application for registration or renewal of
28 registration, the department shall provide the applicant, in writing,
29 information detailing the state's financial responsibility law,
30 mandatory automobile insurance requirement, and potential penalties
31 for failure to comply with the law.

32 *Sec. 3. AS 28.15.061 is amended by adding a new subsection to

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read:

(e) At the time of application for driver's license or instruction permit, or renewal of driver's license or instruction permit, the department shall provide the applicant, in writing, information detailing the state's financial responsibility law, mandatory automobile insurance requirement, and potential penalties for failure to comply with the law.

*Sec. 4. AS 21.15.081(a) is amended to read:

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

*Sec. 5. AS 28.20.070(a) is amended to read:

(a) No policy or bond is effective under AS 28.20.060 unless it is issued by an insurance company or surety company authorized to do business in this state, except as provided in (b) of this section, and if the accident resulted in bodily injury or death,

1 unless the policy or bond is subject to a limit, exclusive of
2 interest and costs, of not less than \$50,000 [\$25,000] because of
3 bodily injury to or death of one person in any one accident and,
4 subject to the same limit for one person, to a limit of not less
5 than \$100,000 [\$50,000] because of bodily injury to or death of two
6 or more persons in any one accident, and if the accident has resulted
7 in injury to, or destruction of, property to a limit of not less
8 than \$25,000 [\$10,000] because of injury to or destruction of
9 property of others in any one accident.

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

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

25 *Sec. 7. AS 28.20.360(a) is amended to read:

26 (a) For the purpose of this chapter, a judgment is satisfied
27 when

28 (1) \$50,000 [\$25,000] is credited upon a judgment given
29 in excess of that amount because of bodily injury to or death of
30 one person as the result of any one accident; or

31 (2) subject to the limit of \$50,000 [\$25,000] because of
32 bodily injury to or death of one person, the sum of \$100,000 [\$50,000]

1 is credited upon a judgment given in excess of that amount because
2 of bodily injury to or death of two or more persons as the result
3 of any one accident; or

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

7 *Sec. 8. AS 28.20.440(b)(2) is amended to read:

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

20 *Sec. 9. AS 28.20.440(b)(3) is amended to read:

21 (3) contain coverage in not less than the amounts set
22 out in (2) of this subsection for the protection of the persons
23 insured under the policy who are legally entitled to recover
24 damages from owners or operators of uninsured or underinsured motor
25 vehicles because of bodily injury or death, or damage to or des-
26 truction of property in excess of \$250 arising out of the owner-
27 ship, maintenance or use of the uninsured or underinsured motor
28 vehicle[, EXCEPT THAT THIS COVERAGE MAY BE WAIVED IN WRITING BY THE
29 INSURED ON OR BEFORE THE EFFECTIVE DATE OF THE POLICY].

30 (A) "Underinsured motor vehicle" means a motor
31 vehicle licensed for highway use with respect to the owner-
32 ship, operation, maintenance or use of which motor vehicle

1 there is a bodily injury or property damage insurance policy
2 or a bond applicable at the time of the accident and the
3 amount of insurance or bond:

4 (i) is less than the limit for uninsured and
5 underinsured motorists coverage under the insured's
6 policy; or

7 (ii) has been reduced by payments to persons
8 other than an insured, injured in an accident, to less
9 than the limit for uninsured and underinsured motorists
10 coverage under the insured's policy.

11 (B) The uninsured and underinsured motorists
12 coverage provided for in this chapter:

13 (i) shall not apply to bodily injury, sickness,
14 disease or death of an insured or damage to or destruction
15 of property of an insured until the limits of liability
16 of all bodily injury and property damage liability bonds
17 and policies that apply have been used up by payments,
18 judgments or settlements;

19 (ii) shall be a single combined coverage; and

20 (iii) may be rejected by the insured in
21 writing. If the insured has rejected such coverage, the
22 coverage shall not be included in any supplemental,
23 renewal or replacement policy unless the insured sub-
24 sequently requests such coverage in writing.

25 (C) If both the owner and operator of the uninsured
26 vehicle are unknown, payment under the uninsured and under-
27 insured motorists coverage shall be made only where direct
28 physical contact between the insured and uninsured or under-
29 insured motor vehicles has occurred. A vehicle that has left
30 the scene of the accident is presumed to be uninsured if the
31 person insured reports the accident to the appropriate
32 authorities within 24 hours.

1 (D) The uninsured and underinsured motorists
2 coverage for damage to or destruction of property is subject
3 to a deductible of \$250 in any one accident, but the insurer
4 may offer a deductible other than \$250. This coverage shall
5 be limited to damage to or destruction of the insured motor
6 vehicle. It shall not include loss of use of such vehicle.

7 *Sec. 10. AS 28.20.440 is amended by adding new subsections to read:

8 (1) The maximum liability of the insurance carrier under the
9 uninsured and underinsured motorists coverage required to be offered
10 pursuant to AS 28.20.440(b)(3) shall be the difference between the
11 coverage limit of liability and the amount paid to the insured by
12 or on behalf of the uninsured and underinsured motorist.

13 (m) Amounts payable under the uninsured motorists and under-
14 insured motorists coverage required to be offered pursuant to
15 AS 28.20.440(b)(3) shall be reduced by:

16 (1) amounts paid or to be paid under any worker's compen-
17 sation law;

18 (2) amounts paid or payable under any valid and col-
19 lectible automobile medical payments insurance or bodily injury or
20 death liability insurance; and

21 (3) amounts paid by or on behalf of the uninsured or
22 underinsured motorist.

23 (n) In the event an insured is entitled to uninsured or
24 underinsured motorists coverage under more than one policy of motor
25 vehicle liability insurance, or under more than one coverage if two
26 or more vehicles are insured under one policy, the maximum amount
27 an insured may recover shall not exceed the highest limit of any
28 one policy or coverage. Where multiple policies or coverages
29 apply, payment should be made in the following order of priority,
30 subject to the limit of liability for each applicable policy or
31 coverage:

32 (1) a policy or coverage covering a motor vehicle occupied

1 by the injured person at the time of the accident;

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

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

7 (o) The uninsured and underinsured motorists coverage provided
8 for in this chapter does not apply to bodily injury or death or
9 damage to or destruction of property of an insured;

10 (1) while occupying a motor vehicle owned by, but not
11 insured by, the named insured or resident spouse or resident
12 relative; or

13 (2) through being struck by a vehicle owned by the named
14 insured, or resident spouse or resident relative.

15 *Sec. 11. AS 28 is amended by adding a new chapter to read:

16 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE

17 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY (a) In this
18 chapter "motor vehicle liability policy" means an "owner policy" or
19 an "operator's policy" containing an agreement or endorsement as
20 provided in this section and issued by an insurance carrier au-
21 thorized to transact business in the state to or for the benefit of
22 the person named as insured.

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

24 (1) designate by description or appropriate reference
25 all vehicles that it covers;

26 (2) insure the person named against loss from liability
27 imposed by law for damages arising out of the ownership, main-
28 tenance, or use of the vehicle in the United States or the Dominion
29 of Canada, subject to limits exclusive of interests and costs, with
30 respect to each vehicle, as follows:

31 (A) \$50,000 because of bodily injury to or death of
32 one person in any one accident, and, subject to the same limit

1 one person, \$100,000 because of bodily injury to or death
2 two or more persons in any one accident; and

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

5 (3) contain coverage in not less than the amounts set
6 out in (2) of this subsection for the protection of the persons
7 insured under the policy who are legally entitled to recover
8 damages from the owner or operator of an uninsured or underinsured
9 motor vehicle because of bodily injury or death, or damage to or
10 destruction of property in excess of \$250 arising out of the owner-
11 ship, maintenance, or use of the uninsured or underinsured motor
12 vehicle.

13 (A) "Underinsured motor vehicle" means a motor
14 vehicle licensed for highway use with respect to the owner-
15 ship, operation, maintenance or use of which motor vehicle
16 there is a bodily injury or property damage insurance policy
17 or a bond applicable at the time of the accident and the
18 amount of insurance or bond:

19 (i) is such that the limit for uninsured and
20 underinsured motorists coverage under the insured's
21 policy; or

22 (ii) has been reduced by payments to persons
23 other than an insured, injured in an accident, to less
24 than the limit for uninsured and underinsured motorists
25 coverage under the insured's policy.

26 (B) The uninsured and underinsured motorists
27 coverage provided for in this chapter:

28 (i) shall not apply to bodily injury, sick-
29 ness, disease or death of an insured or damage to or
30 destruction of property of an insured until the limits of
31 liability bonds and policies that apply have been used up
32 by payments or judgments or settlements;

1 (ii) shall be a single combined coverage; and
2 (iii) may be rejected by the insured in
3 writing. If the insured has rejected such coverage, the
4 coverage shall not be included in any supplemental,
5 renewal or replacement policy unless the insured sub-
6 sequently requests such coverage in writing.

7 (C) If both the owner and operator of the uninsured
8 vehicle are unknown, payment under the uninsured and under-
9 insured motorists coverage shall be made only where direct
10 physical contact between the insured and uninsured or under-
11 insured motor vehicles has occurred. A vehicle that has left
12 the scene of the accident is presumed to be uninsured if the
13 person insured reports the accident to the appropriate au-
14 thorities within 24 hours.

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

21 (c) The operator's policy of liability insurance shall insure
22 the person named as insured against loss from the liability imposed
23 on the operator by law for damages arising out of the use by the
24 operator of a motor vehicle not owned by the operator, within the
25 same territorial limits and subject to the same limits of liability
26 as are required for an owner's policy of liability insurance.

27 (d) The motor vehicle liability policy shall state the name
28 and address of the named insured, the coverage, the premium charges,
29 the policy period and the limits of liability, and shall contain an
30 agreement or an endorsement that insurance is provided in accordance
31 with the coverage defined in (b)(2) of this section for bodily
32 injury and death or property damage, or both.

1 (e) Nothing contained in this chapter shall be interpreted to
2 prohibit a motor vehicle liability policy from containing limitations,
3 conditions, exceptions, exclusions or other provisions which them-
4 selves do not violate the requirements of this chapter or other
5 applicable laws.

6 (f) Every motor vehicle liability policy is subject to the
7 following provisions but these provisions need not be contained in
8 the policy:

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

13 (2) The insurance carrier may settle a claim covered by
14 the policy, and if settlement is made in good faith, the amount of
15 settlement is deductible from the limits of liability specified in
16 (b) of this section.

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

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

29 (h) A policy shall be excluded from the application of this
30 chapter if the automobile or motor vehicle liability coverage is
31 provided only on an excess or umbrella basis.

32 (i) A motor vehicle liability policy may provide for pro-

1 ration of the insurance with other valid and collectible insurance.

2 (j) The requirements for a motor vehicle liability policy may
3 be fulfilled by the policies of one or more insurance carriers who
4 together meet the requirements.

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

7 (l) The maximum liability of the insurance carrier under the
8 uninsured and underinsured motorists coverage required to be offered
9 pursuant to AS 28.22.010(b)(3) shall be the difference between the
10 coverage limit of liability and the amount paid to the insured by
11 or on behalf of the uninsured and underinsured motorist.

12 (m) Amounts payable under the uninsured motorists and under-
13 insured motorists coverage required to be offered pursuant to
14 AS 28.22.010(b)(3) shall be reduced by:

15 (1) amounts paid or to be paid under any worker's
16 compensation law;

17 (2) amounts paid or payable under any valid and col-
18 lectible automobile medical payments insurance or bodily injury or
19 death liability insurance; and

20 (3) amounts paid by or on behalf of the uninsured or
21 underinsured motorist.

22 (n) In the event an insured is entitled to uninsured or
23 underinsured motorists coverage under more than one policy of motor
24 vehicle liability insurance, or under more than one coverage if two
25 or more vehicles are insured under one policy, the maximum amount
26 an insured may recover shall not exceed the highest limit of any
27 one policy or coverage. Where multiple policies or coverages
28 apply, payment should be made in the following order of priority,
29 subject to the limit of liability for each applicable policy or
30 coverage:

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

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

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

6 (o) The uninsured and underinsured motorists coverage pro-
7 vided for in this chapter does not apply to bodily injury or death
8 or damage to or destruction of property of an insured:

9 (1) while occupying a motor vehicle owned by, but not
10 insured by, the named insured or resident spouse or resident relative;
11 or

12 (2) through being struck by a vehicle owned by the named
13 insured, or resident spouse or resident relative.

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

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

29 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

30 (a) The operator or owner of a motor vehicle subject to regis-
31 tration under AS 28.10.011, when driven upon a highway, vehicular
32 way or area, or other public property in this state, shall have

1 motor vehicle liability insurance that complies with AS 28.22.010
2 or a certificate of self-insurance that complies with AS 28.20.400
3 in effect for the motor vehicle.

4 (b) A person involved in an accident in this state resulting
5 in bodily injury to or death of a person or damage to the property
6 of any one person exceeding \$500 must prove that a motor vehicle
7 liability policy was in effect for the motor vehicle involved in
8 the accident at the time of the accident.

9 (c) A person charged with or otherwise cited for a traffic
10 law violation with a demerit point value of 6 or more on the point
11 schedule in regulations adopted by the department under AS 28.15.221
12 must prove that motor vehicle liability insurance or a certificate
13 of self-insurance under (a) of this section was in effect for the
14 motor vehicle operated at the time the charged violation occurred.

15 (d) If a vehicle is being driven or moved on a highway or
16 vehicular way not connected by a land highway or vehicular way to
17 the land connected state highway system when that highway or
18 vehicular way is not connected to a highway or vehicular way with
19 an average daily traffic volume greater than 499, the operator of
20 the vehicle is exempt from (a) of this section if the operator has
21 not been involved in a traffic accident or cited for a traffic law
22 violation described in (c) of this section within the preceding ten
23 years.

24 (e) Every three years the Department shall publish a list of
25 areas that meet the requirements for (d) of this section. The list
26 shall be available for public inspection at all division of motor
27 vehicle offices in the state.

28 Sec. 28.22.040. METHOD OF PROOF FOLLOWING A REPORTABLE
29 ACCIDENT. (a) A person involved in an accident who is required to
30 prove that a motor vehicle liability policy was in effect pursuant
31 to AS 28.22.030(b) shall, within 15 days of the accident

32 (1) present a copy of the insurance policy, certificate,

1 bond, or insurance binder to the department for inspection;

2 (2) provide the department with written certification
3 from an insurance company, insurance agent, insurance broker or
4 surplus lines broker confirming that as of the time of the accident
5 a valid motor vehicle liability policy issued in conformity with
6 AS 28.22.010 was in effect; or,

7 (3) advise the department in writing that a certificate
8 of self-insurance is in effect.

9 (b) The department shall develop and implement a program to
10 check the veracity of the documents filed for proof under this
11 section.

12 (c) Providing information required under this section which
13 the person does not believe to be true and with the intent to
14 mislead a public servant in the performance of a duty is a class A
15 misdemeanor.

16 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
17 MOVING TRAFFIC VIOLATION. (a) A person charged with or otherwise
18 cited for a traffic law violation described in AS 28.22.030(c)
19 shall, at the time of that person's initial appearance in court or
20 within 15 days of the charged violation, whichever is later, but in
21 no event later than the final scheduled court appearance in the matter,

22 (1) present a copy of the insurance policy, certificate,
23 bond, or insurance binder to the court for inspection;

24 (2) provide the court with written certification from an
25 insurance company, insurance agent, insurance broker or surplus
26 lines broker confirming that as of the time of the charged
27 violation a valid motor vehicle liability policy issued in
28 conformity with AS 28.22.010 was in effect; or

29 (3) advise the court in writing that a certificate of
30 self-insurance was in effect.

31 (b) Evidence presented to the court in accordance with (a) of
32 this section shall be presented to the court at the initial ap-

1 pearance, or otherwise to the clerk of the court in which the
2 matter is pending.

3 (c) The court shall report immediately to the department any
4 failure to present proof of insurance as provided in this section.

5 Sec. 28.22.060. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES

6 (a) If a person fails to provide proof that motor vehicle liability
7 insurance was in effect at the time of a reportable accident under
8 AS 28.22.030(b), or at the time of a charged violation under
9 AS 28.22.030(c), the department shall suspend the driver's license
10 of that person for . Such suspension shall be applied
11 consecutively to any other suspension required by law.

12 (b) When the department proposes to take action against a
13 driver's license under (a) of this section, it shall notify the
14 licensee that the proposed action shall become effective 30 days
15 from the date of the notice, except that the licensee shall have
16 the right, within the 30-day period, to make an oral or written
17 answer or statement in which he may controvert any point or issue,
18 and he may present evidence and arguments for the consideration of
19 the department pertinent to the action to be taken or the grounds
20 for the action.

21 (c) Upon receipt of an oral or written answer or statement
22 from the licensee, the department shall make findings on the matter
23 under consideration and shall notify the person involved of its
24 decision in writing by registered mail. If the department's
25 decision is to sustain an action against the licensee's driver's
26 license, the department shall notify the licensee of his oppor-
27 tunity for a hearing under AS 28.05.121 - 28.05.141.

28 Sec. 28.22.070. PROOF FOR THE FUTURE. (a) A person who
29 violates AS 28.22.030(a) must file proof of financial responsi-
30 bility for the future pursuant to AS 28.20 before the driving
31 privilege may be restored or before limited license privileges may
32 be granted by the court.

1 (b) A filing of proof of financial responsibility under
2 AS 28.20 shall be required for a period of three years following
3 expiration of the suspension of license under AS 28.22.060(e).

4 *Sec. 12. AS 21.89.020(a) is amended to read:

5 (a) An automobile liability policy that [WHICH] insures an
6 owner or operator of a motor vehicle against loss resulting from
7 [HIS] liability for bodily injury or death, or for property injury
8 or destruction, or both, which is sold in the state [AFTER JANUARY 1,
9 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN
10 THIS STATE], shall contain limits in at least the amount prescribed
11 for a motor vehicle liability policy in AS 28.20.440(b)(2),
12 [AND] AS 28.20.440(b)(3) AS 28.22.010(b)(2) and AS 28.22.010(b)(3).
13 [, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS
14 PROVIDED IN THAT PARAGRAPH].

15 *Sec. 13. AS 21.89.020 is amended by adding new subsections to
16 read:

17 (c) In addition to the coverages and limits required in (a)
18 of this section, an insurance company offering automobile liability
19 insurance for bodily injury or death in this state shall offer
20 coverage, with limits equal to at least the limit purchased volun-
21 tarily to cover the insured person's liability for bodily injury or
22 death, for the protection of the persons insured under the policy
23 who are legally entitled to recover damages for bodily injury or
24 death from owners or operators of uninsured or underinsured motor
25 vehicles.

26 (d) The coverage required under (a) of this section to meet
27 the requirements of AS 28.20.440(b)(3) and AS 28.22.010(b)(3) may
28 be waived in writing by the insured in whole or in part.

29 *Sec. 14. AS 28.20.390(3) and AS 28.20.490 are repealed.

30 *Sec. 15. The Department of Public Safety will conduct a public
31 information campaign designed to educate the public about changes
32 in the motor vehicle code introduced with this Act and the potential

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penalties for failure to comply.

*Sec. 16. Secs. 1-14 of this Act take effect January 1, 1985.

*Sec. 17. Sec. 15 of this Act takes effect October 1, 1984.

Alternate language for SCS CSSH 7(L&C).

Section 1. AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in not less than the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured or underinsured motor vehicles because of bodily injury or death, or damage to or destruction of property in excess of \$250 arising out of the ownership, maintenance or use of the uninsured or underinsured motor vehicle [EXCEPT THAT THIS COVERAGE MAY BE WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF THE POLICY].

(A) "Underinsured motor vehicle means a motor vehicle licensed for highway use with respect to the ownership, operation, maintenance or use of which motor vehicle there is a bodily injury or property damage insurance policy or a bond applicable at the time of the accident and the amount of insurance or bond:

- (i) is less than the limit for uninsured and underinsured motorists coverage under the insured's policy; or
- (ii) has been reduced by payments to persons other than an insured, injured in an accident, to less than the limit for uninsured and underinsured motorists coverage under the insured's policy.

(B) The uninsured and underinsured motorists coverage provided for in this chapter:

(i) shall not apply to bodily injury, sickness, disease or death of an insured or damage to or destruction of property of an insured until the limits of liability of all bodily injury and property damage liability bonds and policies that apply have been used up by payments, judgements or settlements;

(ii) shall be a single combined coverage; and

(iii) may be rejected by the insured in writing. If the insured has rejected such coverage, the coverage shall not be included in any supplemental, renewal or replacement policy unless the insured subsequently requests such coverage in writing.

(C) If both the owner and operator of the uninsured vehicle are unknown, payment under the uninsured and underinsured motorists coverage shall be made only where direct physical contact between the insured and uninsured or underinsured motor vehicles has occurred. A vehicle that has left the scene of the accident is presumed to be uninsured if the person insured reports the accident to the appropriate authorities within 24 hours.

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

Section 2. AS 28.20.440 is amended by adding new subsections to read:

(1) The maximum liability of the insurance carrier under the uninsured and underinsured motorists coverage required to be offered pursuant to AS 28.20.440(b)(3) shall be the difference between the coverage limit of liability and the amount paid to the insured by or on

behalf of the uninsured and underinsured motorist.

(m) Amounts payable under the uninsured motorists and underinsured motorists coverage required to be offered pursuant to AS 28.20.440(b)(3) shall be reduced by:

- (1) amounts paid or to be paid under any worker's compensation law;
- (2) amounts paid or payable under any valid and collectible automobile medical payments insurance or bodily injury or death liability insurance; and
- (3) amounts paid by or on behalf of the uninsured or underinsured motorist.

(n) In the event an insured is entitled to uninsured or underinsured motorists coverage under more than one policy of motor vehicle liability insurance, or under more than one coverage if two or more vehicles are insured under one policy, the maximum amount an insured may recover shall not exceed the highest limit of any one policy or coverage. Where multiple policies or coverages apply, payment should be made in the following order of priority, subject to the limit of liability for each applicable policy or coverage:

- (1) a policy or coverage covering a motor vehicle occupied by the injured person at the time of the accident;
- (2) a policy or coverage covering a motor vehicle which came into contact with the insured while a pedestrian; and
- (3) a policy or coverage covering a motor vehicle not involved in the accident with respect to which the injured person is an insured or a named insured.

(o) The uninsured and underinsured motorists coverage provided for in this chapter does not apply to bodily injury or death or damage to or destruction of property of an insured:

- (1) while occupying a motor vehicle owned by, but not insured by, the named insured or resident spouse or resident relative; or
- (2) through being struck by a vehicle owned by the named insured, or resident spouse or resident relative.

Section 3. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2), [AND AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 4. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall

offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of uninsured or underinsured motor vehicles.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Section 5. This Act takes effect September 1, 1984.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: CCSHB 7
 Title: MOTOR VEHICLE LIABILITY
INSURANCE
 Sponsor: _____
 Requestor: HAYES
 Date of Request: 4/10/84

FISCAL DETAIL
 Agency Affected: ALASKA COURT SYSTEM
 Program Category Affected: _____
ADMINISTRATION OF JUSTICE
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | 40.9 | 85.6 | 89.9 | 94.4 | 99.1 |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | .3 | .5 | .6 | .6 | .7 |
| 500 EQUIPMENT | | 4.0 | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 45.2 | 86.1 | 90.5 | 95.0 | 99.8 |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|------|------|------|------|------|
| GENERAL FUND | | 45.2 | 86.1 | 90.5 | 95.0 | 99.8 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | 3 | 3 | 3 | 3 | 3 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: ROBERT G. FISHER  Phone: 264-0561
 Division: ADMINISTRATIVE ACCOUNTING Date: 4/11/84

Approved by Commissioner:  Date: 4/11/84
 Agency: ALASKA COURT SYSTEM

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

FISCAL NOTE ANALYSIS

The Conference Committee Substitute for House Bill 7 calls for the suspension of a driving license when a driver is involved in an accident or a serious traffic violation and does not have liability insurance. The Department of Law fiscal note estimated that this would result in an annual addition of 1,300 driving with license suspended cases. The workload will be concentrated in Anchorage and Fairbanks. The Court System may need additional judicial resources to handle this caseload, but this cannot be accurately determined without actual experience. Therefore, no additional judicial resources are incorporated into this fiscal note.

The clerical impact of the additional caseload on the criminal sections in Anchorage and Fairbanks is more clearly defined. Each case will be set up in a case file, calendar notices sent out, judgements and hearing records prepared and distributed, cases tracked and coordinated with the jails, etc. The fiscal impact on the clerical functions in Anchorage and Fairbanks is provided below:

PERSONNEL

| | <u>Salary</u> | <u>Benefits</u> | <u>Total Cost</u> |
|---------------------------------|---------------|-----------------|-----------------------|
| 2 Court Clerks (Anch. Range 8B) | \$38,568 | \$13,966 | \$52,534 |
| 1 Court Clerk (Fbks. Range 8B) | 21,744 | 7,538 | <u>29,282</u> |
| Total Personnel Costs | | | \$81,816 |

COMMODITIES

| | |
|--------------------------|---------------|
| Estimated Full Year Cost | \$ <u>500</u> |
|--------------------------|---------------|

| | |
|--|----------|
| Estimated FY 85 Operating Cost (Effective Date 1/1/85) | \$41,158 |
|--|----------|

| | |
|----------------------------------|--------------|
| <u>EQUIPMENT</u> (One-time item) | <u>4,034</u> |
|----------------------------------|--------------|

| | |
|------------------|----------|
| Total FY 85 Cost | \$45,192 |
|------------------|----------|

1 IN THE LEGISLATURE OF THE STATE OF ALASKA

2 THIRTEENTH LEGISLATURE - SECOND SESSION

3 A BILL

4
5 For an Act entitled: "An Act relating to motor vehicles; and providing
6 for an effective date."

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

8 *Section 1. DECLARATION OF PURPOSE. The legislature is concerned
9 over the rising toll of motor vehicle accidents and the suffering
10 and loss inflicted by them. The legislature determines that it is
11 a matter of grave concern that motorists be financially responsible
12 for their negligent acts so that innocent victims of motor vehicle
13 accidents may be recompensed for the injury and financial loss
14 inflicted upon them. The legislature finds and declares that the
15 public interest can best be served by the requirement that both the
16 owner and the operator of a motor vehicle be required to maintain
17 coverage under a motor vehicle liability policy issued in conformity
18 with AS 28.22.010 or of a certificate of self-insurance issued
19 under AS 28.20.400.

20 The legislature also finds and declares that the most economical
21 and practical time of proof of compliance with this requirement is
22 when an operator of a motor vehicle has been involved in a reportable
23 accident or charged with a moving traffic violation.

24 *Sec. 2. AS 28.20.070(a) is amended to read:

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

Compromise
proposed by
Div of Insurance

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

6 *Sec. 3. AS 28.20.230(b) is amended to read:

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

21 *Sec. 4. AS 28.20.360(a) is amended to read:

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

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

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

32 (3) \$25,000 [\$10,000] is credited upon a judgment given

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

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

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

16 *Sec. 6. AS 28.20.440(b)(3) is amended to read:

17 (3) contain coverage in the amounts set out in (2) of
18 this subsection for the protection of the persons insured under the
19 policy who are legally entitled to recover damages from owners or
20 operators of uninsured or underinsured motor vehicles because of
21 bodily injury or death, or damage to or destruction of property
22 in excess of \$250 arising out of the ownership, maintenance or use
23 of the uninsured or underinsured motor vehicle, except that this
24 coverage or part of it may be waived in writing by the insured on
25 or before the effective date of the policy. The coverage for damage
26 to or destruction of property is subject to a deductible of \$250 in
27 any one accident, but the insured may agree in writing to a deductible
28 other than \$250. In this paragraph, payment under coverage for damage
29 to or destruction of property shall be made only where direct physical
30 contact between the insured and uninsured or underinsured motor vehicles
31 has occurred. A vehicle that has left the scene of the accident is
32 precluded to be uninsured if the person insured reports the accident to

1 the appropriate authorities within 24 hours.

2 *Sec. 7. AS 28.20.440 is amended by adding new subsections to read:

3 (1) The maximum liability of the insurance carrier under the
4 underinsured motorists coverage required to be offered pursuant to
5 AS 28.20.440(b)(3) shall be the difference between the coverage
6 limit of liability and the amount paid to the insured by or on
7 behalf of the underinsured motorist.

8 (m) Amounts payable under the uninsured motorists and under-
9 insured motorists coverage required to be offered pursuant to
10 AS 28.20.440(b)(3) shall be reduced by:

11 (1) amounts paid or to be paid under any worker's compen-
12 sation law;

13 (2) amounts paid or payable under any valid and col-
14 lectible automobile medical payments insurance; or

15 (3) amounts paid by or on behalf of the uninsured or
16 underinsured motorist.

17 (n) The limits of liability for uninsured motorist coverage
18 and underinsured motorist coverage offered and provided pursuant to
19 AS 28.20.440(b)(3) for two or more vehicles insured under the
20 same policy may not be added together, combined or stacked to
21 determine the limit of insurance coverage available to an injured
22 person for any one accident.

23 *Sec. 8. AS 28 is amended by adding a new chapter to read:

24 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE

25 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY (a) In this
26 chapter "motor vehicle liability policy" means an "owner policy" or
27 an "operator's policy" containing an agreement or endorsement as
28 provided in this section and issued by an insurance carrier au-
29 thorized to transact business in the state to or for the benefit of
30 the person named as insured.

31 (b) the owner's policy of liability insurance shall

32 (1) designate by description or appropriate reference

1 all vehicles that it covers;

2 (2) insure the person named against loss from the
3 liability imposed by law for damages arising out of the ownership,
4 maintenance, or use of the vehicle in the United States or the
5 Dominion of Canada, subject to limits exclusive of interests and
6 costs, with respect to each vehicle, as follows:

7 (A) \$50,000 because of bodily injury to or death of
8 one person in any one accident, and, subject to the same limit
9 for one person, \$100,000 because of bodily injury to or death
10 of two or more persons in any one accident; and

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

13 (3) contain coverage in the amounts set out in (2) of
14 this subsection for the protection of the persons insured under the
15 policy who are legally entitled to recover damages from the owner
16 or operator of an uninsured or underinsured motor vehicle because
17 of bodily injury or death, or damage to or destruction of property
18 in excess of \$250 arising out of the ownership, maintenance, or use
19 of the uninsured or underinsured motor vehicle, except that this
20 coverage or part of it may be waived in writing by the insured on
21 or before the effective date of the policy. The coverage for
22 damage to or destruction of property is subject to a deductible of
23 \$250 in any one accident, but the insured may agree in writing to a
24 deductible other than \$250. In this paragraph, payment under
25 coverage for damage to or destruction of property shall be made
26 only where direct physical contact between the insured and un-
27 insured or underinsured motor vehicles has occurred. A vehicle
28 that has left the scene of the accident is presumed to be uninsured,
29 if the person insured reports the accident to the appropriate
30 authorities within 24 hours.

31 (c) The operator's policy of liability insurance shall insure
32 the person named as insured against loss from the liability imposed

1 on the operator by law for damages arising out of the use by the
2 operator of a motor vehicle not owned by the operator, within the
3 same territorial limits and subject to the same limits of liability
4 as are required for an owner's policy of liability insurance.

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

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

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

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

22 (2) The insurance carrier may settle a claim covered by
23 the policy, and if settlement is made in good faith, the amount of
24 settlement is deductible from the limits of liability specified in
25 (b) of this section.

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

30 (g) A policy that grants the coverage required for a motor
31 vehicle liability policy may also grant lawful coverage in excess
32 of or in addition to the coverage specified for a policy and the

1 excess or additional coverage is not subject to the provisions of
2 this chapter. With respect to a policy that grants excess or
3 additional coverage the term "motor vehicle liability policy"
4 applies only to that part of the coverage that is required by this
5 section.

6 (h) A motor vehicle liability policy may provide that the
7 insured shall reimburse the insurance carrier for any payment the
8 insurance carrier would not have been obligated to make under the
9 terms of the policy except for the provisions of this chapter.

10 (i) A motor vehicle liability policy may provide for pro-
11 ration of the insurance with other valid and collectible insurance.

12 (j) The requirements for a motor vehicle liability policy may
13 be fulfilled by the policies of one or more insurance carriers who
14 together meet the requirements.

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

17 (l) The maximum liability of the insurance carrier under the
18 underinsured motorists coverage required to be offered pursuant to
19 AS 28.22.010(b)(3) shall be the difference between the coverage
20 limit of liability and the amount paid to the insured by or on
21 behalf of the underinsured motorist.

22 (m) Amounts payable under the uninsured motorists and under-
23 insured motorists coverage required to be offered pursuant to
24 AS 28.22.010(b)(3) shall be reduced by:

25 (1) amounts paid or to be paid under any worker's
26 compensation law;

27 (2) amounts paid or payable under any valid and collectible
28 automobile medical payments insurance; or

29 (3) amounts paid by or on behalf of the uninsured or
30 underinsured motorist.

31 (n) The limits of liability for uninsured motorist coverage
32 and underinsured motorist coverage offered and provided pursuant to

1 AS 28.22.010(b)(3) for two or more vehicles insured under the same
2 policy may not be added together, combined or stacked to determine
3 the limit of insurance coverage available to an injured person for
4 any one accident.

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

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

20 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

21 (a) the operator or owner of a motor vehicle driven upon a highway,
22 vehicular way or area, or other public property in this state shall
23 have motor vehicle liability insurance that complies with AS 28.22.010
24 or a certificate of self-insurance that complies with AS 28.20.400
25 in effect for the motor vehicle.

26 (b) A person involved in a reportable accident in this state
27 resulting in bodily injury to or death of a person or damage to the
28 property of any one person exceeding \$500 must prove that a motor
29 vehicle liability policy was in effect for the motor vehicle involved
30 in the accident at the time of the accident.

31 (c) A person charged with or otherwise cited for a moving
32 traffic violation must prove that a motor vehicle liability policy

1 was in effect for the motor vehicle operated at the time the charged
2 violation occurred.

3 (d) A person who violates (a) of this section commits a class
4 B misdemeanor. Upon conviction the court shall impose a fine of
5 not less than \$250. The court may not suspend the minimum fine
6 imposed under this subsection.

7 (e) In addition to the fine required under (d) of this section,
8 the court shall impose the following sentence on a person convicted
9 of violating (a) of this section:

10 (1) for a person not previously convicted of an offense
11 under (a) of this section, suspension of that person's driver's
12 license for one year;

13 (2) for a person once previously convicted of an offense
14 under (a) of this section within 10 years, suspension of the person's
15 driver's license for not less than one year nor more than two years
16 with no limited license privileges during the period of suspension;

17 (3) for a person twice or more previously convicted of
18 an offense under (a) of this section within 10 years suspension of
19 that person's driver's license for not less than two years with no
20 limited license privileges during the suspension and forfeiture of
21 the person's motor vehicle under AS 28.22.070.

22 Sec. 28.22.040. METHOD OF PROOF FOLLOWING A REPORTABLE
23 ACCIDENT. (a) A person involved in an accident required to prove
24 that a motor vehicle liability policy was in effect pursuant to
25 AS 28.22.030(b), shall within 15 days of the accident

26 (1) present a copy of the insurance policy, certificate,
27 bond, or insurance binder to the department for inspection;

28 (2) provide the department with an affidavit from an
29 insurance company, insurance agent, insurance broker or surplus
30 lines broker confirming that as of the time of the accident a valid
31 motor vehicle liability policy issued in conformity with AS 28.22.010
32 was in effect; or,

1 (3) advise the department that a certificate of self-
2 insurance is in effect.

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

6 (c) Providing information required under this section which
7 is known to be false is a class A misdemeanor.

8 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
9 MOVING TRAFFIC VIOLATION. (a) A person charged with or otherwise
10 cited for a moving traffic violation described in AS 28.22.030(c)
11 shall, at the time of appearance in court, present an affidavit
12 from an insurance company, insurance agent, insurance broker or
13 surplus lines broker confirming that as of the time of the charged
14 violation, a valid motor vehicle liability policy issued in con-
15 formity with AS 28.22.010 was in effect, or advise the court that a
16 certificate of self insurance issued by the department was in
17 effect and present a copy of the certificate.

18 (b) A person charged with or otherwise cited for a moving
19 traffic violation described in AS 28.22.030(c) who elects to post
20 bail in lieu of appearance in court, shall present with the bail an
21 affidavit from an insurance company, insurance agent, insurance
22 broker or surplus lines broker confirming that as of the time of
23 the charged violation, a valid motor vehicle liability policy
24 issued in conformity with AS 28.22.010 was in effect, or advise the
25 court that a certificate of self-insurance issued by the department
26 was in effect and present a copy of the certificate. The court
27 shall report any failure to present an affidavit described in this
28 subsection to the department.

29 Sec. 28.22.060. PROOF FOR THE FUTURE. (a) A person who
30 violates AS 28.22.030(a) must file poof of financial responsibility
31 for the future pursuant to AS 28.20 before the driving privilege
32 may be restored or before limited license privileges may be granted

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by the court.

(b) A filing of proof of financial responsibility under AS 28.20 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.030(e).

Sec. 28.22.070. FORFEITURE OF MOTOR VEHICLE. (a) After conviction of an offense under AS 28.22.030, if the convicted person was twice or more previously convicted within the last 10 years of violating AS 28.22.030 or a statute in another jurisdiction with elements substantially similar to AS 28.22.030, the state may move the court to order the forfeiture of a motor vehicle. Upon receipt of a motion for forfeiture, the court shall schedule a hearing on the matter and shall notify the state of the time and place set for the hearing.

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

- (1) a description of the motor vehicle;
- (2) the time and place of the forfeiture hearing;
- (3) the legal authority under which the motor vehicle may be forfeited;
- (4) notice of the right to intervene to protect the interest in the motor vehicle.

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

- (1) the petitioner has an interest in the motor vehicle acquired in good faith;
- (2) a person other than the petitioner was convicted of violating AS 28.22.030; and
- (3) before parting with the motor vehicle, the petitioner did not know or have reasonable cause to believe that it would be

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used in the commission of an offense.

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

(e) Upon forfeiture of a motor vehicle, the court shall require the surrender of the registration and certificate of title of that motor vehicle for delivery by the court to the department unless the title is released to a petitioner under (d) of this section.

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

*Sec. 9. AS 21.39.155(a) is amended to read:

(a) The director may require carriers, as a condition of writing a line of insurance dealing with worker's compensation or with automobile liability, to participate in an assigned risk pool if the director finds that mandatory carrier participation is in the public interest.

*Sec. 10. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures an owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2)[, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

*Sec. 11. AS 21.89.020 is amended by adding a new subsection to

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read:

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

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

Sec. 12. AS 28.20.390(3) and AS 28.20.490 are repealed.

*Sec. 13. This Act takes effect January 1, 1985.

Changes in the Alternate mandatory insurance bill, 2-2-84 draft.

Sec. 1. Additional language following "vehicle" on page 1, line 16 and ending before "be" on line 18.

Sec. 2. New Section. Requires info about new law at registration.

Sec. 3. New Section. Requires info about new law at licensure.

Sec. 4. New Section. Adds info about new law to license test.

Sec. 5. Renumbered. Was Sec. 2. No change

Sec. 6. Renumbered. Was Sec. 3. No change.

Sec. 7. Renumbered. Was Sec. 4. No change.

Sec. 8. Renumbered. Was Sec. 5. No change.

Sec. 9. Renumbered. Was Sec. 6. No change.

Sec.10. Renumbered. Was Sec. 7. No change.

Sec.11. Renumbered. Was Sec. 8. Changes by section are

030(a) Page 9, line 25. Add "subject to registration under AS 28.10.010, when" following the word"vehicle."

030(f) & (g) These sections added starting page 10, line 27 through page 11, line 6. They deal with exemption for persons in very small communities not connected with other communities which add to a traffic volume of more than 499 vehicles per day.

040(b) The word "spot" removed on statr of line 21, page 11.

050(a) Revision on page 11, lines 28-29 allows the court greater flexibility in what it may accept as proof of insurance.

Sec.12. Renumbered. Was Sec. 9. No change.

Sec.13. Renumbered. Was Sec.10. No change.

Sec.14. Renumbered. Was Sec.11. No change.

Sec.15. Renumbered. Was Sec.12. No change.

Sec.16. New Section. Calls for a public information effort prior to the effective date of the bill.

Sec.17. Effective date clause. Was Sec.13.

Sec.18. Effective date clause for Sec.16.

2-2-84
DRAFT

1 IN THE LEGISLATURE OF THE STATE OF ALASKA
2 THIRTEENTH LEGISLATURE - SECOND SESSION
3 A BILL
4

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

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

8 *Section 1. DECLARATION OF PURPOSE. The legislature is concerned
9 over the rising toll of motor vehicle accidents and the suffering
10 and loss inflicted by them. The legislature determines that it is
11 a matter of grave concern that motorists be financially responsible
12 for their negligent acts so that innocent victims of motor vehicle
13 accidents may be recompensed for the injury and financial loss
14 inflicted upon them. The legislature finds and declares that the
15 public interest can best be served by the requirement that both the
16 owner and the operator of a motor vehicle which is to be operated
17 on vehicular ways of the state where the potential for motor vehicle
18 accidents is substantial be required to maintain coverage under a
19 motor vehicle liability policy issued in conformity with AS 28.22.010
20 or of a certificate of self-insurance issued under AS 28.20.400.
21 The legislature also finds and declares that the most economical
22 and practical time of proof of compliance with this requirement is
23 when an operator of a motor vehicle has been involved in a reportable
24 accident or charged with a moving traffic violation.

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

27 (b) At the time of application for registration or renewal of
28 registration, the department shall provide the applicant, in writing,
29 information detailing the state's financial responsibility law,
30 mandatory automobile insurance requirement, and potential penalties
31 for failure to comply with the law.

32 *Sec. 3. AS 28.15.061 is amended by adding a new subsection to

1 read:

2 (e) At the time of application for driver's license or
3 instruction permit, or renewal of driver's license or instruction
4 permit, the department shall provide the applicant, in writing,
5 information detailing the state's financial responsibility law,
6 mandatory automobile insurance requirement, and potential penalties
7 for failure to comply with the law.

8 *Sec. 4. AS 21.15.081(a) is amended to read:

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

28 *Sec. 5. AS 28.20.070(a) is amended to read:

29 (a) No policy or bond is effective under AS 28.20.060 unless
30 it is issued by an insurance company or surety company authorized
31 to do business in this state, except as provided in (b) of this
32 section, and if the accident resulted in bodily injury or death,

1 unless the policy or bond is subject to a limit, exclusive of
2 interest and costs, of not less than \$50,000 [\$25,000] because of
3 bodily injury to or death of one person in any one accident and,
4 subject to the same limit for one person, to a limit of not less
5 than \$100,000 [\$50,000] because of bodily injury to or death of two
6 or more persons in any one accident, and if the accident has resulted
7 in injury to, or destruction of, property to a limit of not less
8 than \$25,000 [\$10,000] because of injury to or destruction of
9 property of others in any one accident.

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

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

25 *Sec. 7. AS 28.20.360(a) is amended to read:

26 (a) For the purpose of this chapter, a judgment is satisfied
27 when

28 (1) \$50,000 [\$25,000] is credited upon a judgment given
29 in excess of that amount because of bodily injury to or death of
30 one person as the result of any one accident; or

31 (2) subject to the limit of \$50,000 [\$25,000] because of
32 bodily injury to or death of one person, the sum of \$100,000 [\$50,000]

1 is credited upon a judgment given in excess of that amount because
2 of bodily injury to or death of two or more persons as the result
3 of any one accident; or

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

7 *Sec. 8. AS 28.20.440(b)(2) is amended to read:

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

20 *Sec. 9. AS 28.20.440(b)(3) is amended to read:

21 (3) contain coverage in the amounts set out in (2) of
22 this subsection for the protection of the persons insured under the
23 policy who are legally entitled to recover damages from owners or
24 operators of uninsured or underinsured motor vehicles because of
25 bodily injury or death, or damage to or destruction of property
26 in excess of \$250 arising out of the ownership, maintenance or use
27 of the uninsured or underinsured motor vehicle, except that this
28 coverage or part of it may be waived in writing by the insured on
29 or before the effective date of the policy. The coverage for damage
30 to or destruction of property is subject to a deductible of \$250 in
31 any one accident, but the insured may agree in writing to a deductible
32 other than \$250. In this paragraph, payment under coverage for damage

1 to or destruction of property shall be made only where direct physical
2 contact between the insured and uninsured or underinsured motor vehicles
3 has occurred. A vehicle that has left the scene of the accident is
4 presumed to be uninsured if the person insured reports the accident to
5 the appropriate authorities within 24 hours.

6 *Sec. 10. AS 28.20.440 is amended by adding new subsections to read:

7 (1) The maximum liability of the insurance carrier under the
8 underinsured motorists coverage required to be offered pursuant to
9 AS 28.20.440(b)(3) shall be the difference between the coverage
10 limit of liability and the amount paid to the insured by or on
11 behalf of the underinsured motorist.

12 (m) Amounts payable under the uninsured motorists and under-
13 insured motorists coverage required to be offered pursuant to
14 AS 28.20.440(b)(3) shall be reduced by:

15 (1) amounts paid or to be paid under any worker's compen-
16 sation law;

17 (2) amounts paid or payable under any valid and col-
18 lectible automobile medical payments insurance; or

19 (3) amounts paid by or on behalf of the uninsured or
20 underinsured motorist.

21 (n) The limits of liability for uninsured motorist coverage
22 and underinsured motorist coverage offered and provided pursuant to
23 AS 28.20.440(b)(3) for two or more vehicles insured under the
24 same policy may not be added together, combined or stacked to
25 determine the limit of insurance coverage available to an injured
26 person for any one accident.

27 *Sec. 11. 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 this
30 chapter "motor vehicle liability policy" means an "owner policy" or
31 an "operator's policy" containing an agreement or endorsement as
32 provided in this section and issued by an insurance carrier au-

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

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

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

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

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

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

17 (3) contain coverage in the amounts set out in (2) of
18 this subsection for the protection of the persons insured under the
19 policy who are legally entitled to recover damages from the owner
20 or operator of an uninsured or underinsured motor vehicle because
21 of bodily injury or death, or damage to or destruction of property
22 in excess of \$250 arising out of the ownership, maintenance, or use
23 of the uninsured or underinsured motor vehicle, except that this
24 coverage or part of it may be waived in writing by the insured on
25 or before the effective date of the policy. The coverage for
26 damage to or destruction of property is subject to a deductible of
27 \$250 in any one accident, but the insured may agree in writing to a
28 deductible other than \$250. In this paragraph, payment under
29 coverage for damage to or destruction of property shall be made
30 only where direct physical contact between the insured and un-
31 insured or underinsured motor vehicles has occurred. A vehicle
32 that has left the scene of the accident is presumed to be uninsured,

1 if the person insured reports the accident to the appropriate
2 authorities within 24 hours.

3 (c) The operator's policy of liability insurance shall insure
4 the person named as insured against loss from the liability imposed
5 on the operator by law for damages arising out of the use by the
6 operator of a motor vehicle not owned by the operator, within the
7 same territorial limits and subject to the same limits of liability
8 as are required for an owner's policy of liability insurance.

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

15 (e) The motor vehicle liability policy need not insure liability
16 under a worker's compensation law nor liability for damage to
17 property owned by, rented to, in charge of, or transported by the
18 insured.

19 (f) Every motor vehicle liability policy is subject to the
20 following provisions but these provisions need not be contained in
21 the policy:

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

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

30 (3) The policy, the written application for the policy,
31 if any, and every rider or endorsement that does not conflict with
32 the provisions of this chapter constitute the entire contract

1 between the parties.

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

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

14 (i) A motor vehicle liability policy may provide for pro-
15 ration of the insurance with other valid and collectible insurance.

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

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

21 (l) The maximum liability of the insurance carrier under the
22 underinsured motorists coverage required to be offered pursuant to
23 AS 28.22.010(b)(3) shall be the difference between the coverage
24 limit of liability and the amount paid to the insured by or on
25 behalf of the underinsured motorist.

26 (m) Amounts payable under the uninsured motorists and under-
27 insured motorists coverage required to be offered pursuant to
28 AS 28.22.010(b)(3) shall be reduced by:

29 (1) amounts paid or to be paid under any worker's
30 compensation law;

31 (2) amounts paid or payable under any valid and collectible
32 automobile medical payments insurance; or

1 (3) amounts paid by or on behalf of the uninsured or
2 underinsured motorist.

3 (n) The limits of liability for uninsured motorist coverage
4 and underinsured motorist coverage offered and provided pursuant to
5 AS 28.22.010(b)(3) for two or more vehicles insured under the same
6 policy may not be added together, combined or stacked to determine
7 the limit of insurance coverage available to an injured person for
8 any one accident.

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

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

24 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

25 (a) the operator or owner of a motor vehicle subject to regis-
26 tration under AS 28.10.011, when driven upon a highway, vehicular
27 way or area, or other public property in this state, shall have
28 motor vehicle liability insurance that complies with AS 28.22.010
29 or a certificate of self-insurance that complies with AS 28.20.400
30 in effect for the motor vehicle.

31 (b) A person involved in a reportable accident in this state
32 resulting in bodily injury to or death of a person or damage to the

1 property of any one person exceeding \$500 must prove that a motor
2 vehicle liability policy was in effect for the motor vehicle involved
3 in the accident at the time of the accident.

4 (c) A person charged with or otherwise cited for a moving
5 traffic violation must prove that a motor vehicle liability policy
6 was in effect for the motor vehicle operated at the time the charged
7 violation occurred.

8 (d) A person who violates (a) of this section commits a class
9 B misdemeanor. Upon conviction the court shall impose a fine of
10 not less than \$250. The court may not suspend the minimum fine
11 imposed under this subsection.

12 (e) In addition to the fine required under (d) of this section,
13 the court shall impose the following sentence on a person convicted
14 of violating (a) of this section:

15 (1) for a person not previously convicted of an offense
16 under (a) of this section, suspension of that person's driver's
17 license for one year;

18 (2) for a person once previously convicted of an offense
19 under (a) of this section within 10 years, suspension of the person's
20 driver's license for not less than one year nor more than two years
21 with no limited license privileges during the period of suspension;

22 (3) for a person twice or more previously convicted of
23 an offense under (a) of this section within 10 years suspension of
24 that person's driver's license for not less than two years with no
25 limited license privileges during the suspension and forfeiture of
26 the person's motor vehicle under AS 28.22.070.

27 (f) If a vehicle is being driven or moved on a highway or
28 vehicular way not connected by a land highway or vehicular way to
29 the land connected state highway system when that highway or
30 vehicular way is not connected to a highway or vehicular way with
31 an average daily traffic volume greater than 499, the operator of
32 the vehicle is exempt from (a) of this section if the operator has

1 not been involved in a traffic accident or cited for a moving
2 violation within the preceding ten years.

3 (g) Every three years the Department shall publish a list of
4 areas that meet the requirements for (f) of this section. The list
5 shall be available for public inspection at all division of motor
6 vehicle offices in the state.

7 Sec. 28.22.040. METHOD OF PROOF FOLLOWING A REPORTABLE
8 ACCIDENT. (a) A person involved in an accident required to prove
9 that a motor vehicle liability policy was in effect pursuant to
10 AS 28.22.030(b), shall within 15 days of the accident

11 (1) present a copy of the insurance policy, certificate,
12 bond, or insurance binder to the department for inspection;

13 (2) provide the department with an affidavit from an
14 insurance company, insurance agent, insurance broker or surplus
15 lines broker confirming that as of the time of the accident a valid
16 motor vehicle liability policy issued in conformity with AS 28.22.010
17 was in effect; or,

18 (3) advise the department that a certificate of self-
19 insurance is in effect.

20 (b) The department shall develop and implement a program to
21 check the veracity of the documents filed for proof under this
22 section.

23 (c) Providing information required under this section which
24 is known to be false is a class A misdemeanor.

25 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
26 MOVING TRAFFIC VIOLATION. (a) A person charged with or otherwise
27 cited for a moving traffic violation described in AS 28.22.030(c)
28 shall, at the time of appearance in court, present evidence satis-
29 factory to the court, confirming that as of the time of the charged
30 violation, a valid motor vehicle liability policy issued in con-
31 formity with AS 28.22.010 was in effect, or advise the court that a
32 certificate of self insurance issued by the department was in

1 effect and present a copy of the certificate.

2 (b) A person charged with or otherwise cited for a moving
3 traffic violation described in AS 28.22.030(c) who elects to post
4 bail in lieu of appearance in court, shall present with the bail an
5 affidavit from an insurance company, insurance agent, insurance
6 broker or surplus lines broker confirming that as of the time of
7 the charged violation, a valid motor vehicle liability policy
8 issued in conformity with AS 28.22.010 was in effect, or advise the
9 court that a certificate of self-insurance issued by the department
10 was in effect and present a copy of the certificate. The court
11 shall report any failure to present an affidavit described in this
12 subsection to the department.

13 Sec. 28.22.060. PROOF FOR THE FUTURE. (a) A person who
14 violates AS 28.22.030(a) must file proof of financial responsibility
15 for the future pursuant to AS 28.20 before the driving privilege
16 may be restored or before limited license privileges may be granted
17 by the court.

18 (b) A filing of proof of financial responsibility under
19 AS 28.20 shall be required for a period of three years following
20 expiration of the suspension of license under AS 28.22.030(e).

21 Sec. 28.22.070. FORFEITURE OF MOTOR VEHICLE. (a) After
22 conviction of an offense under AS 28.22.030, if the convicted
23 person was twice or more previously convicted within the last 10
24 years of violating AS 28.22.030 or a statute in another jurisdiction
25 with elements substantially similar to AS 28.22.030, the state may
26 move the court to order the forfeiture of a motor vehicle. Upon
27 receipt of a motion for forfeiture, the court shall schedule a
28 hearing on the matter and shall notify the state of the time and
29 place set for the hearing.

30 (b) After receiving notice of the time and place of the
31 hearing, the state shall provide to every person who has an ascer-
32 tainable ownership or security interest in the motor vehicle written

1 notice that includes

2 (1) a description of the motor vehicle;
3 (2) the time and place of the forfeiture hearing;
4 (3) the legal authority under which the motor vehicle
5 may be forfeited;

6 (4) notice of the right to intervene to protect the
7 interest in the motor vehicle.

8 (c) At the hearing, a person who claims an ownership or
9 security interest in the motor vehicle must establish by a pre-
10 ponderance of evidence that

11 (1) the petitioner has an interest in the motor vehicle
12 acquired in good faith;

13 (2) a person other than the petitioner was convicted of
14 violating AS 28.22.030; and

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

18 (d) If a person satisfies the requirements of (c) of this
19 section, the court shall order that an amount equal to the value of
20 the petitioner's interest in the motor vehicle be paid to the
21 petitioner from the proceeds of the sale of the motor vehicle, or
22 shall order that the motor vehicle be released to the petitioner
23 together with title to the motor vehicle.

24 (e) Upon forfeiture of a motor vehicle, the court shall
25 require the surrender of the registration and certificate of title
26 of that motor vehicle for delivery by the court to the department
27 unless the title is released to a petitioner under (d) of this
28 section.

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

32 *Sec. 12. AS 21.39.155(a) is amended to read:

1 (a) The director may require carriers, as a condition of
2 writing a line of insurance dealing with worker's compensation
3 or with automobile liability, to participate in an assigned risk
4 pool if the director finds that mandatory carrier participation is
5 in the public interest.

6 *Sec. 13. AS 21.89.020(a) is amended to read:

7 (a) An automobile liability policy that [WHICH] insures an
8 owner or operator of a motor vehicle against loss resulting from
9 [HIS] liability for bodily injury or death, or for property injury
10 or destruction, or both, which is sold in the state [AFTER JANUARY 1,
11 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN
12 THIS STATE], shall contain limits in at least the amount prescribed
13 for a motor vehicle liability policy in AS 28.20.440(b)(2) and
14 AS 28.22.010(b)(2)[, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3)
15 UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

16 *Sec. 14. AS 21.89.020 is amended by adding a new subsection to
17 read:

18 (c) In addition to the coverages and limits required in (a)
19 of this section, an insurance company offering automobile liability
20 insurance in this state shall offer coverage, with limits equal to
21 at least the limit purchased voluntarily to cover the insured
22 person's liability, for the protection of the persons insured under
23 the policy who are legally entitled to recover damages from owners
24 or operators of uninsured or underinsured motor vehicles. The
25 coverage shall be offered in four parts, one or more of which may
26 be waived under AS 28.20.440(b)(3) or AS 28.22.010(b)(3). The
27 parts are:

- 28 (1) uninsured motorists, bodily injury;
29 (2) uninsured motorists, property damage;
30 (3) underinsured motorists, bodily injury; and
31 (4) underinsured motorists, property damage.

32 *Sec. 15. AS 28.20.390(3) and AS 28.20.490 are repealed.

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*Sec. 16. The Department of Public Safety will conduct a public information campaign designed to educate the public about changes in the motor vehicle code introduced with this Act and the potential penalties for failure to comply.

*Sec. 17. Secs. 1-15 of this Act take effect January 1, 1985.

*Sec. 18. Sec. 16 of this Act takes effect October 1, 1984.

100 PERSONAL SERVICES

| | | | | |
|-----------------------------|----------|----------------|-------|-------|
| 2 Driver Imp. Specialist | 6 months | 41,031 | | |
| 1 Document Proc. Clk III | 6 months | 14,784 | | |
| 1 Document Proc. Clk II | 7 months | 15,470 | | |
| 1 Document Proc. Clk II | 6 months | 13,260 | | |
| 1 Clerk Typist III | 6 months | 13,260 | | |
| 1 Clerk Typist III | 5 months | 11,050 | | |
| (Includes Salary & Benefits | | <u>108,855</u> | 108.9 | 108.9 |

200 TRAVEL

To conduct hearings on proposed regulations:
 Jno to Anc, Fbx, Palmer, Ken/Sol,
 Kodiak, Nome, Ktn & Sitka.

| | | | |
|----------------------|-----|--|--|
| Travel | 2.5 | | |
| Per Diem for 18 days | 1.5 | | |

Hearing Officers to conduct administrative
 hearings, and training.

| | | | |
|----------------------|------------|--|--|
| Travel | 2.5 | | |
| Per Diem for 28 days | 2.2 | | |
| | <u>8.3</u> | | |

8.3

8.3

300 CONTRACTUAL

310

| | | | |
|--------------------------------|-------------|-------|------|
| Postage | | | |
| 11,558 certified letters @1.75 | 20.2 | | |
| 10,728 regular letters @.22 | 2.4 | | |
| General Correspondence | .7 | | |
| Telephones & tolls | 2.8 | | |
| | <u>26.1</u> | x 1/2 | 13.1 |

320

| | | | |
|-----------------------------|------|--|------|
| Forms | | | |
| Sec. 2 450,000 x .0186 | 8.4 | | |
| Sec. 3 180,000 x .0136 | 3.3 | | |
| Other | 2.4 | | 14.1 |
| Advertising | | | |
| Public Notice - Regulations | 2.2 | | |
| Public Education (Sec. 16) | 23.0 | | 25.2 |

330

| | | | |
|-----------------------------|-------|-------|------|
| Driver Services Space Lease | | | |
| 3,500 sq. ft. at \$2.65 | 111.3 | x 1/2 | 55.7 |

Fiscal Note Analysis

HB 7 - Proposed Substitute dated 2-17-84 - Page 2

| | | | | |
|------|---|------------|------|-------|
| 340 | Microfilm equipment | 1.7 | | |
| | Office equipment | <u>2.2</u> | | |
| | | 3.9 x 1/2 | 2.0 | |
| 360 | 1 copy machine @ 270 per mo | 3.2 | | |
| | 1 postage meter @ 53 per mo | .6 | | |
| | 3 CRT terminals @ 206 per mo ea | 7.4 | | |
| | 1 controller @ 258 per mo | <u>3.1</u> | | |
| | | 14.3 x 1/2 | 7.1 | |
| 380 | Contractual services - DP program | 35.0 | | |
| | Installation of CRTs & Controller | .4 | | |
| | Moving costs of Driver Services | 2.1 | | |
| | Professional Services (New slides for written tests) | 3.8 | 41.3 | |
| 382a | DP line charges - 3 terminals @ 2,000 per year each | 6.0 | | |
| | DP Data Circuit - 3 terminals @ 1,500 per year each | 4.5 | | |
| | CRT Maintenance - 3 terminals @ 900 per year each | <u>2.7</u> | | |
| | | 13.2 x 1/2 | 6.6 | 165.1 |
| 400 | COMMODITIES | | | |
| 460 | Microfilm equipment parts | .3 | | |
| 480 | Normal office supplies | 4.2 | | |
| | Microfilm supplies | 1.6 | 6.1 | 6.1 |
| 500 | EQUIPMENT | | | |
| | 3 desks w/typing extensions @576.09 | 1.7 | | |
| | 4 desks @468.71 | 1.9 | | |
| | 5 typewriters @1,369.36 | 6.8 | | |
| | 7 chairs @272.21 | 1.9 | | |
| | 3 CRT tables @225 | .7 | | |
| | 4 file cabinets @308.66 | 1.2 | | |
| | 1 storage cabinet | .2 | | |
| | 1 bookcase | .1 | | |
| | 1 IMT 150 microfilm reader/printer | 15.9 | | |

Fiscal Note Analysis

HB 7 - Proposed Substitute dated 2-17-84 - Page 3

| | | | |
|--------------------------|-------------|-------------|-------------|
| .2 side chairs @147 | .3 | | |
| 2 typing tables @103.53 | .2 | | |
| 7 acoustical panels @340 | 2.4 | | |
| Recording equipment | .9 | | |
| | <u>34.2</u> | 34.2 | <u>34.2</u> |
| | | GRAND TOTAL | 322.6 |

ASSUMPTIONS:

The basic assumption of this fiscal note is that for this bill to be effective there must be an adequate system of enforcement and compliance. Other stated with mandatory insurance laws estimate that 5-15% of their vehicles are operating without insurance as citizens find ways to circumvent the law. We find that our present Financial Responsibility Law, AS 28.20, is practically as effective, and far less costly, both to the state bureaucracy, and to the citizens directly.

For this bill to be effective the Division of Motor Vehicles would need nine new employees. Seven are requested for FY85, and two additional midway through FY86. Six of these would be located at Driver Services Headquarters in Juneau, and three at Driver Improvement Headquarters in Anchorage. The present Driver Services Headquarters location will not accomodate this much expansion, therefore, the fiscal note provides for relocation and lease of new space for this section.

Effective date of JAnuary 1, 1985,

Time period set for Section 28.22.060(a) will be 1 year.

DOT/PF can supply DMV with statistics concerning traffic volume as required in Sec. 28.22.030(f), thus avoiding need to purchase equipment, and provide personnel to handle this function.

If an uninsured person is in an accident, and cited for major violation as a result of the accident, only one suspension will be initiated.

6% inflation factor used for FY86, and subsequent years. Experience reflects that once original suspension time periods end, and "Proof For The Future" is required, the number of certified letters required will increase substantially. Each time insurance is cancelled the insurance company notified DMV. DMV must in turn originate another license action, and notify licensee via certified mail. Therefore, a larger than 6% increase is reflected in line item 300 for FY86, FY87 and FY88, since "Proof For The Future" is a three year requirement.

| | | | | | | | | | | |
|---|---|--------------------|-----------|------------|-------------------|-----------------------|---------------------------|------|---------|---------|
| 1. | POSITION TITLE Driver Improvement Specialist | | | | RANGE/STEP 16A | BARG. UNIT GGU | FORM 12 PAGE/LINE | COV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 7-15 | LEG. | | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | | |
| | 1 | 2 | 3 | | | | | | | |
| | PERSONAL SERVICES | | | | | | | | | |
| 5. | Salary | 30.876 | | | | | | | | |
| 6. | Benefits | | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | | |
| 8. | Fixed Benefits | 10.155 | | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 41.0 | | | | | | | |
| 10. | Travel | 02 | 1.5 | | | | | | | |
| 11. | Contractual | 03 | - | | | | | | | |
| 12. | Commodities | 04 | .3 | | | | | | | |
| 13. | Equipment | 05 | .7 | | | | | | | |
| 14. | Other | | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | | |
| 16. | | Federal Receipts | 1002 | | | | | | | |
| 17. | | G.F. Match | 1003 | | | | | | | |
| 18. | | General Funds | 1004 | | | | | | | |
| 19. | | I-A Receipts | 1005 | | | | | | | |
| 20. | | Program Receipts | 1028 | | | | | | | |
| 21. | | Other | | | | | | | | |
| FOR B&M USE ONLY 4A KEY NUMBER _____ | | | | | | | | | | |

This position will be responsible to hold hearings under the driver license administrative suspension program. Each time a license is suspended for not providing proof of insurance after an accident or moving violation, the individual has the right to ask for a hearing, per AS 28.05.131-141. In addition to holding hearings, would have to prepare for each hearing; and maintain appropriate records of each hearing.

With a one year license action, we foresee a large percentage of individuals requesting a hearing.

Travel for FY85 is based on two trips to the Kenai Peninsula, one trip to Seward, and one trip to Kodiak, all from Anchorage.

Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

FY 85

Page _____ of _____
Revised Date _____

| | | | | | | | | | | |
|---------------------|---|--------------------|-----------|------------|-------------------|--------------------|------------------------|------|---------|---------|
| 1. | POSITION TITLE Driver Improvement Specialist | | | | RANGE/STEP 16A | BARG. UNIT GGU | FORM 12 PAGE/LINE | GOV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Juneau | ELECTION DISTRICT 4 | LEC. | | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | | |
| 4. | TYPE OF EXPENDITURE | | | | AMOUNT | | | | | |
| | PERSONAL SERVICES | | | | | | | | | |
| 5. | Salary | | 30,876 | | | | | | | |
| 6. | Benefits | | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | | |
| 8. | Fixed Benefits | | 10,155 | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | 41.0 | | | | | | |
| 10. | Travel | | 02 | 2.8 | | | | | | |
| 11. | Contractual | | 03 | - | | | | | | |
| 12. | Commodities | | 04 | .3 | | | | | | |
| 13. | Equipment | | 05 | 1.6 | | | | | | |
| 14. | Other | | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | | |
| 16. | RECEIPT CODE | FUNDING SOURCE | | | | | | | | |
| 17. | | Federal Receipts | 1002 | | | | | | | |
| 18. | | G.F. Match | 1003 | | | | | | | |
| 19. | | General Funds | 1004 | | | | | | | |
| 20. | | I-A Receipts | 1005 | | | | | | | |
| 21. | | Program Receipts | 1028 | | | | | | | |
| | | Other | | | | | | | | |
| FOR B&M USE ONLY | | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | | |

This position will be responsible to hold hearings under the driver license administrative suspension program. Each time a license is suspended for not providing proof of insurance after an accident or moving violation, the individual has the right to ask for a hearing per AS 28.05.131-141. In addition to holding hearings, would have to prepare for each hearing and maintain appropriate records of each hearing. With a one year license action we foresee a large percentage of individuals requesting a hearing.

Travel for FY85 is based on two trips from Juneau to Ketchikan, Sitka, Petersburg, and Wrangell for hearings, and one trip from Juneau to Anchorage for two weeks of training.

Prepared showing full year costs. Only six months cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

Page of
Revised Date

FY 85

| | | | | | | | | | |
|---|--|--------------------|-----------|-------------------|-------------------|----------------------|------------------------|---------|---------|
| 1. | POSITION TITLE Documents Processing Clerk III | | | RANGE/STEP 10A | BARG. UNIT GGU | FORM 12 PAGE/LINE | COV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Juneau | ELECTION DISTRICT 4 | LEC. | |
| 3. | CONTINUATION LEVEL | | | ADDITION | JUSTIFICATION | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | |
| | 1 | 2 | 3 | | | | | | |
| | PERSONAL SERVICES | | | | | | | | |
| 5. | Salary | 21,636 | | | | | | | |
| 6. | Benefits | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | |
| 8. | Health Benefits | 7,932 | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 29.6 | | | | | | |
| 10. | Travel | 02 | | | | | | | |
| 11. | Contractual | 03 | | | | | | | |
| 12. | Commodities | 04 | .2 | | | | | | |
| 13. | Equipment | 05 | .7 | | | | | | |
| 14. | Other | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | |
| 16. | | Federal Receipts | 1002 | | | | | | |
| 17. | | G.F. Match | 1003 | | | | | | |
| 18. | | General Funds | 1004 | | | | | | |
| 19. | | I-A Receipts | 1005 | | | | | | |
| 20. | | Program Receipts | 1028 | | | | | | |
| 21. | | Other | | | | | | | |
| FOR B&M USE ONLY 4A KEY NUMBER _____ | | | | | | | | | |

This position will process all notifications from the court which reflect an individual who is required to show proof of insurance following a charge of a moving traffic violation did not do so. Will research files to determine appropriate time frame, and send a suspension notice to each individual.

This position will also handle all correspondence concerning oral and written answers or statements from the licensee.

Will enter license actions onto computer system. This requires extreme accuracy to prevent incorrect status or incorrect record. Otherwise an innocent citizen may go to jail.

Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

FY 85

Page _____ of _____
Revised Date _____

| | | | | | | | | | | |
|---------------------|---|--------------------|-----------------------|------------|------------------|--------------------|------------------------|------|---------|---------|
| 1. | POSITION TITLE Documents Processing Clerk II | | | | RANGE/STEP 8A | BARG. UNIT GGU | FORM 12 PAGE/LINE | GOV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Juneau | ELECTION DISTRICT 4 | LEC. | | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | | |
| | 1 | | 2 | | 3 | | | | | |
| | PERSONAL SERVICES | | | | | | | | | |
| 5. | Salary | | 19,176 | | | | | | | |
| 6. | Benefits | | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | | |
| 8. | Fixed Benefits | | 7,341 | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | | 26.5 | | | | | |
| 10. | Travel | | 02 | | | | | | | |
| 11. | Contractual | | 03 | | | | | | | |
| 12. | Commodities | | 04 | | .2 | | | | | |
| 13. | Equipment | | 05 | | 2.6 | | | | | |
| 14. | Other | | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | | |
| | RECEIPT CODE | | FUNDING SOURCE | | | | | | | |
| 16. | | | Federal Receipts 1002 | | | | | | | |
| 17. | | | G.F. Match 1003 | | | | | | | |
| 18. | | | General Funds 1004 | | | | | | | |
| 19. | | | I-A Receipts 1005 | | | | | | | |
| 20. | | | Program Receipts 1028 | | | | | | | |
| 21. | | | Other | | | | | | | |
| FOR B&M USE ONLY | | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | | |

This position will handle and file proof of insurance forms received from persons involved in accidents. Will set up and handle a tickler file to keep track of individuals who are involved in accidents and do not submit proof of insurance within the required time frame.

If proof of insurance is not received, will research files to determine time frame; then prepare and mail a suspension notice to individual. Must coordinate with Financial Responsibility section when it appears individual may be liable for damages, and thus be consecutive to any FR license action.

Will submit requests to insurance companies to verify veracity of documents filed for proof after an accident. If proof is not substantiated, will research files, then prepare and send suspension notice to individual who submitted false information.

This form prepared showing full year costs. Only seven month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

Page _____ of _____
Revised Date _____

FY 85

| | | | | | | | | | |
|---------------------|------------------------------------|-----------------------|---------------|------------------|-------------------|---|---------------------------|---------|---------|
| 1. | POSITION TITLE Clerk Typist III | | | RANGE/STEP 8A | BARC. UNIT GGU | FORM 12 PAGE/LINE | COV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 7-15 | LEG. | |
| 3. | CONTINUATION LEVEL | ADDITION | JUSTIFICATION | | | | | | |
| 4. | TYPE OF EXPENDITURE | | AMOUNT | | | <p>This position would transcribe hearing records as requested and prepare certified copies of those records for courts, prosecutors, private attorneys, etc., when necessary.</p> <p>Would prepare documents required by the court whenever an appeal is filed. This includes "Notice of Parties", "Affidavits", "Notice of Filing of Record", etc.</p> <p>Prepared showing full year costs. Only five month's cost reflected on fiscal note for FY85.</p> | | | |
| | 1 | 2 | 3 | | | | | | |
| | PERSONAL SERVICES | | | | | | | | |
| 5. | Salary | 19,176 | | | | | | | |
| 6. | Benefits | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | |
| 8. | Fixed Benefits | 7,341 | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 26.5 | | | | | | |
| 10. | Travel | 02 | - | | | | | | |
| 11. | Contractual | 03 | - | | | | | | |
| 12. | Commodities | 04 | .2 | | | | | | |
| 13. | Equipment | 05 | 2.6 | | | | | | |
| 14. | Other | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | |
| 17. | | G.F. Match 1003 | | | | | | | |
| 18. | | General Funds 1004 | | | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | |
| 20. | | Program Receipts 1028 | | | | | | | |
| 21. | | Other | | | | | | | |
| FOR B&M USE ONLY | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | |

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

FY 85

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Revised Date _____

| | | | | | | | | | | | |
|--|---|-----------------------|-----------|------------|------------------|--------------------|------------------------|------|---------|---------|--|
| 1. | POSITION TITLE Documents Processing Clerk II | | | | RANGE/STEP 8A | BARG. UNIT GGU | FORM 12 PACE/LINE | COV. | APPROV. | DISAPP. | |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Juneau | ELECTION DISTRICT 4 | LEC. | | | |
| 3. | CONTINUATION LEVEL | | | | ADDITION | | | | | | |
| 4. | TYPE OF EXPENDITURE | | | | AMOUNT | | | | | | |
| | 1 | | 2 | | 3 | | | | | | |
| | PERSONAL SERVICES | | | | | | | | | | |
| 5. | Salary | | 19,176 | | | | | | | | |
| 6. | Benefits | | | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | | | |
| 8. | Fixed Benefits | | 7,341 | | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | | 26.5 | | | | | | |
| 10. | Travel | | 02 | | - | | | | | | |
| 11. | Contractual | | 03 | | - | | | | | | |
| 12. | Commodities | | 04 | | .2 | | | | | | |
| 13. | Equipment | | 05 | | 2.2 | | | | | | |
| 14. | Other | | | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | | | |
| JUSTIFICATION | | | | | | | | | | | |
| <p>This position will mainly handle computer entry of microfilmed items so it is possible to retrieve documents. New law will generate thousands of additional pieces of paper. Driver Services microfilms all documents as a cost saving factor to prevent cost of storage space, files, etc.</p> <p>Will also assist in preparation of documents for micro-filming.</p> <p>Will prepare certified copies of suspension notices, and supporting documents for use by prosecutors, courts, law enforcement officers, private attorneys, etc.</p> <p>Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.</p> | | | | | | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | | | |
| 17. | | G.F. Match 1003 | | | | | | | | | |
| 18. | | General Funds 1004 | | | | | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | | | |
| 20. | | Program Receipts 1028 | | | | | | | | | |
| 21. | | Other | | | | | | | | | |
| FOR B&M USE ONLY | | | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | | | |

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

FY 85

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Revised Date _____

| | | | | | | | | | | |
|---------------------|------------------------------------|-----------------------|-----------|------------|------------------|-----------------------|---------------------------|------|---------|---------|
| 1. | POSITION TITLE Clerk Typist III | | | | RANGE/STEP 8A | BARG. UNIT GGU | FORM 12 PAGE/LINE | GOV. | APPROV. | DISAPP. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 7-15 | LEG. | | |
| 3. | CONTINUATION LEVEL | | ADDITION | | JUSTIFICATION | | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | | |
| | 1 | 2 | 3 | | | | | | | |
| | PERSONAL SERVICES | | | | | | | | | |
| 5. | Salary | 19,176 | | | | | | | | |
| 6. | Benefits | | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | | |
| 8. | -Fixed Benefits | 7,341 | | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 26.5 | | | | | | | |
| 10. | Travel | 02 | - | | | | | | | |
| 11. | Contractual | 03 | - | | | | | | | |
| 12. | Commodities | 04 | .2 | | | | | | | |
| 13. | Equipment | 05 | 2.6 | | | | | | | |
| 14. | Other | | | | | | | | | |
| 15. | TOTAL COST | | | | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | | |
| 17. | | G.F. Match 1003 | | | | | | | | |
| 18. | | General Funds 1004 | | | | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | | |
| 20. | | Program Receipts 1028 | | | | | | | | |
| 21. | | Other | | | | | | | | |
| FOR B&M USE ONLY | | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | | |

This position would handle necessary paperwork for scheduling hearings, notifying individuals of hearing date, time and location, and keep appropriate records. They would handle most inquiries concerning hearings, and refer technical items to the hearing officer.

Would update computer files reflecting when license action is stayed upon receipt of request for a hearing. Also update computer files after decision is rendered by the hearing officer.

This form prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

Page _____ of _____

Revised Date _____

FY 85

FISCAL NOTE

Revision Date: _____

REQUEST 2/17/84 draft alternate
 Bill/Resolution No.: HR 7
 Title: "An Act relating to
 motor vehicles."
 Sponsor: Repr. Hayes
 Requestor: OMB - Gov.'s Off.
 Date of Request: 2-29-84

FISCAL DETAIL
 Agency Affected: Department of Law
 Program Category Affected: _____
Administration of Justice
 BRU, Program or Subprogram(s) Affected:
Prosecution

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | 110.0 | 232.1 | 246.0 | 260.8 | 276.4 |
| 200 TRAVEL | | 3.5 | 7.4 | 7.8 | 8.3 | 8.8 |
| 300 CONTRACTUAL | | 17.5 | 37.1 | 39.3 | 41.7 | 44.2 |
| 400 SUPPLIES | | 14.7 | 7.6 | 8.1 | 8.6 | 9.1 |
| 500 EQUIPMENT | | 31.5 | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | 177.2 | 284.2 | 301.2 | 319.4 | 338.5 |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-------|-------|-------|-------|-------|
| GENERAL FUND | -0- | 177.2 | 284.2 | 301.2 | 319.4 | 338.5 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|-----|---|---|---|---|---|
| FULL-TIME | -0- | 4 | 4 | 4 | 4 | 4 |
| PART-TIME | | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | | | | | | |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Division Date: 3-1-84

Approved by Commissioner: Norman C. Gorsuch Date: 3-1-84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

This bill will require mandatory insurance for all drivers of motor vehicles in the state. Failure to comply with this requirement will result in suspension of a driver's license. As a result of the bill increasing the amount of driver's licenses suspended overall, increased incidents of driving with a suspended license will further result in increased criminal misdemeanor sanctions, thus increased involvement of the Department of Law, Criminal Division.

Of the 300,000 drivers currently licensed in the state, it is estimated that somewhere between 10% and 40% of the total number of drivers are uninsured. It is believed that enactment of the bill will result in more drivers acquiring insurance. Eventually, the number of uninsured drivers will probably be closer to the 10% estimate after the bill is enacted.

There are approximately 65,000 traffic accidents and violations investigated each year that will now include an examination for proof of insurance if the bill is approved. Of this number about 6,500 drivers will be found to be uninsured resulting in the suspension of their driver's licenses. Current experience has shown that just over 20% of those individuals who have had their licenses suspended have subsequently been cited for driving with a suspended license (DWLS). Drivers' license suspensions under existing statutes, governing the drivers point system, financial responsibility, driving while intoxicated (DWI), and refusal to take a breathalyzer test, range between 30 days and 10 years. Drivers with longer periods of license suspension are most apt to drive with a suspended license. The chance of a first time insurance offender driving with one-year suspended license is far greater than it is for a first time DWI offender, who receives a 30 day driving suspension. Consequently, the current 20% DWLS violation rate can be expected to increase because of the minimum one year period of suspension provided by the bill. This department has recommended that suspension periods be structured similar to those for the offense of DWI - i.e. 90 days revocation for the first offense (except no allowance for limited license privileges for the final 60 days as provided for in AS 28.15.181(e)) and not less than one year if previously convicted for the same offense one or more times. This recommendation has been rejected and it can be anticipated, as a result, that increases in DWLS offenses will be excessive. Nonetheless, the department has used the existing 20% DWLS violation rate as the basis for its fiscal impact calculations due to the absences of any other historic data.

Based upon the 20% violation rate and the number of expected suspensions (6,500), 1,300 to 1,400 new DWLS violations

will be referred to the Department of Law for prosecution. The majority of the violations will occur in Anchorage and Fairbanks where there will be a measurable impact on the department's operations. Because of the large number of new misdemeanor prosecutions, the department will need one full-time and one part-time prosecutor at Anchorage, and the department will need one full-time prosecutor at Fairbanks.

Although these cases are relatively minor misdemeanor offenses, the penalties include mandatory jail time and their sheer number requires the addition of prosecutor resources. An additional legal secretary will also be required at both Anchorage and Fairbanks because of the substantial documentation that must be prepared for each case to establish proof of notice and to determine the length and dates of suspension.

In specific, among the secretarial duties required for all of these cases - whether or not they are eventually brought to trial are: (1) Files must be opened for each case, (2) data must be entered on the computer records system, (3) letters must be written to DMV, in many cases, requesting more documentation, (4) data must be entered on Case Intake Disposition (CID) sheets, (5) information sheets must be typed and filed in court, and (6) the CID sheets must be distributed to the proper recipients.

Detail Cost Schedule

Fiscal Analysis
HB 7 (2-17-84 Draft Alternate)

FY 85 (6 mos., 1/1/85 - 6/30/85)

| | <u>Anchorage</u> | | | <u>Fairbanks</u> | | <u>Total</u> |
|------------------------|------------------|-------------------------|-----------------------|------------------|-----------------------|--------------|
| | <u>Atty III</u> | <u>Atty III PPT</u> | <u>Leg. Sec I</u> | <u>Atty III</u> | <u>Leg. Sec I</u> | |
| Personal Services | 30.0 | 15.0 | 14.6 | 34.1 | 16.3 | 110.0 |
| Travel | 1.5 | .5 | | 1.5 | | 3.5 |
| Contractual | | | | | | |
| Copy/Commod/Postage | 2.4 | 1.2 | 1.2 | 2.4 | 1.2 | 8.4 |
| WP Maintenance | | | .9 | | .9 | 1.8 |
| Space Lease | 2.6 | 2.6 | 2.1 | | | 7.3 |
| | | | | | | <u>17.5</u> |
| Commodities - Ongoing | | | | | | |
| Office Supplies | 1.2 | .6 | 1.2 | 1.2 | 1.2 | 5.4 |
| Law Library | .6 | .6 | | .6 | | 1.8 |
| Commodities - One time | | | | | | |
| New Position | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 7.5 |
| | | | | | | <u>14.7</u> |
| Equipment - One time | | | | | | |
| New Position | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 7.5 |
| Word Processors | | | 12.0 | | 12.0 | 24.0 |
| | | | | | | <u>31.5</u> |
| TOTALS | <u>41.3</u> | <u>23.5</u> | <u>35.0</u> | <u>42.8</u> | <u>34.6</u> | <u>177.2</u> |

Costs after FY 85 have been calculated on a full 12-month basis and include a 6% inflation factor, less one-time items.

| | | | | | | | | | |
|----|--------------------------------|-------------------|-----------|-------------------|------------------|-----------------------|------------------------|---------|-------|
| 1. | POSITION TITLE Attorney III | | | RANGE/STEP 22A | DARG. UNIT PX | FORM 12 PAGE/LINE | GOV. | APPROV. | DISA. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 6 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 8 | LEG. | |

| | | | |
|-----|-------------------------|----------|--------|
| 3. | CONTINUATION LEVEL | ADDITION | |
| 4. | TYPE OF EXPENDITURE | | AMOUNT |
| | 1 | 2 | 3 |
| | PERSONAL SERVICES | | |
| 5. | Salary 3,900 X 6 | 23,400 | |
| 6. | Benefits | 3,838 | |
| 7. | Supplemental Benefits | 1,434 | |
| 8. | Fixed Benefits | 1,315 | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 29,987 |
| 10. | Travel | 02 | 1,500 |
| 11. | Contractual | 03 | 5,000 |
| 12. | Commodities | 04 | 3,300 |
| 13. | Equipment | 05 | 1,500 |
| 14. | Other | | |
| 15. | TOTAL COST | | 41,287 |

JUSTIFICATION

This position is requested to handle the large number of DWLS violations that will result from the drivers license suspension provisions of HB 7. One and one-half attorney positions will be needed at Anchorage to handle the resultant increased caseload. Allocation to the Attorney III level is recommended because of the routine nature of the prosecutions to be handled.

| | | | |
|-----|--------------|-----------------------|--------|
| | RECEIPT CODE | FUNDING SOURCE | |
| 16. | | Federal Receipts 1002 | |
| 17. | | G.F. Match 1003 | |
| 18. | | General Funds 1004 | 41,287 |
| 19. | | I-A Receipts 1005 | |
| 20. | | Program Receipts 1020 | |
| 21. | | Other | |

FOR D&M USE ONLY
6A KEY NUMBER _____

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
BRU PROSECUTION

FY 8!

| | | | | | | | | | |
|---------------------|--------------------------------|-----------------------|-----------|-------------------|--|-----------------------|------------------------|---------|------|
| 1. | POSITION TITLE Attorney III | | | RANGE/STEP 22A | DARG. UNIT PX | FORM 12 PAGE/LINE | GOV. | APPROV. | DIS. |
| 2. | TYPE OF POSITION PPT | STAFF MONTHS 6 | RP NUMBER | PCH NUMBER | DRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 8 | LEG. | |
| 3. | CONTINUATION LEVEL | ADDITION | | | JUSTIFICATION | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | <p>This position is requested to handle the large number of DWLS violations that will result from the drivers license suspension provisions of HB 7. One and one-half attorney positions will be needed at Anchorage to handle the resultant caseload increase. Allocation to the Attorney III level is recommended because of the routine nature of the prosecutions to be handled.</p> | | | | |
| | 1 | 2 | 3 | | | | | | |
| | PERSONAL SERVICES | | | | | | | | |
| 5. | Salary | 1,950 X 6 | 11,700 | | | | | | |
| 6. | Benefits | | 1,919 | | | | | | |
| 7. | Supplemental Benefits | | 717 | | | | | | |
| 8. | Fixed Benefits | | 660 | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | 14,996 | | | | | |
| 10. | Travel | | 02 | 500 | | | | | |
| 11. | Contractual | | 03 | 3,800 | | | | | |
| 12. | Commodities | | 04 | 2,700 | | | | | |
| 13. | Equipment | | 05 | 1,500 | | | | | |
| 14. | Other | | | | | | | | |
| 15. | TOTAL COST | | | 23,496 | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | |
| 17. | | G.F. Match 1003 | | | | | | | |
| 18. | | General Funds 1004 | | 23,496 | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | |
| 20. | | Program Receipts 1020 | | | | | | | |
| 21. | | Other | | | | | | | |
| FOR D&H USE ONLY | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | |

13 REQUEST FOR NEW POSITION

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
DRU PROSECUTION

FY 8!

| | | | | | | | | | |
|----|-------------------------------------|-------------------|-----------|-------------------|------------------|-----------------------|------------------------|---------|------|
| 1. | POSITION TITLE Legal Secretary I | | | RANGE/STEP 10B | ORG. UNIT GGU | FORM 12 PAGE/LINE | GOV. | APPROV. | DIS. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 6 | RP NUMBER | PCN NUMBER | DRU PRIORITY | LOCATION Anchorage | ELECTION DISTRICT 8 | LEG. | |

| | | | |
|-----|-------------------------|----------|--------|
| 3. | CONTINUATION LEVEL | ADDITION | |
| 4. | TYPE OF EXPENDITURE | | AMOUNT |
| | 1 | 2 | 3 |
| | PERSONAL SERVICES | | |
| 5. | Salary 1.803 X 6 | 10,818 | |
| 6. | Benefits | 1,774 | |
| 7. | Supplemental Benefits | 663 | |
| 8. | Fixed Benefits | 1,368 | |
| 9. | TOTAL PERSONAL SERVICES | 01 | 14,623 |
| 10. | Travel | 02 | |
| 11. | Contractual | 03 | 4,200 |
| 12. | Commodities | 04 | 2,700 |
| 13. | Equipment | 05 | 13,500 |
| 14. | Other | | |
| 15. | TOTAL COST | | 35,023 |

JUSTIFICATION

This position is requested to provide the clerical support for the DWLS caseload increase that will result from the drivers license suspension provisions of HB 7. The position will handle office scheduling, communications, filing and prepare the substantial amount of documentation for each case that is needed to show proof of notice and the length and dates of suspensions. Allocation to the Legal Secretary I classification is recommended.

| | | | |
|-----|--------------|-----------------------|--------|
| | RECEIPT CODE | FUNDING SOURCE | |
| 16. | | Federal Receipts 1002 | |
| 17. | | G.F. Match 1003 | |
| 18. | | General Funds 1004 | 35,023 |
| 19. | | I-A Receipts 1005 | |
| 20. | | Program Receipts 102B | |
| 21. | | Other | |

FOR D&M USE ONLY
4A KEY NUMBER _____

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
DRU PROSECUTION

Page 1 of 1

FY 8!

| | | | | | | | | | |
|---------------------|--------------------------------|-----------------------|-----------|-------------------|------------------|-----------------------|--------------------------|---------|-------|
| 1. | POSITION TITLE Attorney III | | | RANGE/STEP 22A | BARG. UNIT PX | FORM 12 PAGE/LINE | GOV. | APPROV. | DISM. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 6 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Fairbanks | ELECTION DISTRICT 16A | LEG. | |
| 3. | CONTINUATION LEVEL | | | ADDITION | JUSTIFICATION | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | |
| | 1 | 2 | 3 | | | | | | |
| | PERSONAL SERVICES | | | | | | | | |
| 5. | Salary | 4,464 X 6 | 26,784 | | | | | | |
| 6. | Benefits | | 4,393 | | | | | | |
| 7. | Supplemental Benefits | | 1,642 | | | | | | |
| 8. | Fixed Benefits | | 1,315 | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | 34,134 | | | | | |
| 10. | Travel | | 02 | 1,500 | | | | | |
| 11. | Contractual | | 03 | 2,400 | | | | | |
| 12. | Commodities | | 04 | 3,300 | | | | | |
| 13. | Equipment | | 05 | 1,500 | | | | | |
| 14. | Other | | | | | | | | |
| 15. | TOTAL COST | | | 42,834 | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | |
| 17. | | G.F. Match 1003 | | | | | | | |
| 18. | | General Funds 1004 | | 42,834 | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | |
| 20. | | Program Receipts 1020 | | | | | | | |
| 21. | | Other | | | | | | | |
| FOR D&M USE ONLY | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | |

This position is requested to handle the large number of DWLS violations that will result from the drivers license suspension provisions of HB 7. One attorney position will be needed at Fairbanks to handle the resultant caseload increase. Allocation to the Attorney III level is recommended because of the routine nature of the prosecutions to be handled.

13 REQUEST FOR NEW POSITION

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
BRU PROSECUTION

Page 1 of 1

FY 81

| | | | | | | | | | | |
|---------------------|-------------------------------------|-------------------|-----------|------------|---|-----------------------|--------------------------|------|---------|------|
| 1. | POSITION TITLE Legal Secretary I | | | | RANGE/STEP 10B | DARG. UNIT GGU | FORM 12 PAGE/LINE | GOV. | APPROV. | DIS. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 6 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION Fairbanks | ELECTION DISTRICT 16A | LEG. | | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | | |
| 4. | TYPE OF EXPENDITURE | | | | <p>This position is requested to provide the clerical support for the DWLS caseload increase that will result from the drivers license suspension provisions of HB 7. The position will handle office scheduling, communications, filing, and prepare the substantial amount of documentation that is needed for each case to show proof of notice and length and dates of suspension. Allocation to the Legal Secretary I classification is recommended.</p> | | | | | |
| | 1 | 2 | 3 | | | | | | | |
| | PERSONAL SERVICES | | | | | | | | | |
| 5. | Salary | 2,033 X 6 | 12,198 | | | | | | | |
| 6. | Benefits | | 2,000 | | | | | | | |
| 7. | Supplemental Benefits | | 747 | | | | | | | |
| 8. | Fixed Benefits | | 1,368 | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 01 | 16,313 | | | | | | |
| 10. | Travel | | 02 | | | | | | | |
| 11. | Contractual | | 03 | 2,100 | | | | | | |
| 12. | Commodities | | 04 | 2,700 | | | | | | |
| 13. | Equipment | | 05 | 13,500 | | | | | | |
| 14. | Other | | | | | | | | | |
| 15. | TOTAL COST | | | 34,613 | | | | | | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | | |
| 16. | | Federal Receipts | 1002 | | | | | | | |
| 17. | | G.F. Match | 1003 | | | | | | | |
| 18. | | General Funds | 1004 | 34,613 | | | | | | |
| 19. | | I-A Receipts | 1005 | | | | | | | |
| 20. | | Program Receipts | 1020 | | | | | | | |
| 21. | | Other | | | | | | | | |
| FOR D&M USE ONLY | | | | | | | | | | |
| 4A KEY NUMBER _____ | | | | | | | | | | |

13 REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
BRU PROSECUTION

Page 1 of 1

FY 8!

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

Under the compromise, persons operating vehicles in isolated communities which are not connected by land highway to the land connected state highway system and/ or roads with an average daily traffic volume greater than 499 are exempt from the insurance provisions. The exemption is void if a person operates a vehicle in such an area but has a history of accident or serious traffic violation.

Under that provision, if a vehicle is operated in a community located on a state highway or accessible by road to the major highway system, the person would be subject to insurance provisions. The following is a general list of communities located on the land connected state highway system or accessible to that system by other land roadways.

THIS IS NOT AN OFFICIAL LIST.

ALASKA HIGHWAY connects with Glenn, Taylor, Steese and Elliott Highways

Northway
Tok
Tanacross
Dot Lake
Delta Junction
North Pole
Fairbanks

PARKS HIGHWAY connects with Glenn highway

| | |
|---------------|--------------|
| Wasilla | Peters Creek |
| Knik | Cantwell |
| Houston | Kantishna |
| Willow | Healy |
| Talkeetna | Clear |
| Trapper Creek | Anderson |
| Nenana | Ester |
| Fairbanks | |

GLENN HIGHWAY connects with Alaska, Richardson, Parks highways

| | | | |
|----------|-------------|---------|-------------|
| Tok | Chistochina | Sutton | Eagle River |
| Mentasta | Gakona | Palmer | |
| Slana | Gulkana | Eklutna | |
| Nabesna | Glennallen | Chugiak | |

Subject to insurance requirements (continued)

RICHARDSON HIGHWAY connects with Glenn, Edgerton and Denali Highways

Valdez
Old Valdez
Dayville
Copper Center
Paxson

SEWARD HIGHWAY connects with Anchorage and Sterling Highway

Anchorage
Indian
Girdwood
Portage
Hope
Moose Pass
Seward

STERLING HIGHWAY connects with Seward highway

Cooper Landing
Sterling
Soldotna
Kenai
North Kenai
Kasilof
Clam Gulch
Ninilchik
Anchor Point
Homer

STEESE HIGHWAY connects with Parks and Alaska Highways

Circle
Circle Hot Springs
Central
Fox
Chena Hot Springs
Fairbanks

TAYLOR HIGHWAY connects with AK. Highway

Chicken
Eagle

ELLIOTT HIGHWAY connects to Steese, Parks, Alaska and Dalton Highways

Livengood
Minto
Manley Hot Springs

Subject to insurance requirements (continued)

DENALI HIGHWAY connects to Parks and Richardson
Highways

Cantwell
Paxson

EDGERTON HIGHWAY connects to Richardson Highway

McCarthy
Chitina

HAINES HIGHWAY connects to Alaska Highway

Haines Klukwan
Haines Junction

KLONDIKE HIGHWAY 2 connects with Alaska Highway

Skagway

The following are not communities which are connected to the land connected highway system but which contain roads which are connected to roadways that carry traffic in excess of 500 vehicles per day and thus would be subject to the insurance provisions. THIS IS NOT AN OFFICIAL LIST.

Dillingham
Aleknagik (connected to Dillingham)

Kodiak
Larsen Bay (connected to Kodiak)

Unalaska
Dutch Harbor

Bethel

Nome (all communities
Teller connected
Solomon by
Council road)
Ophir

Ketchikan (Tongass Highway)
Ward Cove

Craig Hydaburg (all communities
Klawock Naukati connected
Hollis Coffman Cove by
Thorne Bay road)

Wrangell (Zimovia Highway)
Petersburg (Mitkof Highway)

CONTINUED

The following are not communities which are connected to the land connected highway system but which contain roads which are connected to roadways that carry traffic in excess of 500 vehicles per day and thus are subject to the insurance provisions. NOT AN OFFICIAL LIST.

Juneau
Sitka
Saxman

Cordova
King Salmon
Naknek
Seldovia

Adak (?)

The following would be exempt from the insurance requirement. While this is not a complete list it is representative of the type of community that would be exempt, unless connected by road to a community listed on the previous pages. NOT AN OFFICIAL LIST

| | | |
|----------------|------------------|-------------------|
| Akhiok | Koyuk | Togiak |
| Akiachak | Koyukuk | Toksook Bay |
| Akiak | Kwethluk | Tuluksak |
| Akutan | Kwigillingok | Tuntutuliak |
| Alakanuk | Levelock | Tununak |
| Allakaket | Manokotak | Twin Hills |
| Amblar | McGrath | Tyonek |
| Angoon | Medfra | Ugashik |
| Aniak | Mekoryuk | Unalakleet |
| Annette | Metlakatla | Upper/Lo. Kalskag |
| Anvik | Mountain Village | Venetie |
| Arctic Village | Naknek | Wainwright |
| Atka | Napakiak | Wales |
| Atmautluak | Napaskiak | White Mountain |
| Attu | New Stuyahok | Yakutat |
| Beaver | Newhalen | |
| Bartlett Cove | Newtok | |
| Bettles | Nightmute | |
| Birch Creek | Nikolai | |
| Brevig Mission | Nikolski | |
| Buckland | Noatak | |
| Chalkyitsik | Nondalton | |
| Chevak | Noorvik | |
| Chignik | Nuiqsut | |
| Chuathbaluk | Nulato | |
| Cold Bay | Nunapitchuk | |
| Deering | Nyac | |
| Eek | Old Harbor | |
| Egegik | Ouzinkie | |
| Ekwok | Pelican | |
| Elim | Pilot Point | |
| Emmonak | Pilot Station | |
| Flat | Point Hope | |
| Fort Yukon | Point Lay | |
| Galena | Port Alexander | |
| Gambell | Port Alsworth | |
| Golovin | Port Graham | |
| Goodnews Bay | Port Heiden | |
| Grayling | Port Lions | |
| Gustavus | Quinhagak | |
| Holy Cross | Rampart | |
| Hoonah | Ruby | |
| Hooper Village | Sand Point | |
| Hughes | Savoonga | |
| Huslia | Scammon Bay | |
| Hyder | Selawik | |
| Iliamna | Shageluk | |
| Kake | Shaktoolik | |
| Kaktovik | Shishmaref | |
| Kaltag | Shungnak | |
| Karluk | Skwentna | |
| Kasaan | Sleetmute | |
| Kasigluk | St. George | |
| King Cove | St. Marys | |
| Kipnuk | St. Paul | |
| Kivalina | Stebbins | |
| Kobuk | Stevens Village | |
| Kokhanok | Stony River | |
| Koliganek | Tanana | |
| Kongiganak | Tatitlek | |
| Kotlik | Tenakee Springs | |
| Kotzebue | | |

Rec. 3:10 pm
4/30/84

CONFERENCE COMMITTEE REPORT

DATE: 4/30/84 3:10 pm

Mr. President:
Mr Speaker:

The ^{2d} Conference Committee with limited powers of free conference
which has had

CSSSHB 7(Fin) (An Act relating to motor vehicles;efd)

and

SCS CSSSHB 7(L&C) (Same title)

under consideration, recommends that

the Conference Committee Substitute for House Bill
Number 7 with the attached letter of intent

be adopted.

Senate Members:

[Signature]
Senator Ferguson, Chairman

[Signature]
Senator Josephson

[Signature]
Senator Halford

House Members:

[Signature]
Representative Barnes, Chairman

[Signature]
Representative Furnace

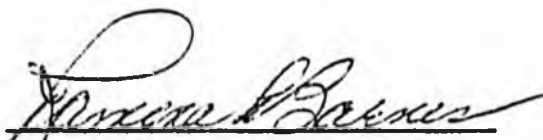
[Signature]
Representative Koponen

CONFERENCE COMMITTEE LETTER OF INTENT FOR HB '7

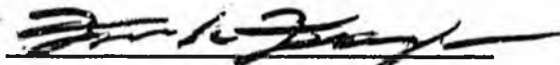
The Legislature directs the Department of Public Safety and the Department of Transportation to coordinate efforts toward the goal of implementing a procedure to more precisely determine how many Alaskan motorists drive uninsured.

The Department of Public Safety is also directed to compile statistics regarding the compensation of persons involved in traffic accidents toward the goal of determining what percentage of persons involved in accidents are adequately compensated for personal injury or property damage via insurance or other means available under the financial responsibility law.

Within 15 days of the convening of the first session of 15th Alaska State Legislature, the Departments of Public Safety and Law will report to the Legislature on the number of persons checked for insurance under the law and the disposition of those citations, the effect of the law in reducing the number of uninsured drivers and suggestions for changes in the mandatory law.



Rep. Ramona Barnes
Chairman, House



Sen. Frank Ferguson
Chairman, Senate

PROPOSED AMENDMENTS TO COMPROMISE HB 7

PAGE 1 LINE 16

after "vehicle" insert "which is to be operated on vehicular ways of the state where the potential for motor vehicle accidents is substantial"

PAGE 1 LINE 20

Delete Lines 20-23

PAGE 8 LINE 21

after "vehicle" insert "~~registered in the state and~~"

subject to registration pursuant to AS 28.10.011, when

PAGE 8 line 29

after "policy" add "or other means of adequate financial responsibility required by this chapter"

PAGE 8 line 32 same as above after "policy"

PAGE 8 Line 28

Change \$500 to \$300

Page 9 line 22 Add new sections f and g

(f) If a vehicle is being driven or moved on a highway or vehicular way not connected by a land highway or vehicular way to the land connected state highway system when that highway or vehicular way is not connected to a highway or vehicular way with an average daily traffic volume greater than 499, the operator of the vehicle is exempt from (a) of this section if the operator has not been involved in a traffic accident or cited for a moving violation within the preceding ten years.

(g) Every three years the Department shall publish a list of areas that meet the requirements for (f) of this section. The list shall be available for public inspection at all division of motor vehicle offices in the state.

Page 10 Line 2

after "effect" add "and present a copy of the certificate"

Page 10 Line 4

delete "spot"

Page 10 Line 30

change poof to proof

ADD NEW SECTION WHERE APPROPRIATE

Sec. 28.15.081 is amended to read:

OK
 Sec. 28.15.081. Examination of applicants. (a) The department shall examine every applicant for a driver's license. The examination shall include a test of the applicant's (1) eyesight, (2) ability to read and understand official traffic devices, (3) knowledge of safe driving practices, (4) knowledge of the effects of alcohol and drugs on drivers and the dangers of driving under the influence of alcohol or drugs, [AND] (5) knowledge of the laws relating to driving while intoxicated, (6) knowledge of the laws relating to financial responsibility, and the traffic laws and regulations of this state. The examination may include a demonstration of ability to exercise ordinary and reasonable control in driving a motor vehicle of the type and general class of vehicles for which the applicant seeks a license. However, an applicant who has not been previously issued a driver's license by this or another jurisdiction must demonstrate ability, and must present medical information that the department reasonably requires to determine fitness to safely drive a motor vehicle of the type and general class of motor vehicles for which the applicant seeks a license.

Motor Vehicle Law

ADD NEW SECTION WHERE APPROPRIATE to read

OK
 Prior to the effective date of all other sections of this act, the Department of Public Safety will conduct a public information campaign designed to educate the public about changes in the financial responsibility laws and potential penalties for failure to comply with the law. Motor Vehicle Law

(Note) The above section should have an effective date of 10/1/84

ADD NEW SECTION WHERE APPROPRIATE to read

At the time of application for registration, licensure or renewal of registration or license, the department shall provide the applicant, in writing, information detailing the state's financial responsibility laws and penalties for failure to comply with the law. Motor Vehicle Law

ADD NEW SECTIONS WHERE APPROPRIATE to read

FINANCIAL RESPONSIBILITY VERIFICATION. (a) The Department of Public Safety shall annually select for financial responsibility verification, on a random sample basis, at least 10% of the motor vehicles registered in the state which are required to maintain motor vehicle liability insurance. The department may emphasize verification of the financial responsibility of individuals who have been previously convicted of violating AS 28.22.030 (a) or whose certifications of financial

No 90,000 moving traffic violation

responsibility have previously been found to be incorrect.

(b) When a motor vehicle is selected for financial responsibility verification under (a) of this section, the department shall mail a letter and certification form to the registered owner of the motor vehicle notifying the owner that the owner's vehicle has been selected for financial responsibility verification and requiring that person to respond within 15 days and to certify the existence of a motor vehicle liability insurance policy which covers the vehicle in compliance with this chapter or the existence of some other means of satisfying the financial responsibility requirements of this chapter for the vehicle.

(c) The certification of financial responsibility required under this section shall be on a form prescribed by the department and shall require an applicant to provide such information as may be required by the department.

(d) The Department shall investigate all certifications returned to the department under this section. If the owner certifies the existence of a motor vehicle liability insurance policy covering the vehicle, the department shall forward the certification to the listed insurer to determine whether the certification is correct. An insurer shall notify the department within 15 days if the certification is incorrect. The department may also determine the correctness of certifications of other means of satisfying the financial responsibility requirements of this chapter for the vehicle.

(e) Failure of an owner to return the certification of financial responsibility to the Department within 15 days after mailing by the Department or a determination by the Department that a certification is not accurate constitutes reasonable grounds to believe that a person is operating a motor vehicle in violation of AS 28.22.030 (a) or has falsely certified the existence of means of satisfying the financial responsibility requirements of this chapter.

(f) When the department has reasonable grounds to believe that a person is operating a motor vehicle in violation of AS 28.22.030(a) or has falsely certified the existence of a motor vehicle liability insurance policy or the existence of some other means of satisfying the financial responsibility requirements of this chapter, the Department shall issue a certified letter to the owner demanding satisfactory proof from the person that the person meets the requirements of this chapter for financial responsibility. If a person does not provide such proof within 30 days after the date of mailing of the department's demand therefor, the person must, within 45 days after the date of such mailing, file with the department and thereafter maintain for a period of three years proof of financial responsibility required under AS 28.20. Failure to

provide such proof shall result in a penalty as provided by AS 28.22.030 (d) and (e).

(g) A denial of coverage, signed by an officer or agent of an insurer, returned to the department after inquiry from the department as to the accuracy of a certification of the existence of liability insurance or some other means of adequate financial responsibility as required by this chapter is prima facie evidence of false certification.

(h) No civil liability shall accrue to the insurer or any of its employees for reports made to the department under this section when the reports are made in good faith based on the most recent information available to the insurer.

(i) An insurer or any of its employees who knowingly fails to inform the department that a certification required under this chapter is incorrect or invalid or who knowingly provides false information regarding a certification commits a class B misdemeanor.

(j) The department shall provide the legislature with an annual report no later than February 1 beginning in 1986 detailing the number of verifications initiated and subsequent actions on verifications found to be invalid.

*Public Safety required to furnish data
to Div of Insurance to publish in book
as required to under statute already.*



Official Business

Alaska State Legislature

Pouch V
State Capital
Juneau, Alaska 99811

To: Conference Committee Members
From: Senator Frank R. Ferguson *FR*

Date: April 27, 1984

Re: House Bill 7

Attached is the 4-24-84 draft of CCS HB 7. Also, I have attached two changes to the bill which Rep. Hayes and Sen. Eliason find agreeable for inclusion in the conference committee bill.

The changes would be: reduce from one year to 90 days the time period for revocation of a driver's licence for the first offense; sunset the mandatory insurance provisions of the bill, four years after the effective date of the Act.

In addition, included is a letter of intent to provide that the Department of Public Safety shall report back to the legislature on any changes or recommendations on the law within two years from the effective date of the Act.

If you have any questions, please contact my office

TO: Conference Committee Members DATE: 27 April 1984

FROM: Frank R. Ferguson
Alaska State Senator

SUBJ: Proposed Amend-
ment on License
Suspension --
HB 7

Attached is a proposed substitute regarding the section on license suspension which has been drafted by the Department of Law.

Under the current House proposal, licenses would be suspended for one year for not being able to demonstrate proof of insurance. Limited driving privileges could be granted at any time.

The proposed amendment would change that in the following way:

First offense would have license suspension of 90 days.

Second offense would have a minimum of one year if the second offense occurs within ten years of the first offense.

Limited license privileges may be granted at any time if the person first files proof of financial responsibility and has not had the license suspended more than twice for failure to have insurance. Limited privileges would not be available to a person who has had a license suspended three times in ten years for failure to carry insurance.

The length of suspension generally follows the concepts used in the drunk driving laws passed last session.

PROPOSED CS FOR SECTION 13,
SEC. 28.22.240, AND SEC. 28.22.260
OF 4/24/84 DRAFT OF CONFERENCE CS FOR HB 7

Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES. (a) If a person fails to provide proof that motor vehicle liability insurance or a certificate of self-insurance was in effect at the time of an accident or when the person was charged with a violation of a traffic law described in AS 28.22.210, the department shall suspend the driver's license of that person for the following periods:

(1) not less than 90 days if, within the preceding 10 years, the person has not previously had their license suspended for violation of AS 28.22.200;

(2) not less than one year if, within the preceding 10 years, the person has previously had their license suspended one or more times for violation of AS 28.22.200.

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

(c) The department may grant limited license privileges for work purposed only to a person whose license has been suspended under AS 28.22.240, if

(1) that person has filed proof of financial responsibility for the future as required by AS 28.22.260;

(2) that person has not had their license suspended two or more times under AS 28.22.250 in the preceding 10 years;

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

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

(d) The department imposing a limitation under this section shall

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

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

(e) After the termination of a limitation as shown in the certificate issued under (d) of this section, the license of a person on whom a limitation was imposed is suspended until the person receives a new license in accordance with AS 28.15.211(c).

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

(g) Upon receipt of an oral or written answer for the licensee, the department shall make findings on the matter under consideration writing by certified or registered mail. If the department's decision is to sustain an action against the licensee's driver's license, the department shall notify the licensee of the opportunity for a hearing under AS 28.05.121--28.05.141. Suspension of a person's license is stayed until final disposition of the hearing under this section.

Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose license is suspended under AS 28.22.240 must file proof of financial responsibility for the future under AS 28.20 before full driving privileges may be restored or limited license privileges are granted under AS 28.22.240(c).

(b) A filing of proof of financial responsibility under AS 28.20 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.240.

To: Conference Committee members

From: Senator Frank R. Ferguson

Date: April 27, 1984

Re: House Bill 7

The following section should be added to sunset the mandatory aspects of this bill if that is desired.

ADD new section 19

Sec. 19. Sections 4, 5, 6, 13 and 16 of this Act are repealed January 1, 1989.

PROPOSED CONFERENCE COMMITTEE LETTER OF INTENT FOR HB 7

The Legislature directs the Department of Public Safety and the Department of Transportation to coordinate efforts toward the goal of implementing a procedure to more precisely determine how many Alaskan motorists drive uninsured.

The Department of Public Safety is also directed to compile statistics regarding the compensation of persons involved in traffic accidents toward the goal of determining what percentage of persons involved in accidents are adequately compensated for personal injury or property damage via insurance or other means available under the financial responsibility law.

Within 15 days of the convening of the first session of 15th Alaska State Legislature, the Departments of Public Safety and Law will report to the Legislature on the number of persons checked for insurance under the law and the disposition of those citations, the effect of the law in reducing the number of uninsured drivers and suggestions for changes in the mandatory law.

THE CASE AGAINST COMPULSORY AUTOMOBILE
LIABILITY INSURANCE

An Insurance Industry White Paper

THE CASE AGAINST COMPULSORY
AUTOMOBILE LIABILITY INSURANCE

| | <u>Page</u> |
|---|-------------|
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INTRODUCTION

It seems incongruous and illogical for the insurance industry to oppose a law forcing consumers to purchase an insurance product. One would assume that insurers would only be too willing to support legislation which could generate more sales and result in higher premiums for each policy sold.

Why, then, does a united insurance industry refuse to support state compulsory automobile insurance laws? Why do insurers oppose legislation requiring each person who owns and operates a motor vehicle to purchase liability insurance?

In truth, the economic self-interests of the insurance industry are not well-served by compulsory auto liability insurance. Nor are the economic self-interests of motor vehicle owners, taxpayers, or state legislators served by compulsory insurance laws.

Every interest group but one, the plaintiff's bar, faces economic risks with compulsory auto liability insurance. It costs everyone else money.

This joint industry statement explains why most insurers oppose enactment of compulsory insurance laws, and relates how these emotionally-appealing laws fail to meet the well-meaning intentions of legislators and constituents.

Cost-efficient, proven alternatives that overcome the deficiencies of compulsory automobile liability insurance do exist. A discussion of these alternatives--stricter Financial Responsibility Laws, Uninsured Motorist Protection and No-Fault Insurance--is included at the end of this statement.

THE ISSUE

The issue is: Should a person who owns and operates a motor vehicle be required by state law to purchase liability insurance?

Voluntary auto liability insurance is already available to interested drivers. It enables those who purchase it to protect their personal assets

against loss due to their negligent use of a motor vehicle. Auto liability coverage does not pay money to the driver who purchases it. It makes payments on behalf of the purchaser to any one he or she has negligently injured while driving.

The purpose of voluntary auto liability insurance is to provide financial security by protecting the assets of the purchaser. By contrast, compulsory auto liability insurance is intended, but fails to pay the damages sustained by those who might otherwise be involved in accidents with uninsured drivers. Compulsory insurance laws aim toward reducing the numbers of uninsured motorists. They require the purchase of automobile liability insurance coverage and make it a criminal offense to drive a motor vehicle without such coverage.

HISTORICAL BACKGROUND

Compulsory automobile liability insurance is not a new issue. It's been a topic of discussion for over 50 years. In 1927, Massachusetts became the first state to adopt compulsory auto liability insurance, but the approach proved unpopular with both legislators and insurers. It wasn't until 1956 and 1957 that two other states, New York and North Carolina, established compulsory liability insurance systems.

Other states refused to enact compulsory insurance measures primarily because of cost comparisons with Massachusetts, New York and North Carolina. The compulsory states were experiencing significant increases in the number and frequency of insurance claims, primarily resulting from the higher accident rates among the small percentage of formerly uninsured drivers who were abiding by the law and buying insurance. In the ten years following Massachusetts' enactment of compulsory insurance, its claim frequency per thousand insured vehicles had increased 33 percent, while the countrywide frequency declined 21

percent. A university of Michigan study found that the number of claims jumped 23 percent in New York and 35 percent in North Carolina in the first years after their compulsory systems went into effect. These increases were well above the estimated rise in the number of insured drivers. And, the increases were forcing safe and responsible drivers to pay higher insurance premiums.

The financial responsibility law was another principal reason for the failure of the early compulsory movement. During the nearly 30 years that elapsed between the first two state compulsory insurance laws, other states had turned to this more limited form of compulsion. Financial responsibility laws require certain individuals to prove--by posting a bond for a certain amount, by depositing cash or securities in that amount, or by another method stated in the law--that they will be able to pay damages that might be awarded to other accident victims. If they fail to do so, they face the possible suspension or revocation of their driving license for a certain length of time. Insurers nurtured and supported the financial responsibility law concept because they considered it to be a favorable alternative to compulsory liability insurance, and because it focused on those drivers actually involved in accidents, not on all drivers.

No new compulsory liability insurance laws were enacted until the 1970's. Twenty-seven states have turned to compulsory systems in the past decade. These states were not attempting to imitate existing successful compulsory insurance systems. There were none. In fact, Massachusetts, New York, and North Carolina each were facing massive paper blizzards in trying to keep track of uninsured motorists. Yet, they had little, if any, progress toward reducing the number of uninsured drivers.

For example, when New York enacted its mandatory rule in 1957, an estimated six percent of car owners didn't carry insurance. By 1979, the number of uninsured motorists had risen to 12 percent of all drivers in the

state. During the first ten years New York's law was in effect, it cost law-abiding drivers more than \$100 million and authorities were unable to point out any progress in enforcing compliance with the law. Regulatory authorities in Massachusetts and North Carolina were reporting similar horror stories.

The movement toward compulsory insurance in the 1970's instead can be attributed to the growth in popularity of "no-fault" laws. Most of the states implementing a compulsory liability insurance system in the past decade made this system part of an automobile no-fault insurance package. A majority of the automobile insurance industry supported automobile no-fault laws and it was generally accepted that eliminating certain tort rights required the substitution of a guaranteed benefit package. Little thought was given to the residual liability component of that package, but, as we now know it is possible to have guaranteed first party benefits without compulsory liability insurance.

Florida was among the states which made liability insurance compulsory when enacting a no-fault insurance plan in the early 1970's. In 1979 Florida repealed its compulsory automobile liability insurance requirement and now requires only the purchase of PIP (personal injury protection) coverage. Liability insurance is now purely voluntary coverage. Florida state legislators took this action to eliminate a growing number of unnecessary lawsuits and to lessen the financial burden for low-income citizens, who were being forced to purchase both liability insurance and no-fault insurance. Fully supported by the insurance industry, the Florida no-fault law is the only one of its kind in the United States.

Whether or not the compulsory systems were part of a no-fault system, they simply did not work. In 1980 and 1981, fourteen states introduced legislation to repair the enforcement procedures of their compulsory automobile insurance laws.

The 14 states are California, Connecticut, Florida, Kansas, Louisiana, Maryland, Michigan, Montana, New York, Pennsylvania, Texas, Utah, West Virginia and Wyoming. Additional states are considering the same action this year.

REASONS FOR OPPOSITION

Today, the insurance industry is largely opposed to compulsory automobile liability insurance. Its opposition is based on five major adverse effects of compulsory insurance.

Compulsory automobile liability insurance laws:

- Do not protect consumers against uninsured motorists because the laws are not enforceable.
- Are very costly to state government, motor vehicle owners and insurers.
- Force individuals to buy a product for which they have no need.
- Lead to unnecessary harassment of responsible drivers, who comprise a vast majority of the total driver population.
- Are more expensive and have more deficiencies than the cost effective, viable alternatives which are available.

Compulsory automobile liability insurance laws do not protect consumers against uninsured motorists because the laws are not enforceable.

Requiring every motorist to carry auto liability insurance sounds like a good idea. But in practice, it doesn't work. In state after state, compulsory automobile liability insurance systems have failed to meet their goals. Compulsory laws do not guarantee that innocent victims of accidents caused by uninsured motorists will be compensated for their injuries and financial losses; and they do not reduce the number of uninsured motorists on the road.

As a general rule, compulsory automobile liability insurance laws require that evidence of insurance be submitted to public authorities at least once a

year. Some compulsory insurance laws require motorists to produce evidence of insurance to register and license their automobiles. Others require a self-certification procedure under which motorists attest they have purchased and will maintain the required coverage.

Certificates of insurance or copies of policies in the state administrator's office or in the car mean nothing when there is a notice of cancellation for non-payment of premium at home. Irresponsible drivers can register their cars by purchasing insurance on an installment plan and refusing to make premium payments. Or a person can falsify evidence of insurance, register the vehicle out-of-state, or transfer ownership of the vehicle to avoid enforcement efforts.

Compulsory insurance laws require drivers to have insurance; they do not attempt to define hazardous drivers. They do not provide government with the means to remove high hazard drivers from the road. Even if a state somehow were to achieve the impossible, and every resident motor vehicle was insured, responsible motorists would still lack protection against the following types of irresponsible drivers: operators of stolen cars, uninsured out-of-state drivers, hit-and-run drivers, uninsured motorists whose licenses or registrations have been suspended, or newly arrived residents whose cars are still registered in another state.

Enforcing compulsory automobile liability insurance is a costly, largely inefficient exercise in futility in most states. Compulsory insurance laws will not have a long-term impact on the number of uninsured drivers unless a state's law enforcement, motor vehicle and insurance regulatory agencies are well-financed, well-staffed and highly efficient. A compulsory insurance system requires a state to maintain and police millions of pieces of paper a year. It must conduct random file checks and spot checks for both insured and

uninsured drivers. Such operations are wasteful and inefficient. They squander time and money on the overwhelming percentage of motorists who are already insured.

Compulsory states can expect to be inundated with a blizzard of forms the very first month of operation under a compulsory insurance system. Moreover, the paper-tracking problem grows worse each year. When New York initiated its compulsory insurance system in 1956, the Department of Motor Vehicles immediately found itself buried under six million forms sent to it as evidence of insurance. In no time, the Department was further swamped with changes from new registrations, cancellations and terminations of insurance, changes of vehicles, changes in insurance companies, and name changes. At one point, it was estimated that 80 percent of the 25,000 registration revocation notices sent out by the New York Department each month were incorrect or obsolete by the time they had been mailed.

In no compulsory state have there been any significant post-registration law enforcement efforts simply for insurance purposes. States are understandably reluctant to allocate already scarce crime-fighting resources to track down uninsured motorists. Highway patrolmen are not eager to divert their attention from monitoring the toll of highway injuries, deaths and property damage in order to pull uninsured motorists off the road. Regulatory authorities do not have the financial resources to follow-up, identify, and punish the insurance-avoider after receiving notice of termination.

Pennsylvania and New York are just two of the compulsory states facing monumental difficulties trying to enforce their compulsory systems. The Insurance Federation of Pennsylvania estimates that because of loopholes in enforcement, from 800,000 to 2,000,000 motorists are able to obtain their license plates without having insurance or are able to cancel coverage once the

registration is issued. The director of Pennsylvania's Traffic Safety Bureau has admitted that the 40,000 notices coming in from insurance companies each month on cancellation or lapses are just too much for his staff to handle.

New York faces similar enforcement problems, even though it switched to a self-certification system in 1974 to cut the \$7-million-a-year cost of enforcing its compulsory law. According to recent figures, self-certification is still costing New Yorkers about \$4 million a year and is proving to be as ineffective as the original enforcement procedures. A study by the University of Michigan, made seven years after New York passed its compulsory law, found that there were twice as many uninsured drivers on the roads as there were before the law was passed. Today, it is estimated that New York's uninsured motorist population is at least 15 to 20 percent.

The courts are also reluctant to rigidly enforce automobile liability insurance systems. Most drivers charged with driving without insurance can bargain their way out of a conviction. A majority of state laws provide for a fine and/or prison term for convicted uninsured motorists; but few, if any, uninsured motorists are ever jailed for their crime, no matter what human or property damage they have caused.

Some states have sought to avoid additional costs by omitting any provisions for enforcement from their compulsory laws. They simply declare it unlawful to drive without insurance. However, the press and public soon discover how many irresponsible drivers are still without insurance and they demand stricter enforcement. People justly believe that once a law is on the books, it should be enforced.

The unfortunate thing about a compulsory insurance law is that enforcement, no matter how strict, does little to reduce the number of uninsured drivers on the road. The irresponsible driver is not going to carry

insurance no matter how many certificates he's required to furnish. The driver with very few significant assets to protect is not going to carry insurance because he has no real need for it. Toughening enforcement of a compulsory automobile liability system simply increases insurance costs and adds another layer of expensive government bureaucracy.

Compulsory automobile liability insurance laws are very costly to state government, motor vehicle owners, and insurers.

Why are insurers opposed to a law that forces consumers to buy their product? A major reason is cost. Compulsory insurance means higher costs to state government, motor vehicle owners, taxpayers, and the insurance industry and its policyholders.

Coupled with these higher costs is the problem that very few people benefit from compulsory insurance. Compulsory systems do not guarantee that all drivers on the road are insured. They therefore cannot protect the innocent responsible driver from loss of property or injuries suffered in accidents caused by uninsured motorists. To pay higher costs for a system that does not achieve its goals makes little economic sense.

The cost to consumers of compulsory insurance can be demonstrated by comparing insurance rate levels in states with compulsory systems to rate levels in comparable states without compulsory insurance. Six states that have adopted compulsory insurance in the last ten years were selected for the comparison.

The states and the dates they adopted compulsory liability insurance are California, Jan. 1, 1975; Louisiana, July 1, 1978; Maryland, July 1, 1973; Oklahoma, Dec. 11, 1976; Oregon, Jan. 1, 1976; and South Carolina, Oct. 1, 1974.

Each of the six compulsory insurance states was compared with three similar states which had not adopted compulsory insurance during the specified time period. The analagous states were chosen for their similarity to a compulsory state in demographic characteristics, geographic characteristics and the number of insured vehicles. The results of the comparison survey are shown in the Appendix.

In every instance, the increase in the insurance rate level in the compulsory state was higher than the rate level increases in any of the three comparison states. A reason for the significant increases in the compulsory states is the fact that everyone, including the highest risk drivers, are required to purchase insurance. Although the compulsory systems do not achieve their goal of insuring every motorist, the small percentage of bad-risk, previously-uninsured motorists brought into the system does affect insurance rates.

These few high-risk drivers raise insurance rates for both good and bad drivers. The responsible, insured driver, who already comprises a vast majority of the total driver population, finds himself paying more for his insurance because a few high-risk motorists have been forced to purchase insurance.

Compulsory insurance not only raises insurance costs for responsible drivers, but it also increases government costs. The state of New York has spent over \$9 million in one year in order to enforce its compulsory insurance law. Despite the high expenditure, a significant portion of the population of New York is still uninsured. In fact, a New York Department of Motor Vehicles survey estimated that in 1979, close to a half million registered vehicles in the state were uninsured.

States with compulsory insurance systems pay a high price to obtain a very small percentage increase in the number of insured motorists. California's

state government spent over \$2.3 million to increase the percentage of insured drivers by five percent. Maryland taxpayers had to provide \$1.5 million to achieve the same, unimpressive five percent gain to insured motorists. The people of South Carolina paid \$1.3 million to increase the number of insured drivers in their state by eight percent.

If a state is serious about a compulsory insurance law, it should be prepared to pay the costs of administering and enforcing it. North Carolina is one of the few states that has made an effort to allocate enough money to enforce its compulsory law. Two years ago, North Carolina's compulsory program, supervised by the Department of Motor Vehicles, was totaling approximately \$1.3 million a year. In addition, the record-keeping was done by a computer system at a cost close to \$1.6 million a year, and the state employed 50 state policemen to pick up about 19,000 license plates a year at a cost of \$500,000. States larger than North Carolina can expect to face an even heftier tab to enforce and administer a compulsory system.

Insurance companies also suffer higher costs under compulsory insurance. If a compulsory system is to be effective, regulatory authorities must be informed when people terminate their insurance coverage or when an insurer cancels or non-renews. The notice of termination procedure can prove to be extremely burdensome and costly to insurers. Compulsory systems require increased man-hours and more computer time. Claim frequency, average claim cost and claim fraud all tend to increase under compulsory insurance systems. The industry prefers to allow drivers to insure themselves voluntarily. When irresponsible high-risk drivers are legally coerced into covering themselves, they take only minimum coverage; they pay as slowly as possible, and they add greatly to clerical procedures.

In these times of rising inflation and uncertain economic conditions, imposing the higher costs of compulsory insurance on the public only increases

the burden the responsible driver must carry. In return for this burden the responsible, already-insured motorist receives virtually nothing in the way of benefits. He could receive real benefits and genuine protection against uninsured motorists from any of the less-costly, more efficient alternatives to compulsory insurance.

Compulsory automobile liability insurance laws force individuals to buy a product for which they have no need.

Automobile liability insurance is designed to be voluntary in nature. The vast majority of drivers need liability insurance and recognize the wisdom of purchasing it to protect their personal wealth and assets. Most people buy liability insurance for the same reason they purchase auto theft and collision coverage -- to protect themselves against insurable losses.

Certain drivers, however, would rather not purchase liability insurance. The reasons people give for not insuring their automobiles vary. A 1981 study by the All-Industry Research Advisory Council asked households with one or more uninsured vehicles why the vehicles happened not to be insured. Forty percent of the people surveyed mentioned cost considerations as the reason for the vehicles not being insured. Sixteen percent said the car is not currently in use, 14 percent said the car is not operable and five percent replied that they had just bought the car. Other reasons, cited by less than one percent of the households each, included: not interested in insurance; car is not worth it; expect to sell car soon; policy cancelled by company; no need for insurance, and car is too old.

Obviously, there are drivers who cannot realistically afford liability insurance in view of their personal financial situation. As a practical matter, the economically disadvantaged have less real need for liability insurance because they have fewer assets to protect and tend to be

judgment-proof. For these persons, even low hazard drivers, low limits on liability insurance are considered expensive. In addition, such persons understandably are reluctant to pay high premiums relative to their income for a policy designed for the protection of strangers.

Requiring economically disadvantaged persons to purchase auto liability insurance will not compel them to do so. A study of the uninsured motorist problem in California, which has a compulsory liability system, found that those who are violating the law were predominately the economically disadvantaged. Entitled Profile of Uninsured Motorists in California, the report disclosed that zip code zones with high rates of uninsureds had significantly lower median incomes and more poverty level persons than zip code zones with a low rate of uninsured drivers.

The insurance industry strongly supports the competitive marketplace. An important characteristic of the competitive marketplace is the buyer's right to reject a product. Compelling an individual to purchase a product for which he has no real need weakens the competitive marketplace.

Compulsory automobile liability insurance laws lead to unnecessary harassment of responsible drivers, who comprise a vast majority of the total driver population.

Citizens have complained in recent years that government is interfering more and more in their everyday lives. The 1980 election results have commonly been interpreted as a clear message to all elected officials that their constituents want less, rather than more, government. Compulsory auto liability insurance laws violate this mandate. Compulsory insurance cannot be properly implemented and enforced without creating additional layers of government bureaucracy at an immense cost.

Compulsory insurance laws prove to be unworkable and burdensome when state agencies attempt to apply the enforcement and administrative procedures on a practical basis. Regulatory authorities often are not properly equipped or given sufficient funds to process the large volume of necessary forms and inquiries generated by the law. The majority of responsible drivers become unnecessarily harassed due to bureaucratic inefficiencies and foul-ups. This is an inevitable side-effect of the compulsory auto liability insurance system.

A November, 1982 report by the Pennsylvania Department of Transportation found that the state received 185,547 cancellation or termination notices from insurers in 1980. But only 4.8 percent of those responding to inquiries concerning their insurance status by the Bureau of Traffic Safety Operations were found to be uninsured. That means that thousands of responsible, insured motorists were unduly harassed by a state authority in its efforts to enforce the state's compulsory insurance law.

Nowhere is this harassment problem more clearly evident than in West Virginia, where a particularly burdensome compulsory liability insurance law was enacted in late 1981. From October 1, 1981 through January 1982, the Department of Motor Vehicles had mailed out 196,000 notices of driver license cancellations. It is estimated that 95 percent of those notices went to persons who had never let their insurance policies lapse.

West Virginia insurers are required under the new law to notify the Department of Motor Vehicles (DMV) when policies are about to expire. The DMV, in turn, must mail those persons notices of license cancellation. Problems are occurring because DMV cancellation notices and owners' premium payments are crossing in the mail. The insured car owner who has paid his premium often simply disregards the cancellation notice. He fails to realize that he is still required to submit a new certificate of insurance to DMV. Then the DMV doesn't receive the notice, it issues a license pick-up to the state police.

To date, more than 2,500 orders have been issued. The DMV admits that most of the pick-up orders were mistakes and imposed on responsible individuals who had insurance on their cars but simply disregarded the notice.

According to officials in the West Virginia DMV, the law has resulted in a mountain of paperwork and has created unnecessary hassles for many premium-paying citizens. The Department had to ask the legislature to revise the law to correct the administrative debacle. Remedial legislation was enacted in 1982 and the legislature will have to continue making improvements in the compulsory law in 1983. Other states also have had to amend their compulsory laws over the last couple of years, including Colorado, Kansas, Louisiana, Montana, New York and Oklahoma.

One prominent West Virginia legislator, William Carmichael, was quoted as saying, "I don't remember anything this legislature has ever passed that has upset the citizens of this state as much as the compulsory law has." The legislator further observed that "support for compulsory insurance has dropped among my constituents."

Provisions in compulsory insurance laws requiring evidence of insurance also result in public harassment. Many compulsory states require the motor vehicle owner to provide evidence of insurance upon registration of the vehicle. Proof-of-insurance forms, such as certificates of insurance or prescribed identification cards, are a constant nuisance for responsible drivers and easily circumvented by insurance dodgers.

Certificates of insurance are issued by the insurance company for the insured to submit when registering his vehicle. Such certificates inevitably generate even more certificates. Communications between the public, the insurance industry and the regulatory authorities snowball in a futile attempt to identify the uninsured registrant. With each additional transaction, the

likelihood that a form will be issued by mistake or lost intensifies. It's the responsible motorist who often falls prey to these administrative blunders.

Prescribed identification cards, which are provided upon the issuance and renewal of a policy, have also proven to be a problem. Payments or renewal premiums are frequently delayed, so the responsible insured motorist is harassed unnecessarily.

West Virginia isn't the only state in which responsible insured drivers are harassed and frustrated by an unwieldy and burdensome compulsory law. During the first 15 years of New York's compulsory liability law, insurers were required to notify the New York Bureau of Motor Vehicles whenever coverage had been cancelled. Every time a policyholder was late sending in his payment, every time the premium was delayed by the mail, or even when the policyholder decided to change companies, the insurance company was required to notify the DMV. The DMV then sent a notice to the insured threatening to pick up his plates. This naturally angered a lot of responsible insureds, who would fire off irate letters to their insurance companies asking why they had wrongly informed the DMV that they lacked coverage. In 1973, these notice requirements were dropped, but were ill-advisedly reinstated in 1981.

In summary, efforts by state regulatory authorities to achieve total compliance with the compulsory law results in the unnecessary harassment of the majority of drivers who are financially responsible.

Compulsory automobile liability insurance laws are more expensive and have more deficiencies than the cost-effective, viable alternatives which are available.

Among the cost-effective alternatives to compulsory insurance are improvement of Financial Responsibility laws, Uninsured Motorist Protection, and No-Fault Auto Insurance.

IMPROVED FINANCIAL RESPONSIBILITY LAWS

Financial Responsibility laws require certain individuals to prove they will be able to pay damages that might be awarded to other accident victims. Generally, they can show proof with a liability insurance policy providing minimum required benefit limits, by posting a bond for the same amount, or by depositing cash or securities in that amount. If they fail to do so, they face the possible suspension or revocation of their driving license for a certain length of time.

Today, Financial Responsibility laws requiring security for past accidents and proof of financial responsibility for future accidents are in effect in all of the noncompulsory insurance law states. This cost-effective, viable alternative to compulsory insurance is already in place; there's no need to consider or enact new legislation. By making improvements in their state's current Financial Responsibility Law, legislators can develop a workable plan that would protect insured motorists more effectively, cost less, and involve fewer administrative and enforcement hassles than would a compulsory liability insurance system.

Financial Responsibility (FR) Laws have other distinct advantages over compulsory liability insurance laws. A compulsory auto liability law is directed at all motorists regardless of traffic convictions or accident involvement. By comparison, FR laws only apply to a limited group of motorists: those who are serious traffic law offenders, those who cause major automobile accidents, and those who are financially irresponsible due to their inability to reimburse others for damages they have caused. FR laws do not affect motorists indiscriminately. They focus only on drivers who deserve close surveillance because of their past driving irregularities.

Because FR laws do not apply to all drivers, the cost of enforcement is greatly reduced, insurance company operating costs are cut, and the great

majority of responsible motorists are not harassed by state efforts to enforce compulsory insurance. Under FR laws, state pressure is not automatically exerted on motorists who cannot afford to buy insurance and those who have no need for liability coverage.

A compulsory insurance law may, and generally does, affect only drivers registering their motor vehicles. Even then it may apply on a limited basis to only the in-state registrants of certain types of motor vehicles, such as private passenger cars. A Financial Responsibility Law, on the other hand, can apply to any motorist regardless of whether his vehicle is registered in-state or out-of-state, and regardless of the type of vehicle involved, private passenger or commercial.

In comparison to a compulsory insurance law, a well-enforced Financial Responsibility Law is far less costly to administer and just as effective in dealing with irresponsible drivers in the state. However, an FR law cannot be effective if the state agency responsible for administering the law is not receiving the information necessary for proper enforcement. The monetary threshold for those property damage accidents which the driver are required to report to the state should be no higher than \$200 or \$250. Increasing the monetary accident reporting threshold will reduce the number of accident reports processed and allow many irresponsible drivers to escape early detection, surveillance and state penalties.

In addition to preserving the value of accident reporting data, the state should make certain it is receiving data on all traffic violations, police reports, and court judgments required by law. Measures must be adopted to compel law enforcement and court officials to submit any required accident/violation and judgment/conviction data to the appropriate state driver control agency.

Greater attention should be focused on processing the Financial Responsibility filings and traffic record/court record data in a more timely fashion. A state should be certain the equipment and manpower available to its Motor Vehicle Department is being used effectively and efficiently. The enforcement of the Financial Responsibility law should not be second priority to the compilation of traffic and accident statistics or other record-keeping responsibilities.

UNINSURED MOTORIST PROTECTION

Individuals should be concerned about their liability for damages to others, but many motorists either have no assets to protect or are unwilling to purchase liability insurance and therefore go uninsured. To protect the innocent, responsible person against a loss covered by an uninsured motorist, insurance companies provide Uninsured Motorist Coverage (UM). This coverage is designed to pay for bodily injury damages to the policyholder caused by an uninsured motorist. If the policyholder's car is struck by an uninsured vehicle, the insured's loss is covered under the Uninsured Motorist portion of the policy. Reasonable premiums are charged for this coverage.

Every state with a compulsory liability insurance law also requires insurers to offer coverage. The fact that legislators feel compelled to make this protection available to drivers demonstrates that they do not trust the effectiveness of a compulsory liability insurance system. They are acknowledging that a compulsory system does not protect responsible, insured drivers from losses suffered in accidents with uninsured motorists.

Most drivers in compulsory states do indeed buy the UM coverage for added low-cost protection against loss. These responsible drivers therefore carry a double economic burden by paying premiums for UM coverage, and by bearing the cost of enforcing a compulsory insurance law.

By purchasing Uninsured Motorist coverage, a motorist is guaranteeing that all future drivers and passengers in the insured auto will be protected from losses caused by an irresponsible, uninsured motorist or a hit-and-run driver. Compulsory liability insurance cannot make such guarantees.

NO-FAULT INSURANCE

No-Fault insurance is a system which enables auto accident victims to recover benefits regardless of fault. This is not possible through compulsory automobile liability plans which fail to adequately address the problem inherent in the tort system and fail to guarantee recovery of losses. The U.S. Department of Transportation reports that almost 55 percent of those seriously injured in auto accidents get absolutely nothing from automobile liability insurance. No-Fault insurance relieves the financial suffering of those drivers involved in accidents with uninsured motorists.

No-Fault also eliminates lawsuits arising from smaller, relatively trivial claims and provides prompt payment for injuries to those needing the money most. By contrast, the compulsory auto liability system would continue indefinitely one of the common complaints of the present tort system, providing extra-ordinarily large claim awards for relatively minor injuries. Under no-fault, the recovery benefits are spread more evenly, making certain that all claimants receive adequate compensation.

It is little wonder that the no-fault method of compensating victims of uninsured motorists has enjoyed a lot of popular appeal over the past ten years. Virtually every segment of the insurance industry and representatives of major consumer groups support state no-fault plans, praising no-fault's advantages. These advantages include:

A reduction in the volume of lawsuits.

An end to the incentive toward exaggerating injuries.

A quick and efficient method of payment directly to the accident victim.

An end to the need for determining the negligence in any given accident.

A better distribution of the insurance premium dollar.

Coordination of benefits, with provision for prompt rehabilitation.

Stabilization of auto insurance costs.

Although this particular battle may be over for now, the trial lawyers who so often support compulsory liability insurance ought to be aware that the promotion of compulsory liability insurance is also an invitation to consumers and the public to re-open the no-fault insurance issue.

CONCLUSION

In summary, the insurance industry's opposition to compulsory automobile insurance systems is based on sound logic. Compulsory insurance laws are expensive, ineffective, and do not fulfill the well-intentioned goals set by the lawmakers who create them. State legislators concerned with protecting innocent drivers from financial blows suffered in accidents caused by uninsured motorists should consider exploring and implementing alternatives to compulsory systems, such as, stricter Financial Responsibility Laws, Uninsured Motorist Protection and No-Fault Insurance. The alternatives can and do provide more certain compensation to a greater number of responsible drivers, without trying to force everyone to buy a product which they may or may not want.

APPENDIX

INSURANCE RATE LEVELS IN STATES WITH COMPULSORY SYSTEMS VERSUS INSURANCE
RATE LEVELS IN COMPARABLE STATES WITHOUT COMPULSORY SYSTEMS

| <u>Compulsory States (a)</u> | <u>Comparable States (b)</u> | <u>Overall Pure Premium Percentage Change (c)</u> | <u>Average Annual Pure Premium Percent Change (c)</u> |
|---------------------------------|------------------------------|---|---|
| <u>CALIFORNIA (1/1/75)</u> | | <u>43.0%</u> | <u>8.2%</u> |
| | Illinois | 24.2 | 5.5 |
| | Ohio | 17.7 | 3.4 |
| | Texas | 34.0 | 6.0 |
| <u>LOUISIANA (7/1/78)</u> | | <u>14.2%</u> | <u>11.2%</u> |
| | Alabama | 0.1 | 0.9 |
| | Mississippi | -1.2 | 1.4 |
| | Tennessee | 1.6 | -1.3 |
| <u>MARYLAND (7/1/73)</u> | | <u>43.3%</u> | <u>7.9%</u> |
| | Indiana | 21.3 | 5.0 |
| | Virginia | 32.0 | 6.2 |
| | D.C. | 23.9 | 4.4 |
| <u>OKLAHOMA (12/11/76)</u> | | <u>11.6%</u> | <u>3.7%</u> |
| | Arkansas | 10.9 | 3.5 |
| | Iowa | 7.0 | 2.8 |
| | Missouri | 3.7 | 1.0 |
| <u>OREGON (1/1/76)</u> | | <u>35.0%</u> | <u>8.4%</u> |
| | Maine | 19.6 | 3.9 |
| | West Virginia | 18.8 | 6.8 |
| | Wisconsin | 12.8 | 3.7 |
| <u>SOUTH CAROLINA (10/1/74)</u> | | <u>27.0%</u> | <u>5.6%</u> |
| | Alabama | 22.5 | 5.5 |
| | Arkansas | 21.1 | 4.1 |
| | Tennessee | 14.9 | 2.9 |

- (a) - The figures in the parentheses by the compulsory states are the effective dates of their compulsory laws.
- (b) - The comparison states were chosen for their similarity to a compulsory state in demographic characteristics, geographic characteristics and the number of insured vehicles.
- (c) - The liability pure premium ratio was used as a basis for comparison because it represents the average amount of loss per insured vehicle. An increase in pure premium suggests that the average claim per insured vehicle has risen as a result of the inclusion of those motorists who did not carry auto liability insurance prior to the adoption of the compulsory law.

SOURCE OF DATA: Fast Track Monitoring System, comprising loss experience of companies reporting to the National Association of Independent Insurers and the Insurance Services Office. The Fast Track Monitoring System loss experience begins with data for the year ending fourth quarter 1976.

TIME PERIOD: The time period selected for comparison purposes is that period after which each compulsory law has become effective (and limited to when the Fast Track Monitoring System loss experience begins) through the year ending second quarter 1981.

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