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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/21/83

I. REQUEST

Bill/Resolution No.: CS SS HB 7 (Finance)
 Title: "An Act Relating to Motor Vehicles"
 Sponsor: Haves
 Requestor: Conference Committee
 Date of Request: 1-9-84

II. FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Justice/Public
 BRU, Program of Subprogram(s) Affected: Pr
Alaska State Troopers and Division of
Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		402.7	572.6	607.0	643.4	681.9
200 TRAVEL		23.0	34.5	36.5	38.7	41.1
300 CONTRACTUAL		378.8	424.6	450.1	477.1	505.7
400 COMMODITIES		29.7	38.7	41.0	43.5	46.1
500 EQUIPMENT		150.9			3.0	3.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		990.1	1,070.4	1,134.6	1,205.7	1,277.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		990.1	1,070.4	1,134.6	1,205.7	1,277.8
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS:

FULL-TIME		13	13	13	13	13
PART-TIME						
TEMPORARY						
TOTAL		13	13	13	13	13

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not indicated by sponsor of bill.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Marcia Lynn McKenzie
 Division: Administrative Services
 Approved by Commissioner: [Signature]
 Department: Public Safety

Phone: 465-4349
 Date: 11/21/83
 Date: 11/28/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

CSSSHB7 (Finance)

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 states with mandatory insurance laws estimate that 5%-15% of their vehicles are operating without insurance as owners 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 must create a compliance unit of 10 employees. The compliance unit must be located with division headquarters since there must be ready reference to the existing ownership and registration record. The present headquarters location will not accommodate any expansion, therefore, the fiscal note provides for relocation and lease of new space for the Division of Motor Vehicles headquarters in FY-85.

A further breakdown by object code is attached. The reason for such a large figure in the 310 category is because of statutory requirement that all suspension notices must be sent by registered or certified mail, return receipt requested. If action is taken on 30,000 uninsured vehicles, at \$1.55 postage per notice, that cost alone is \$46,500.

CSSSHB7 (Finance)

The FY-85 costs for the compliance unit are as follows:

100 PERSONAL SERVICES

1 Insurance Compliance Unit Supervisor (Range 18, new classification)	52.7	
2 Hearing Officers (Range 16, new classification)	90.1	
1 Clerk V	33.2	
5 Clerk IV	149.5	
1 Microfilm Equipment Operator	31.4	
		TOTAL
		356.9

200 TRAVEL

Hearing Officers to travel to various cities to conduct suspension hearings		26.5
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300 CONTRACTUAL

310 - phones, tolls, postage	54.6	
320 - forms, advertising, public notice	15.9	
330 - headquarters space lease (6,000 sq. ft.)	171.7	
360 - equipment rental (4 AJIS terminals)	31.8	
382a- DP Chargeback - programming & maintenance	84.8	
		TOTAL
		358.8

400 COMMODITIES

Normal office supplies		26.6
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500 EQUIPMENT

Office Equipment (10 employees)	30.0	
Word Processing Station (Kang)	20.0	
Microfilm Camera and Printer	40.0	
		TOTAL
		90.0
		818.8

Inflation for subsequent years is figured at the 6% level.

Division of Alaska State Troopers
CS SS HB 7 (FIN)
Motor Vehicle Liability Insurance

In order to implement this proposed legislation without weakening other law enforcement efforts it will be necessary to expand the number of State Troopers. Accordingly, one additional State Trooper is requested in Anchorage, Fairbanks, and Juneau.

The earliest that the Division can recruit and train additional State Troopers is during the latter half of FY'85. The following costs reflect this situation.

	<u>3 Troopers</u>	<u>Academy</u>	<u>Totals</u>
100 Personal Services	\$ 45,834		\$ 45,834
200 Travel	1,500		1,500
300 Contractual	10,446	\$ 9,540	19,986
400 Supplies & Materials	2,475	636	3,111
500 Equipment	60,900		60,900
TOTAL	<u>\$121,155</u>	<u>\$10,176</u>	<u>\$131,331</u>

All costs except equipment are at 25% of a full year's cost. Equipment will be purchased and academy costs will be incurred during the first year only. (The Public Safety Academy is budgeted only for costs of training replacement Troopers on normal turnovers of personnel. Any new Troopers required due to new legislation need additional funding.)

The cost in future years of these three positions are detailed below. A 6% inflation is added yearly.

	<u>FY'86</u>	<u>FY'87</u>	<u>FY'88</u>	<u>FY'89</u>
100 Personal Services	\$194,335	\$205,995	\$218,355	\$231,456
200 Travel	6,360	6,742	7,147	7,576
300 Contractual	44,291	46,948	49,765	52,751
400 Supplies & Materials	10,494	11,124	11,791	12,498
TOTAL	<u>\$255,480</u>	<u>\$270,809</u>	<u>\$287,058</u>	<u>\$304,281</u>

TROOPER COSTSPERSONAL SERVICES - 100

\$2,998 x 12 months =	\$35,976	
+ 300 hours OT	5,427	
SUB TOTAL	<u>41,403</u>	
+ .2721% Benefits	11,266	
+ 6.13 SBS	2,240	
+ \$240 per month - Health Benefits	<u>2,880</u>	
TOTAL PERSONAL SERVICES		\$57,789

TRAVEL & PER DIEM - 200

Average - This will vary		
TOTAL TRAVEL & PER DIEM		2,000

CONTRACTUAL - 300

Telephone/Postage, \$85 per month x 12	1,020	
Photo Processing, \$40 per month x 12	480	
PSEA Physical Exam, Average	300	
Uniform PSEA Cleaning Allowance*	540	
HWCF Vehicle - Monthly Cost Replacement		
\$369 per month + 1,755 miles x .34 =	<u>11,588</u>	
TOTAL CONTRACTUAL		13,928

SUPPLIES AND MATERIALS - 400

Uniforms/with all accessories; jacket, hats, handcuffs, etc.	1,900	
Film Supplies + Office Supplies	750	
Vehicle Accessories - Blanket, tire chains, snow tires, flares, etc.	<u>550</u>	
TOTAL SUPPLIES AND MATERIALS		3,300

EQUIPMENT - 500

Patrol - Vehicle - initial cost	12,000	
Light Bar	500	
Underhood Speaker	100	
Car Radio	3,000	
Siren/Amplifier	250	
MX 360 Radio-Portable w/charger	3,200	
Moving Radar Gun	600	
Firearms (revolver, shotgun, & rifle)	<u>650</u>	
TOTAL EQUIPMENT		<u>20,300</u>

TOTAL TROOPER COST TO THE BRU		<u>\$ 97,317</u>
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TROOPER COSTSPERSONAL SERVICES - 100

\$3,346 x 12 months =	\$40,152	
+ 300 hours OT	9,087	
SUB TOTAL	<u>\$49,239</u>	
+ .2721% Benefits	13,398	
+ 6.13 SBS	2,240	
+ \$240 per month - Health Benefits	<u>2,880</u>	
TOTAL PERSONAL SERVICES		\$67,757

TRAVEL & PER DIEM - 200

Average - This will vary		
TOTAL TRAVEL & PER DIEM		2,000

CONTRACTUAL - 300

Telephone/Postage, \$85 per month x 12	1,020	
Photo Processing, \$40 per month x 12	480	
PSEA Physical Exam, Average	300	
Uniform PSEA Cleaning Allowance*	540	
HWCF Vehicle - Monthly Cost Replacement		
\$369 per month + 1,755 miles x .34 =	<u>11,588</u>	
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Uniforms with all accessories; jacket, hats, handcuffs, etc.	1,900	
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Vehicle Accessories - Blanket, tire chains, snow tires, flares, etc.	<u>650</u>	
TOTAL SUPPLIES AND MATERIALS		3,300

EQUIPMENT - 500

Patrol - Vehicle - initial cost	12,000	
Light Bar	500	
Underhood Speaker	100	
Car Radio	3,000	
Siren/Amplifier	250	
MX 360 Radio-Portable w/charger	3,200	
Moving Radar Gun	600	
Firearms (revolver, shotgun, & rifle)	<u>650</u>	
TOTAL EQUIPMENT		<u>20,300</u>

TOTAL TROOPER COST TO THE BRU		<u>\$107,285</u>
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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11-14-83

I. REQUEST

Bill/Resolution No.: SCSCSSHB 7 (L&C)
 Title: An Act relating to motor vehicles
 Sponsor: Rep. Hayes
 Requestor: Conference Committee
 Date of Request: 1-9-84

II. FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Life & Prop
 BRU, Program of Subprogram(s) Affected: Driver/Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Charles R. Hosack, Deputy Director Phone: 269-5551
 Division: Motor Vehicles Date: 11-8-83
 Approved by Commissioner: [Signature] Date: 11/25/83
 Department: Public Safety

Distribution:

- Original to Legislative Finance
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9/14/83

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

September 21, 1982

SUBJECT: Motor vehicle license and operator's license

TO: Senator Frank R. Ferguson

FROM: Billy G. Berrier
Director
Division of Legal Services

You have forwarded us a copy of a proposed ordinance of the City of Kotzebue which in one section (9.05.030) requires, with a limited exception, that all vehicles operated within the City of Kotzebue have valid license plates or decals displayed on it; and in another section (9.05.040) requires the operator of a vehicle within the City to have in the operator's possession a valid operator's license.

You have asked whether in our opinion a general law municipality has power to adopt licensing requirements by ordinance.

AS 29.48.035(a) provides in relevant part:

A municipality may regulate the operation and use of its public rights-of way, public facilities and services. It may also regulate the following:

- (1) licensing and operation of motor vehicles, including snow vehicles, and operators; . . .

This broad grant of regulatory power in the area of licensing was limited in 1978 by a prohibition in the Motor Vehicle Title (Title 28) contained in AS 28.01.010(a) which reads in relevant part:

The provisions of this title and regulations adopted under this title are applicable within all municipalities of the state. No municipality may enact an

ordinance which is inconsistent with the provisions of this title or the regulations adopted under this title.

This statute has been before our Supreme Court in Cremer v. Anchorage, 579 P.2d 306 (Alaska 1978). In that case the Court held:

"With respect to the operation and control of motor vehicles, the legislature has expressly prohibited by law the enactment by home rule entities of ordinances inconsistent with the statutory provisions relating to motor vehicles under Title 28. This is clear from AS 28.01.010(a), which provides in part:

" . . . No municipality may enact an ordinance which is inconsistent with the provisions of this title or the regulations promulgated under this title. . . ."

"The word 'inconsistent' describes what reveals lack of uniformity in over-all purpose or design."

A prohibition on action by home rule municipalities found to exist in the statutes clearly includes a prohibition of action by a general law municipality.

Under AS 28.10.011 vehicles must be registered

. . . except when the vehicle is . . .

(11) driven or moved on a highway or vehicular way not connected to the highway system established under AS 19.10.020.

Under AS 28.10.161 registration plates are furnished only to registered vehicles and under AS 28.10.210 the owner of a vehicle must apply for a certificate of title. AS 28.10.-210(b) provides:

The owner of a vehicle described in sec. 11 of the chapter (AS 28.10.011 quoted above) 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.

Senator Frank R. Ferguson

Page 3

September 21, 1982

Under the test in Cremer it is my opinion that a municipal ordinance requiring display of valid license plates or decals on vehicles exempt from registration would be inconsistent with the statutory provisions relating to motor vehicles under Title 28 and therefore prohibited.

Since AS 28.15.011(b) requires every person operating a motor vehicle on a highway, vehicular way or area or other public property in the state must have in his possession a valid driver's license unless expressly exempted by law, I find no relevant exemption. It would appear that a municipal requirement that a person have in his possession a valid operator's license would be consistent with statute and therefore permitted under Cremer.

BGB:ljb

Please include all info

SIGN-IN SHEET

Proposed Legislation

HB 1

Name (please print)	Address	Representing	Testify?? (YES or NO)	Phone Number
③ DON KOCH	POUCH D	DIV OF INSURANCE	YES	465 2577
④ Mike Thomas	Box 1211 Juneau 99802	Am. Ins. Assn	Yes	586 3340
Joseph A McLean	- 1774 - -	Agent + Brokers Assn	-	- 3210
⑤ DAN MOTLEY	9304 TURN JNU 99804	SELF 465	YES	784-3603
Patrick Owen	8743 Hays Way Juneau	Self (589-2943)	Yes	789-9362
Bill Brown	Pouch N	Div of Motor Veh.	Yes	465-4335
Mike Lessmeier	210 Ferry Way Suite 100	Allstate / State Farm	Yes	586-5912
⑥ JEFF DAY	Pouch V	Rep Hayes	yes	3720
⑦ Sen. Joe Josephson				
⑧ Donnelly				

Call for hearing
Meeting

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

May 24, 1983

Honorable Joe L. Hayes
Speaker of the House
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Hayes:

Thank you for your letter of May 4, 1983.

I have, as you requested in your letter, reviewed our position in regard to HB 7 and the general issue of mandatory automobile liability insurance. That review convinces me that the arguments against a mandatory automobile liability insurance law are valid. I do not agree that the uncompensated injuries or damage would be appreciably reduced because of a mandatory automobile liability insurance law.

The alternative suggested in testimony by the Division of Insurance, which has been incorporated in the House passed bill in Sections 14, 18, and 19, would substantially reduce the uncompensated loss particularly for those prudent enough to voluntarily insure their automobiles.

The enclosed memo from the Director of the Division of Insurance responds to a number of the issues raised in Mr. Day's report. Obviously, we are not privy to the context in which a number of the statements to Mr. Day were made, and are not prepared to argue each quotation cited. I believe that the assumptions underlying support for this bill should be reconsidered in light of the comments in the director's memo. I believe that if the public were aware of the potential costs of this legislation, they would be reluctant to see its passage.

Sincerely,



Richard A. Lyon
Commissioner

RAL/DK/wfs2/4
524a
Enclosure

MEMORANDUM

State of Alaska

TO: Richard A. Lyon, Commissioner
Department of Commerce and
Economic Development

DATE: May 24, 1983

FILE NO:

FROM: Kenneth C. Moore, Director
Division of Insurance

TELEPHONE NO:

SUBJECT: Proposed Mandatory
Automobile Insurance
Law - HB 7

This division has been freely and openly responding to questions posed by Mr. Jeff Day in his research effort relating to HB 7 and the mandatory automobile insurance issue. Information supplied was generally verbal with some written documentation furnished. The division has used care to State appropriate qualifications and caveats on that data which was felt to be inaccurate, in error or misleading. I have received and reviewed a copy of a report dated May 1, 1983 written by Mr. Day titled, "Mandatory Auto Insurance: The Other Side." The qualifications and caveats given by this division have not been reflected in the statements attributed to this division. The following is an attempt to respond to some of the points raised in the report and to restate the qualifications and caveats previously given to the researcher. I have used headings that correspond to those used in the report, thus the flow of this document may be somewhat less than smooth. This memo should be read as a section by section response to Mr. Day's report.

"The Invisible Banker"

The book by Andrew Tobias, "The Invisible Banker," has been the subject of some controversy since its publication. It contains some truths mixed with half truths and embellishments intended to sell books. That he has done quite well. The quotation from the book infers that Alaska and its Legislature are inundated with insurance lobbyists and tends to suggest that what is heard from that particular kind of lobbyist is not credible. We do not accept the notion that the Alaska Legislature is flooded with insurance lobbyists. Further, the ponderings of one person alleged to be an insurance lobbyist from some place not noted is hardly a fair or reasonable stereotype to place on all insurance issue lobbyists. While the type described may exist, I have not met one dealing with an insurance issue in Alaska.

The Industry Side

Why would an industry object to a law that requires everyone to buy its product? What motivation is there to produce such a widespread and uniform opposition to an issue by an industry that traditionally agrees to disagree? Over the years, the insurance industry has discovered that generally what is good for the public is good for the insurance industry. It genuinely perceives that mandatory automobile insurance is not good

for the public. It infers a promise that cannot be kept and that is that everyone driving an automobile has insurance. What would be the reaction of a person injured by an uninsured motorist in a state where such insurance is required by law. That person is likely to be more than a little upset. Particularly if enforcement is inefficient, ineffective or cursory. There is a tendency on the part of the public to blame any failure in an insurance system on the insurance company. It does not matter whether the issue is in the control of the insurance company or not. The blame falls on the insurer. As this occurs, the insurance company has experienced a phenomena that has repeated itself on a number of occasions. That is to regulate those blanket-blank insurance companies a little harder. The impact of mandatory automobile insurance laws on rates, the cost of administration, the cost of enforcement, and the requirements placed on insurers in order to comply with the law tend to promote friction between the insurer and its customer. The insurance industry is presently the most regulated of industries. In the long term, mandatory automobile liability insurance seems to head in the direction taken by some states with workers' compensation, enactment of a state fund, which in some cases has been to the exclusion of private industry.

Other concerns also exist including the increased expense of dealing with such a law which is something that must be passed along to the consumer where resistance will be experienced.

The Alaska Situation

The report attributed to Mr. Cheney does indeed exist, however, the division was quite clear during Mr. Day's interviews in pointing out that the data was not correct. Problems with the data sources were described and the comment was made that the actual number was more likely half that described in the report. The inducement for mandatory automobile insurance in most states was not the size of the uninsured motorist population, but rather an effort at tort reform with no-fault automobile insurance plans viewed as a way to get more of the premium dollar in the hands of a person injured in an automobile accident.

The inferences concerning the lobbying effort described in the report is not a factual representation.

Road and weather conditions in Alaska are not appreciably different from those in other western and mid-western states where severe winter driving conditions prevail. The potential is not markedly different from that in a number of other states. If effected, this bill would indeed tend to keep the poor driver off the road, but not the same "poor" driver intended by Mr. Day. The economically disadvantaged person tends to be placed in a catch 22 situation. The bill does not really address the

bad driver which is the connotation of poor intended by Mr. Day. If the findings in other states repeat in this state, that driver is just as likely to continue to operate uninsured under a mandatory law as well as a voluntary law.

Law in Other States

The reference to 32 states with mandatory automobile insurance laws is misleading. These states do have some form of mandatory automobile insurance laws, but 19 of them are first party or "no-fault" laws. The report glosses over that distinction, but it cannot be so readily dismissed. In those states with mandatory requirements in a "no-fault" law, there is basically a different set of factors at work. "No-fault" is a tort reform measure incorporating the mandatory feature as a device to avoid a constitutional issue. Most of these changes occurred in 1972 to 1975. In fact, Alaska considered similar legislation during that era. The purchase of third party liability coverage is often viewed as the coverage that protects the other guy. This distinction is one readily made by automobile insurance consumers particularly the economically disadvantaged. There is a substantial difference in the personal incentives present where a person is required to buy coverage that will directly pay for his own injuries versus being required to buy coverage that will pay someone else for their injuries.

Enforcement

We do not argue that a mandatory law can be expected to reduce the number of uninsured motorists on our highways. The extent of those expectations from such a law are another matter. The borderline case will probably comply. State Farm, who is the nation's largest automobile insurance writer, has done research which indicates that while the insured population rises under a mandatory law, the uninsured loss does not decrease proportionately. This suggests that those who would duck out of the system in any case are the very ones causing the problem this bill attempts to solve. You may even devise a way to know who those persons are, but without a way to then enforce the requirement or take them off the road the problem remains. With the independent streak that runs wide with many Alaskans, I doubt that a letter sent by a bureaucrat in State Government will have any effect on the person dodging a mandatory law.

Effectiveness

In view of the difficulty in securing accurate insured statistics in this state, the population numbers in other states are suspect, since they must go to the same basic source. Other states are subject to some of the same problems with data faced by this state. It would be interesting to review the methodology and qualifications used by the other states in arriving at the numbers cited in the report. Our suspicion is that the figures used by mandatory states are biased to reflect favorable efficiency of the program by those whose duty it is to administer the system.

Effect on Premiums

The inference in the report is that inflation is the only factor that prevails when a mandatory law is adopted in a state. This is in itself a misleading impression. While rate changes may reflect the national economy, it is more precise to say that the need for changes in rate are a reflection of a number of factors, including: inflation; experience within a particular state; driving conditions; law enforcement; nature of law and court reaction to that law; litigiousness of population; minimum liability limits; size of population; market availability; current rate adequacy; and more.

We fail to see how a bureaucrat in New York or in Massachusetts can reasonably reflect on the subject since those states have had a mandatory automobile insurance law for too long a period to have a realistic base of comparison. Much depends on the underlying assumptions leading to a conclusion concerning the cost impact of such legislation. A brief look at some of the assumptions made by both sides of the issue may help to highlight how different conclusions develop.

Assumption--Rate levels in Alaska are too high, insurers are making a killing, so there is already too much gravy in the system to warrant any changes regardless of the indications for the proposed law. --Comment-- The attached Exhibit I lists the top 30 insurers for automobile liability insurance in 1981 (the latest year for which this compilation is available) showing the losses and expenses of the listed insurers. In the last column, 100.0 is the break even point. A number above 100.0 indicates an underwriting loss, while a number below 100.0 indicates an underwriting profit. The "right" rate is really a range of rates depending on the selection and expense level of each insurer. Exhibit I tells us that the current range of rates is pretty close to where it belongs. The weighted combination total expenses and total loss ratios for the 30 companies listed is .979.

Assumption--Insurance is the same under a mandatory law as it is under a voluntary law, so there is no reason for rates to change simply because the law has changed. --Comment--The current bill has a number of elements that must be considered when attempting to put a price tag on the bill. The first area is peculiar to this particular bill and has nothing to do with the fact that it is a mandatory bill. That is the increase in the financial responsibility minimum limits from 25/50/10 to 50/100/25. This increase in minimum limits will increase the liability insurance costs of a person at minimum limits by about 12% to 15% in the standard market or by about 25% to 28% in the assigned risk pool or nonstandard market. No filing would be required to accomplish this since it reflects costs that are already supported under the present system.

The second element is increased insurer administrative costs. Even assuming that there is no proportionate difference in the experience under a mandatory law, the additional burden placed on the insurers in terms of additional paperwork, mailings, systems to accommodate the additional hoops they will be required to go through has a cost. There is nothing in the current bill that will reduce the present administrative workload on an insurer, only items that increase it.

The third element is that the insurance contract that follows as a product of this bill is broader in scope than that now issued. The bill requires that the insurer have absolute liability under its policy once an injury or damage occurs. This, along with the removal of other defenses and exclusions, broadens the policy beyond its former scope. Thus, a contract that is broader and can eventually be expected to pay losses not now covered results. This is obviously an area that will be difficult to quantify and will not result in immediate changes, but will follow the effective date of such legislation by some undetermined period of time.

The fourth element is also difficult to quantify and absolutely attribute to a mandatory bill. That is the resulting experience as it relates to a change in the litigiousness of persons that "know" that that other driver that just hit him has liability insurance with limits of 50/100/25. Jackpot!!! It is an intangible, but retrospectively measurable phenomenon that has been experienced in a number of other states adopting mandatory laws. Massachusetts is a classic case. There is an apparent increase in litigiousness with increased limits and with a mandatory bill. We may well be looking at a double whammy.

Assumption--Since there are more persons insured under a mandatory law, the rates should come down. --Comment--Inherent in this assumption is that the additional persons in the system have the same proportionate level of loss as does the current insured population or has less loss than the current insured population. It further assumes that there are no other items relating to cost in such a system. The latter has been discussed and the former has no hard data for support. We assume that the experience of that group will be at least the same as the currently insured population, which means that that element of cost change would be awash.

There is a statement attributed to Nevada Insurance Commissioner, Don Heath, that suggests that "The mandatory law should bring a price downward for preferred customers." All things being equal, that will probably occur in some companies for some insureds, but who is the preferred customer? He or she is not likely to be the economically disadvantaged person, the young driver, the elderly driver, or the driver that has not previously been insured. In fact, an insurer must exercise great care to avoid a charge of unfair discrimination if it intends to spread the additional costs of the proposed system to those viewed as not preferred.

Cost of Enforcement

North Carolina is frequently noted as the example of how it should be done. The references in Mr. Day's report indicate that North Carolina has achieved a 2 to 3% uninsured rate with four hearing officers and five troopers. What is not mentioned is the efforts it took to get there. In the recent past, that state had some 50 troopers out picking up plates on persons not complying with the law. That kind of activity after a few years should certainly reduce the need for such a concerted effort. Those troopers were picking up some 19,000 plates a year. That would be pretty convincing to one thinking about dodging the law. Bank robbers don't get that kind of attention. It should be effective, but will the lower number maintain that level of effectiveness.

More on Industry Opposition

The division has worked for years to arrive at an automobile insurance marketplace that is healthy, competitive and meets the standards for rates set out in the law. We believe that we have a healthy and competitive market that is not making an unfair profit. See Exhibit II. Profit is not a dirty word. Insurers are in that business to do just that, make a profit. The extent of profit has not been unreasonable. It has not been that suggested in the report. You do not arrive at profit by subtracting losses from premium. You arrive at profit by subtracting losses and expenses from premium, and the result does not add up to the \$11,000,000 noted in the report. Insurers will write insurance where they are permitted to make a reasonable profit and the regulatory climate is conducive to a healthy market. It will do so to the exclusion of those markets where they are required to provide artificial subsidies and respond to unreasonable burdens. This does not infer that the division has abrogated its responsibilities to assure that the rates be adequate, not excessive and not unfairly discriminatory.

Conclusions

I have been quoted as saying that our financial responsibility law is perhaps the toughest in the nation. I did not make such a statement. I did say that the present limits in our law are the highest in the nation. Certainly no state with the possible exception of Hawaii has higher limits. The division has not suggested that it would knuckle under should this bill become law. We have a duty to perform and we will do that job. We do, however, believe that this bill is being viewed through rose-colored glasses and the public will ultimately pay for a promise that cannot be delivered.

Exhibit III shows the insurance rate levels in states with compulsory systems versus insurance rate levels in comparable states without compulsory systems (see Exhibit III). The qualifications or caveats shown on the exhibit explain how the information is developed and relate its significance. It does show that a mandatory or compulsory system does cause insurance premium to rise at a greater rate than they would be expected in a voluntary system.

Alternative

I believe that the alternative suggested by the division is a sound one. It is a two-step alternative. The first step is to conduct a thorough review of the Alaska Safety (Financial) Responsibility Act and legislatively improve it and remove any impediments to its smooth and efficient operation. The second step is incorporated in Sections 14, 18 and 19 of the House passed HB 7. This provides for a mandatory offer of uninsured and underinsured motorists' coverage for bodily injury and property damage. We believe that this second step should be implemented this session, and that it will go a long way to alleviating the problems caused by uninsured motorists.

KCM/DK/wfs2/1

524a

Attachments

PRIVATE PASSENGER AUTO LIABILITY EXPENSE EXHIBITS 1981

Company Name	Earned Premium 1981	Loss Adjust- ment Expense	Comssn. and Brkry.	Other Acquis. & Field Supv. Collect.	Gen Expns.	Taxes, Licenses and Fees Incurred	Total Expns.	Permis. Loss Ratio	Act- ual Loss Ratio	Comb. Loss Ratios Col. 7 and 9
1. State Farm Mutual Auto. Ins. Co.	7,081	13.9	2.2	10.2	2.6	2.2	31.1	68.9	64.9	96.0
2. Allstate Ins. Co.	6,557	14.0	9.1	5.9	3.0	4.1	36.1	65.9	71.1	107.2
3. Criterion Ins. Co.	2,198	12.5	2.9	10.7	2.6	2.8	31.6	68.4	51.3	82.6
4. United Services Automobile Assn.	1,409	16.2	.5	7.3	1.0	2.3	27.3	72.7	59.2	86.5
5. State Farm Fire & Casualty Co.	1,159	2.6	(283.7)	17.3	0	287.0	23.3	76.7	89.7	113.0
6. Continental Ins. Co.	1,090	12.1	16.6	3.7	10.0	2.6	45.6	54.4	77.7	123.3
7. Leader National Ins. Co.	1,207	8.3	23.9	10.3	1.1	2.6	46.2	53.8	44.3	90.5
8. Nationwide Mutual Fire Ins. Co.	1,056	9.3	8.9	7.5	4.6	3.1	33.4	66.6	91.1	124.5
9. Nationwide Mutual Ins. Co.	1,011	9.3	8.9	7.5	4.6	3.1	33.4	66.6	91.8	125.2
10. Horace Mann Ins. Co.	1,023	8.8	14.7	1.5	5.6	3.1	33.7	66.3	38.3	72.0
11. Government Employees Ins. Co.	877	14.2	.8	5.4	5.1	2.6	28.1	71.9	51.7	79.8
12. Industrial Indemnity Co. of Ak.	718	11.1	15.8	2.9	9.9	2.9	42.6	57.4	41.5	84.1
13. Industrial Indemnity Co.	479	11.1	15.8	2.9	9.9	2.9	42.6	57.4	61.4	104.0
14. Firemans Fund Ins. Co.	683	5.8	16.6	2.7	6.0	2.7	33.7	66.3	22.1	55.8
15. Globe American Casualty Co.	492	9.7	16.8	15.4	4.8	2.7	49.5	50.5	56.9	106.4
16. Associated Indemnity Corp.	584	5.8	16.6	2.7	6.0	2.7	33.7	66.3	38.0	71.7
17. Alaska Ins. Co.	585	8.3	17.0	4.6	2.9	2.3	35.1	64.9	74.7	109.8
18. AIU Ins. Co.	445	11.3	1.8	24.0	21.5		58.6	41.4	73.9	132.5
19. National Indemnity Co.	403	12.3	27.3	2.5	9.3	2.2	53.6	46.4	53.0	116.6
20. Colonial Penn Ins. Co.	323	9.4	1.3	11.5	8.0	2.8	33.0	67.0	40.9	73.9
21. Insurance Co. of North America	297	10.7	14.8	3.9	10.4	3.2	43.0	57.0	39.4	82.4
22. Lumbermans Mutual Casualty	252	12.2	15.2	7.8	7.1	3.6	45.9	54.1	56.0	101.9
23. USAA Casualty Ins. Co.	229	20.5	3.9	9.6	1.8	2.8	38.6	61.4	28.8	67.4
24. Dairyland Ins. Co.	147	9.5	1.5	9.3	2.1	2.8	25.2	74.8	55.8	81.0
25. National Surety Corp.	192	5.8	16.6	2.7	6.0	2.7	33.7	66.3	45.8	79.5
26. Industrial Indemnity Co. of N.W.	239	11.1	15.8	2.9	9.9	2.9	42.6	57.4	75.3	112.9
27. International Service Ins. Co.	183	13.3	17.7	7.0	2.9	3.1	43.8	55.2	56.8	100.6
28. Fidelity & Casualty Co. of N.Y.	140	12.1	16.6	3.7	10.6	2.6	45.6	54.4	16.4	62.0
29. Progressive Casualty Ins. Co.	94	16.9	18.8	11.4	4.1	2.5	49.0	51.0	54.3	103.3
30. Foremost Ins. Co.	118	7.3	20.4	13.1	3.5	2.3	46.6	53.4	16.9	63.5

EXHIBIT II

	<u>Earned Premium (000's Omitted)</u>	<u>Incurred Losses (000's Omitted)</u>	<u>Loss Ratio 1981</u>	<u>Loss Ratio 1980</u>	<u>Loss Ratio 1979</u>	<u>Loss Ratio 1978</u>
1. State Farm Mutual Auto Ins. Co	7,081	4,589	64.9	49.4	31.4	43.2
2. Allstate Ins. Co.	6,557	4,664	71.1	58.5	56.3	55.1
3. Criterion Ins. Co.	2,198	1,128	51.3	40.0	55.7	73.4
4. United Services Automobile Assoc.	1,409	834	59.2	27.5	52.0	24.9
5. State Farm Fire & Casualty Co.	1,159	1,040	89.7	20.8	3.4	5.0
6. Continental Ins. Co.	1,090	847	77.7	62.4	30.5	49.9
7. Leader National Ins. Co.	1,207	535	44.3	47.4	46.1	40.4
8. Nationwide Mutual Fire Ins. Co.	1,056	962	91.1	80.2	55.0	45.1
9. Nationwide Mutual Ins. Co.	1,011	928	91.8	61.9	70.8	84.6
10. Horace Mann Ins. Co.	1,023	392	38.3	43.7	43.5	54.8
11. Government Employees Ins. Co.	877	453	51.7	78.6	31.5	80.5
12. Industrial Indemnity Co. of Ak.	718	298	41.5	90.0	44.4	33.0
13. Industrial Indemnity Co.	479	294	61.4	37.7	27.1	--
14. Firemans Fund Ins. Co.	683	151	22.1	34.3	31.9	28.5
15. Globe American Casualty	492	280	56.9	12.9	--	--
16. Associated Indemnity Corp.	584	222	38.0	41.6	44.4	33.0
17. Alaska Ins. Co.	585	437	74.7	71.3	61.0	76.6
18. AIU Ins. Co.	445	329	73.9	51.9	61.0	76.6
19. National Indemnity Co.	403	254	63.0	12.6	6.2	45.1
20. Colonial Penn Ins. Co.	323	132	40.9	22.8	20.4	35.8
21. Insurance Co. of North America	297	117	39.4	51.8	47.4	44.9
22. Lumbermans Mutual Casualty	252	141	56.0	115.1	38.4	83.5
23. USAA Casualty Ins. Co.	229	66	28.8	29.0	37.5	27.3
24. Dairyland Ins. Co.	147	82	55.8	--	--	--
25. National Surety Corp.	192	88	45.8	35.0	60.2	32.0
26. Industrial Indemnity Co. of the NW	239	180	75.3	57.1	54.6	--
27. International Service Ins. Co.	183	104	56.8	45.2	34.3	45.4
28. Fidelity & Casualty Co. of N.Y.	140	23	16.4	9.2	9.9	18.2
29. Progressive Casualty Ins. Co.	94	51	54.3	--	--	--
30. Foremost Ins. Co.	118	20	16.9	28.9	10.1	43.5
Total Top 30 Companies	31,271	19,642	62.8	50.5*	42.9*	
Total All Companies	31,754	19,940	62.8	51.5	44.7	50.0

* Based on Top 30 companies 1979, 1980

Source: Insurance Reports 1978-81

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.

STATE OF ALASKA
**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

June 22, 1983

The Honorable Richard I. Eliason
Chairman
Senate Labor & Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

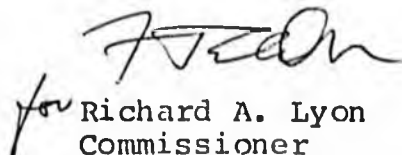
Dear Senator Eliason:

Re: HB 7

Your committee is presently considering CSSSHB 7(Fin), an act relating to motor vehicles. The Administration has been opposed to this bill since its introduction. Our position is stated in the position paper dated May 24, 1983 attached to this letter.

We would urge your consideration of a committee substitute which would incorporate only sections 14, 18, and 19 of CSSSHB 7(Fin). This would mandate that every insurer writing automobile liability insurance in this state, offer uninsured and underinsured motorists coverage, bodily injury and property damage in an amount at least as great as that voluntarily purchased by the insured person. This would allow the insured motorist to protect himself from losses caused by the uninsured or underinsured driver. We support this insurance solution to what has been viewed as an insurance problem.

Sincerely,


for Richard A. Lyon
Commissioner

Enclosure

May 24, 1983

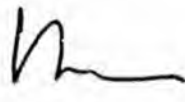
CSSSHB 7 (FIN): An Act relating to motor vehicles; and providing for an effective date.

The Administration is not in favor of a mandatory automobile liability insurance system such as proposed in CSSSHB 7 (FIN). The principal reasons for this position are:

1. Administration of the program is expensive and would necessitate a substantial bureaucracy to administer and enforce.
2. The cost of insurance is higher in a mandatory system. This is due to elimination of exclusions in the policy, elimination of defenses available to an insurer, and increased insurer administrative expense.
3. Mandatory systems do slightly increase the insured population, but do not produce a commensurate reduction in loss caused by the uninsured operator.
4. The economically disadvantaged have less real personal need for liability insurance from a protection of assets viewpoint and this acts as a disincentive for compliance with a mandatory system.

The North Carolina/Virginia experience suggests that comparable, if not superior, inroads can be made on the uninsured population through a strong financial responsibility law and a mandatory offering of uninsured motorists coverage. Last year, a number of impediments to the smooth working of our law were corrected, but it is too soon to say how effective those changes will be in this State.

What is more to the point is not how many drivers are insured, but how many people are experiencing uncompensated loss caused by an uninsured motorist. Accordingly, we recommend as an alternative to the proposed legislation, a substitute that would mandate an offer by every insurer writing automobile liability insurance in this State, of uninsured and underinsured motorists coverage, bodily injury and property damage in an amount at least as great as that purchased voluntarily for bodily injury and property damage liability. The offer currently exists only for basic limits uninsured motorists bodily injury coverage. This would allow the insured motorist to protect himself from losses caused by uninsured or underinsured drivers. These recommendations have been incorporated in this bill as Sections 14, 18, and 19. We suggest all other sections be removed.



5/26/83

Richard A. Lyon, Commissioner

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER

POUCH N
JUNEAU, ALASKA 99811
PHONE:

April 13, 1983

465-4322

The Honorable Richard I. Eliason
Chairman, Senate Labor and Commerce Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

This is in reply to your request for a departmental position paper on SB-223 entitled "An Act Relating to Motor Vehicles, and Providing for an Effective Date".

The Department of Public Safety basically opposes SB-223 and SSHB-7, which relate to compulsory motor vehicle liability insurance. In Alaska the requirement to procure and maintain vehicle liability insurance has never been required or compulsory in order to register a vehicle.

The costs of insurance are continually rising, doubling in the past few years, and proves a financial burden on some Alaskans. However, citizen complaints and publicity concerning the non-insured motorist have been strongly expressed, demanding some action.

The 1977 Legislature formed a committee to study this particular problem. The findings were published in a report entitled "The Bodily Injury Reparations Advisory Committee (BIRAC)", dated March 1979. The Department supports many of the conclusions expressed in this document but strongly opposes compulsory liability vehicle insurance as a means to achieve these goals.

The basic theory behind compulsory insurance is to require every motorist to be covered at all times. In reality, it does not work. Insurance dodgers circumvent the intent, and the chances of catching and penalizing them is minimal.

The law, if effected, is extremely expensive and cumbersome to administer; it is burdensome and inconvenient to the public; it is difficult, if not impossible, to enforce; and it does not produce the results intended. It will increase the number of state employees and up the cost of the state operating budget.

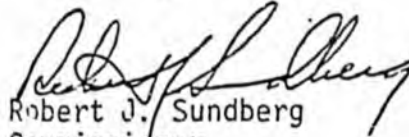
Senator Eliason
April 13, 1983
Page Two

This Bill does not repeal the Financial Responsibility Law (AS 28.20) as have other bills introduced in the past. This is in line with departmental philosophy that any insurance bill enacted must be supplemented by a strong financial responsibility law.

In all states, still demanding compulsory vehicle liability insurance, none have achieved their primary goal of 100% insured. Most have all but given up on compliance as they find the costs become prohibitive while the added percentage of insured increased only slightly.

We believe that a strong financial responsibility law, coupled with a mandatory offer by every automobile insurer writing in this state of uninsured motorist coverage and underinsured motorist coverage, bodily injury and property damage in an amount equal at least to that voluntarily purchased for bodily injury liability and property damage liability, is the best approach.

Sincerely,



Robert J. Sundberg
Commissioner



Alaska Court System
State of Alaska

KARLA L. FORSYTHE
General Counsel

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, AK 99501

April 13, 1983

Senator Richard Eliason
Chairman, Senate Labor and Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

I am writing to bring to your attention some of the ways in which Senate Bill 223, which is presently before the committee, would impact the court system. The bill is entitled "An Act relating to motor vehicles," and requires that a vehicle owner obtain liability insurance before registering and operating a motor vehicle in Alaska.

Proposed AS 28.22.500 provides that it is a class B misdemeanor for a person to drive or permit to be driven a vehicle for which a liability policy is not in effect. The enforcement scheme set forth in proposed subsections (b) and (c) raises problems, because it inappropriately combines existing procedures for issuance of citations with procedures for submitting proof of compliance with traffic laws and with procedures for bail forfeiture. Specifically, subsection (b) cross-references AS 28.05-.151. That statute authorizes the supreme court to adopt by order a bail forfeiture schedule for those traffic offenses amenable to non-judicial disposition. The rationale behind a bail forfeiture system is that certain minor offenses are adequately punished with a mail-in fine upon a plea of guilty, a procedure which frees the court calendar for judicial disposition of serious offenses. Only minor offenses appear on the traffic bail schedule.

The sentencing provisions set forth in subsections (c) and (d) make it clear that driving without insurance is a major offense. Moreover, since license suspension is required, defendants will be entitled to a jury trial. Use of bail forfeiture procedures does not meet the legislative intent nor the legal requirements for processing a serious offense such as driving without insurance.

The legislation also provides that when proof of insurance is submitted to the court, the charge shall be dismissed. There are several types of offenses under current law for which a charge will be dismissed upon showing proof of compliance. Two examples are driving without a license (AS 28.15.131; copy attached) and equipment violations (13 AAC 04.008; copy attached). Proof of compliance (either by showing a driver's license, or by showing that the defective equipment has been repaired) shall be given either to the law enforcement agency, or in the case of a driver's license, to the court. Requiring the court alone to accept proof of compliance adds to the court system a task which duplicates procedures of other agencies in many areas of the state, and adds to the court's clerical burden.

The following language would eliminate the problems created by the existing proposal while still meeting the legislative intent:

(b) If a peace officer has probable cause to believe a motor vehicle was used in the commission of an offense under (a) of this section, a citation will be issued. The charge will be dismissed if evidence is presented within five days showing insurance policy coverage as required by AS 28.22.010 was in effect at the time the citation was issued.

This language is more workable, because it eliminates the reference to the bail forfeiture procedure, and because it allows sufficient flexibility for proof of compliance to be submitted either to a court or to the appropriate agency, as convenience warrants in different locations throughout the state.

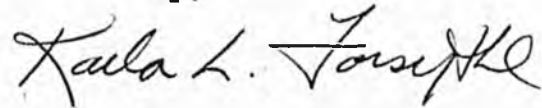
The Department of Law in its fiscal note has estimated that several hundred new prosecutions will be commenced as a result of this legislation. It is difficult to quantify the impact on the court, particularly since the Department of Law believes there will be no fiscal impact on its operations. However, any new hearings will add to the already considerable workload of the district court, particularly in Anchorage, and may require additional judicial and clerical resources, depending on the volume of cases filed.

Finally, proposed Section 28.22.530 requires that if the court orders forfeiture of a vehicle, the court shall within five days provide notice of the forfeiture to all persons with ownership or security interests. Requiring the court to give notice is inconsistent with the court's traditional role as impartial adjudicator, and is a requirement more appropriately placed with the moving party. Should this function remain with the court, additional clerical resources will be required in proportion to the number of forfeitures ordered.

I hope this information is helpful to the committee. The court system will be glad to answer any questions about these

comments, to testify before the committee at the time this legislation is scheduled for hearing, or to provide any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Karla L. Forsythe". The signature is written in dark ink and is positioned above the typed name.

Karla L. Forsythe
General Counsel

KLF:smh

cc: Representative Joe Hayes
Senator Joe Josephson
Arthur H. Snowden, II
Chief Justice Edmond W. Burke

operation on a highway or vehicular way or area, and is in a safe condition and in good working order. (Eff. 6/28/79, Reg. 70)

Authority: AS 28.05.011

Editor's Note: This section is based on 13 AAC 04.305 and 310.

13 AAC 04.004. SALE OR USE OF EQUIPMENT. (a) No person may sell or offer for sale or use a vehicle, equipment or device which does not meet the requirements of this chapter or other law. The provisions of this section do not apply to equipment that complies with requirements in effect before the effective date of this section and in use when this chapter takes effect, or to replacement parts of that equipment.

(b) Any equipment described in this chapter or any package containing the equipment must, if practicable, bear the manufacturer's trade mark or brand name, unless the equipment complies with identification requirements of the United States Department of Transportation or other federal agencies.

(c) No person engaged in the business of selling bicycles at retail may sell a bicycle unless the bicycle has an identifying number permanently stamped or cast on its frame. (Eff. 6/28/79, Reg. 70)

Authority: AS 28.05.011

13 AAC 04.005. DISCONNECTION OR ALTERATION OF EQUIPMENT. No person may disconnect or alter, except as is necessary in the repair or replacement of parts, the equipment required by this chapter, unless the equipment is by nature designed and intended for disconnection or alteration. (Eff. 6/28/79, Reg. 70)

Authority: AS 28.05.011

13 AAC 04.006. WHEN INSPECTION REQUIRED; ROADSIDE INSPECTION. (a) A police officer or other person authorized by the department, having reasonable cause to believe that a vehicle is unsafe, not equipped as required in this chapter or in AS 28, or that its equipment is not in proper adjustment or repair, may require the driver of the vehicle to stop and submit the vehicle to an inspection and tests as may be appropriate.

(b) A driver of a vehicle shall stop and submit the vehicle to a roadside inspection when a member of the Alaska State Troopers, uniformed police officer, or a person otherwise authorized by the department is conducting tests and inspections of vehicles and when a sign is displayed requiring a stop, or when a uniformed officer is present and signals the driver to stop. The signs requiring a stop for inspection may specify the particular class or type of vehicle required to stop and, when so designated, a driver of another class or type of vehicle need not stop.

(c) The owner or driver of a vehicle may not refuse to submit a vehicle to an inspection or test authorized or required under this chapter. (Eff. 6/28/79, Reg. 70)

Authority: AS 28.05.011

Editor's Note: This section is based on 13 AAC 06.030 and 040.

13 AAC 04.007. UNSAFE OR DEFECTIVELY EQUIPPED VEHICLE. (a) A police officer may issue a citation to the driver or owner of a vehicle which is not in safe mechanical condition or properly equipped as required in this chapter or in AS 28. A citation issued under this section must specify the section of this chapter or AS 28 which has been violated, the repair or adjustment to be made, and require the driver or owner to appear in court after a period of at least five days, holidays and weekends excluded, from the date of the violation.

(b) The citation issued under (a) of this section requires the driver or owner of the vehicle specified in the citation to repair the vehicle so that it is in safe condition and its equipment is in proper repair and adjustment. The citation also requires the owner or driver to secure a certificate of inspection and approval before any further driving or movement on a highway or vehicular way or area, except as provided in (c) of this section.

(c) No person may drive or move a vehicle after being directed under this section to have it repaired or adjusted, except as may be necessary to return the vehicle to the residence or place of business of the owner or driver of the vehicle or to a garage, until the vehicle and its equipment

Sec. 28.15.121. Restricted driver's license. (a) The department, upon issuing a driver's license, may for good cause impose restrictions suitable to the licensee's driving ability with respect to special mechanical control devices required on a motor vehicle which the licensee drives. The department may impose other restrictions applicable to the licensee that it determines to be appropriate to assure the safe operation of a motor vehicle by the licensee.

(b) The department may issue a special restricted license or may set out restrictions on the usual license form.

(c) The department may, upon receiving satisfactory evidence of a violation of the restrictions on a license restricted or issued under this section, suspend the restricted license for a period not to exceed 30 days.

(d) No person may drive a motor vehicle in violation of the restrictions imposed on a restricted license. (§ 19 ch 178 SLA 1978)

Sec. 28.15.131. License to be carried and exhibited on demand. Every licensee shall have his driver's license in his immediate possession at all times when driving a motor vehicle, and shall present for inspection his license upon the demand of a peace officer or other authorized representative of the department who identifies himself as such. However, a person charged with violating this section may not be convicted if he produces in court or in the office of the arresting or citing officer, a driver's license previously issued to him which was valid at the time of his arrest or citation. (§ 19 ch 178 SLA 1978)

A licensing statute cannot be used as a means for obtaining information or evidence not related to the licensing requirement. *Schraff v. State*, Sup. Ct. Op. No. 1223 (File No. 2263), 544 P.2d 834 (1975), decided under former AS 28.15.090.

Sec. 28.15.141. Duplicate driver's license. If a valid driver's license issued under this chapter is lost or destroyed, the person to whom the license was issued may, upon payment of the required fee, obtain a duplicate license. A person who recovers an original license for which a duplicate has been issued shall immediately surrender the duplicate to the department. (§ 19 ch 178 SLA 1978)

Sec. 28.15.151. Records to be kept by the department. (a) The department may maintain a file of

(1) every driver's license application, license or permit and duplicate driver's license issued by it;

(2) every license which has been suspended, revoked, canceled, limited, restricted, or denied, and the reasons for those actions; and

(3) all accident reports required to be forwarded to the department under this title.

(b) The department may also maintain a file of all accident reports, abstracts of court records of convictions of vehicle, driver and traffic offenses, and other information which the department considers necessary to carry out the purposes of this chapter.

(c) The department shall, upon request, subject to the applicable provisions of AS 12.62 and (f) of this section and without charging a fee,

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(2) there
(3) the lic
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(4) the lic
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SLA 1978)

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No. 21 (File N
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State, Sup. Ct.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSSHB 7 (FIN)
 Title: " An Act relating to Motor Vehicles"
 Sponsor: Hayes
 Requestor: Senate Labor & Commerce

II. FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Justice/Protecti
 BRU, Program of Subprogram(s) Affected:
Alaska State Troopers/Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES			558.6	592.1	627.6	665.3
200 TRAVEL			32.8	34.8	36.9	39.1
300 CONTRACTUAL			424.2	449.7	476.7	505.3
400 COMMODITIES			37.7	40.0	42.4	44.9
500 EQUIPMENT			154.6	- 0 -	- 0 -	3.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING			1207.9	1116.6	1183.6	1257.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND			1207.9	1116.6	1183.6	1257.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME			13	13	13	13
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not Identified by sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael Orelove
 Division: Administrative Services

Phone: 465-4349
 Date: 5/27/83

Approved by Commissioner: [Signature]
 Department: Public Safety

Date: 5/27/83

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

Division of Motor Vehicles

FISCAL NOTE ANALYSIS

Page 1

CSSSHB7 (Finance)

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 states with mandatory insurance laws estimate that 5%-15% of their vehicles are operating without insurance as owners 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 must create a compliance unit of 10 employees. The compliance unit must be located with division headquarters since there must be ready reference to the existing ownership and registration record. The present headquarters location will not accommodate any expansion, therefore, the fiscal note provides for relocation and lease of new space for the Division of Motor Vehicles headquarters in FY-85.

A further breakdown by object code is attached. The reason for such a large figure in the 310 category is because of statutory requirement that all suspension notices must be sent by registered or certified mail, return receipt requested. If action is taken on 30,000 uninsured vehicles, at \$1.55 postage per notice, that cost alone is \$46,500.

CSSSHB7 (Finance)

The FY-85 costs for the compliance unit are as follows:

100 PERSONAL SERVICES

1 Insurance Compliance Unit Supervisor (Range 18, new classification)	52.7	
2 Hearing Officers (Range 16, new classification)	90.1	
1 Clerk V	33.2	
5 Clerk IV	149.5	
1 Microfilm Equipment Operator	31.4	
		TOTAL
		356.9

200 TRAVEL

Hearing Officers to travel to various cities to conduct suspension hearings		26.5
---	--	------

300 CONTRACTUAL

310 - phones, tolls, postage	54.6	
320 - forms, advertising, public notice	15.9	
330 - headquarters space lease (6,000 sq. ft.)	171.7	
360 - equipment rental (4 AJIS terminals)	31.8	
382a- DP Chargeback - programming & maintenance	84.8	
		TOTAL
		358.8

400 COMMODITIES

Normal office supplies		26.6
------------------------	--	------

500 EQUIPMENT

Office Equipment (10 employees)	30.0	
Word Processing Station (Wang)	20.0	
Microfilm Camera and Printer	40.0	
		TOTAL
		90.0
		858.8

Inflation for subsequent years is figured at the 6% level.

1.	POSITION TITLE Clerk IV				RANGE/STEP 9	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				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2		3						
	PERSONAL SERVICES									
5.	Salary	20.4								
6.	Benefits	3.6								
7.	Supplemental Benefits	.3								
8.	Fixed Benefits	2.9								
9.	TOTAL PERSONAL SERVICES	01		28.2						
10.	Travel	02								
11.	Contractual	03								
12.	Commodities	04		.1						
13.	Equipment	05		3.0						
14.	Other									
15.	TOTAL COST			31.3						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		31.3						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

The state may ask the court to order the forfeiture of a motor vehicle. The state then must provide written notice concerning any forfeiture hearing to every person who has an ascertainable ownership or security interest in the motor vehicle. The clerical functions associated with this would be highly specialized in that the Clerk IV must be able to do detailed research, and meet all legal requirements. This Clerk IV would basically handle all records and actions concerning requests for vehicle forfeitures.

Accuracy is essential in this work since the consequences of this person's actions on individual citizens is great. The loss of a vehicle is a harsh step, and the possibility of error must be eliminated to avoid working hardships on innocent parties.

Computation on this form is at FY84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

PROGRAM Life and Property Protection

BRU Driver/Vehicle Services

COMPONENT Vehicle Services

FY 84

Page _____ of _____
Revised Date _____

1.	POSITION TITLE Clerk V			RANGE/STEP 11	BARG. UNIT CCU	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	LEC.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1			2		3			
	PERSONAL SERVICES								
5.	Salary	1914		23.0					
6.	Benefits			4.0					
7.	Supplemental Benefits			1.4					
8.	Fixed Benefits			2.9					
9.	TOTAL PERSONAL SERVICES		01	31.3					
10.	Travel		02						
11.	Contractual		03	5.0					
12.	Commodities		04	1.0					
13.	Equipment		05	3.0					
14.	Other								
15.	TOTAL COST			40.3					
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004		40.3					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR B&M USE ONLY 4A KEY NUMBER _____									

Under the general supervision of the Insurance Compliance Unit Supervisor, this position will supervise the clerical section of this unit. The unit will perform checks on those suspected of being in violation of the insurance laws. The consequences of the actions of this section in suspending vehicle registrations and operator's licenses and complexity of the due process system require a high level of supervision and expertise.

The section supervisor must have a thorough knowledge of motor vehicle laws and forms and vehicle insurance practices and policies. This section will also schedule administrative hearings and the supervisor must coordinate these with the hearing officer's travel plans.

This position will be responsible for the final actions of the unit, and accuracy and good judgement are essential to ensure correct compliance with the insurance laws and to avoid hardships for innocent vehicle operators.

Computation on this form is at FY84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
PROGRAM Life and Property Protection
BRU Driver/Vehicle Services
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FY 84

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Revised Date _____

1.	POSITION TITLE Insurance Compliance Unit Supervisor				RANGE/STEP 18	BARC. UNIT Sup.	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	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	3143	37.7							
6.	Benefits		6.6							
7.	Supplemental Benefits		2.3							
8.	Fixed Benefits		2.9							
9.	TOTAL PERSONAL SERVICES		01		49.5					
10.	Travel		02		5.0					
11.	Contractual		03		5.0					
12.	Commodities		04		2.0					
13.	Equipment		05		3.0					
14.	Other									
15.	TOTAL COST				64.5					
	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					
						64.5				
FOR B&M USE ONLY										
4A KEY NUMBER										

The mandatory insurance laws require that the state take action against those who do not have liability insurance or those who cancel policies after registration. Administration of this program is the responsibility of the Insurance Compliance Unit. The Supervisor of this unit will act under the general direction of the Chief of Vehicle Services and will be responsible for the supervision of seven employees.

This position carries considerable authority in that this unit has the responsibility of suspending both vehicle registration and operator's licenses of violators. This will require close coordination with the insurance industry, the court system, and law enforcement agencies to ensure that appropriate and timely action is taken and that complete due process is given to the citizen.

The intent of the law is to have 100% compliance, however based on other states' experience, usually only 90% compliance is achieved. This will require some action be taken on 30,000 uninsured vehicles and their owners.

Computation on this form is at FY84 costs.

13 REQUEST FOR
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Revised Date

1. POSITION TITLE Microfilm Equipment Operator I				RANGE/STEP 10	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	LEG.	
3. CONTINUATION LEVEL				ADDITION		JUSTIFICATION			
4. TYPE OF EXPENDITURE				AMOUNT		<p>As a result of this bill, each vehicle operator must present some form of proof of insurance at the time of registration. This form is kept with the vehicle records which are microfilmed. Also the records of registration, suspensions, and all associated documents are microfilmed and kept with vehicle records. These forms and documents will represent a 20% increase in the documents presently maintained by the Vehicle Services Unit.</p> <p>To accomodate this increased workload, a Microfilm Equipment Operator I is necessary to augment the present staff. Equipment associated with this position includes a microfilm camera and a reader-printer work station.</p> <p>The microfilm retrieval system currently being used has proved cost effective in terms of labor savings and rapid response to filing needs. The high initial cost of equipment is soon offset by savings in labor and file storage costs.</p> <p>Computation on this form is at FY84 costs.</p>			
1		2		3					
PERSONAL SERVICES									
5.	Salary	1803		21.6					
6.	Benefits			3.8					
7.	Supplemental Benefits			1.3					
8.	Fixed Benefits			2.9					
9.	TOTAL PERSONAL SERVICES		01	29.6					
10.	Travel		02						
11.	Contractual		03	5.0					
12.	Commodities		04	4.0					
13.	Equipment		05	43.0					
14.	Other								
15.	TOTAL COST			118.8					
RECEIPT CODE				FUNDING SOURCE					
16.				Federal Receipts	1002				
17.				G.F. Match	1003				
18.				General Funds	1004	118.8			
19.				I-A Receipts	1005				
20.				Program Receipts	1028				
21.				Other					
FOR B&M USE ONLY				4A KEY NUMBER					

13 REQUEST FOR
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AGENCY Department of Public Safety

PROGRAM Life and Property Protection

BRU Driver/Vehicle Services

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Revised Date

1.	POSITION TITLE Hearing Officer				RANGE/STEP 16	BARG. UNIT GGII	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	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary	2670	32.0								
6.	Benefits		5.6								
7.	Supplemental Benefits		2.0								
8.	Fixed Benefits		2.9								
9.	TOTAL PERSONAL SERVICES		01	42.5							
10.	Travel		02	10.0							
11.	Contractual		03	5.0							
12.	Commodities		04	2.0							
13.	Equipment		05	3.0							
14.	Other										
15.	TOTAL COST			62.5							
	RECEIPT CODE				FUNDING SOURCE						
16.					Federal Receipts		1002				
17.					G.F. Match		1003				
18.					General Funds		1004		62.5		
19.					I-A Receipts		1005				
20.					Program Receipts		1028				
21.					Other						
FOR B&M USE ONLY											
4A KEY NUMBER											

The mandatory insurance bill requires the state to suspend vehicle registrations, plates, and operator's licenses for those people who operate a vehicle without the required liability insurance. Prior to taking any action of this type, the department must provide the person an opportunity for an administrative hearing (AS 28.05.131).

Using estimates based on other states' experience with mandatory insurance, there will only be a 90% compliance level. This means action will be taken on the remaining 10% or 30,000 uninsured vehicles. The hearing officer must travel to all areas of the state to administer the hearings. With this volume there will be two hearing officers required.

Due to the limited scope of the hearing items, it is not necessary to have an attorney in this position.

Computation on this form is at FY84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

PROGRAM Life and Property Protection

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Revised Date _____

1.	POSITION TITLE Hearing Officer				RANGE/STEP 16	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	LEG.		
3.	CONTINUATION LEVEL				ADDITION		JUSTIFICATION			
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	2670			32.0					
6.	Benefits				5.6					
7.	Supplemental Benefits				2.0					
8.	Fixed Benefits				2.9					
9.	TOTAL PERSONAL SERVICES		01		42.5					
10.	Travel		02		10.0					
11.	Contractual		03		5.0					
12.	Commodities		04		2.0					
13.	Equipment		05		3.0					
14.	Other									
15.	TOTAL COST				62.5					
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Match 1003								
19.		General Funds 1004			62.5					
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

The mandatory insurance bill requires the state to suspend vehicle registrations, plates, and operator's licenses for those people who operate a vehicle without the required liability insurance. Prior to taking any action of this type, the department must provide the person an opportunity for an administrative hearing (AS 28.05.131).

Using estimates based on other states' experience with mandatory insurance, there will only be a 90% compliance level. This means action will be taken on the remaining 10% or 30,000 uninsured vehicles. The hearing officer must travel to all areas of the state to administer the hearings. With this volume there will be two hearing officers required.

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13 REQUEST FOR
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AGENCY Department of Public Safety

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Revised Date _____

1.	POSITION TITLE Clerk IV				RANGE/STEP 9	BARG. UNIT CGU	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	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	1700	20.4							
6.	Benefits		3.6							
7.	Supplemental Benefits		1.3							
8.	Fixed Benefits		2.9							
9.	TOTAL PERSONAL SERVICES		01		28.2					
10.	Travel		02							
11.	Contractual		03		5.0					
12.	Commodities		04		1.0					
13.	Equipment		05		3.0					
14.	Other									
15.	TOTAL COST				37.2					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		37.2						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

The state is required to suspend vehicle registrations and operator's licenses of those found to be operating a motor vehicle without liability insurance. The clerical functions associated with this are highly specialized in that the Clerk IV must be able to do detailed research in both motor vehicle and drivers records, must be familiar with different types of insurance policies, and must have a working knowledge of all motor vehicle laws.

Accuracy is essential in this work since the consequences of the unit's actions on individual citizens is great. The loss of vehicle and driving privileges is a harsh step and the possibility of error must be eliminated to avoid working hardships on innocent parties. To assist in record tracking and handling similar form correspondence, a Wang word processing unit will be used by the section.

Based on other states' experience, approximately 10% or 30,000 vehicle owners will try to circumvent or violate this law. The volume of records and correspondence with 30,000 cases annually will require a unit of 4 Clerk IVs.

Computation on this form is at FY84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
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 BRU Driver/Vehicle Services
 COMPONENT Vehicle Services

FY 84

Page 1 of 1
 Revised Date _____

1.	POSITION TITLE Clerk IV				RANGE/STEP 9	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	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary	700	20.4								
6.	Benefits		3.6								
7.	Supplemental Benefits		1.3								
8.	Fixed Benefits		2.9								
9.	TOTAL PERSONAL SERVICES		01		28.2						
10.	Travel		02								
11.	Contractual		03		5.0						
12.	Commodities		04		1.0						
13.	Equipment		05		3.0						
14.	Other										
15.	TOTAL COST				37.2						
16.	RECEIPT CODE	FUNDING SOURCE									
17.		Federal Receipts 1002									
18.		G.F. Match 1003									
19.		General Funds 1004			37.2						
20.		I-A Receipts 1005									
21.		Program Receipts 1028									
		Other									
FOR BSM USE ONLY											
4A KEY NUMBER _____											

The state is required to suspend vehicle registrations and operator's licenses of those found to be operating a motor vehicle without liability insurance. The clerical functions associated with this are highly specialized in that the Clerk IV must be able to do detailed research in both motor vehicle and drivers records, must be familiar with different types of insurance policies, and must have a working knowledge of all motor vehicle laws.

Accuracy is essential in this work since the consequences of the unit's actions on individual citizens is great. The loss of vehicle and driving privileges is a harsh step and the possibility of error must be eliminated to avoid working hardships on innocent parties. To assist in record tracking and handling similar form correspondence, a Wang word processing unit will be used by the section.

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13 REQUEST FOR
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 Revised Date _____

1.	POSITION TITLE Clerk IV				RANGE/STEP 9	BARG. UNIT GGU	FORM 17 PAGE/LINE	GOV.	APPROV.	DISAPP.	
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary	1700	20.4								
6.	Benefits		3.6								
7.	Supplemental Benefits		1.3								
8.	Fixed Benefits		2.9								
9.	TOTAL PERSONAL SERVICES		01		28.2						
10.	Travel		02								
11.	Contractual		03		5.0						
12.	Commodities		04		1.0						
13.	Equipment		05		3.0						
14.	Other										
15.	TOTAL COST				37.2						
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004		37.2							
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&M USE ONLY											
4A KEY NUMBER _____											

The state is required to suspend vehicle registrations and operator's licenses of those found to be operating a motor vehicle without liability insurance. The clerical functions associated with this are highly specialized in that the Clerk IV must be able to do detailed research in both motor vehicle and drivers records, must be familiar with different types of insurance policies, and must have a working knowledge of all motor vehicle laws.

Accuracy is essential in this work since the consequences of the unit's actions on individual citizens is great. The loss of vehicle and driving privileges is a harsh step and the possibility of error must be eliminated to avoid working hardships on innocent parties. To assist in record tracking and handling similar form correspondence, a Wang word processing unit will be used by the section.

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13 REQUEST FOR
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Page 1 of 1
Revised Date _____

1.	POSITION TITLE Clerk IV				RANGE/STEP 9	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	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES										
5.	Salary	1700	20.4								
6.	Benefits		3.6								
7.	Supplemental Benefits		1.3								
8.	Fixed Benefits		2.9								
9.	TOTAL PERSONAL SERVICES		01	28.2							
10.	Travel		02								
11.	Contractual		03	5.0							
12.	Commodities		04	1.0							
13.	Equipment		05	3.0							
14.	Other										
15.	TOTAL COST			37.2							
16.	RECEIPT CODE	FUNDING SOURCE									
17.		Federal Receipts 1002									
18.		G.F. Match 1003									
19.		General Funds 1004		37.2							
20.		I-A Receipts 1005									
21.		Program Receipts 1028									
		Other									

The state is required to suspend vehicle registrations and operator's licenses of those found to be operating a motor vehicle without liability insurance. The clerical functions associated with this are highly specialized in that the Clerk IV must be able to do detailed research in both motor vehicle and drivers records, must be familiar with different types of insurance policies, and must have a working knowledge of all motor vehicle laws.

Accuracy is essential in this work since the consequences of the unit's actions on individual citizens is great. The loss of vehicle and driving privileges is a harsh step and the possibility of error must be eliminated to avoid working hardships on innocent parties. To assist in record tracking and handling similar form correspondence, a Wang word processing unit will be used by the section.

Based on other states' experience, approximately 10% or 30,000 vehicle owners will try to circumvent or violate this law. The volume of records and correspondence with 30,000 cases annually will require a unit of 4 Clerk IVs.

Computation on this form is at FY84 costs.

FOR B&M USE ONLY
4A KEY NUMBER _____

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
PROGRAM Life and Property Protection
BRU Driver/Vehicle Services
COMPONENT Vehicle Services

FY 84

Page 1 of 1
Revised Date _____

Alaska State Troopers

CSSSHB 7(FIN)

Motor Vehicle Liability Insurance

Passage of this bill will require a statewide enforcement effort to ensure compliance. This will require numerous Troopers all over the State to spend patrol time enforcing provisions of this particular law. The bulk of the activity will take place in the Anchorage area, Fairbanks, and Juneau. One additional Trooper is requested for each of these locations to absorb the increased work load.

FY '85

	<u>Three Troopers</u>	<u>Academy(2)</u>	<u>Totals</u>
Personal Svc.	201,684		201,684
Travel	6,360		6,360
Contractual	55,866	9,540	65,406
Commodities	10,494	636	11,130
Equipment(1)	64,554		64,554
	<hr/> 338,958	10,176	349,134

- (1) Equipment costs are incurred during the first year only.
- (2) The Public Safety Academy is budgeted only for costs of training replacement Troopers based on normal turnover of personnel. Any new Troopers required due to new legislation need additional funding.

Note: Inflation after FY '85 is estimated at 6% per year. FY '85 is based upon FY '84 costs inflated by 6%.

1.	POSITION TITLE State Trooper			RANGE/STEP 76A	BARG. UNIT PSEA	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION 1FT	STAFF MONTHS 13.9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Palmer	ELECTION DISTRICT 7-15	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2		3					
	PERSONAL SERVICES								
5.	Salary	\$2,008 + 25 hrs. OT	44,118						
6.	Benefits	.2721	11,266						
7.	Supplemental Benefits		2,880						
8.	Fixed Benefits		2,240						
9.	TOTAL PERSONAL SERVICES		01	60,504					
10.	Travel		02	2,000					
11.	Contractual		03	17,568					
12.	Commodities		04	3,300					
13.	Equipment		05	20,300					
14.	Other								
15.	TOTAL COST			103,672					
	RECEIPT CODE			FUNDING SOURCE					
16.				Federal Receipts 1002					
17.				G.F. Hatch 1003					
18.				General Funds 1004					
19.				I-A Receipts 1005					
20.				Program Receipts 1028					
21.				Other					
				103,672					
FOR BEM USE ONLY									
4A KEY NUMBER									

This position will be utilized on increased patrol activity due to the need to check motor vehicle records to assure compliance with this new law.

* Equipment costs will be incurred in the first year only.

Computations are at FY 84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 PROGRAM Crime ID & Apprehension
 BRU Alaska State Troopers
 COMPONENT Detachments & C.I.B.

FY 84

Page 1 of 3
 Revised Date _____

1.	POSITION TITLE State Trooper				RANGE/STEP 76A	BARG. UNIT PSEA	FORM 12 PAGE/LINE	COV.	APPROV.	DISAP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 13.9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 7-15	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE									
	1	2	3							
	PERSONAL SERVICES									
5.	Salary: \$2,928 x 25 hrs. OT	44,118								
6.	Benefits .2721	11,266								
7.	Supplemental Benefits	2,880								
8.	Fixed Benefits	2,240								
9.	TOTAL PERSONAL SERVICES	01	60,504							
10.	Travel	02	2,000							
11.	Contractual	03	17,563							
12.	Commodities	04	3,300							
13.	Equipment	05	20,300*							
14.	Other									
15.	TOTAL COST		103,672							
	RECEIPT CODE				FUNDING SOURCE					
16.			Federal Receipts 1002							
17.			G.F. Hatch 1003							
18.			General Funds 1004		103,672					
19.			I-A Receipts 1005							
20.			Program Receipts 1020							
21.			Other							
FOR USER USE ONLY										
4A KEY NUMBER										

This position will be utilized on increased patrol activity due to the need to check motor vehicle records to assure compliance with this new law.

* Equipment costs will be incurred in the first year only.

Computations are at FY 84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
PROGRAM Crime ID & Apprehension
BRU Alaska State Troopers
COMPONENT Detachments & C.I.B.

Page 2 of 3
Revised Date _____

FY 84

1.	POSITION TITLE State Trooper			RANGE/STEP 76A	BARG. UNIT PSEA	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 13.9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Fairbanks	ELECTION DISTRICT 18-21	LEG.	
3.	COM. ACTION LEVEL	ADDITION			JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary \$3,472 x 25 hrs. OT	51,093							
6.	Benefits	13,047							
7.	Supplemental Benefits	2,870							
8.	Fixed Benefits	2,240							
9.	TOTAL PERSONAL SERVICES	01	69,250						
10.	Travel	02	2,000						
11.	Contractual	03	17,500						
12.	Commodities	04	4,300						
13.	Equipment	05	20,000						
14.	Other								
15.	TOTAL COST		112,850						
16.	RECEIPT CODE	FUNDING SOURCE							
17.		Federal Receipts	1002						
18.		G.F. Match	1003						
19.		General Funds	1004	112,850					
20.		I-A Receipts	1005						
21.		Program Receipts	1020						
21.		Other							
FOR USE ONLY 6A KEY NUMBER									

This position will be utilized on increased patrol activity due to the need to check motor vehicle records to assure compliance with this new law.

* Equipment costs will be incurred in the first year only.

Computations are at FY 84 costs.

13 REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 PROGRAM Crime ID & Apprehension
 BRU Alaska State Troopers
 COMPONENT Detachments & C.I.B.

FY 84

Page 3 of 3
 Revised Date

PROPOSED FISCAL NOTE

CE
5/20

THE LEGISLATURE OF THE STATE OF ALASKA THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SS HB 7 (Judiciary)
 Title Relating to motor vehicles; providing for an effective date
 Requested by House Finance Committee Date 5/16/83

II. FISCAL DETAIL

Agency Affected Department of Public Safety
 Program Category Affected Division of Motor Vehicles
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	---	---	---	---

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
		0				

POSITIONS

0

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Since the fiscal impact of this bill does not occur until FY 85, it is the position of the House Finance Committee that the fiscal impact should be considered in conjunction with review of the FY 85 budget. Accordingly, the House Finance Committee encourages the Department of Public Safety to submit a request for increased funding along with its FY 85 budget so that the request can be reviewed in conjunction with the Department's total budget for FY 85.

Albert P. Adams

IV. DATE 5/16/83

PREPARED BY Albert P. Adams

AGENCY House Finance Committee

Original: Legislative Finance

PHONE 465-3706

HB 7 TITLE & SPONSOR SUMMARY

11:07 10/05/83 PAGE 1 OF 3

AMENDED TITLE: SCS C3SSH 7(L&C)

AN ACT RELATING TO MOTOR VEHICLES; AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$0 (F. NOTE)

PRIME SPONSOR: HAYES.

OTHER DOLLARS: \$0

CO-SPONSORS: BARNES, PHILLIPS, FURNACE, LINDAUER, ABOOD, UEHLING, LISKA, COWDERY, SZYMANSKI, FRITZ, PESTINGER, BUSSELL, CATO.

CURRENT STATUS: 6/26/83 CONF CNTE APPTD

HB 7 HOUSE ACTION

11:07 10/05/83 PAGE 2 OF 3

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	1018	L&C -- CS04, NR02
04/25/83	04	1018	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 C3SSH7(Fin)
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 09-23-08
06/26/83	30	2039	CC -- HAYES BUSSELL WENDTE
****	**	**	*** ** *

HB 7 SENATE ACTION

11:07 10/05/83 PAGE 3 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
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 SC3SSH7(L+C)
06/25/83	25	1507	PASSED BY DIV 18-00-02
06/25/83	26	1507	EFFECTIVE DATE VOTE SAME AS PASSAGE
06/26/83	28	1548	FAILED TO RECEDE FRM AMS BY DIV 00-20-00
06/26/83	29	1548	CC -- ELIASON MULCAHY FISCHER, V.
****	**	**	*** ** *

A M E N D M E N T NO. 1

Offered in the SENATE

By Josephson

TO: Senate CS CSSSHB 7 (L&C)

Page 1, following line 8, through page 2, line 13:

Delete all material and insert:

"* Section 1. DECLARATION OF PURPOSE. The legislature is concerned over the rising toll of motor vehicle accidents and the suffering and loss inflicted by them. The legislature determines that it is a matter of grave concern that motorists be financially responsible for their negligent acts so that innocent victims of motor vehicle accidents may be recompensed for the injury and financial loss inflicted upon them. 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 issued in conformity with AS 28.22.010 or of a certificate of self-insurance issued under AS 28.20.400 when the vehicle registration is made or renewed as a prerequisite to the exercise of the privilege of registering and operating a motor vehicle in the state.

* Sec. 2. 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. 3. AS 21.89.020 is amended by adding a new subsection to 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 persons 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. 4. AS 28.10.011 is amended by adding new paragraphs to read:

- (12) a mobile home as defined by regulation;
- (13) 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 department shall publish every five

years a list of areas that meet the requirements of this paragraph. The list of areas shall be available for public inspection at all division of motor vehicle offices in the state.

* Sec. 5. AS 28.10.011 is amended by adding a new subsection to read:

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

* Sec. 6. AS 28.10.021 is amended by adding a new subsection to read:

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

* Sec. 7. AS 28.10.111 is amended by adding a new subsection to read:

(c) The department may not renew the registration of a motor vehicle under this section unless the owner complies with AS 28.10.011(b).

* Sec. 8. AS 28.10.151 is amended by adding a new paragraph to read:

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

* Sec. 9. 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 under AS 28.10.011(a)(3), (7), (11), (12) and (13) only [28.10.-011(6)], upon application by that owner.

* Sec. 10. AS 28.15.011 is amended by adding a new subsection to read:

(d) A person's driver's license may be issued, renewed, or reissued following a suspension or revocation under this chapter only on presentation of evidence satisfactory to the department of the existence of a motor vehicle liability policy that complies with AS 28.22.010 or a certificate of self-insurance that complies with AS 28.20.400 for all motor vehicles owned by the person and registered in the person's name under AS 28.10.011(b) and located within the state. Cash, securities, or a bond that will provide the same benefits available under a required motor vehicle liability policy may be deposited or filed with the department in lieu of a motor vehicle liability policy or certificate of self-insurance.

* Sec. 11. AS 28.15.011 is amended by adding a new subsection to read:

(e) The department shall suspend the driver's license of a person when the department is advised that the person's insurance coverage is terminated and there has been no written response by the person within 30 days to a written notice issued by the department to the person requesting verification of compliance with AS 28.15.011(d).

* Sec. 12. AS 28.15.081(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) [HIS] ability to read and understand official traffic control devices, (3) [HIS] 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, (5) knowledge of laws relating to driving while intoxicated, (6) knowledge of laws relating to financial responsibility, and (7) knowledge of the traffic laws and regulations of this state. The examination [, AND] 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 [HIS] ability, and must present medical information that [WHICH] the department reasonably requires to determine [HIS] fitness to safely drive a motor vehicle of the type and general class of vehicles for which the applicant [HE] seeks a license.

* Sec. 13. 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, unless the policy or bond is subject to a limit, exclusive of interest and costs, of not less than \$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, to a limit of not less than \$100,000 [\$50,000] because of

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

* Sec. 14. AS 28.20.230(b) is amended to read:

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

* Sec. 15. 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. 16. 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. 17 AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in 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 arising out of the ownership, maintenance or use of the uninsured or underinsured motor vehicle, except that this coverage or part of it may be waived in

writing by the insured on or before the effective date of the policy.

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

(1) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or the receipt of written notice of intent to terminate. The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage for the person. If the person whose coverage terminates fails to provide the department with evidence satisfactory to it of the existence of (1) a motor vehicle liability policy issued in conformity with AS 28.20.440; or (2) a certificate of self-insurance issued in conformity with AS 28.20.400; or (3) cash, securities or a bond deposited or filed with the department on the terms and conditions that will provide the same benefits available under a required motor vehicle liability policy, the department shall suspend the driver's license and all registration certificates and registration plates issued to the person until the person has provided the department with the evidence.

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

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

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

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

CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

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

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

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

(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 in the United States or the Dominion of Canada, subject to limits exclusive of interest and costs, with respect to each vehicle, as follows:

(A) \$50,000 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 because of bodily injury to or death of two or more persons in any one accident; and

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

(3) contain coverage in 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 the owner or operator of an uninsured or underinsured motor vehicle because of bodily injury or death, or damage to or destruction of property arising out of the ownership, maintenance, or use of the uninsured or underinsured motor vehicle, except that this coverage or part of it may be waived in writing by the insured on or before the effective date of the policy.

(c) The operator's policy of liability insurance shall insure the person named as insured against loss from the liability imposed on the operator by law for damages arising out of the use by the operator of a motor vehicle not owned by the operator, within the same territorial limits and subject to the same limits of liability as are required for an owner's policy of liability insurance.

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

(e) The motor vehicle liability policy need not insure liability

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:

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

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

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

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

(l) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or the receipt of written notice of intent to terminate. The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage for the person. If the person whose coverage terminates fails to provide the department with evidence satisfactory to it of the existence of (1) a motor vehicle liability policy issued in conformity with AS 28.22.010; or (2) a certificate of self-insurance issued in conformity with AS 28.20.400; or (3) cash, securities or a bond deposited or filed with the department on the terms and conditions that

will provide the same benefits available under a required motor vehicle liability policy, the department shall suspend the driver's license and all registration certificates and registration plates issued to the owner of the motor vehicle until the person has provided the department with such evidence.

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

Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not effective under AS 28.22.010 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 unless it complies with the limit requirements established in AS 28.22.010(b)(2).

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

Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR

VEHICLE LIABILITY POLICY. (a) A person may not drive or move, nor may an owner knowingly permit to be driven or moved, on a highway or vehicular way or area, a vehicle required to be insured under a motor vehicle liability policy that complies with AS 28.22.010 or a certificate of self-insurance that complies with AS 28.20.400 unless a motor vehicle liability policy is in effect for the motor vehicle. Cash, securities, or a bond that will provide the same benefits available under a required motor vehicle liability policy may be deposited or filed with the department in lieu of a motor vehicle liability policy or certificate of self-insurance.

(b) If a peace officer has probable cause to believe a motor vehicle was used in the violation of (a) of this section, a citation will be issued. The citation will be voided if the driver or owner of a vehicle cited under this section appears at an Alaska State Trooper Office or an office of the police agency that issued the citation before the court appearance date indicated on the citation and provides evidence showing that a motor vehicle liability policy that complies with AS 28.22.010 or a certificate of self-insurance that complies with AS 28.20.400 was in effect at the time the citation was issued or that cash, securities or a bond had been deposited or filed with the department at the time the citation was issued and meets conditions that will provide the same benefits available under a required motor vehicle policy.

(c) A person who violates (a) of this section commits a class B misdemeanor. Upon conviction the court shall impose a fine of not less than \$250 and may impose a fine up to the maximum amount

established by AS 12.55.035 for a person convicted of a class B misdemeanor. The court may not suspend the minimum fine imposed under this subsection.

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

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

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

(B) suspension of the registration of the subject motor vehicle until proof of compliance with AS 28.10.011(b) is furnished to the department.

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

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

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

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

and, in addition, either:

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

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

Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) Upon a person's conviction of an offense under AS 28.22.500, if the convicted person was twice or more previously convicted within the last 10 years of violating AS 28.22.500 or a statute in another jurisdiction with elements substantially similar to AS 28.22.500, 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 28.22.500; and

(3) before parting with the motor vehicle, the petitioner did not know or have reasonable cause to believe that it would be 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. 28.22.520. UNUSED MOTOR VEHICLES. (a) A person may terminate or suspend a motor vehicle liability policy covering a vehicle that is unused. A person exercising this option shall remove the

unused vehicle's plates and deliver them to the nearest department office. Except as provided in (c) of this section, when the vehicle is to be used the person shall present evidence satisfactory to the department of a motor vehicle liability policy that complies with AS 28.22.010 or a certificate of self-insurance that complies with AS 28.20.400 covering the vehicle and person, at which time the department shall reissue vehicle plates to the person. Cash, securities or a bond that will provide the same benefits available under a required motor vehicle policy may be deposited or filed with the department in lieu of a motor vehicle liability policy or certificate of self-insurance.

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

(c) When the vehicle is to be driven or transported only for the purposes for which registration is not required under AS 28.10.151, the department shall issue a special permit that shall be effective for a 30-day period. Presentation of evidence of financial responsibility as required by (a) of this section is not required for issuance of this special permit.

(d) A person seeking a special permit under (c) of this section must present evidence satisfactory to the department that the vehicle will be operated only as allowed by AS 28.10.151.

Sec. 28.22.530. ANNUAL REPORT. Beginning in 1988, the Department of Commerce and Economic Development and Department of Public Safety shall submit a joint report to the legislature no later than

February 1 of each year on the administration of this chapter. The report shall include

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

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

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

* Sec. 21. Sections 2, 3 and 17 of this Act take effect January 1, 1984.

* Sec. 22. Section 10 of this Act takes effect January 1, 1985.

* Sec. 23. Except for secs. 2, 3, 10 and 17, this Act takes effect July 1, 1984."

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

Original sponsors: Hayes, Barnes,
Phillips, et al

COMPULSORY AUTO INSURANCE — CHANGED
UNINSURED-UNDERINSURED COVERAGE — FAVOR
MOTOR VEHICLE CODE CLEANUP — NEUTRAL
INCREASED LIMITS — NEUTRAL

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 7 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

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

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

9 * Section 1. DECLARATION OF PURPOSE. The legislature is concerned over
10 the rising toll of motor vehicle accidents and the suffering and loss in-
11 flicted by them. The legislature determines that it is a matter of grave
12 concern that motorists be financially responsible for their negligent acts
13 so that innocent victims of motor vehicle accidents may be recompensed for
14 the injury and financial loss inflicted upon them. The legislature finds
15 and declares that the public interest can best be served by the requirement
16 that the owner of a motor vehicle be required to furnish evidence of the
17 existence of a motor vehicle liability policy issued in conformity with
18 AS 28.22.010 or of a certificate of self-insurance issued under AS 28.20.-
19 400 when the vehicle registration is made or renewed as a prerequisite to
20 the exercise of the privilege of registering and operating a motor vehicle
21 in the state.

22 * Sec. 2. AS 28.10.011 is amended by adding a new paragraph to read:
23 (12) a mobile home as defined in AS 45.30.100.

24 * Sec. 3. AS 28.10.011 is amended by adding a new subsection to read:
25 (b) An owner of a motor vehicle may not register a motor vehicle
26 in the state and may not renew the registration of a motor vehicle in
27 the state without providing evidence satisfactory to the department of
28 the existence of a motor vehicle liability policy that complies with
29 AS 28.22.010 or of a certificate of self-insurance that complies with

1 AS 28.20.400.

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

3 (b) A certificate of registration may not be issued under this
4 section unless the owner complies with AS 28.10.011(b).

5 * Sec. 5. AS 28.10.111 is amended by adding a new subsection to read:

6 (c) The department may not renew the registration of a motor
7 vehicle under this section unless the owner complies with AS 28.10.-
8 011(b).

9 * Sec. 6. AS 28.10.201(b) is amended to read:

10 (b) The owner of a vehicle described in AS 28.10.011 as being
11 exempt from registration and the owner of a snowmobile or off-highway
12 vehicle may not apply for, nor may the department issue, a certificate
13 of title for such a vehicle. However, the department may issue a
14 certificate of title to the owner of a vehicle exempt from registra-
15 tion under AS 28.10.011(3), (6), (7), (11) and (12). [28.10.011(6)]
16 upon application by that owner.

17 * Sec. 7. AS 28.15.011 is amended by adding a new subsection to read:

18 (d) A person's driver's license may be issued or renewed under
19 this chapter only on presentation of evidence satisfactory to the de-
20 partment of the existence of a motor vehicle liability policy that
21 complies with AS 28.22.010 or a certificate of self-insurance that
22 complies with AS 28.20.400 for all motor vehicles owned by the person
23 and registered in the person's name and located within the state.

24 * Sec. 8. AS 28.15.011 is amended by adding a new subsection to read:

25 (e) The department shall suspend the driver's license of a
26 person when the department is advised that the person's insurance
27 coverage is terminated and there has been no written response by the
28 person within thirty days to a written notice issued by the department
29 to the person requesting verification of compliance with

1 AS 28.15.011(d).

2 * Sec. 9. AS 28.15.031(a) is amended to read:

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

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

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

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

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

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

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

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

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

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

1 one accident; or

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

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

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

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

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

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

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

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

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

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

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

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

28 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or the receipt of written notice of intent to terminate.

The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage

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

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

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

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

29 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR

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

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

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

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

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

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

29 (B) suspension of the registration of the subject

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

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

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

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

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

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

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

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

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

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

6 (1) a description of the motor vehicle;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907-465 000

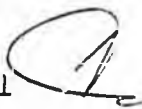
LEGISLATIVE AFFAIRS AGENCY

M E M O R A U M

June 21, 1983

SUBJECT: Mandatory motor vehicle insurance
 (SCS CSSSHB 7 (L&C))

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

FROM: Richard C. Folta
 Legislative Counsel 

Here is the sectional analysis you requested for SCS
CSSSHB 7 (L&C).

Section 1 sets out the findings by the legislature on why
mandatory motor vehicle insurance is necessary in the state.

Section 2 adds a new section to AS 45.45 relating to motor
vehicle warranties.

AS 45.45.300(a) places a duty on a manufacturer or distribu-
tor of motor vehicles, or their agents or dealers, to make
repairs under the terms of express warranties that apply to
new vehicles, during the term of the warranty or one year,
whichever period ends first.

AS 45.45.300(b) provides that if a motor vehicle cannot be
repaired under the terms of the warranty after a reasonable
number of attempts, and the defect that cannot be repaired
substantially impairs the use and value of the vehicle, the
owner may return the vehicle and receive a new, comparable
replacement or a refund of the purchase price, at the option
of the owner.

AS 45.45.300(c) gives the manufacturer, distributor, agent
or dealer two affirmative defenses to the owner's claim for
replacement or refund:

(1) that the defect complained of does not substan-
tially impair the use and value of the vehicle; and

(2) that the defect is the fault of the owner or any other party not an official representative of the manufacturer, distributor, agent or dealer.

AS 45.45.300(d) establishes a presumption that a reasonable number of attempts to repair the vehicle have occurred if the defect has been repaired four or more times during a year, but continues to exist, or if the vehicle is out of service for more than 30 days during the warranty term or the one-year period. The one-year time period during which the owner may seek repair is extended by periods during which repairs are not available for reasons that are not the responsibility of the owner. The 30 day time period does not include periods of time when repairs are not made for reasons that are beyond the control of the manufacturer, distributor, agent, or dealer.

AS 456.45.300(e) makes violation of the section an unfair trade practice under AS 45.50.471.

AS 45.45.300(f) prohibits the resale of a vehicle returned under the section, without full disclosure of the reason for the return to the prospective buyer.

AS 45.45.300(g) makes the remedy provided by the section non-exclusive and allows owners to seek remedies that they may have under other provisions of law.

AS 45.45.300(h) requires manufacturers or distributors to maintain warranty service facilities near population centers of the state to service vehicles sold in the state. Manufacturers or distributors may contract with independent facilities to provide warranty service if the contract requires full payment for such service. Payment for shipping motor vehicles to and from service facilities is allowed in lieu of establishing additional facilities.

AS 45.45.300(i) requires owners to resort to informal dispute settlement procedures established under federal law, if such procedures exist in the state, before exercising the rights provided in (b) of the section.

AS 45.45.300(j) provides that no claim may be filed by the owner more than 12 months after expiration of the express warranty.

AS 45.45.300(k) defines terms used in the section, including "distributor", "motor vehicle", "owner", "population center", "substantial impairment of use and value", and "reasonable allowance".

Section 3 provides for an amendment to AS 28.20.440(b)(3) for insurance coverage for underinsured motor vehicles and for damage to or destruction of property arising from underinsured vehicles.

Section 4 amends AS 21.89.020(a) to require a motor vehicle liability policy to contain 50,000/100,000/25,000 coverage.

Section 5 amends AS 21.89.020 by adding a subsection requiring 50,000/100,000/25,000 coverage for uninsured and underinsured motorists.

Section 6 adds "mobile homes" to the list of eleven other vehicles exempt from motor vehicle registration under AS 28.10.011.

Section 7 adds a new subsection to AS 28.10.011 requiring evidence of a motor vehicle liability policy or a certificate of self-insurance or deposit of cash, securities or bonds, before a motor vehicle may be registered or a registration renewed in the state. A second new subsection allows submittal of an affidavit exempting an owner for vehicles out-of-state or in certain communities served by the Alaska ferries off the connected state highway system.

Section 8 adds a new subsection to AS 28.10.021 requiring applicants for vehicle registration to comply with AS 28.10.011(b) or (c).

Section 9 adds a new subsection to AS 28.10.111 requiring applications for renewal of vehicle registration to comply with AS 28.10.011(b) or (c).

Section 10 adds a new subsection to AS 28.10.131 allowing temporary permits for a maximum of 30 days for driving or moving unused motor vehicles for repair, maintenance, etc. purposes.

Section 11 adds a new paragraph to AS 28.10.151 allowing a temporary permit for a maximum of 30 days for moving or driving a motor vehicle for repair, maintenance, etc. purposes.

Section 12 amends AS 28.10.181 by adding a new subsection relating to issuance of unique vehicle plates to vehicles exempt from liability insurance requirements of AS 28.10.011(b).

Section 13 amends AS 28.10.201(b) by adding a number of motor vehicles exempt from registration, that may have a certificate of title issued, i.e., special mobile equipment vehicles moved by human or animal power, vehicles driven only on private property or driven or moved on certain highways, and mobile homes; only upon application by the owner.

Section 14 adds a new subsection to AS 28.15.011 to require evidence of motor vehicle liability policy, self-insurance, or deposit of cash, securities or bonds, before a drivers license may be issued, renewed or reissued.

Section 15 adds a new subsection to AS 28.15.011 requiring suspension of a drivers license if insurance coverage is terminated and if no response is made to a 30-day written notice.

Section 16 amends the driver examination subsection to provide for testing applicants on knowledge of mandatory insurance provisions, and effects of alcohol or drugs on drivers.

Sections 17, 18, 19, and 20 increase insurance coverage minimums to \$50,000/\$100,000/\$25,000.

Section 21 provides for an amendment to AS 28.20.440(b)(3) for insurance coverage for underinsured motor vehicles and for damage to or destruction of property arising from underinsured vehicles.

Section 22 adds new subsections to AS 28.20.440 relating to insurance termination and policy abuses; and suspension of licenses and registration unless there is evidence of motor vehicle liability insurance or a certificate of self-insurance or cash, securities or bonds; and for the insurance company to provide cards indicating the existence of an insurance policy for the insured.

Section 23 increases financial responsibility deposit minimums to \$100,000 in cash or securities, in AS 28.20.490.

Section 24 adds a new chapter, AS 28.22, providing criteria for the mandatory motor vehicle liability insurance for the state, covering generally the following:

- (1) defines "motor vehicle liability policy";
- (2) provides minimum \$50,000/\$100,000/\$25,000 insurance for primary and underinsured and uninsured coverages;
- (3) provides coverage for vehicles not owned by the policy holder;
- (4) provides for standard insurance provisions that will be effective but need not be contained in the policy;
- (5) allows for excess insurance coverage;
- (6) additional standard insurance provisions that will be contained in a policy -- including a ten day notice of termination by the carrier to the state and requirement for a card indicating existence of a policy.
- (7) relates to insurance carrier's requirements in doing business in the state before insurance policies are effective;
- (8) relates to provisions for sanctions, for persons driving without a motor vehicle liability policy or proof of self-insurance, i.e., the issuance of a citation, fines of not less than \$250 for a class B misdemeanor, suspension of licenses and registration for periods of time and forfeiture of a motor vehicle, depending on previous record of offenses.
- (9) sets out the procedure for forfeiture of motor vehicles, giving notice to all interested parties, allowing for a hearing, requiring court findings; and surrender of documents and sale of vehicle;
- (10) provides procedure for terminating an insurance policy and for reinstating policies regarding unused motor vehicles; and

Senator Richard I. Eliason
Page 6
June 22, 1933

(11) requires a department annual report to the legislature on the effect, problems and administration of the mandatory insurance program.

Section 25 provides for a January 1, 1985 deadline for insurance carriers to develop a motor vehicle liability policy for state drivers that complies with this Act (Secs. 3, 4, and 5).

Section 26 provides for an effective date of July 1, 1984 for this Act with the exception of the provisions in Secs. 3, 4, 5, and 14.

RCF:ljb
25/017

Version #1
Folta
6/22/83

Original sponsors: Hayes, Barnes,
Phillips, et al

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 7 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. DECLARATION OF PURPOSE. (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 be required to furnish evidence of the
17 existence of a motor vehicle liability policy issued in conformity with
18 AS 28.22.010 or of a certificate of self-insurance issued under AS 28.20.-
19 400 when the vehicle registration is made or renewed as a prerequisite to
20 the exercise of the privilege of registering and operating a motor vehicle
21 in the state.

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

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

26 ARTICLE 6. MOTOR VEHICLE WARRANTIES.

27 Sec. 45.45.300. MOTOR VEHICLE WARRANTIES. (a) If a new motor
28 vehicle does not conform to an express warranty that is applicable to
29 it and the owner of the vehicle reports the nonconformity in writing

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

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

20 (c) It is an affirmative defense to a claim made under (b) of
 21 this section for a new motor vehicle or a refund that the nonconformi-
 22 ty complained of

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

25 (2) is the result of abuse, unreasonable neglect, or un-
 26 authorized modification or alteration of the motor vehicle by the
 27 owner or any other party who is not an official representative of the
 28 manufacturer, distributor, agent, or dealer.

29 (d) A presumption that a reasonable number of attempts have been

Yellow indicated new lang.

was taken out

If the nonconformity is a defect in the motor vehicle that makes it unsafe for the owner to operate it & the defect is reported under (a) of this section, the time period for repair, refund, or replacement under (b) of this section is reduced to 14 days.

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

*In, but
worded
slightly
differently*

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

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

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

26 (h) A manufacturer or distributor of motor vehicles sold in the
27 state under manufacturer's or distributor's express warranty shall
28 maintain a repair facility that is able to perform the service and
29 make the repairs required by the warranty and by this section. A

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

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

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

19 (k) In this section

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

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

28 (3) "owner" means a purchaser, other than for resale, of a
29 new motor vehicle, a person to whom the motor vehicle is transferred

1 during the term of an express warranty applicable to the vehicle, or
2 any other person entitled to enforce an express warranty on the vehi-
3 cle under the terms of the warranty;

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

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

12 (A) prevents it from being operated;

13 (B) makes it unsafe to operate; or

14 (C) decreases the economic life of the vehicle.

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

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

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

25 (a) An automobile liability policy that [WHICH] insures an owner
26 or operator of a motor vehicle against loss resulting from [HIS]
27 liability for bodily injury or death, or for property injury or de-
28 struction, or both, which is sold in the state [AFTER JANUARY 1, 1969,
29 BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS

1 STATE], shall contain limits in at least the amount prescribed for a
2 motor vehicle liability policy in AS 28.20.440(b)(2) [, AND MEET THE
3 REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT
4 PARAGRAPH].

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

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

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

19 * Sec. 6. AS 28.10.011 is amended by adding a new paragraph to read:

20 (12) a mobile home as defined by regulation.

21 * Sec. 7. AS 28.10.011 is amended by adding new subsections to read:

22 (b) An owner of a motor vehicle may not register a motor vehicle
23 in the state and may not renew the registration of a motor vehicle in
24 the state without providing evidence satisfactory to the department of
25 the existence of (1) a motor vehicle liability policy that complies
26 with AS 28.22.010; or (2) a certificate of self-insurance that
27 complies with AS 28.20.400; or (3) cash, securities or a bond deposit-
28 ed or filed with the department on the terms and conditions that will
29 provide the same benefits available under a required motor vehicle

liability insurance

1 liability policy.

2 (c) An owner of a motor vehicle is exempt from (b) of this
 3 section if that person submits to the department an affidavit in the
 4 form prescribed by the department declaring, under penalty of perjury,
 5 that either (1) the motor vehicle will be continuously garaged and
 6 operated outside the state and explaining the reasons why the motor
 7 vehicle will be continuously garaged and operated outside the state;
 8 or (2) the motor vehicle will only be operated in communities where
 9 the highways or vehicular ways of that community are only accessible
 10 to the connected state highway system by the Alaska Marine ferries,
 11 with the exception of the following communities: (A) Juneau; (B)
 12 Sitka; (C) Kodiak; (D) Ketchikan; (E) Cordova; (F) Petersburg; (G)
 13 Wrangell. A person who violates a provision of an affidavit submitted
 14 under this subsection is subject to penalties under AS 28.10.491(9)-
 15 (B). A person required to maintain and show proof of financial re-
 16 sponsibility required by AS 28.20, may not claim an exemption under
 17 this subsection.

exemption

18 (d) A person who registers a motor vehicle in compliance with
 19 (c) of this section by signing an affidavit in lieu of providing the
 20 department with proof of financial responsibility shall be issued
 21 unique vehicle plates under AS 28.10.181(1). When the person provides
 22 proof of financial responsibility for the motor vehicle under (b) of
 23 this section, and returns the unique vehicle plates, the person shall
 24 be issued vehicle plates under AS 28.10.161 or AS 28.10.181.

25 * Sec. 8. AS 28.10.021 is amended by adding a new subsection to read:

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

28 * Sec. 9. AS 28.10.111 is amended by adding a new subsection to read:

29 (c) The department may not renew the registration of a motor

Similar to Sec 2 of HB 184

1 vehicle under this section unless the owner complies with AS 28.10.-
2 011(b) or (c).

3 * Sec. 10. AS 28.10.131 is amended by adding a new subsection to read:

4 (c) A person registering a vehicle under AS 28.10.011(c) may be
5 issued a temporary permit by the department to operate or transport
6 the motor vehicle in areas other than those to which the vehicle is
7 restricted under AS 28.10.011(c), if the vehicle is to be moved or
8 driven only for the purpose of maintenance, repair, rebuilding or
9 dismantling. A person applying for this permit shall provide adequate
10 evidence to the department that the vehicle will be operated only for
11 the purposes for which the permit may be granted. A permit granted
12 under this subsection is effective for no more than 30 days.

13 * Sec. 11. AS 28.10.151 is amended by adding a new paragraph to read:

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

17 * Sec. 12. AS 28.10.181 is amended by adding a new subsection to read:

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

24 * Sec. 13. AS 28.10.201(b) is amended to read:

25 (b) The owner of a vehicle described in AS 28.10.011 as being
26 exempt from registration and the owner of a snowmobile or off-highway
27 vehicle may not apply for, nor may the department issue, a certificate
28 of title for such a vehicle. However, the department may issue a
29 certificate of title to the owner of a vehicle exempt from

1 registration under AS 28.10.011(a)(3), (7), (11) and (12) only
2 [28.10.011(6)], upon application by that owner.

3 * Sec. 14. AS 28.15.011 is amended by adding a new subsection to read:

4 (d) A person's driver's license may be issued, renewed, or
5 reissued following a suspension or revocation under this chapter only
6 on presentation of evidence satisfactory to the department of the
7 existence of a motor vehicle liability policy that complies with
8 AS 28.22.010 or a certificate of self-insurance that complies with
9 AS 28.20.400 for all motor vehicles owned by the person and registered
10 in the person's name under AS 28.10.011(b) or (c) and located within
11 the state. Cash, securities, or a bond that will provide the same
12 benefits available under a required motor vehicle liability policy may
13 be deposited or filed with the department in lieu of a motor vehicle
14 liability policy or certificate of self insurance.

15 * Sec. 15. AS 28.15.011 is amended by adding a new subsection to read:

16 (e) The department shall suspend the driver's license of a
17 person when the department is advised that the person's insurance
18 coverage is terminated and there has been no written response by the
19 person within thirty days to a written notice issued by the department
20 to the person requesting verification of compliance with AS 28.15.-
21 011(d).

22 * Sec. 16. AS 28.15.081(a) is amended to read:

23 (a) The department shall examine every applicant for a driver's
24 license. The examination shall include a test of the applicant's (1)
25 eyesight, (2) [HIS] ability to read and understand official traffic
26 control devices, (3) [HIS] knowledge of safe driving practices, (4)
27 knowledge of the effects of alcohol and drugs on drivers and the
28 dangers of driving under the influence of alcohol or drugs. (5) knowl-
29 edge of laws relating to driving while intoxicated, (6) knowledge of

1 laws relating to financial responsibility, and (7) knowledge of the
2 traffic laws and regulations of this state. The examination [, AND]
3 may include a demonstration of ability to exercise ordinary and rea-
4 sonable control in the driving of a motor vehicle of the type and
5 general class of vehicles for which the applicant seeks a license.
6 However, an applicant who has not been previously issued a driver's
7 license by this or another jurisdiction must demonstrate [HIS] abil-
8 ity, and must present medical information that [WHICH] the department
9 reasonably requires to determine [HIS] fitness to safely drive a motor
10 vehicle of the type and general class of vehicles for which the appli-
11 cant [HE] seeks a license.

12 * Sec. 17. AS 28.20.070(a) is amended to read:

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

25 * Sec. 18. AS 28.20.230(b) is amended to read:

26 (b) The term "proof of financial responsibility for the future"
27 as used in this chapter means proof of ability to respond in damages
28 for liability, on account of an accident occurring after the effective
29 date of proof, which arises out of the ownership, maintenance or use

1 of a vehicle subject to registration under the laws of this state, in
2 the amount of \$50,000 [\$25,000] because of bodily injury to or death
3 of one person in any one accident, and, subject to the same limit for
4 one person, in the amount of \$100,000 [\$50,000] because of bodily
5 injury to or death of two or more persons in any one accident, and in
6 the amount of \$25,000 [\$10,000] because of injury to or destruction of
7 property of others in any one accident. As used in this chapter the
8 terms "proof of financial responsibility" or "proof" mean proof of
9 financial responsibility for the future.

10 * Sec. 19. AS 28.20.360(a) is amended to read:

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

13 (1) \$50,000 [\$25,000] is credited upon a judgment given in
14 excess of that amount because of bodily injury to or death of one
15 person as the result of any one accident; or

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

21 (3) \$25,000 [\$10,000] is credited upon a judgment given in
22 excess of that amount because of injury to or destruction of property
23 of others as a result of any one accident.

24 * Sec. 20. AS 28.20.440(b)(2) is amended to read:

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 within the
29 United States of America or the Dominion of Canada, subject to limits

1 exclusive of interests and costs, with respect to each vehicle, as
2 follows: \$50,000 [\$25,000] because of bodily injury to or death of
3 one person in any one accident, and, subject to the same limit for one
4 person, \$100,000 [\$50,000] because of bodily injury to or death of two
5 or more persons in any one accident, and \$25,000 [\$10,000] because of
6 injury to or destruction of property of others in any one accident;

7 * Sec. 21. AS 28.20.440(b)(3) is amended to read:

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 owners or operators
11 of uninsured or underinsured motor vehicles 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 * Sec. 22. AS 28.20.440 is amended by adding new subsections to read:

17 (1) The insurance carrier shall provide notice to the department
18 of the termination of coverage commenced during the preceding 180 days
19 under (a) of this section within 10 days of actual knowledge of the
20 termination or the receipt of written notice of intent to terminate.
21 The department may notify the insurance carrier of a person with
22 previous policy abuses and require notice of termination of coverage
23 for the person. If the person whose coverage terminates fails to
24 provide the department with evidence satisfactory to it of the exist-
25 tence of (1) a motor vehicle liability policy issued in conformity
26 with AS 28.20.440; or (2) a certificate of self-insurance issued in
27 conformity with AS 28.20.400; or (3) cash, securities or a bond depos-
28 ited or filed with the department on the terms and conditions that
29 will provide the same benefits available under a required motor

1 vehicle liability policy, the department shall suspend the driver's
2 license and all registration certificates and registration plates
3 issued to the person until the person has provided the department with
4 such evidence.

5 (m) An insurance carrier authorized to transact business in the
6 state that issues a motor vehicle liability policy to the owner of a
7 motor vehicle under this section shall provide the owner with a card
8 indicating the existence of the policy. The operator of the motor
9 vehicle shall at all times carry in the vehicle the card indicating
10 the existence of the policy.

11 * Sec. 23. AS 28.20.490 is amended to read:

12 Sec. 28.20.490. MONEY OR SECURITIES AS PROOF. Proof of finan-
13 cial responsibility may be evidenced by the deposit of \$100,000
14 [\$25,000] in cash, or securities which are legal investments for
15 saving banks or trust funds having a market value of \$100,000
16 [\$25,000]. The department shall not accept a deposit unless accom-
17 panied by evidence that there are no unsatisfied judgments of any
18 character against the depositor in the recording district where the
19 depositor resides.

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

21 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

22 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-
23 10.011, AS 28.15.011, and this chapter "motor vehicle liability
24 policy" means an "owner policy" or an "operator's policy" containing
25 an agreement or endorsement as provided in this section and issued by
26 an insurance carrier authorized to transact business in the state to
27 or for the benefit of the person named as insured.

28 (b) The 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 and every other person using
3 the vehicle with the express or implied permission of the named insur-
4 ed, against loss from the liability imposed by law for damages arising
5 out of the ownership, maintenance, or use of the vehicle in the United
6 States or the Dominion of Canada, subject to limits exclusive of
7 interests and costs, with respect to each vehicle, as follows:

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

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

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

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

28 (d) The motor vehicle liability policy shall state the name and
29 address of the named insured, the coverage, the premium charges, the

1 policy period and the limits of liability, and shall contain an agree-
2 ment or an endorsement that insurance is provided in accordance with
3 the coverage defined in (b)(2) of this section for bodily injury and
4 death or property damage, or both.

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

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

11 (1) The liability of the insurance carrier becomes absolute
12 whenever injury or damage covered by the policy occurs. The policy
13 may not be cancelled or annulled as to this liability after the occur-
14 rence of the injury or damage. No statement made by the insured or on
15 behalf of the insured and no violation of the policy defeats or voids
16 the policy.

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

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

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

28 (g) A policy that grants the coverage required for a motor
29 vehicle liability policy may also grant lawful coverage in excess of

1 or in addition to the coverage specified for a policy and the excess
2 or additional coverage is not subject to the provisions of this chap-
3 ter. With respect to a policy that grants excess or additional cover-
4 age the term "motor vehicle liability policy" applies only to that
5 part of the coverage that is required by this section.

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

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

12 (j) The requirements for a motor vehicle liability policy may be
13 fulfilled by the policies of one or more insurance carriers that to-
14 gether 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 insurance carrier shall provide notice to the department
18 of the termination of coverage commenced during the preceding 180 days
19 under (a) of this section within 10 days of actual knowledge of the
20 termination or the receipt of written notice of intent to terminate.
21 The department may notify the insurance carrier of a person with
22 previous policy abuses and require notice of termination of coverage
23 for the person. If the person whose coverage terminates fails to
24 provide the department with evidence satisfactory to it of the exis-
25 tence of (1) a motor vehicle liability policy issued in conformity
26 with AS 28.22.010; or (2) a certificate of self-insurance issued in
27 conformity with AS 28.20.400; or (3) cash, securities or a bond depos-
28 ited or filed with the department on the terms and conditions that
29 will provide the same benefits available under a required motor

1 vehicle liability policy, the department shall suspend the driver's
2 license and all registration certificates and registration plates
3 issued to the owner of the motor vehicle until the person has provided
4 the department with such evidence.

5 (m) An insurance carrier authorized to transact business in the
6 state that issues a motor vehicle liability policy to the owner of a
7 motor vehicle under this section shall provide the owner with a card
8 indicating the existence of the policy. The operator of the motor
9 vehicle shall at all times carry in the vehicle the card indicating
10 the existence of the policy. 28.20.440 pg 13 (M)

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

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

25 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
26 CLE LIABILITY POLICY. (a) A person may not drive or move, nor may an
27 owner knowingly permit to be driven or moved, on a highway or vehic-
28 ular way or area, a vehicle required to be insured under a motor
29 vehicle liability policy that complies with AS 28.22.010 or a

1 certificate of self-insurance that complies with AS 28.20.400 unless a
 2 motor vehicle liability policy is in effect for the motor vehicle.
 3 Cash, securities, or a bond that will provide the same benefits
 4 available under a required motor vehicle liability policy may be
 5 deposited or filed with the department in lieu of a motor vehicle
 6 liability policy or certificate of self-insurance.

7 (b) If a peace officer has probable cause to believe a motor
 8 vehicle was used in the violation of (a) of this section, a citation
 9 will be issued. The citation will be voided if the driver or owner of
 10 a vehicle cited under this section appears at an Alaska State Trooper
 11 Office or an office of the police agency that issued the citation
 12 before the court appearance date indicated on the citation and pro-
 13 vides evidence showing that a motor vehicle liability policy that
 14 complies with AS 28.22.010 or a certificate of self-insurance that
 15 complies with AS 28.20.400 was in effect at the time the citation was
 16 issued or that cash, securities or a bond had been deposited or filed
 17 with the department at the time the citation was issued and meets
 18 conditions that will provide the same benefits available under a
 19 required motor vehicle policy.

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

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

29 (1) For a person not previously convicted of an offense

1 under (a) of this section

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

4 (B) suspension of the registration of the subject
5 motor vehicle until proof of compliance with AS 28.10.011(b) is
6 furnished to the department.

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

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

12 (B) suspension of the registration of the subject
13 motor vehicle for not less than 30 days and thereafter until
14 proof of compliance with AS 28.10.011(b) is furnished to the
15 department.

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

21 (A) suspension of the registration of the subject
22 motor vehicle for not less than 90 days and thereafter until
23 proof of compliance with AS 28.10.011(b) is furnished to the
24 department; or

25 (B) forfeiture of the person's motor vehicle under
26 AS 28.22.510.

27 Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) Upon a per-
28 son's conviction of an offense under AS 28.22.500, if the convicted
29 person was twice or more previously convicted within the last 10 years

1 of violating AS 28.22.500 or a statute in another jurisdiction with
2 elements substantially similar to AS 28.22.500, the state may move the
3 court to order the forfeiture of a motor vehicle. Upon receipt of a
4 motion for forfeiture, the court shall schedule a hearing on the
5 matter and shall notify the state of the time and place set for the
6 hearing.

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

- 11 (1) a description of the motor vehicle;
12 (2) the time and place of the forfeiture hearing;
13 (3) the legal authority under which the motor vehicle may
14 be forfeited;
15 (4) notice of the right to intervene to protect the inter-
16 est in the motor vehicle.

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

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

27 (d) If a person satisfies the requirements of (c) of this sec-
28 tion, the court shall order that an amount equal to the value of the
29 petitioner's interest in the motor vehicle be paid to the petitioner

1 from the proceeds of the sale of the motor vehicle, or shall order
2 that the motor vehicle be released to the petitioner together with
3 title to the motor vehicle.

4 (e) Upon forfeiture of a motor vehicle, the court shall require
5 the surrender of the registration and certificate of title of that
6 motor vehicle for delivery by the court to the department unless the
7 title is released to a petitioner under (d) of this section.

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

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

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

28 (c) When the vehicle is to be driven or transported only for the
29 purposes for which registration is not required under AS 28.10.151,

1 the department shall issue a special permit that shall be effective
2 for a 30-day period. Presentation of evidence of financial respon-
3 sibility as required by (a) of this section is not required for issu-
4 ance of this special permit.

5 (d) A person seeking a special permit under (c) of this section
6 must present evidence satisfactory to the department that the vehicle
7 will be operated only as allowed by AS 28.10.151.

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

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

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

17 (3) the effect of the program on motor vehicle liability
18 premiums in the state.

19 * Sec. 25. Sections 3, 4, 5, and 14 of this Act take effect January 1,
20 1984.

21 * Sec. 26. Except for secs. 3, 4, 5, and 14, this Act takes effect
22 July 1, 1984.