

HB

7

#2

Sen Elsson

MultiVisions



March 8, 1984

Michael Lessmeier
Hughes, Thorsness, Gantz, Powell & Brundin
210 Ferry Way, Suite 100
Juneau, Alaska 99801

Dear Mr. Lessmeier:

Here are the results of our "Touch Vote" public opinion question that we have been running on Channel 52 for approximately one week.

Question: Do you favor mandatory auto insurance in Alaska?

Yes	Votes	4,478	47%
No	Votes	4,836	51%
Undecided	Votes	163	1%
Total	Votes	9,478	

These results are as of 10:00 a.m. on March 8, 1984. Due to the method of polling, results can be altered. MultiVisions in no way proports this to be a scientific poll.

Sincerely,

Stan

Stan Scott
Programmer

SS:sg

cc: Ted Berns
George Sullivan
John Smith

4792 Business Park Blvd.
Anchorage, Alaska 99503
907.562-2400



DICK RANDOLPH, Agent
Auto - Life - Health - Home and Business

ST

March 19, 1984

1105 Cushman St., Fairbanks, Alaska 99701
Phone: Off: 907-456-7787

TO: All Alaska State Legislators

FROM: Dick Randolph

SUBJECT: Mandatory Auto Insurance

Mandatory automobile insurance has been and continues to be a topic of concern to many Alaskans and the legislature. This concern is legitimate and I believe ought to be addressed. However, the panacea that mandatory insurance is a cure all and the image that a large majority of Alaskans want a mandatory insurance law enacted, or that such action would be in the public interest is, I believe, incorrect. The history of mandatory auto insurance has been that it raises rates, is very difficult, expensive and frustrating to attempt to enforce, and that even under the most severe enforcement effort a substantial percentage of uninsured drivers still exist.

I agree that there is a problem. It should be resolved in as economical, effective and principled way as possible. The problem is that a certain percentage of Alaskan drivers are not able or required to perform financially when they are responsible for damaging or injuring others with an automobile. Our present financial responsibility law should be strengthened and vigorously enforced. In addition, I believe the legal system ought to require a much greater degree of responsibility than it does regardless of whether or not the offender has insurance. If drivers understand that responsibility is going to be required they will tend to be more responsible. The law currently allows those without insurance or assets to walk away. This should not be so easily allowed.

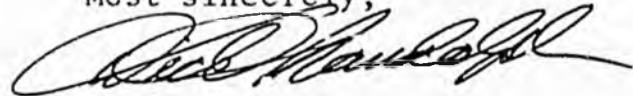
As for the insurance systems involvement, we must answer the question, what is the fairest, most cost effective, and acceptable (from the consumers point of view), way of dealing with this problem. I'm completely convinced that the cheapest, least frustrating way for all concerned is to assure that first party coverages to cover all possibilities, are available to every Alaskan who chooses to protect themselves. The following first party coverages are currently available. Bodily injury and property damage liability, bodily injury, uninsured motorist, medical up to \$100,000, comprehensive, collision, emergency road service, car rental, accidental death and disability income. IN ADDITION, UNINSURED

PROPERTY DAMAGE AND UNDERINSURED BODILY INJURY AND PROPERTY DAMAGE SHOULD BE MADE AVAILABLE. It is interesting that most states that have mandatory insurance laws still require the industry to offer these first party coverages; an admission that there are still uninsured and underinsured drivers on their highways. The liability, comprehensive, and collision coverages account for the major portion of an insurance premium. The other first party coverage cost very little. The same would be true of first party uninsured property damage and underinsured bodily injury and property damage. It will be cheaper and far less frustrating for the insurance consumer to purchase these coverages than to pick up their share of the increased cost and frustration of a mandatory program. More importantly anyone who wants to can absolutely guarantee that every contingency will be covered in the event they are involved in an accident. I recommend that all companies doing business in Alaska offer these additional first party coverages as the most effective solution.

This does not necessarily mean that the uninsured drivers avoids their responsibility. The insurance industry can and does subrogate against the at fault party and any money recovered is applied toward the loss ratio and has a positive effect on premiums.

Except for a couple of technical improvements, the Senate Substitute for HB7, which past last session, very adequately addresses all the legitimate concerns. I would urge you to support its passage.

Most sincerely,

A handwritten signature in cursive script, appearing to read "Dick Randolph".

Dick Randolph
Agent

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

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***VALDEZ OFFICE

March 21, 1984

Senator Vic Fischer
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

RE: Mandatory Automobile Insurance
Our File: 00220-0044

Dear Senator Fischer:

On behalf of State Farm Insurance Company and Allstate Insurance Company, I am writing to you concerning the subject of mandatory automobile insurance. We understand the Conference Committee which has been considering this issue has now been given limited powers of Free Conference. We would urge the members of this body to seriously consider the alternatives to mandatory automobile insurance. Any form of mandatory automobile insurance carries an expensive price tag, not only to the consumer, but to the State as well. We strongly believe that the alternative measure, such as a mandatory offer of uninsured motorist and underinsured motorist coverage should be considered and given an opportunity to work. This alternative is much cheaper, will probably be more effective, and deserves consideration given the split of opinion among the public as to whether mandatory insurance should be enacted.

We have previously written members of the Conference Committee regarding an Anchorage television show called "Mid-Week", which addressed the topic of mandatory automobile insurance on March 1, 1984. This television show is a weekly, live call in show in Anchorage. During and after the television show, the station, multiVisions, ran a television poll, asking the following question: "Do you favor mandatory automobile insurance in Alaska?" A partner of mine, Joe Huddleston, was in the control

room and watched the votes as they were telephoned in. During the preliminary stages of the program, none of the voters cast their votes against mandatory insurance. At the one-half hour mark, the votes were 82% for mandatory insurance and 18% against. From that point forward, the votes shifted dramatically. With five minutes to go, the voting trend had shifted so dramatically that the vote was 55% for mandatory insurance and 45% against and this was announced at the conclusion of the program. By the time we had left the studio, five minutes later, the votes were virtually equal.

MultiVisions continued to run the poll for several days, and as of 10:00 a.m. on March 8, 1984, 47% of the 9,478 votes cast were in favor of mandatory insurance, 51% were opposed. Enclosed herewith is a copy of a letter from MultiVisions certifying those results. The poll concluded on March 12, 1984, and Mr. Scott of MultiVisions advised us at that time that over 14,000 votes came in, with 49% responding affirmatively, and 48% responding negatively. Although this poll was not conducted in a scientific fashion, it does indicate that the people in Anchorage are split right down the middle on the issue of mandatory automobile insurance. We also believe the pattern of votes as they came in during the television show on mandatory insurance shows that once people understand that mandatory insurance is going to be expensive, not totally effective regardless of how it is enforced, and that there are other alternatives available which are much less expensive, their view toward mandatory insurance changes dramatically.

We have previously sent members of the Conference Committee a copy of a Best's Insurance Management Report, dated December 5, 1983, which shows the 1982 average private passenger automobile insurance premiums nationwide. For your information, we enclose a copy of that report for your records. As you can see, in 1982, Alaska's average automobile premium ranked number eight in expense when compared to the average premium rates in other states. Every single state which had an average automobile premium more expensive than Alaska is a state which has enacted mandatory insurance. We also think it significant that Texas enacted mandatory insurance in 1982, and as you can see the average premium rate rose enough to bring it from thirty-third in cost up to thirteenth in cost. West Virginia enacted compulsory insurance either in 1982 or shortly before 1982, and rose from twenty-second in cost up to ninth in cost. Although I do not know what forms of mandatory insurance these states did enact, the trend is nonetheless significant.

We do not believe that mandatory automobile insurance will be

HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

looked upon favorably by members of the public if they know its cost, lack of effectiveness and that there are other alternatives available which cost less. Even the alternative mandatory insurance measure which is being considered by the Free Conference Committee carries a fiscal note of approximately \$1 million dollars. The alternatives will carry no such fiscal note, and as we have previously indicated to you, the costs to the policy holder are small. For example, we have previously estimated that uninsured motorist coverage for the average policy holder is presently in the area of \$8 semi-annually for coverage which meets the present minimum level of financial responsibility. To increase this coverage to the level set forth in the bills before you would result in an expected semi-annual premium increase for the average policy holder of approximately \$1.90. State Farm estimates the cost of underinsured motorists coverage, in the amount set forth in the bill before you to be approximately \$12 annually for bodily injury and \$10 annually for property damage. We clearly feel the expected costs of these alternatives is most reasonable, and that members of the public will so feel as well. We strongly urge members of this body to consider the alternatives to mandatory automobile insurance. These alternatives are cheaper administratively, cheaper to our policy holders, and we believe will be just as effective. If experience shows that this is not true, this body can always take steps to enact mandatory automobile insurance.

Sincerely,

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

By: 
Michael L. Lessmeier

Enclosures
MLL/mh
cc: All Alaska State Legislators



Financial News | **Washington Review** | **Perspectives** | **On-Line Reports**

1982 Average Private Passenger Automobile Insurance

Last year in the United States, approximately 147,968,000 drivers paid \$36,620,824,000 in premiums to insure themselves, third parties and almost 123 million automobiles against collision, personal injury, theft and the inevitable litigation springing from these various misfortunes of the road.

Using 1980 census estimates which put total U.S. population at 226,504,825, Americans now have, statistically, well over one car for every two individuals at their disposal. Although the country cannot yet claim an automobile for each licensed driver, the .83 car/driver ratio in 1982 reflects the long-standing fascination with private car ownership that Henry Ford envisioned over 60 years ago.

Most drivers are conscious of the fact that premiums paid for necessary insurance coverage vary widely from state to state. Cost is not directly related to amount of coverage, but

rather has to do with the individual state's particular body of laws that deals with the complicated process that takes place between the filing and paying of claims. Thus, in 1982, drivers in Alabama paid an average premium of \$190.55, while in New Jersey, comparable insurance cost owners \$455.80 per year.

The national average automobile premium in 1982 was \$298.30, up from \$274.79 in 1981. This is an increase of 8.6%, the highest percentage gain since 1977 and almost double the 4.6% increase from 1980 to 1981. The graph presented here shows the steady rise in average policy costs.

On this page is a table that shows average automobile premiums by state, ranked from the highest to the lowest premium paid. Although there was shifting back and forth within the ratings for almost all states, most changes were

continued

Average Automobile Premiums
(Ranked highest to lowest)

1982		\$ Amount	1981	\$ Amount	1982		\$ Amount	1981	\$ Amount
1	New Jersey	455.80	1	411.90	27	Florida	264.07	37	233.99
2	Massachusetts	387.49	5	338.82	28	Missouri	263.56	21	258.39
3	New York	384.81	3	351.52	29	Vermont	261.98	29	246.72
4	Nevada	384.44	2	380.15	30	Arkansas	257.51	46	218.96
5	Louisiana	368.59	4	348.06					
6	California	358.29	7	335.91	31	New Hampshire	256.93	38	234.12
7	Pennsylvania	357.98	8	318.74	32	Georgia	255.53	28	247.12
8	Alaska	354.09	6	335.93	33	Virginia	253.63	40	228.70
9	West Virginia	344.69	22	258.22	34	Montana	252.21	25	254.14
10	Hawaii	343.99	13	290.57	35	Oklahoma	251.52	35	235.15
11	District of Columbia	328.50	24	255.57	38	Utah	251.00	31	244.85
12	Maryland	318.47	11	295.71	37	Nebraska	247.28	32	243.52
13	Texas	310.40	33	243.29	38	North Dakota	241.22	34	237.03
14	Michigan	307.01	9	300.70	39	Maine	240.91	39	231.99
15	South Carolina	306.19	16	277.20	40	Idaho	231.25	38	232.14
16	Connecticut	305.80	10	296.28	41	New Mexico	229.86	30	246.51
17	Arizona	301.53	17	291.11	42	Wisconsin	229.64	42	226.46
18	Rhode Island	300.99	17	271.21	43	Iowa	229.05	45	224.14
19	Delaware	296.42	14	280.95	44	Indiana	226.51	41	228.61
20	Illinois	291.62	20	262.51	45	Kentucky	226.24	43	225.73
21	Oregon	291.17	18	270.42	46	Ohio	226.19	44	224.25
22	Colorado	287.00	26	253.80	47	Mississippi	211.52	47	211.35
23	Minnesota	285.59	15	278.97	48	North Carolina	210.72	49	193.87
24	Washington	282.71	19	264.41	49	South Dakota	201.14	48	197.24
25	Kansas	265.89	27	252.15	50	Tennessee	194.58	51	183.85
26	Wyoming	264.29	27	257.56	51	Alabama	190.55	50	187.14
						National Average	298.30		274.79

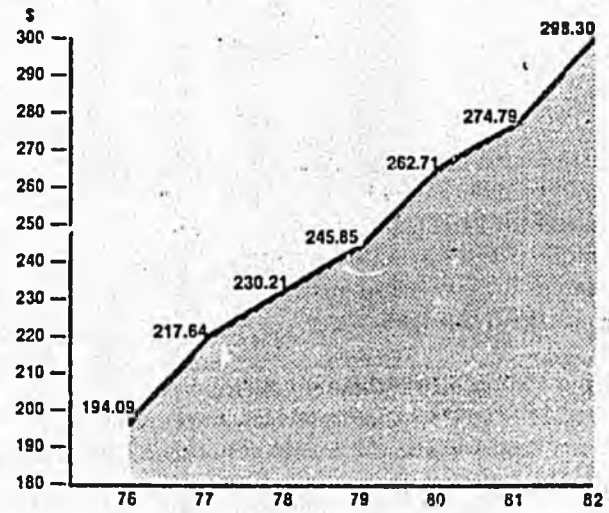
Automobile Premiums *continued*

within a relatively small range. Outstanding exceptions are Texas, whose average premium rose sharply enough to bring it from 33rd in cost up to 13th. This apparent large increase, however, is mainly the result of a state compulsory insurance law that went into effect in January, 1982, resulting in a larger number of drivers contributing to the total premium pool. Arkansas went from 46th to 30th in the expense standings, and West Virginia and District of Columbia rose 13 places each.

The state of New Mexico reduced auto insurance enough to drop from 30th to 41st in premium cost.

The statistical data upon which these figures are partially based was extracted from a *Best's Executive Data Service* annual study, which makes available total direct premiums written by state in the private passenger line. The number of auto registrations used (122,763,369) is slightly inflated as the Federal Highway Administration includes commercial vehicles, mainly taxicabs (but not trucks or buses), in its tally of private automobiles.

**Average Auto Premiums
1976 - 1982**



1982 Average Automobile Premiums By State



Average Premium

— / —	\$0 - \$250	— / —	\$250 - \$300	— / —	\$300 - \$350
— / —	\$350 - \$400	— / —	over \$400		

A.M. Best Co. Datacenter is the source for the statistical exhibits in *Best's Insurance Management Reports*.



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MultiVisions



March 8, 1984

Michael Lessmeier
Hughes, Thorsness, Gantz, Powell & Brundin
210 Ferry Way, Suite 100
Juneau, Alaska 99801

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Sincerely,

Stan

Stan Scott
Programmer

SS:sg

cc: Ted Berns
George Sullivan
John Smith

4792 Business Park Blvd.
Anchorage, Alaska 99503
907/562-2400

ST/UF
Latest draft from
Dir. of Insurance
3/1/84 (4 p.m.)

3-1-84
DRAFT

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

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

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

*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 both the
owner and the operator 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 maintain coverage under 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.
The legislature also finds and declares that the most economical
and practical time of proof of compliance with this requirement is
when an operator of a motor vehicle has been involved in an accident
or charged with a traffic law violation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (1) while occupying a motor vehicle owned by, but not
21 insured by, the named insured or resident spouse or resident
22 relative; or

23 (2) through being struck by a vehicle owned by the named
24 insured, or resident spouse or resident relative.

25 *Sec. 12. AS 28.20.585 is amended to read:

26 REINSTATEMENT FEE. If an operator's license is suspended
27 under the provisions of this chapter, the department shall charge a
28 person who applies for reinstatement of the operator's license a
29 reinstatement fee of \$250 [\$50].

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

31 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE

32 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY (a) In this

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

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

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

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

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

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

20 (3) contain coverage in not less than the amounts set
21 out in (2) of this subsection for the protection of the persons
22 insured under the policy who are legally entitled to recover
23 damages from the owner or operator of an uninsured or underinsured
24 motor vehicle because of bodily injury or death, or damage to or
25 destruction of property in excess of \$250 arising out of the owner-
26 ship, maintenance, or use of the uninsured or underinsured motor
27 vehicle.

28 (A) "Underinsured motor vehicle" means a motor
29 vehicle licensed for highway use with respect to the owner-
30 ship, operation, maintenance or use of which motor vehicle
31 there is a bodily injury or property damage insurance policy
32 or a bond applicable at the time of the accident and the

28

1 amount of insurance or bond:

2 (i) is less than the limit for uninsured and
3 underinsured motorists coverage under the insured's
4 policy; or

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

9 (B) The uninsured and underinsured motorists
10 coverage provided for in this chapter:

11 (i) shall not apply to bodily injury, sick-
12 ness, disease or death of an insured or damage to or
13 destruction of property of an insured until the limits of
14 liability bonds and policies that apply have been used up
15 by payments or judgments or settlements;

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

17 (iii) may be rejected by the insured in
18 writing. If the insured has rejected such coverage, the
19 coverage shall not be included in any supplemental,
20 renewal or replacement policy unless the insured sub-
21 sequently requests such coverage in writing.

22 (C) If both the owner and operator of the uninsured
23 vehicle are unknown, payment under the uninsured and under-
24 insured motorists coverage shall be made only where direct
25 physical contact between the insured and uninsured or under-
26 insured motor vehicles has occurred. A vehicle that has left
27 the scene of the accident is presumed to be uninsured if the
28 person insured reports the accident to the appropriate au-
29 thorities within 24 hours.

30 (D) The uninsured and underinsured motorists
31 coverage for damage to or destruction of property is subject
32 to a deductible of \$250 in any one accident, but the insurer

1 may offer a deductible other than \$250. This coverage shall
2 be limited to damage to or destruction of the insured motor
3 vehicle. It shall not include loss of use of such vehicle.

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

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

16 (e) Nothing contained in this chapter shall be interpreted to
17 prohibit a motor vehicle liability policy from containing limitations,
18 conditions, exceptions, exclusions or other provisions which them-
19 selves do not violate the requirements of this chapter or other
20 applicable laws.

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

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

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

32 (3) The policy, the written application for the policy,

1 if any, and every rider or endorsement that does not conflict with
2 the provisions of this chapter constitute the entire contract
3 between the parties.

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

12 (h) A policy shall be excluded from the application of this
13 chapter if the automobile or motor vehicle liability coverage is
14 provided only on an excess or umbrella basis.

15 (i) A motor vehicle liability policy may provide for pro-
16 ration of the insurance with other valid and collectible insurance.

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

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

22 (l) The maximum liability of the insurance carrier under the
23 uninsured and underinsured motorists coverage required to be offered
24 pursuant to AS 28.22.010(b)(3) shall be the difference between the
25 coverage limit of liability and the amount paid to the insured by
26 or on behalf of the uninsured and underinsured motorist.

27 (m) Amounts payable under the uninsured motorists and under-
28 insured motorists coverage required to be offered pursuant to
29 AS 28.22.010(b)(3) shall be reduced by:

30 (1) amounts paid or to be paid under any worker's
31 compensation law;

32 (2) amounts paid or payable under any valid and col-

1 lectible automobile medical payments insurance or bodily injury or
2 death liability insurance; and

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

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

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

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

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

21 (o) The uninsured and underinsured motorists coverage pro-
22 vided for in this chapter does not apply to bodily injury or death
23 or damage to or destruction of property of an insured:

24 (1) while occupying a motor vehicle owned by, but not
25 insured by, the named insured or resident spouse or resident relative;
26 or

27 (2) through being struck by a vehicle owned by the named
28 insured, or resident spouse or resident relative.

29 Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not
30 effective under AS 28.22.010 unless it is issued by an insurance
31 company or surety company authorized to do business in this state,
32 except as provided in (b) of this section, and unless it complies

1 with the limit requirements established in AS 28.22.010(b)(2).

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

12 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

13 (a) The operator or owner of a motor vehicle subject to regis-
14 tration under AS 28.10.011, when driven upon a highway, vehicular
15 way or area, or other public property in this state, shall have
16 motor vehicle liability insurance that complies with AS 28.22.010
17 or a certificate of self-insurance that complies with AS 28.20.400
18 in effect for the motor vehicle.

19 (b) A person involved in an accident in this state resulting
20 in bodily injury to or death of a person or damage to the property
21 of any one person exceeding \$500 must prove that motor vehicle
22 liability insurance or a certificate of self-insurance was in
23 effect for the motor vehicle involved in the accident at the
24 time of the accident.

25 (c) A person charged with a traffic law violation with a
26 demerit point value of 6 or more on the point schedule in
27 regulations adopted by the department under AS 28.15.221 must
28 prove that motor vehicle liability insurance or a certificate
29 of self-insurance under (a) of this section was in effect for
30 the motor vehicle operated at the time the charged violation
31 occurred.

32 (d) If a vehicle is being driven or moved on a highway or

1 vehicular way not connected by a land highway or vehicular way to
2 the land connected state highway system when that highway or
3 vehicular way is not connected to a highway or vehicular way with
4 an average daily traffic volume greater than 499, the operator of
5 the vehicle is exempt from (a) of this section if the operator has
6 not been involved in a traffic accident or cited for a traffic law
7 violation described in (c) of this section within the preceding ten
8 years.

9 (e) Every three years the Department shall publish a list of
10 areas that meet the requirements for (d) of this section. The list
11 shall be available for public inspection at all division of motor
12 vehicle offices in the state.

13 Sec. 28.22.040. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a)
14 A person involved in an accident who is required to prove that a
15 motor vehicle liability insurance or a certificate of self-insurance
16 was in effect pursuant to AS 28.22.030(b) shall, within 15 days of
17 the accident

18 (1) present a copy of the insurance policy, certificate,
19 bond, or insurance binder that was in effect at the time of the
20 accident to the department for inspection;

21 (2) provide the department with written certification
22 from an insurance company, insurance agent, insurance broker or
23 surplus lines broker confirming that a valid motor vehicle liability
24 policy issued in conformity with AS 28.22.010 was in effect at the
25 time of the accident; or,

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

28 (b) The department shall develop and implement a program to
29 check the veracity of the documents filed for proof under this
30 section.

31 (c) Providing information required under this section which
32 the person does not believe to be true and with the intent to

1 mislead a public servant in the performance of a duty is a class A
2 misdemeanor.

3 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
4 MOVING TRAFFIC VIOLATION. (a) A person charged with a traffic law
5 violation described in AS 28.22.030(c) shall, at the time of that
6 person's initial appearance in court or within 15 days of the date
7 of the violation, whichever is later,

8 (1) present a copy of the insurance policy, certificate,
9 bond, or insurance binder that was in effect at the time of the
10 violation to the court for inspection;

11 (2) provide the court with written certification from an
12 insurance company, insurance agent, insurance broker or surplus
13 lines broker confirming that motor vehicle liability insurance
14 issued in conformity with AS 28.22.010 was in effect at the time of
15 the violation; or

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

18 (b) Evidence presented in the court in accordance with (a) of
19 this section shall be presented to the court at the initial ap-
20 pearance, or otherwise to the clerk of the court in which the
21 matter is pending.

22 (c) The court shall report immediately to the department any
23 failure to present proof of insurance as provided in this section.

24 Sec. 28.22.060. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES

25 (a) If a person fails to provide proof that motor vehicle liability
26 insurance or a certificate of self-insurance was in effect at the
27 time of an accident described in AS 28.22.030(b), or at the time of
28 a violation described in AS 28.22.030(c), the department shall
29 suspend the driver's license of that person for one year. Such
30 suspension shall be consecutive to any other suspension required by
31 law.

32 (b) When the department proposes to suspend a driver's license

1 under (a) of this section, it shall notify the licensee that the
2 suspension shall become effective 30 days from the date of the
3 notice, except that the licensee shall have the right, within the
4 30-day period, to make an oral or written answer or statement in
5 which he may controvert any point or issue, and he may present
6 evidence and arguments for the consideration of the department
7 pertinent to the action to be taken or the grounds for the action.

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

16 Sec. 28.22.070. PROOF FOR THE FUTURE. (a) A person who
17 violates AS 28.22.030(a) must file proof of financial responsi-
18 bility for the future pursuant to AS 28.20 before the driving
19 privilege may be restored.

20 (b) A filing of proof of financial responsibility under
21 AS 28.20 shall be required for a period of three years following
22 expiration of the suspension of license under AS 28.22.060.

23 Sec. 28.22.080. SEPARABILITY. If any provision of this
24 chapter, or the application of a provision of this chapter to any
25 person or circumstance, shall be held invalid, the remainder of the
26 chapter and the application of the provision to persons or circum-
27 stances other than those to which it is held invalid, shall not be
28 affected.

29 *Sec. 14. AS 21.89.020(a) is amended to read:

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

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1 or destruction, or both, which is sold in the state [AFTER JANUARY 1,
2 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN
3 THIS STATE], shall contain limits in at least the amount prescribed
4 for a motor vehicle liability policy in AS 28.20.440(b)(2),
5 [AND] AS 28.20.440(b)(3) AS 28.22.010(b)(2) and AS 28.22.010(b)(3).
6 [, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS
7 PROVIDED IN THAT PARAGRAPH].

8 *Sec. 15. AS 21.89.020 is amended by adding new subsections to
9 read:

10 (c) In addition to the coverages and limits required in (a)
11 of this section, an insurance company offering automobile liability
12 insurance for bodily injury or death in this state shall offer
13 coverage, with limits equal to at least the limit purchased volun-
14 tarily to cover the insured person's liability for bodily injury or
15 death, for the protection of the persons insured under the policy
16 who are legally entitled to recover damages for bodily injury or
17 death from owners or operators of uninsured or underinsured motor
18 vehicles.

19 (d) The coverage required under (a) of this section to meet
20 the requirements of AS 28.20.440(b)(3) and AS 28.22.010(b)(3) may
21 be waived in writing by the insured in whole or in part.

22 *Sec. 16. AS 28.20.390(3) and AS 28.20.490 are repealed.

23 *Sec. 17. The Department of Public Safety will conduct a public
24 information campaign designed to educate the public about changes
25 in the motor vehicle code introduced with this Act and the potential
26 penalties for failure to comply.

27 *Sec. 18. Secs. 1-16 of this Act take effect January 1, 1985.

28 *Sec. 19. Sec. 17 of this Act takes effect October 1, 1984.

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31
32

file
mandatory
auto insurance

ST

HSC 84-00007036 PTY 1 01/25/84 12:44:28 ORIG: LFG1 IN= 0007 OUT= 0062
FROM: ANNIE IN COIBANKS TO: JUNEAU INFO.
TARGET: LJKR SUBJ: PDR

TO: REFS. HAYES, RUSSELL, AND WERDT
AND SENATORS ELIASON, BULGARY, AND V. FISCHER

FROM: VIRGINIA HILL, JR., S.R. 20972, FAIRBANKS 99701 HOME 424 2133

RE: SCS CS 2007 (LA) MOTOR VEHICLE LIABILITY INSURANCE

URGE CONFIDENTIAL ENDORSE LEGISLATION FOR COMPULSORY LIABILITY INSURANCE
OR COMPULSORY NO-Fault AUTO INSURANCE. TOO MANY GLASS FIBER AND
RELATIVES HAVE BEEN VICTIMS OF RECKLESS AND DRUNKEN DRIVERS
WITH NO INSURANCE OR OTHER ASSETS TO COMPENSATE. WHY SHOULD THOSE
WHO DO CARRY LIABILITY INSURANCE BE PENALIZED.



EVANS EQUIPMENT COMPANY □ 720 EAST WHITNEY ROAD, ANCHORAGE, ALASKA 99501 □ (907) 276-4838

~~VP~~
CB
ST

December 20, 1983

Vic Fischer
1024 W. 6th Avenue
Anchorage, AK 99501

Dear Senator Fischer:

The attached is a typical situation that our Company and employees experience when mandatory insurance is not a requirement.

Please vote for compulsory liability insurance and protect us from those irresponsible individuals who don't care. The present system doesn't work!

Thank you.

Very truly yours,

EVANS EQUIPMENT COMPANY

Gene L. Tenny
Branch Manager

GLT/jb
Enclosure

R. N. SUTLIFF

LAWYER

125 CHRISTENSEN DRIVE, NO. 1 • ANCHORAGE, ALASKA 99501
TELEPHONE (907) 279-0661

November 16, 1983

Ms. Sharon Naus
State of Alaska
Department of Public Safety
Division of Motor Vehicles
Fouch N
Juneau, Alaska 99811

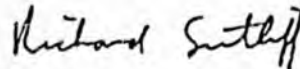
Dear Ms. Naus:

A truck owned by my client Evans Equipment Company was involved in an accident July 18, 1983 with a car driven by Mr. Leland. Mr. Leland backed into the Evans truck causing damage in the total amount of \$398.21. A copy of the accident report is included for your review as well as copies of estimates to repair the damage. To the best of my knowledge Mr. Leland is uninsured.

On August 17, 1983, a letter was written to Mr. Leland at the address given on the accident report demanding payment for the damages done to the Evans truck. The letter was returned "Not Deliverable as Addressed - Unable to Forward". A copy of that letter is enclosed for your review.

On behalf of Evans Equipment Company I request that you take action to have Mr. Leland's drivers license revoked as he has not met his financial responsibility in this accident.

Cordially yours,



R. N. Sutliff

Enclosures

cc: G. Tenny

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

POUCH N
JUNEAU, ALASKA 99811
PHONE:

465-4361

November 21, 1983 .

R. N. Sutliff
175 Christensen Dr. #1
Anchorage, Alaska 99501

RECEIVED

NOV 23 1983

R. N. SUTLIFF, LAWYER

Your Client: Evans Equipment
Reference Number:
Accident Date: 7/18/83
SR Case Number: 83-09952
Other Party: Terry Leland

The driving privilege will be/ was suspended

Action will be taken upon receipt of a judgment obtained through a civil court. A certificate of fact must accompany the judgment.

Has filed compliance in the form of

Has reported liability insurance with

This accident cannot be processed under the Safety Responsibility Law unless:

Sufficient evidence is received which indicates there is a reasonable probability of a judgment being rendered against the uninsured party.

Sufficient evidence is received that property damages sustained are in excess of \$500 and/or medical bills for any amount up to \$25,000 for one person or \$50,000 per accident.

This case cannot be pursued as more than one year has elapsed since the accident.

This case is pending, awaiting additional information.

Remarks:

Financial Responsibility Section

R. N. SUTLIFF

LAWYER

125 CHRISTENSEN DRIVE, NO. 1 • ANCHORAGE, ALASKA 99501

TELEPHONE (907) 279-0651

December 2, 1983

Gene Tenny
Evans Equipment Company
720 Whitney Road
Anchorage, Alaska 99501

RE: Terry Leland Truck Accident
Our File No. 81.010

Dear Gene:

Enclosed is a copy of the response from the Financial Responsibility Section of the Department of Public Safety, Division of Motor Vehicles. You will note that the department refuses to take action because our damages did not exceed \$500.00. A review of the statute confirms the correctness of the position taken by the department. At this point in time our only option is to proceed with a suit against Mr. Leland. Given the size of this claim I do not recommend litigation but will proceed to sue Mr. Leland if you wish me to do so.

Cordially yours,

Dick

R. N. Sutliff

Enclosure

Mand. Insur. HB 7

Don Cole - Dept of Comm
Insur. Div.
- compromise
version

follow up w/ J

Joe McLean - dep. insur.
↳ prefers Sen, but
like compromise



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE

COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

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

TO: Senator Eric Fischer
Senator Bob Mulcahy

FROM: Senator Dick Eliason, Chair
Conference Committee on HB 7

RE: Update Information on HB 7

DATE: March 23, 1984

Attached is the most current information regarding proposed language for HB 7 - "An Act relating to motor vehicles".

Don Koen, Division of Insurance, has drafted two proposed pieces of legislation dealing with alternative language for SCS CSSSHB 7 (L & C) and CSSSHB 7 (Fin). Although the Division of Insurance has taken an active role in drafting the new language mandating automobile liability insurance, the Division has consistently voiced opposition to mandatory insurance. The Senate version which states that an insurance company will provide uninsured motorist and underinsured motorist coverage to the consumer is the preferred position.

Alaska State Legislature

ST




Speaker of the House of Representatives

Official Business

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

April 30, 1984

To: All Legislators

From: Rep. Joe Hayes 
Speaker

Re: Conference Committee Report on HB 7

Attached is an analysis of the Conference Committee report adopted today on HB 7 for your information. I have asked that it be placed on your desk.

Thanks for your consideration.

Alaska State Legislature



Speaker of the House of Representatives

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

Official Business

ANALYSIS FOR HB 7 COMPROMISE...April 30 Draft

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

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

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

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

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

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

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

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

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

The compromise calls for administrative revocation of the license rather than being charged with a class B misdemeanor. The revocation will be 90 days for the first offense and a mandatory one year for subsequent offenses within 10 years. Limited driving privileges may be granted upon proof of insurance. The removal of commission of a crime eliminates the proposed fine of \$250. However, the compromise requires payment of a \$100 fee as a license reinstatement fee as a prerequisite to reinstatement of driving priveleges following revocation of a license for driving uninsured. Thus the compromise would generally retain the punishment prvvisions originally intended.

Limited license priveleges could be granted under 28.22.240 but there is a provision requiring the person to provide proof of financial responsibility for 3 years under our normal financial responsibility law prior to the granting of any limited priveleges.

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

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

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

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

There is an exemption for isolated rural communities so that vehicles operated in these areas don't have to have insurance unless they have a history of traffic violations or accidents.

A separability clause has been added to the bill.

The compromise repeals two current sections in the financial responsibility law allowing deposit of securities or cash as proof of financial responsibility. In the opinion of the Division of Insurance, this option is probably not needed any longer since it is less expensive to buy a policy rather than putting up securities worth \$100,000 as would be required if other provisions of this bill pass.

This would leave the means of proving financial responsibility as either having a liability policy, a bond or a certificate of self insurance as allowed by statute. These two methods should cover all motorists adequately.

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

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

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

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

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

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

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

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

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

The effective date of the compromise is 1/1/85. The mandatory sections of the bill would be repealed on January 1, 1989. This allows the Legislature to review its effectiveness by that time. A letter of intent accompanies the compromise requesting an analysis of the laws effect by 1987.

SECTION 1 PURPOSE

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

SECTION 2

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

SECTION 3

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

SECTION 4

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

SECTION 5

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

SECTION 6

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

SECTION 7

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

SECTIONS 8 and 9

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

SECTION 10

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

SECTION 11

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

SECTION 12

Defines un/underinsured motorist coverage.

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

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

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

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

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

SECTION 13

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

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

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

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

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

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

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

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

28.22.240 Provides for administrative suspension of license if person fails to prove insurance was in effect at time of violation or accident. Establishes notification procedure and allows the person who stands to lose license a chance for a hearing to plead that person's case. Suspension will not take place until final court action is taken. Penalties are mandatory 90 days for first offense and one year for subsequent offense if within 10 years of first offense.

Allows the department to grant a limited license if the violator has not been suspended more than once for similar reasons within the past ten years and if the violator shows proof of insurance required under the financial responsibility law prior to granting of limited privileges.

28.22.240 continued

Establishes procedure for granting limited license and specifies that suspension takes place following expiration of limitation unless violator complies with reinstatement provisions.

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

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

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

28.22.510 separability clause

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

SECTION 14

Definition of underinsured motor vehicle

SECTION 15

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

SECTION 16

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

SECTION 17

Repeals mandatory provisions of the bill January 1, 1989 and other sections of the bill which refer to the mandatory aspects of the bill.

SECTIONS 18-20

Rewrites insurance code provisions specifying coverage limits to eliminate reference to mandatory section of the bill. This is effective January 1, 1989 when the mandatory aspects are repealed.

SECTIONS 21-23 Effective date 1/1/85. Public education campaign begins 10/1/84. Sections 18-20 take effect 1/1/89.

Rec. 3:10 pm
4/30/84

CONFERENCE COMMITTEE REPORT

DATE: 4/30/84

Mr. President:
Mr Speaker:

The ^{2d} Conference Committee with limited powers of free conference
which has had

CSSSHB 7(Fin) (An Act relating to motor vehicles;efd)

and

SCS CSSSHB 7(L&C) (Same title)

under consideration, recommends that
the Conference Committee Substitute for House Bill
Number 7 with the attached letter of intent.

be adopted.

Senate Members:

[Signature]
Senator Ferguson, Chairman

[Signature]
Senator Josephson

[Signature]
Senator Halford

House Members:

[Signature]
Representative Barnes, Chairman

[Signature]
Representative Furnace

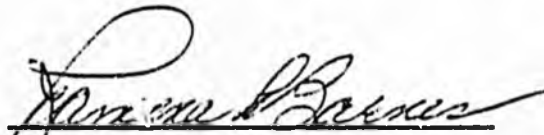
[Signature]
Representative Koponen

CONFERENCE COMMITTEE LETTER OF INTENT FOR HB '7


The Legislature directs the Department of Public Safety and the Department of Transportation to coordinate efforts toward the goal of implementing a procedure to more precisely determine how many Alaskan motorists drive uninsured.

The Department of Public Safety is also directed to compile statistics regarding the compensation of persons involved in traffic accidents toward the goal of determining what percentage of persons involved in accidents are adequately compensated for personal injury or property damage via insurance or other means available under the financial responsibility law.

Within 15 days of the convening of the first session of 15th Alaska State Legislature, the Departments of Public Safety and Law will report to the Legislature on the number of persons checked for insurance under the law and the disposition of those citations, the effect of the law in reducing the number of uninsured drivers and suggestions for changes in the mandatory law.



Rep. Ramona Barnes
Chairman, House



Sen. Frank Ferguson
Chairman, Senate

Alternate language for SCS C555HB 7(L&C).

Section 1. AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in not less than the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured or underinsured motor vehicles because of bodily injury or death, or damage to or destruction of property in excess of \$250 arising out of the ownership, maintenance or use of the uninsured or underinsured motor vehicle], EXCEPT THAT THIS COVERAGE MAY BE WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF THE POLICY].

(A) "Underinsured motor vehicle means a motor vehicle licensed for highway use with respect to the ownership, operation, maintenance or use of which motor vehicle there is a bodily injury or property damage insurance policy or a bond applicable at the time of the accident and the amount of insurance or bond:

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

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

(P) The uninsured and underinsured motorists coverage provided for in this chapter:

(i) shall not apply to bodily injury, sickness, disease or death of an insured or damage to or destruction of property of an insured until the limits of liability of all bodily injury and property damage liability bonds and policies that apply have been used up by payments, judgements or settlements;

(ii) shall be a single combined coverage; and

(iii) may be rejected by the insured in writing. If the insured has rejected such coverage, the coverage shall not be included in any supplemental, renewal or replacement policy unless the insured subsequently requests such coverage in writing.

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

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

Section 2. AS 28.20.440 is amended by adding new subsections to read:

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

The Senate
Version with
New wording
proposed by
Div of Insurance

behalf of the uninsured and underinsured motorist.

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

(1) amounts paid or to be paid under any worker's compensation law;

(2) amounts paid or payable under any valid and collectible automobile medical payments insurance or bodily injury or death liability insurance; and

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

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

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

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

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

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

(1) while occupying a motor vehicle owned by, but not insured by, the named insured or resident spouse or resident relative; or

(2) through being struck by a vehicle owned by the named insured, or resident spouse or resident relative.

Section 3. AS 21.89.020(a) is amended to read:

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

Section 4. AS 21.89.020 is amended by adding new subsections to read:

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

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall

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

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

Section 5. This Act takes effect September 1, 1984.

Alternate
for
House Bill

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

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

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

Section 1. Page 1, lines 8-24.

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

Section 2. Page 1, lines 25-31.

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

Section 3. Page 2, lines 1-8.

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

Section 4. Page 2, lines 9-28.

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

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

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

Section 6. Page 3, lines 6-19.

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

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

Section reflects higher financial responsibility law limits.

Section 8. Page 4, lines 3-16.

Same comment as section 7.

Section 9. Page 4, lines 17-29.

Same comment as section 7.

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

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

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

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

Section 12. Page 7, lines 25-29.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As amended by replacement language.

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

Section 15. Page 17, lines 8-21.

As amended by replacement language.

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

Section 16. Page 17, line 22.

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

Section 17. Page 17, lines 23-26.

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

Section 18. Page 17, line 27.

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

Section 19. Page 17, line 28.

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

Replacement language for 3/1/84 draft.

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

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

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

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

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

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

Replacement language for 3/1/84 draft.

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

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

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

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

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

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

Replacement language for 3/1/84 draft.

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

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

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

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

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

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

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

Alaska State Legislature



From Jeff
Day

Speaker of the House of Representatives

Official Business

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

Under the compromise, persons operating vehicles in isolated communities which are not connected by land highway to the land connected state highway system and/ or roads with an average daily traffic volume greater than 499 are exempt from the insurance provisions. The exemption is void if a person operates a vehicle in such an area but has a history of accident or serious traffic violation.

Under that provision, if a vehicle is operated in a community located on a state highway or accessible by road to the major highway system, the person would be subject to insurance provisions. The following is a general list of communities located on the land connected state highway system or accessible to that system by other land roadways.

THIS IS NOT AN OFFICIAL LIST.

ALASKA HIGHWAY connects with Glenn, Taylor, Steese and Elliott Highways

Northway
Tok
Tanacross
Dot Lake
Delta Junction
North Pole
Fairbanks

PARKS HIGHWAY connects with Glenn highway

Wasilla	Peters Creek
Knik	Cantwell
Houston	Kantishna
Willow	Healy
Talkeetna	Clear
Trapper Creek	Anderson
Nenana	Ester
Fairbanks	

GLENN HIGHWAY connects with Alaska, Richardson, Parks highways

Tok	Chistochina	Sutton	Eagle River
Mentasta	Gakona	Palmer	
Slana	Gulkana	Eklutna	
Nabesna	Glennallen	Chugiak	

Subject to insurance requirements (continued)

RICHARDSON HIGHWAY connects with Glenn, Edgerton and Denali Highways

Valdez
Old Valdez
Dayville
Copper Center
Paxson

SEWARD HIGHWAY connects with Anchorage and Sterling Highway

Anchorage
Indian
Girdwood
Portage
Hope
Moose Pass
Seward

STERLING HIGHWAY connects with Seward highway

Cooper Landing
Sterling
Soldotna
Kerai
North Kenai
Kasilof
Clam Gulch
Ninilchik
Anchor Point
Homer

STEESE HIGHWAY connects with Parks and Alaska Highways

Circle
Circle Hot Springs
Central
Fox
Chena Hot Springs
Fairbanks

TAYLOR HIGHWAY connects with AK. Highway

Chicken
Eagle

ELLIOTT HIGHWAY connects to Steese, Parks, Alaska and Dalton Highways

Livengood
Minto
Manley Hot Springs

Subject to insurance requirements (continued)

DENALI HIGHWAY connects to Parks and Richardson
Highways

Cantwell
Paxson

EDGERTON HIGHWAY connects to Richardson Highway

McCarthy
Chitina

HAINES HIGHWAY connects to Alaska Highway

Haines Klukwan
Haines Junction

KLONDIKE HIGHWAY 2 connects with Alaska Highway

Skagway

The following are not communities which are connected to the land connected highway system but which contain roads which are connected to roadways that carry traffic in excess of 500 vehicles per day and thus would be subject to the insurance provisions. THIS IS NOT AN OFFICIAL LIST.

Dillingham
Aleknagik (connected to Dillingham)

Kodiak
Larsen Bay (connected to Kodiak)

Unalaska
Dutch Harbor

Bethel

Nome (all communities
Teller connected
Solomon by
Council road)
Ophir

Ketchikan (Tongass Highway)
Ward Cove

Craig Hydaburg (all communities
Klawock Naukati connected
Hollis Coffman Cove by
Thorne Bay road)

Wrangell (Zimovia Highway)
Petersburg (Mitkof Highway)

CONTINUED

The following are not communities which are connected to the land connected highway system but which contain roads which are connected to roadways that carry traffic in excess of 500 vehicles per day and thus are subject to the insurance provisions. NOT AN OFFICIAL LIST.

Juneau
Sitka
Saxman

Cordova
King Salmon
Naknek
Seldovia

Adak (?)

The following would be exempt from the insurance requirement. While this is not a complete list it is representative of the type of community that would be exempt, unless connected by road to a community listed on the previous pages. NOT AN OFFICIAL LIST

Akhiok	Koyuk	Togiak
Akiachak	Koyukuk	Toksook Bay
Akiak	Kwethluk	Tuluksak
Akutan	Kwigillingok	Tuntutuliak
Alakanuk	Levelock	Tununak
Allakaket	Manokotak	Twin Hills
Ambler	McGrath	Tyonek
Angoon	Medfra	Ugashik
Aniak	Mekoryuk	Unalakleet
Annette	Metlakatla	Upper/Lo. Kalskag
Anvik	Mountain Village	Venetie
Arctic Village	Naknek	Wainwright
Atka	Napakiak	Wales
Atmautluak	Napaskiak	White Mountain
Attu	New Stuyahok	Yakutat
Beaver	Newhalen	
Bartlett Cove	Newtok	
Bettles	Nightmute	
Eirch Creek	Nikolai	
Brevig Mission	Nikolski	
Buckland	Noatak	
Chalkyitsik	Nondalton	
Chevak	Noorvik	
Chignik	Nuiqsut	
Chuathbaluk	Nulato	
Cold Bay	Nunapitchuk	
Deering	Nyac	
Bek	Old Harbor	
Egegik	Ouzinkie	
Ekwok	Pelican	
Elim	Pilot Point	
Emmonak	Pilot Station	
Flat	Point Hope	
Fort Yukon	Point Lay	
Galena	Port Alexander	
Gambell	Port Alsworth	
Golovin	Port Graham	
Goodnews Bay	Port Heiden	
Grayling	Port Lions	
Gustavus	Quinhagak	
Holy Cross	Rampart	
Hoonah	Ruby	
Hooper Village	Sand Point	
Hughes	Savoonga	
Huslia	Scammon Bay	
Hyder	Selawik	
Iliamna	Shageluk	
Kake	Shaktoolik	
Kaktovik	Shishmaref	
Kaltag	Shungnak	
Karluk	Skwentna	
Kasaan	Sleetmute	
Kasigluk	St. George	
King Cove	St. Marys	
Kipnuk	St. Paul	
Kivalina	Stebbins	
Kobuk	Stevens Village	
Kokhanok	Stony River	
Koliqanek	Tanana	
Kongiganak	Tatitlek	
Kotlik	Tenakee Springs	
Kotzebue		

Alaska State Legislature



Speaker of the House of Representatives

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

Official Business

March 14, 1984

Honorable Jalmar Kerttula
President
Alaska State Senate
Juneau, Alaska

Honorable Joe Hayes
Speaker
House of Representatives
Juneau, Alaska

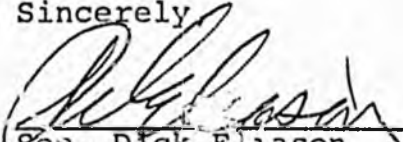
Dear Mr. President and Mr. Speaker:

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

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

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

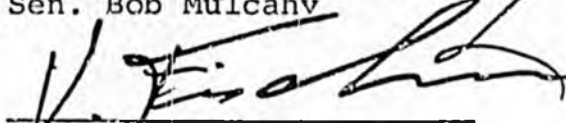
Sincerely


Sen. Dick Eliason

Rep. Joe Hayes


Sen. Bob Mulcahy

Rep. Charlie Bussell


Sen. Vic Fischer

Rep. Ron Wendte