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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Rules Committee, 4/21/86, 8:30 am



Official Business

Alaska State Legislature

House of Representatives

Committee on Rules

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-3764
465-3765

HOUSE RULES STANDING COMMITTEE MEETING

MONDAY, APRIL 21, 1986

8:30 A.M. - CAPITOL, ROOM 208

I N D E X

- I. PROPOSED VERSION CSHB 68 (RULES)
- II. POSITION PAPER - DEPT. OF COMMERCE AND ECONOMIC DEVELOPMENT
- III. BACKGROUND FOR SSHB 68
- IV. FISCAL NOTE
- V. CSHB 68 (L&C)
- VI. HB 68

I
Bannister
4/17/86 ✓

Original sponsor: Shultz

1 IN THE HOUSE BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 68 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle liability insur-
7 ance."

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

9 * Section 1. AS 28.22.010 is repealed and reenacted to read:

10 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) An owner's
11 motor vehicle liability policy must designate by description or appro-
12 priate reference the motor vehicles that it covers and insure the
13 person named against loss from the liability imposed by law for dam-
14 ages that arise from the ownership, maintenance, or use of a desig-
15 nated motor vehicle ^{deleted:} *[or the use by an insured person of a nonowned motor vehicle]*

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

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

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

27 (1) \$50,000 because of bodily injury to or death of one
28 person in one accident, and, subject to the same limit for one person,
29 \$100,000 because of bodily injury to or death of two or more persons

1 in one accident; and

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

4 (e) A motor vehicle liability policy must provide coverage under
5 AS 28.22.100 - 28.22.130 in the amounts set out in (d) of this section
6 for the protection of the persons insured under the policy who are
7 legally entitled to recover damages from the owner or operator of an
8 uninsured or underinsured motor vehicle because of bodily injury or
9 death, or damage to or destruction of property arising out of the
10 ownership, maintenance, or use of the uninsured or underinsured motor
11 vehicle.

12 (f) A motor vehicle liability policy must state the name and
13 address of the named insured and meet the requirements of AS 21.42.-
14 160 - 21.42.170. In the absence of specific contract language or
15 endorsement, the motor vehicle liability policy issued for a person in
16 this state is presumed to meet the minimum requirements of (d) of this
17 section.

18 * Sec. 2. AS 28.22.100(b) is amended to read:

19 (b) If both the owner and operator of a [THE UNINSURED] vehicle
20 are unknown, payment under the uninsured and underinsured motorists
21 coverage may be made only where direct contact between the [INSURED
22 AND UNINSURED OR UNDERINSURED] motor vehicles has occurred. A vehicle
23 and operator that have [HAS] left the scene of the accident with
24 another [AN INSURED] vehicle are [IS] presumed to be uninsured if the
25 insured person reports the accident to the appropriate authorities
26 within 24 hours.

27 * Sec. 3. AS 28.22.100(c) is amended to read:

28 (c) The uninsured and underinsured motorists coverage for damage
29 to or destruction of property is subject to a deductible of \$250 in

1 any one accident, but the insurer may offer a deductible other than
2 \$250. This coverage shall be limited to damage to or destruction of
3 the covered [INSURED] motor vehicle. It may not include loss of use
4 of such vehicle.

5 * Sec. 4. AS 28.22.200(a) is amended to read:

6 (a) The operator or owner of a motor vehicle subject to regis-
7 tration under AS 28.10.011 when driven on a highway, vehicular way or
8 area, or on other public property in the state, shall be insured under
9 a [HAVE] motor vehicle liability policy [INSURANCE] that complies with
10 this chapter or a certificate of self-insurance that complies with
11 AS 28.20.400 [IN EFFECT FOR THE MOTOR VEHICLE], unless

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

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

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

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

22 * Sec. 5. AS 28.22.600 is repealed and reenacted to read:

23 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
24 liability policy" means an owner's policy, an operator's policy, or a
25 personal policy that

26 (1) meets the requirements established under AS 28.22.010;
27 and

28 (2) is issued by an insurance carrier authorized to
29 transact business in the state to or for the benefit of the person

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named as insured.

CSHB 68 (L&C): "An Act relating to motor vehicle liability insurance."

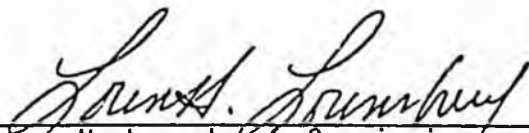
The department is in favor of this legislation, if amended. This legislation offers a third form of automobile insurance that may comply with the provisions of the mandatory automobile insurance law which became effective on January 1, 1985.

Under current law, there are two forms of automobile liability insurance recognized. The first is "owner's" coverage which insures an owner for a specified vehicle or vehicles and anyone operating the specified vehicle with the consent of the owner. Typically, there is also a limited extent of nonowned vehicle coverage extended for temporary replacement vehicles.

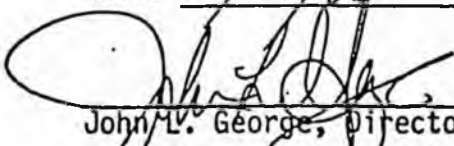
The second form is "operators" coverage which covers the insured person's use of nonowned vehicles only. Typically, this coverage is written for a person who does not own a motor vehicle but may be driving nonowned vehicles.

The two available forms can work a financial hardship on persons owning a number of vehicles, where that person is the sole operator of a motor vehicle. For this person and others who wish to avail themselves of the option, a third choice is proposed. This option is called the "personal" policy and it is a combination of the first two forms. This form covers all vehicles operated by only the person named, whether the vehicle operated is owned or not. No vehicles are specified and coverage would not extend to other operators. This kind of coverage will be particularly attractive to the owner and sole operator of a number of vehicles.

During work on the CS, a provision was unintentionally added to the description of the "owner's" coverage. The language on page 1, lines 15-16, "or the use by an insured person of a nonowned motor vehicle" should be removed. Inclusion of this language substantially and unnecessarily broadens that form of coverage.


Loren H. Lounsbury, Commissioner
Department of Commerce & Economic
Development

Date: 2/26/86


John L. George, Director of Insurance

Date: 5/25/86

III

BACKGROUND FOR
SS HOUSE BILL 68

THE PURPOSE OF THIS BILL IS TO PROVIDE AN ALTERNATIVE TO THE PRESENT METHOD OF PURCHASING MANDATORY LIABILITY INSURANCE. IT IS DESIGNED FOR THE DRIVER WHO OWNS NUMEROUS VEHICLES BUT ONLY DRIVES THEM A PART OF THE YEAR. WE FEEL IT IS THE DRIVER WHO NEEDS THE LIABILITY INSURANCE AND NOT THE VEHICLE. THERE ARE INSURANCE COMPANIES TODAY WHO WRITE LIABILITY INSURANCE POLICIES FOR PERSONS WHO OPERATE BUT DON'T OWN A VEHICLE. THE BILL HAS A LARGE GROUP OF SUPPORTERS WHO ARE IN THE CATEGORY OF OWNING A LOT OF VEHICLES BUT ONLY DRIVE THEM FOR SHORT PERIODS DURING THE YEAR. THIS BILL IS MEANT TO BE A VIABLE ALTERNATIVE ONLY FOR OBTAINING LIABILITY INSURANCE AND IS NOT MEANT TO REPLACE ANY OTHER INSURANCE PROGRAM PRESENTLY IN EFFECT.

ANALYSIS OF CS FOR HB 68 (LABOR AND COMMERCE)

Sec. 1. AS 28.22.010 is repealed and reenacted to read:

- (a) Sec. 28.22.010 Motor Vehicle Liability Policy --owners policy must designate by description or reference the vehicle covered and the name of the person insured against liability.
- (b) operators liability policy must insure person named as insured from liability imposed by law for damages arising from use by operator of vehicle not owned by operator
- (c) a personal motor vehicle liability policy must insure person named as insured against loss for damages arising from ownership maintenance or use by a person of an owned or unowned vehicle
- (d) Must provide coverage in U. S. and Canada
 - (1) \$50,000.00 bodily injury or death of one person--\$100,000.00 for 2 persons.
 - (2) \$25,000.00 to cover injury to or destruction of property of other, in one accident
- (e) Must provide coverage under AS 28.22.100--28.22.130 in amounts set forth in (d) of this section.
- (f) Policy must state name and address of insured and meet requirements of AS 21.42.160--21.42.170

Sec. 2. AS 28.22.100 (b) is amended to read :

- (b) If owner and operator of a vehicle are unknown, payment under the uninsured or underinsured coverage maybe made only where direct contact between motor vehicles has occurred . If one person leaves the scene of an accident, the other person is presumed to be insured if he or she reports the accident to the authorities within 24 hours.

Sec. 3 AS 28.22.100 (c) is amended to read:

- (c) deductible of \$250.00 is allowed but insurer may offer more or less to insured. This is only allowed in case of damage to vehicle and does not include loss of use of vehicle.

Sec. 4 AS 28.22.200 (a) is amended to read:

- (a) Owner or operator must have insurance in compliance with this chapter or that complies with AS 28.20.400 unless
 - (A) Vehicle is moved on land not connected to highway system
 - (B) Highway has a daily traffic volume greater than 499 and
- (2) Operator has not been cited within preceding 5 years or a traffic law violation of more than 6 demerits value under regulations adopted by the dept. under AS 28.15.221.

ANALYSIS OF CS FOR HB 68 (LABOR AND COMMERCE)

- Sec. 5. Gives definition of "motor vehicle liability policy" that
- (1) meets requirements under AS 28.22.010
 - (2) insurance carriers authorized to do business in the State of Alaska for the benefit of the person insured.

STATE OF ALASKA

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH N
JUNEAU, ALASKA 99811
PHONE: 465-4322

March 5, 1985

*File
W.H. #B68*

The Honorable Dick Shultz
House of Representatives
Alaska State Legislature
Pouch V
Juneau, AK 99811

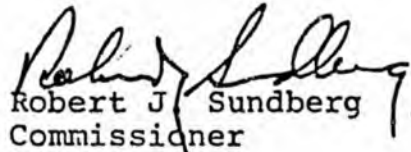
Dear Representative Shultz:

I have reviewed Committee Substitute for House Bill 68 "An act relating to motor vehicle liability insurance".

The broader interpretation addressed in the aforementioned committee substitute clarifies the scope and insurance policy needs to meet the requirements of vehicle liability insurance.

The Department supports the amendments.

Sincerely,


Robert J. Sundberg
Commissioner

Enclosure

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

IV

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 68 (I&C)
Title: An Act relating motor
vehicle liability insurance

Sponsor: Labor and Commerce
Requestor: Labor and Commerce
Date of Request: _____

FISCAL DETAIL

Agency Affected: Alaska Public Utilities Comm.
BRU: Commerce and Econ Dev.

Components: Public Protection
Division of Insurance

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary.

Prepared by: John L. George, Director
Division: Alaska Public Utilities Commission
Approved by Commissioner: John H. Tommsbury
Agency: Commerce and Economic Development

Phone: 465-2515
Date: February 20, 1986
Date: February 20, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 4/24/85
Referred: Judiciary and
Finance

Original sponsor: Shultz

V

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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CS FOR HOUSE BILL NO. 68 (L&C)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to motor vehicle liability insurance."

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

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

17 (B) a highway or vehicular way with an average daily
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19 (2) the operator has not been cited within the preceding
20 five years for a traffic law violation with a demerit point value of
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