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NOTES TO DECISIONS

Cited in *Paulson v. National Indem. Co.*, Sup. Ct. Op. No. 806 (File No. 1462), 498 P.2d 731 (1972).

Sec. 28.20.230. Proof of financial responsibility for the future. (a) The provisions of this chapter requiring the deposit of proof of financial responsibility for the future apply to persons who are convicted of or forfeit bail for certain offenses under motor vehicle laws or who, by ownership or operation of a vehicle of a type subject to registration under AS 28.10, are involved in an accident in this state which results in bodily injury or death of a person or damage to the property of any one person exceeding \$500.

(b) The term "proof of financial responsibility for the future" in this chapter means proof of ability to respond in damages for liability, on account of an accident occurring after the effective date of proof, that arises out of the ownership, maintenance or use of a vehicle subject to registration under the laws of this state, in the amount of \$50,000

because of bodily injury to or death of one person in any one accident, and, subject to the same limit for one person, in the amount of \$100,000 because of bodily injury to or death of two or more persons in any one accident, and in the amount of \$25,000 because of injury to or destruction of property of others in any one accident. In this chapter the terms "proof of financial responsibility" or "proof" mean proof of financial responsibility for the future. (§ 25 ch 163 SLA 1959; am § 59 ch 69 SLA 1970; am § 2 ch 202 SLA 1975; am § 14 ch 144 SLA 1977; am § 9 ch 70 SLA 1984)

Cross references. — For provisions requiring proof of financial responsibility for the future as a condition for reinstating a revoked or suspended driver's license, see AS 28.15.255.

Effect of amendments. — The 1984 amendment, effective January 1, 1985, in

subsection (b), in the first sentence deleted "as used" preceding "in this chapter" and substituted "that" for "which," "\$50,000" for "\$25,000," "\$100,000" for "\$50,000," and "\$25,000" for "\$10,000" and in the second sentence substituted "In" for "As used in."

NOTES TO DECISIONS

A person convicted of operating a motor vehicle while under the influence of intoxicating liquor is required to furnish proof of his financial responsibility for the future. *Paulson v. National Indem. Co.*, Sup. Ct. Op. No. 806 (File No. 1462), 498 P.2d 731 (1972).

Reliance by insurer on policy defenses. — A policy of automobile liability insurance, voluntarily carried by an operator who has never been required to

furnish proof of financial responsibility under the provisions of the Safety Responsibility Act, and not certified as such proof, is not required by such law and the insurer is not precluded from relying on policy defenses. *Hart v. National Indem. Co.*, Sup. Ct. Op. No. 387 (File No. 722), 422 P.2d 1015 (1967).

Cited in *Anderson v. Municipality of Anchorage*, Ct. App. Op. No. 89 (File No. 5318), 645 P.2d 205 (1982).

Sec. 28.20.240. Proof required when driving privilege is restricted. Whenever under a law of this state the license of a person is suspended, revoked, limited under AS 28.15.201, or canceled for any reason, the department may not issue to that person a new or renewal of license until permitted to do so under the motor vehicle laws of this state. A period of suspension, revocation, or cancellation continues until proof of financial responsibility for the future is provided. Upon expiration of a period of limitation, the license remains revoked until proof of financial responsibility for the future is provided. (§ 26 ch 163 SLA 1959; am § 7 ch 78 SLA 1982; am § 12 ch 77 SLA 1983)

Effect of amendments. — The 1982 amendment substituted "suspended, revoked, limited under AS 28.15.201, or canceled for any reason" for "suspended or revoked for conviction or forfeiture of bail" and "may not issue" for "shall not issue" in

from the end of the first sentence, and added the second sentence.

The 1983 amendment in the first sentence deleted "in his name" following "renewal of license," in the second sentence deleted "limitation," preceding "or

TITLE: An Act relating to motor vehicle liability insurance and motor vehicle registration

CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY / ALASKA / POLICE

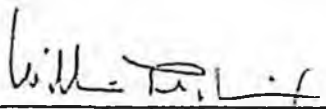
This bill will require a person to sign a statement, prior to registering a motor vehicle, certifying that the vehicle is insured, and will continue to be insured until it is sold. The bill also increases motor vehicle registration fees, changes a definition, and repeals the repealer section of the current mandatory insurance law. Requiring people to sign a statement that they have insurance on a vehicle prior to registering it, and continue to maintain that insurance, will probably have little impact on reducing the number of uninsured if the current mandatory insurance program were to remain in effect. Since the current program is not funded in the FY88 operating budget, this bill may have greater impact.

Section 1, as worded, would either require DMV to refuse registration, or the applicant to file a false certification, when the owner knows the vehicle will not continually be insured until sold. An example being someone who spends summers in Alaska and winters in Arizona. If they put the vehicle on blocks during the winter, when absent from the State, there is no reason to continue to carry liability insurance. It is recommended a change be made to Section 1, line 24, to read "remain in effect whenever the vehicle is in operation," or similar language. This section will have a slight impact on DMV field offices, and a greater impact on the mail-out registration renewal program.

Section 8 changes the definition of "proof of financial responsibility for the future". It was previously defined in AS 28.20.230(b), which is repealed in Section 12 of this bill. It is recommended the last sentence in current AS 28.20.230(b) be added to the definition in Section 8. Otherwise, the words "proof of financial responsibility" and "proof", will be left undefined, and DMV may be unable to require SR-22 when an uninsured person enters into a settlement agreement (AS 28.20.120); after a judgment (AS 28.20.330); etc.

Section 12, repeals the repealer date of the current mandatory insurance law. That program is not funded in the proposed FY88 operating budget. The legislature may want to look at funding that program through use of the increased revenues generated by this bill. The cost to fully fund that program is \$260,400 for FY88. Otherwise it is recommended Section 12 be changed to repeal Section 17 of chapter 70, SLA 1984, effective July 1, 1987.

The department does not support this bill because of the problems outlined above.


WILLIAM R. NIX
Acting Commissioner

BILL NO: HB44

DATE: January 21, 1987

TITLE: An Act relating to motor vehicle liability insurance and the insurance requirements . . . CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY

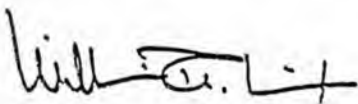
This bill requires owners of motor vehicles to provide proof of motor vehicle liability insurance prior to registering a motor vehicle. The bill also requires insurance companies to notify the department when a motor vehicle liability policy is "cancelled" at which time the department would suspend the registration for the vehicle. The bill does not require notification by insurance companies when a policy expires, thus no action would be taken by the department when a policy expires, but is not renewed, as the department would be unaware of these situations.

Requiring proof of insurance at the time of registration will impact DMV at its field offices, and the mail-out program. The time involved in the registration process will increase. Such work increases will create long lines at major field offices.

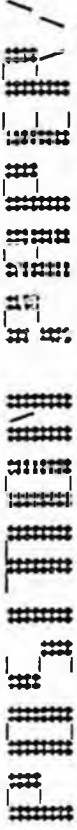
The requirement of notification placed on insurance companies will create additional workload on the companies, of which the cost will probably be passed on to the public by increasing premiums. Keeping track of the notifications and suspending registrations by DMV with all the "due process" requirements will create a costly administrative burden.

The cost of the extra workload could be justified if such a program were extremely effective. The experience of other states has shown this is not the case. It is relatively easy for a person to obtain a binder, register a vehicle, and then immediately cancel the policy without making any payments. States with requirements similar to this bill estimate that between 3 and 10 percent of their registered vehicles are uninsured.

The Department of Public Safety opposes this bill because it is not cost effective.



WILLIAM R. NIX
Acting Commissioner



**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill version : HB 44
Publish Date : _____

REQUEST: _____
Revision Date: _____
Title: An Act relating to motor vehicle liability insurance and the.....
Sponsor: Donley & Collins
Requestor: House Labor & Commerce

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Vehicle Services
& Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		449.6	472.1	495.7	520.5	546.5
TRAVEL		8.5	8.9	9.3	9.8	10.3
CONTRACTUAL		177.4	143.2	150.4	157.9	165.8
SUPPLIES		6.0	6.3	6.6	6.9	7.2
EQUIPMENT		14.4	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		655.9	630.5	662.0	695.1	729.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		655.9	630.5	662.0	695.1	729.8
FEDERAL FUNDS						
OTHER						
TOTAL		655.9	630.5	662.0	695.1	729.8

POSITIONS:

FULL-TIME		15	15	15	15	15
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached pages.

JWR
1/22/87

Prepared by: Bill Brown Phone: 465-4335
Division: Motor Vehicles Date: 1-22-87
Approved by Commissioner: [Signature] Date: 1/27/87
Agency: Public Safety

- Distribution (by preparer) :
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time at the field offices, and for the mail-out program. It is estimated that approximately 20-30% of these vehicles will be refused registration upon first application because the owner does not have proper proof. This will require a second trip to division offices when the proper proof is obtained.

It is estimated that 10% of the vehicles (45,000) will have policy cancellations due to non-payment, sale of vehicle, leaving state, etc. Suspension notices would be sent to 90% of those owners (40,500). No notice would be sent when registration is expiring within 30 days. The notices must be sent by certified mail as required by law. Approximately 2,500 hearings will be requested annually as a result of the suspension notices.

71000 Personal Services

Anchorage

1 Driver Imp. Spec. (Hearing Officer)		
Range 16	43.8	
1 Document Proc. Clk III, Range 10	31.4	
4 MVR II, Range 9	119.2	
2 Document Proc. Clk II, Range 8	56.4	
3 Document Proc. Clk I, Range 7	80.5	
2 Clerk Typist II, Range 7	53.6	

Fairbanks

2 MVR II, Range 9	64.7	
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449.6

72000 Travel

Travel and per diem for hearing officer
to conduct hearings

8.5

8.5

73000 Contractual

Professional Services

DP program modification	36.0*	36.0
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Communications

Postage

Return mailing for incorrect renewals	8.8	
Certified suspension letters		
40,500 @ \$1.75	70.9	
Certified hearing letters		
2,500 @ \$1.75	4.4	
General correspondence	2.5	
Telephones and tolls	3.0	

39.6

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

Promotion and Advertising			
Forms	7.5		
Advertising	<u>5.0</u>	12.5	
DP Network Connect - 9 terminals	9.0		
CRT maintenance	<u>8.1</u>	17.1	
Equipment lease			
9 CRTs and printers @\$206 per month each	22.2	<u>22.2</u>	177.4
74000 Supplies			
Normal office supplies, computer paper, microfilm supplies, etc.	6.0		6.0
75000 Equipment			
5 desks @ \$468	2.3		
4 typewriters @ 1369	5.5		
5 chairs @ \$272	1.4		
4 counter stools @ \$350	1.4		
3 CRT tables @ \$225	.7		
6 file cabinets @ \$308	1.8		
1 storage cabinet @ \$300	.3		
Recording equipment	<u>1.0</u>		
			<u>14.4</u>
			TOTAL 655.9

* initial programming charge - first year only.

5% inflation factor used for FY89 and subsequent years.

Position Title Driver Improvement Specialist (Hearing Off.)		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	32,424			
Benefits	8,106			
Premium Pay				
Other	3,027			
Total Personal Services		43.8		
Travel		8.5		
Contractual		5.0		
Commodities		.7		
Equipment		1.0		
Other				
Total Cost		59.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	59.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

This position will hold hearings under the motor vehicle administrative suspension program. Each time an individual's motor vehicle registration has been suspended the owner has the right to ask for a hearing. The position would prepare the records for each hearing and maintain the appropriate records of the hearing.

Travel for FY88 is based on trips to the Kenai Peninsula, Palmer, Kodiak and areas in Southeast.

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 4 of 10
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status FFT	Staff Months 48	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	85,680			
Benefits	21,420			
Premium Pay				
Other	12,110			
Total Personal Services		119.2		
Travel				
Contractual		17.5		
Commodities		.8		
Equipment		1.1		
Other				
Total Cost		138.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	138.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.

When necessary these positions will assist the mail out section in processing renewals and verification of insurance.

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

Page 6 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk II		No. of Positions 2	Range/Step 8B	Barg. Unit GGU	
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15	
Type of Expenditure		Justification			
1	2	3			
Salary	40,272	These positions will process notifications from insurance carriers that a policy has been cancelled. Will research files and match cancellation with registration record and refer to suspension desk when appropriate.			
Benefits	10,068				
Premium Pay					
Other	6,054				
Total Personal Services		56.4			
Travel		Will prepare certified copies of suspension notices and supporting documents for use by prosecutors, courts, law enforcement officers, etc.			
Contractual					
Commodities					.8
Equipment					4.8
Other					
Total Cost		62.0			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	62.0			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 7 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk I		No. of Positions 3	Range/Step 7B	Barg. Unit GCU																																				
Time Status PFT	Staff Months 36	Location Anchorage		Election District 7-15																																				
<table border="1"> <thead> <tr> <th colspan="2">Type of Expenditure</th> <th>Amount</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>57,096</td> <td rowspan="4"></td> </tr> <tr> <td>Benefits</td> <td>14,274</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td>9,082</td> </tr> <tr> <td colspan="2">Total Personal Services</td> <td>80.5</td> </tr> <tr> <td colspan="2">Travel</td> <td></td> </tr> <tr> <td colspan="2">Contractual</td> <td>13.1</td> </tr> <tr> <td colspan="2">Commodities</td> <td>.6</td> </tr> <tr> <td colspan="2">Equipment</td> <td>1.4</td> </tr> <tr> <td colspan="2">Other</td> <td></td> </tr> <tr> <td colspan="2">Total Cost</td> <td>95.6</td> </tr> </tbody> </table>		Type of Expenditure		Amount	1	2	3	Salary	57,096		Benefits	14,274	Premium Pay		Other	9,082	Total Personal Services		80.5	Travel			Contractual		13.1	Commodities		.6	Equipment		1.4	Other			Total Cost		95.6	Justification These positions will provide computer entry of microfilmed items for subsequent retrieval. They will also assist in preparation of documents for microfilming. The new law will generate thousands of pieces of paper which will need to be microfilmed in order to reduce storage costs.		
Type of Expenditure		Amount																																						
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**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

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 Revised Date

FY 88

Position Title Clerk Typist II		No. of Positions 2	Range/Step 7B	Barg. Unit CGU
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	38,064			
Benefits	9,516			
Premium Pay				
Other	6,054			
Total Personal Services		53.6		
Travel				
Contractual				
Commodities		.4		
Equipment		3.6		
Other				
Total Cost		57.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	57.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<p>These positions would process the necessary paperwork for scheduling hearings, notifying individuals fo hearing date, time and location, and maintain files. Would also assist in preparing suspension notices and mailing to those whose insurance has been cancelled. Would field inquiries, and refer technical items to supervisor or hearing officer.</p> <p>Would prepare correspondence and transcribe hearing tapes when necessary. Prepare appeal records when hearing officers decision is appealed by the owner to the court.</p>				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 9 of 10
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 2	Range/Step 9E	Barg. Unit CCU
Time Status PFT	Staff Months 24	Location Fairbanks		Election District 19-21
Type of Expenditure		Amount		
1	2	3		
Salary	46.920			
Benefits	11.730			
Premium Pay				
Other	6.054			
Total Personal Services		64.7		
Travel				
Contractual		8.7		
Commodities		.4		
Equipment		.4		
Other				
Total Cost		74.2		
Funding Source		Total Cost		
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	74.2		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
Justification				
These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

Page 10 of 10
 Revised Date

FY 88

STATE OF ALASKA THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

H. JUD.	4-6-87	1:30p.m.
H. JUD.	4-2-87	1:30p.m.
H. JUD.	4-1-87	1:30p.m.
H. JUD.	3-30-87	1:30p.m.

HOU COMMITTEE REPORT

(7)

Date referred: 7/18/87

FURTHER REFERRALS: Finance

4-6-87

DATE: ~~7/18/87~~

The Judiciary Committee has considered HB 44

"An Act relating to motor vehicle liability insurance and the insurance requirements for obtaining and maintaining motor vehicle registration; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 44 (Judiciary) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

2/19/87

This proposal removes the sunset provision in the mandatory motor vehicle liability insurance law (AS 28.22.010 et seq.) and would require that proof of insurance under that law be given at the point of registration of a motor vehicle. This would be in addition to the current requirement of proof at the point of an accident or serious violation. The bill provides that in the event of cancellation, the insurer shall send notice to the Department of Public Safety within 10 days after the cancellation. The proposal also requires that the insurer provide coverage for the cost of arbitration or mediation.

The proposed legislation has three impacts on entities regulated by the Division of Insurance. The cost of this impact on the public is not calculable at present. It will however be borne by purchasers of coverage.

The first impact arises from the requirement that the owner of the vehicle to be registered must produce evidence of coverage (point of proof). The provider of that evidence will be the insurer or its representative. To give some idea of the significance of this change, there were on average, 30,000 points of proof per year required during the first two years of operation under the Alaska mandatory motor vehicle liability insurance law. This proposal will require at least 450,000 points of proof per year based on registration alone, and this does not count changes due to transfer of title or points of proof resulting from accidents or violations.

The second impact arises from Section 5 of the bill which introduces the requirement for the insurer to send a notification to the Department of Public Safety within 10 days after cancellation of a motor vehicle liability insurance policy. This is a requirement that the insurer does not now have and which does have an impact on the expense of writing motor vehicle liability insurance. The proposal does not discuss the effect of failure to comply with the requirement. It is not clear in the bill whether the intent is to have a notification given to the state 10 days after notice of cancellation to the insured or 10 days after the cancellation is effective.

The third impact arises from Section 6 of the bill which introduces a change in the motor vehicle liability policy that requires the cost of arbitration or mediation, except for counsel fees, be borne by the insurer. This section has been placed in the mandatory motor vehicle liability law (AS 28.22). Typically, arbitration or mediation features in a motor vehicle insurance policy do not respond to third party actions. It almost always responds only to first party actions. The only first party coverage addressed by AS 28.22 is the uninsured/underinsured motorists' coverage. The problem that exists relating to arbitration and mediation features is found in the comprehensive and collision coverages, which is not reached by AS 28.22. To reach all arbitration and mediation features, the change should be addressed in AS 21.89.020, and the reference to motor vehicle liability policy should be changed to automobile insurance

HB 44

policy. This feature will have an impact on insurance rates that will be dictated by utilization.

This bill places a particularly heavy burden on the Department of Public Safety. It represents a quantum leap in the amount of paper that will flow into that agency. If the intent is to increase the number of insured motorists in this state, the lack of enforcement provisions leaves the probability of any appreciable change as unlikely.

AMENDMENTS

AS 21.89.020 is amended by adding a new subsection to read:

(f) An automobile insurance policy must provide that all expenses and fees, not including counsel fees, incurred because of arbitration or mediation shall be paid as a part of the arbitration award.

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle liability insurance
7 and vehicle registration; and providing for an effective
8 date."

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

10 * Section 1. AS 21.89.020 is amended by adding a new subsection to
11 read:

12 (f) An automobile liability insurance policy must provide that
13 all expenses and fees, not including counsel fees, incurred because of
14 arbitration or mediation shall be paid as a part of the arbitration
15 award.

16 * Sec. 2. AS 28.10.021(a) is amended to read:

17 (a) The owner of a vehicle subject to registration shall apply
18 for registration under this chapter by properly completing the form
19 prescribed by the commissioner under AS 28.05.041. Before the issuance
20 of a certificate of registration by the department, the owner
21 shall

22 (1) pay all registration fees and taxes required under this
23 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
24 4481 (Internal Revenue Code of 1954);

25 (2) unless the owner qualifies as a self-insurer under
26 AS 28.20.400, or is exempted from obtaining liability insurance under
27 AS 28.22.200, certify to the department and provide proof of the
28 existence of a motor vehicle liability policy that complies with
29 AS 28.22.200 for the vehicle being registered and certify that the

1 liability policy will remain in effect for the term the vehicle is
2 registered and being driven on a highway, vehicular way or area, or
3 until the vehicle is sold; and

4 (3) [SHALL] comply with [ANY] other applicable statutes and
5 regulations.

6 * Sec. 3. AS 28.10.047(a) is amended to read:

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

8 (1) the application contains a false or fraudulent state-
9 ment;

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

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

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

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

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

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

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

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

28 (10) the vehicle is subject to a state-approved local
29 emission inspection program adopted by municipal ordinance under

1 AS 46.03.210, and the vehicle does not meet the standards of that
2 program, unless the vehicle uses a fuel source that does not primarily
3 emit carbon monoxide;

4 (11) the applicant fails to certify to the department and
5 provide proof of the existence of a motor vehicle liability policy
6 that complies with AS 28.22.010 for the vehicle being registered,
7 unless the owner of the vehicle qualifies as a self-insurer under
8 AS 28.20.400, or is exempted from obtaining liability insurance under
9 AS 28.22.200.

10 * Sec. 4. AS 28.10.051 is amended by adding a new subsection to read:

11 (b) Unless the owner qualifies as a self-insurer under AS 28.-
12 20.400, or is exempted from obtaining liability insurance under
13 AS 28.22.200, the department may suspend or revoke the registration of
14 a vehicle that is not insured by a motor vehicle liability policy that
15 complies with AS 28.22.010.

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

17 (c) Unless the owner of the vehicle qualifies as a self-insurer
18 under AS 28.20.400, or is exempted from obtaining liability insurance
19 under AS 28.22.200, the department may not renew the registration of a
20 vehicle without receiving certification from the owner that the vehi-
21 cle is insured by a motor vehicle liability policy that complies with
22 AS 28.22.010.

23 * Sec. 6. AS 28.10.421(b) is amended to read:

24 (b) The annual registration fees under this subsection are
25 imposed within the following classifications for:

26 (1) a passenger vehicle or motor home not used or main-
27 tained for the transportation of persons or property for hire or for
28 other commercial use. \$40 [\$35];

29 (2) a pick-up truck or a van not exceeding 6,000 pounds

unladen weight and not used or maintained for the transportation of persons or property for hire or for other commercial use . \$45 [\$40];

(3) a taxicab \$75 [\$70];

(4) a motor bus with a seating capacity for 20 or more persons and used exclusively for commercial purposes in the transporting of visitors or tourists \$90 [\$85];

(5) a motorcycle or a motor-driven cycle \$25 [\$20];

(6) a two- or four-wheeled trailer not used or maintained for the transportation of persons or property for hire or for other commercial use, including, but not limited to, a boat trailer, baggage trailer, box trailer, utility trailer or house trailer . . . \$10 [\$5].

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

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

- (1) up to and including 5,000 pounds \$55 [\$50];
- (2) more than 5,000 pounds to and including 12,000 pounds \$90 [\$85];
- (3) more than 12,000 pounds to and including 18,000 pounds \$160 [\$155];
- (4) more than 18,000 pounds \$225 [\$220].

1 * Sec. 8. AS 28.15.235(c) is amended to read:

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

5 * Sec. 9. AS 28.20.630 is amended to read:

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

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

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

23 * Sec. 10. AS 28.22 is amended by adding a new section to read:

24 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
25 Alaska Mandatory Automobile Insurance Act.

26 * Sec. 11. Section 1 of this Act applies to automobile liability insur-
27 ance policies entered into or renewed on or after the effective date of
28 this Act.

29 * Sec. 12. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,

1 SLA 1984 are repealed.

2 * Sec. 13. This Act takes effect January 1, 1988.

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5-0340N
Ford
3/30/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle liability insurance
7 and motor vehicle registration; and providing for an
8 effective date."

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

10 * Section 1. AS 28.10.021(a) is amended to read:

11 (a) The owner of a vehicle subject to registration shall apply
12 for registration under this chapter by properly completing the form
13 prescribed by the commissioner under AS 28.05.041. Before the issu-
14 ance of a certificate of registration by the department, the owner
15 shall

16 (1) pay all registration fees and taxes required under this
17 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
18 4481 (Internal Revenue Code of 1954);

19 (2) unless the owner qualifies as a self-insurer under
20 AS 28.20.400, or is exempted from obtaining liability insurance under
21 AS 28.22.200, provide proof to the department of the existence of a
22 motor vehicle liability policy that complies with AS 28.22.200 for the
23 vehicle being registered and certify that the liability policy will
24 remain in effect for the term the vehicle is registered or until the
25 vehicle is sold; and

26 (3) [SHALL] comply with [ANY] other applicable statutes and
27 regulations.

28 * Sec. 2. AS 28.10.041(a) is amended to read:

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

1 (1) the application contains a false or fraudulent state-
2 ment;

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

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

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

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

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

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

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

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

21 (10) the vehicle is subject to a state-approved local
22 emission inspection program adopted by municipal ordinance under
23 AS 46.03.210, and the vehicle does not meet the standards of that
24 program, unless the vehicle uses a fuel source that does not primarily
25 emit carbon monoxide;

26 (11) the applicant fails to certify to the department the
27 existence of a motor vehicle liability policy that complies with
28 AS 28.22.010 for the vehicle being registered, unless the owner of the
29 vehicle qualifies as a self-insurer under AS 28.20.400, or is exempted

1 from obtaining liability insurance under AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

8 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

9 (c) Unless the owner of the vehicle qualifies as a self-insurer
10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving certification from the owner that the vehi-
13 cle is insured by a motor vehicle liability policy that complies with
14 AS 28.22.010.

15 * Sec. 5. AS 28.10.421(b) is amended to read:

16 (b) The annual registration fees under this subsection are
17 imposed within the following classifications for:

18 (1) a passenger vehicle or motor home not used or main-
19 tained for the transportation of persons or property for hire or for
20 other commercial use \$36 [\$35];

21 (2) a pick-up truck or a van not exceeding 6,000 pounds
22 unladen weight and not used or maintained for the transportation of
23 persons or property for hire or for other commercial use
24 \$41 [\$40];

25 (3) a taxicab \$71 [\$70];

26 (4) a motor bus with a seating capacity for 20 or more
27 persons and used exclusively for commercial purposes in the transport-
28 ing of visitors or tourists \$86 [\$85];

29 (5) a motorcycle or a motor-driven cycle \$21 [\$20];

1 (6) a two- or four-wheeled trailer not used or maintained
 2 for the transportation of persons or property for hire or for other
 3 commercial use, including, but not limited to, a boat trailer, baggage
 4 trailer, box trailer, utility trailer or house trailer . . . \$6 [\$5].

5 * Sec. 6. AS 28.10.421(c) is amended to read:

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

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

23 * Sec. 7. AS 28.15.255(c) is amended to read:

24 (c) In this section, the term "proof of financial responsibility
 25 for the future" has the meaning given in AS 28.20.630 [AS 28.20.-
 26 230(b)] and may be established as provided in AS 28.20.

27 * Sec. 8. AS 28.20.630 is amended to read:

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

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

12 (2) "proof of financial responsibility for the future"
13 means an owner's motor vehicle liability policy that covers all vehi-
14 cles owned by the person that are subject to registration in this
15 state, or if the person does not own a vehicle, proof required under
16 AS 28.20.390.

17 * Sec. 9. AS 28.22.010 is amended by adding a new subsection to read:

18 (g) A motor vehicle liability policy must provide that all
19 expenses and fees, not including counsel fees, incurred because of
20 arbitration or mediation shall be paid as a part of the arbitration
21 award.

22 * Sec. 10. AS 28.22 is amended by adding a new section to read:

23 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
24 Alaska Mandatory Automobile Insurance Act.

25 * Sec. 11. Section 9 of this Act applies to motor vehicle liability
26 insurance policies entered into or renewed after the effective date of this
27 Act.

28 * Sec. 12. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
29 SLA 1984, are repealed.

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* Sec. 13. This Act takes effect January 1, 1988.

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 44 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to motor vehicle liability insurance
and motor vehicle registration; and providing for an
effective date."

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

10

* Section 1. AS 28.10.021(a) is amended to read:

11

(a) The owner of a vehicle subject to registration shall apply
for registration under this chapter by properly completing the form
prescribed by the commissioner under AS 28.05.041. Before the issu-
ance of a certificate of registration by the department, the owner
shall

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

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11.56.74 (2) unless the owner qualifies as a self-insurer under
AS 28.20.400, or is exempted from obtaining liability insurance under
AS 28.22.200, certify to the department the existence of a motor
vehicle liability policy that complies with AS 28.22.200 for the
vehicle being registered and certify that the liability policy will
remain in effect for the term the vehicle is registered or until the
vehicle is sold; and

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(3) [SHALL] comply with [ANY] other applicable statutes and
regulations.

* Sec. 2. AS 28.10.041(a) is amended to read:

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

sign a sworn affidavit verifying affidavit

provide proof

and provide proof of

insurance
Amount \$2

1 from obtaining liability insurance under AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

8 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

9 (c) Unless the owner of the vehicle qualifies as a self-insurer
10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving certification from the owner that the vehi-
13 cle is insured by a motor vehicle liability policy that complies with
14 AS 28.22.010.

15 * Sec. 5. AS 28.10.421(b) is amended to read:

16 (b) The annual registration fees under this subsection are
17 imposed within the following classifications for:

18 (1) a passenger vehicle or motor home not used or main-
19 tained for the transportation of persons or property for hire or for
20 other commercial use \$36 [\$35];

21 (2) a pick-up truck or a van not exceeding 6,000 pounds
22 unladen weight and not used or maintained for the transportation of
23 persons or property for hire or for other commercial use
24 \$41 [\$40];

25 (3) a taxicab \$71 [\$70];

26 (4) a motor bus with a seating capacity for 20 or more
27 persons and used exclusively for commercial purposes in the transport-
28 ing of visitors or tourists \$86 [\$85];

29 (5) a motorcycle or a motor-driven cycle \$21 [\$20];

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

12 (2) "proof of financial responsibility for the future"
13 means an owner's motor vehicle liability policy that covers all vehi-
14 cles owned by the person that are subject to registration in this
15 state, or if the person does not own a vehicle, proof required under
16 AS 28.20.390.

17 * Sec. 9. AS 28.22.010 is amended by adding a new subsection to read:

18 (g) A motor vehicle liability policy must provide that all
19 expenses and fees not including counsel fees incurred because of
20 arbitration or mediation shall be paid as a part of the arbitration
21 award.

22 * Sec. 10. AS 28.22 is amended by adding a new section to read:

23 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
24 Alaska Mandatory Automobile Insurance Act.

25 * Sec. 11. Section 9 of this Act applies to motor vehicle liability
26 insurance policies entered into or renewed after the effective date of this
27 Act.

28 * Sec. 12. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
29 SLA 1984 are repealed.

*arbitration
wherever*

Adopted

AMENDMENT #1

Offered in the HOUSE
TO: CSHB 44(L&C)

Recinded

By *Donley*
Sund

Page 1, line 21:

After

~~Delete~~ "certify"

Insert "under oath"

Insert "provide proof"

After "department" insert "of"

EXPLANATION:

CS HB 44 (L&C) requires that a person "certify to the Department the existence of a motor vehicle policy" in order to register a vehicle. The House Labor and Commerce Committee, in adopting the Committee Substitute, believed that this language required a person to actually show proof of liability insurance (i.e. a copy of the policy, a policy number, or a binder of some sort).

Amendment #1 makes makes it clear that you have to provide proof as opposed to simply signing a form swearing that you have liability insurance.

Am & HS Gruebn
Adopted
pg 1, L 21
After dept
Add: "and provide
PROOF OF
Adopted

Adopted

A M E N D M E N T # 2

Offered in the HOUSE

By ~~Donley~~

TO: CSHB 44(L&C)

Sund

Page 1, line 24, after "registered":

Insert "and being driven on a highway, vehicular way, or area,"

EXPLANATION:

Amendment #2 addresses a concern expressed in the Departments March 20 position paper. The current CS requires that you sign a form swearing that you will maintain liability insurance and that the policy "will remain in effect for the term the vehicle is registered or until the vehicle is sold".

This amendment would allow a person to let their liability insurance lapse when they were not using the vehicle for an extended period of time, even though the vehicle may still be registered.

Adopted

A M E N D M E N T #3

Offered in the HOUSE

By ~~Donley~~
Sund

TO: CSHB 44(L&C)

Page 4, line 25:

Delete "for the future"

Insert "[FOR THE FUTURE]"

Page 5, line 12:

Delete "for the future"

EXPLANATION:

This amendment was drafted in response to concerns listed in the Department's March 20 position paper.

The effect of Amendment #3 is to define "proof of financial responsibility" for the purposes of automobile liability insurance. The phrase "for the future" was eliminated because it was assumed that the Department could apply the definition of "proof of financial responsibility" as it would appear in HB 44 after this amendment is adopted.

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 44(L&C)

Adopted

#5

By Sund

Page 1, after line 9:

Insert a new bill section to read:

"* Section 1. AS 21.89.020 is amended by adding a new subsection to read:

(f) An automobile liability insurance policy must provide that all expenses and fees, not including counsel fees, incurred because of arbitration or mediation shall be paid as a part of the arbitration award."

Page 1, line 10:

Delete "* Section 1."

Insert "* Sec. 2."

Renumber remaining bill sections accordingly.

Page 5, lines 17 - 21:

Delete all material

Renumber remaining bill sections accordingly.

Page 5, line 25:

Delete "9"

Insert "1"

Delete "motor vehicle"

Insert "automobile"

1 AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

8 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

9 (c) Unless the owner of the vehicle qualifies as a self-insurer
10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving evidence satisfactory to the department that
13 the vehicle is insured by a motor vehicle liability policy that com-
14 plies with AS 28.22.010.

15 * ~~Sec. 5. AS 28.10 is amended by adding a new section to read:~~

16 Sec. 28.10.115. NOTIFICATION OF CANCELLATION. An insurer shall
17 notify the department within 10 days after the cancellation of a motor
18 vehicle liability policy issued by the insurer within the preceding
19 six months for a vehicle that is registered under this chapter.

20 * ~~Sec. 6. AS 28.22.010 is amended by adding a new subsection to read:~~

21 (g) A motor vehicle liability policy must provide that all
22 expenses and fees, not including counsel fees, incurred because of
23 arbitration or mediation shall be paid as a part of the arbitration
24 award.

25 * Sec. 7. AS 28.22 is amended by adding a new section to read:

26 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
27 "Alaska Mandatory Automobile Insurance Act".

28 * Sec. 8. Section 6 of this Act applies to motor vehicle liability
29

Chapter 70

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

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

6 (19) "underinsured motor vehicle" means a motor vehicle 28.35.260(a)
 7 licensed for highway use with respect to ownership, operation, mainte-
 8 nance, or use for which there is a bodily injury or property damage
 9 insurance policy or a bond applicable at the time of an accident and
 10 the amount of insurance or bond

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

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

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

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

21 * Sec. 17. AS 28.10.023(b), AS 28.15.061(e), 28.15.081(a)(6), and
 22 AS 28.22 and secs. 1 and 16 of this Act are repealed January 1, 1989.

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

24 (a) An automobile liability policy that insures an owner or
 25 operator of a motor vehicle against loss resulting from liability for
 26 bodily injury or death, or for property injury or destruction, or
 27 both, that is sold in the state, shall contain limits in at least the
 28 amount prescribed for a motor vehicle liability policy in AS 28.20.440
 29 [AND AS 28.22.010]

28.20.390(3),
 28.20.490,
 28.20.585

28.10.021(b),
 28.15.061(e),
 28.15.081(a)(6),
 28.22, §§ 1
 and 16 Rep
 Eff. 1/1/89
 21.89.020(a)

Chapter 70

* Sec. 19. AS 21.89.020(c) is amended to read:

21.89.020(c)

(c) An insurance company offering automobile liability insurance in this state for bodily injury or death shall offer coverage prescribed in AS 28.20.440 and 28.20.445, [OR AS 28.22.010 - 28.22.130,] 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. The limit written may not be less than the limit in AS 28.20.440 [OR AS 28.22.010].

* Sec. 20. AS 21.89.020(d) is amended to read:

21.89.020(d)

(d) An insurance company offering automobile liability insurance in this state for injury to or destruction of property shall offer coverage prescribed in AS 28.20.440 and 28.20.445, [OR AS 28.22.010 - 28.22.130,] with limits not less than those prescribed in AS 28.20.440 [OR AS 28.22.010,] 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.

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

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

* Sec. 23. Sections 18, 19, and 20 of this Act take effect January 1, 1985.

§§ 1-15
EFF. 1/1/85.
§ 16 EFF.
10/1/84.
§§ 18, 19, 20
EFF. 1/1/89

CCSHE 7

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HB 44
Publish Date : _____

Revision Date: _____

Agency Affected: Commerce & Econ. Dev.
Insurance

Title: An Act relating to motor vehicle liability insurance & the requirements for obtaining and maintaining motor vehicle registration

Sponsor: Donley

Components: Public Protection

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John L. George, Director
Division: Division of Insurance

Phone: 465-2515
Date: February 2, 1987

Approved by Commissioner: J. Anthony Smith
Agency: Commerce and Economic Development

Date: February, 1987

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary
0456K2287a

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 44(Jud)

Publish Date: _____

Revision Date: _____

Agency Affected: Public Safety

Title: An Act relating to motor vehicle liability insurance and vehicle...

BRU: Motor Vehicles

Sponsor: Donley

Components: Field Services

Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		92.0	189.4	195.1	201.0	207.0
TRAVEL						
CONTRACTUAL		83.1	71.8	74.0	76.2	78.5
SUPPLIES		.6	1.2	1.3	1.3	1.3
EQUIPMENT		1.4				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	177.1	262.4	270.4	278.5	286.8
CAPITAL						
REVENUE		1,050.0	2,163.0	2,227.9	2,294.7	2,363.5

FUNDING: (Thousands of Dollars)

GENERAL FUND		177.1	262.4	270.4	278.5	286.8
FEDERAL FUNDS						
OTHER						
TOTAL		177.1	262.4	270.4	278.5	286.8

POSITIONS:

FULL-TIME		6	6	6	6	6
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Effective date of January 1, 1988. Therefore, expenditures and revenue are for half of FY88, with first full year being FY89.

A 3% inflation factor, and increase in vehicles, was used for FY89 and subsequent years.

Prepared by: Charles R. Hosack Phone: 269-5551

Division: Motor Vehicles Date: 4-8-87

Approved by Commissioner: [Signature] Date: 4/8/87

Agency: Public Safety

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44 (Jud)

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration, and for which the owner must certify coverage will remain in effect. The checking and processing of the insurance papers, and the certification, will require extra time at the field offices, and for the mail-out renewal program. It is estimated that approximately 20-30% of these vehicles will be refused registration upon first application because the owner does not have proper proof at time of application. This will require a second trip to division offices when the proper proof is obtained

EXPENDITURES:

<u>Personal Services</u>		
4 MVR II, Range 9, Anchorage	59.6	
2 MVR II, Range 9, Fairbanks	32.4	
		92.0
<u>Contractual</u>		
Professional Services		
DP program modification (contract)	36.0*	
Communications		
Postage - return mailing for incorrect renewals, and general correspondence	4.4	
Printing and Advertising		
Forms	1.5	
Advertising	5.0	
Data Processing		
DP Network Connect - 6 terminals @ \$1,500 each	9.0*	
DPS Info Systems chargeback @ \$475 per month per terminal	17.1	
CRT maintenance @ \$900 annually each	2.7	
Equipment Lease		
6 CRT terminals and printers @ \$206 per month each	7.4	
		83.1
<u>Commodities</u>		
Normal office supplies	.6	.6
<u>Equipment</u>		
4 counter stools @ \$350	1.4	1.4
	TOTAL	177.1

REVENUE:

\$5.00 per year increase in registration fees for vehicles under AS 28.10.421(b) and (c). $210,000 \times \$5.00 = \$1,050,000$ for FY88.

*One time charges - first year only.

Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 48	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
1	2	3		
Salary	42,840	<p>These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.</p> <p>When necessary these positions will assist the mail out section in processing renewals and verifications of insurance.</p> <p>(Figures are for one-half of FY88 due to effective date of 1-1-88.)</p>		
Benefits	10,710			
Premium Pay				
Other	6,055			
Total Personal Services	59.6			
Travel				
Contractual	21.2			
Commodities	.4			
Equipment	1.1			
Other				
Total Cost	82.3			
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1304	82.3		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Request For
New Position

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 4
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 2	Range/Step 9E	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Fairbanks		Election District 19-21
Type of Expenditure		Justification		
1	2	3		
Salary	23,460	These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements. (Figures are for one-half of FY88 due to effective date of 1-1-88.)		
Benefits	5,865			
Premium Pay				
Other	3,027			
Total Personal Services	32.4			
Travel				
Contractual		10.6		
Commodities		.2		
Equipment		.4		
Other				
Total Cost		43.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	43.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Request For
New Position

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 4 of 4
 Revised Date

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

CSHB 44 (L&C)

Work Draft dated 3-12-87

Bill Version: _____
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance and motor vehicle...
Sponsor: Donlev
Requestor: House Labor & Commerce

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		14.9	30.7	31.6		
TRAVEL						
CONTRACTUAL		1.4	2.9	3.0		
SUPPLIES		.3	.4	.4		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		16.6	34.0	35.0	-0-	-0-

CAPITAL						
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REVENUE		206.0	416.1	420.3	424.5	428.7
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FUNDING: (Thousands of Dollars)

GENERAL FUND		16.6	34.0	35.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		16.6	34.0	35.0	-0-	-0-

POSITIONS:

FULL-TIME		1	1	1	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335
Date: 3-17-87

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 3/17/87

Distribution (by preparer) :

Legislative Finance
Legislative Sponsor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44 (L&C)
Work Draft dated 3-12-87

EXPENDITURES:

This fiscal note is prepared under the assumption the person registering a vehicle must affirm they have insurance, and will continue to carry the insurance when the vehicle is in operation. The wording of the draft does not require proof of insurance up front as indicated in the memorandum dated 3-12-87, which accompanied the draft, nor as required in the original bill.

As a result of experience gained from the Emission Inspection Program it is realized the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence, thus some will need to be returned to the applicant. Of the 412,000 registrations processed in 1986, 110,000 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to insurance. The one position requested is to assist the mail-out renewal program. After the program is in operation for a couple years there will be less rejected applications, and the position will no longer be required.

PERSONAL SERVICES:

1 Motor Vehicle Rep. II, Anchorage, 9B	14.9
--	------

CONTRACTUAL:

Postage, 6,250 x \$.22	1.4
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COMMODITIES:

Envelopes	.2
Other normal office supplies	<u>.1</u>
TOTAL	16.6

The above is funding for one-half year because of effective date of January 1, 1988.

A 3% inflation factor was used for FY89 and subsequent year.

REVENUES:

412,000 vehicles were registered in 1986. Revenue increase for FY88 is for one-half year because of effective date of January 1, 1988. 412,000 divided by one-half = 206,000 x \$1.00 fee increase = \$206,000.

A 1% growth factor was used for FY89 and subsequent years.

- Alaska State Legislature



House of Representatives

March 12, 1987

MEMORANDUM

To: Members, House Labor and Commerce Committee
 From: Representative Dave Donley
 Re: Proposed CS for HB 44 - Mandatory Automobile Insurance

Last week, the Committee asked that two versions of a proposed CS for HB 44 be drafted for your review. There are three versions in your bill file, the first being the CS the Committee adopted for discussion purposes during our February meeting.

The three versions are dated at the top right-hand corner. The different elements in the bills are as follows:

	VERSION OF PROPOSED CS		
	3/6/87	3/9/87	3/12/87
1. Proof of Insurance up front	X		X
2. Affirmation under oath that you have insurance		X	
3. Affirmation under oath to maintain insurance		X	X
4. Arbitration Clause	X	X	X
5. Notification of Cancellation	YES	YES	NO
6. SR 22 Language		X	X
7. Definitions		X	X
8. Raise registration fees			X

1. Proof of Insurance "up front" means that you have to bring proof to the Department that you have liability insurance in order to register your vehicle.
2. Affirmation that you have insurance means that you sign a form under oath that you have insurance, but you will not have to provide proof.
3. Affirmation that you will maintain insurance means that you sign an affirmation under oath that you will maintain liability insurance until the vehicle is sold.
4. Arbitration clause provides that the cost of arbitration should be covered as part of the settlement (all versions have this language).
5. Notification of Cancellation means that an insurance company has to notify the Department if a policy is cancelled within 6 months of registration. Removal of this section means there will be no enforcement by the Department and will result in substantially less fiscal impact.
6. SR 22 Language - SR22 - "proof of financial responsibility" must be filed when you have been involved in an accident. There is a problem with the existing statute in that you are only required to show proof of insurance on a vehicle, not all vehicles you may drive. Drafts dated 3/9/87 and 3/12/87 contain language that corrects this defect and requires insurance on every vehicle you may drive.
7. Definitions - Drafts dated 3/9/87 and 3/12/87 contain definitions that include language to correct problems with the SR22 (see #6).
8. Raise registration fees - Draft dated 3/12/87 raises the cost of registration by \$1.00 to cover any costs to the Department for implementing the proof/affirmation system.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

P.O. BOX W, JUNEAU 99811
(907) 465-3891



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUBCOMMITTEE

Wednesday, January 13, 1988

SUMMARY OF COMMITTEE SUBSTITUTES AND REPORTS ON
HB 44 - MANDATORY AUTOMOBILE INSURANCE
Prepared by Representative Dave Donley

D

HOUSE LABOR AND COMMERCE COMMITTEE:

HOUSE L&C CS ADDED A \$1 RAISE IN ALL VEHICLE REGISTRATION FEES, "FIXED" THE SR 22/PROOF OF FINANCIAL RESPONSIBILITY PROBLEM (YOU NOW HAVE TO HAVE INSURANCE ON ANY AND ALL VEHICLES YOU DRIVE) AND DELETED LANGUAGE REQUIRING NOTIFICATION OF CANCELLATION OF INSURANCE FROM ORIGINAL HB 44.

COMMITTEE VOTE WAS: MENARD & FURNACE - NO REC, DONLEY, KOPONEN, ELLIS, BOUCHER, DAVIDSON - DO PASS.

HOUSE JUDICIARY COMMITTEE

HOUSE JUDICIARY COMMITTEE ADDED "PROGRAMS RECEIPT" LANGUAGE (AS PER SPONSOR'S AMENDMENT TO THE COMMITTEE), RAISED THE REGISTRATION FEE BY \$5, AND ADDED "CERTIFY TO THE DEPARTMENT AND *PROVIDE PROOF OF THE EXISTENCE OF A LIABILITY POLICY".

COMMITTEE VOTE WAS: TAYLOR - DO NOT PASS, ULMER, SUND, GRUENBERG, BARNES, NAVARRE, COTTEN - DO PASS

HOUSE FINANCE COMMITTEE:

HOUSE FINANCE COMMITTEE TOOK OUT THE *"PROVIDE PROOF" LANGUAGE AND PUT THE REGISTRATION FEE BACK TO A \$1 RAISE FOR ALL VEHICLES UNDER AS 28.10.421(C) (WHICH COVERS ALMOST ALL COMMERCIAL VEHICLES).

COMMITTEE VOTE WAS: FRANK AND WALLIS - NO REC, ADAMS, POURCHOT, LARSON, BROWN, REIGER, BOYER, SWACKHAMMER, GOLL AND DAVIS - DO PASS.

FISCAL NOTES

THE DEPARTMENT ESTIMATES THE PROGRAM (UNDER THE HOUSE FINANCE VERSION) WILL COST AND ADDITIONAL \$34 THOUSAND/YEAR FOR ONE FULL TIME POSITION TO HANDLE MAIL-IN REGISTRATION. THE \$1 DOLLAR INCREASE IN COMMERCIAL VEHICLE REGISTRATION FEES UNDER THE FINANCE CS WILL GENERATE ABOUT \$50 THOUSAND DOLLARS A YEAR.

THE FISCAL NOTE SUBMITTED BY THE DEPARTMENT BEFORE LANGUAGE REQUIRING *"PROOF" OF INSURANCE AND NOTIFICATION OF CANCELLATION OF INSURANCE, WAS DELETED WAS OVER \$600 THOUSAND DOLLARS.

* * * * *

*"PROOF" WOULD REQUIRE A COPY OF AN INSURANCE POLICY AS OPPOSED TO "CERTIFY" WHICH COULD BE SATISFIED WITH A COPY OF AN INSURANCE BINDER OR A SWORN AFFIDAVIT.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 44
Publish Date: _____

Revision Date: _____

Agency Affected: Commerce & Econ. Dev.
Insurance

Title: An Act relating to motor vehicle liability insurance & the requirements for obtaining and maintaining motor vehicle registration

Sponsor: Donley

Components: Public Protection

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	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	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John L. George, Director
Division: Division of Insurance

Phone: 465-2515
Date: February 2, 1987

Approved by Commissioner: J. Anthony Smith
Agency: Commerce and Economic Development

Date: February, 1987

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary
0456K2287a

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: _____

The Labor & Commerce Committee has considered HB 44

"An Act relating to motor vehicle liability insurance and the insurance requirements for obtaining and maintaining motor vehicle registration; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 44 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the FINANCE Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Paul Douley

Cliff Davidson

Ellis

Bob Brasher

John E. Kosman

Sam Munn NO REC.

W. Furnace NO REC.

Paul Douley
Chairman's signature