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FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance and vehicle...  
Sponsor: Donley  
Requestor: Senate State Affairs

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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	-0-	16.6	34.0	35.0	-0-	-0-

CAPITAL						
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REVENUE	-0-	25.0	50.0	51.5	53.0	54.6
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Charles R. Hosack  
Division: Motor Vehicles

Phone: 269-5551  
Date: 1-29-88

Approved by Commissioner: Donley H. Ostroff  
Agency: Public Safety

Date: 2-2-88

Distribution (by preparer):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44(Fin)am

## EXPENDITURES:

The above version of the bill requires the person registering a vehicle to certify they have insurance, and will continue to carry the insurance when the vehicle is in operation.

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
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### Contractual:

Postage: 6,250 x \$.22	1.4
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### Commodities:

Envelopes	.2
Other normal office supplies	.1

TOTAL	16.6
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The above funding is for one-half year because of effective date of January 1, 1989. A 3% inflation factor was used for FY90 and subsequent years.

## REVENUES:

Requires a \$1.00 per year increase in registration fees for vehicles under AS 28.10.421(c), of which 49,813 were registered in 1986. Effective date of January 1, 1989, thus \$1.00 fee times 25,000 vehicles is equal to \$25,000 in revenue for FY89.

A 1% growth factor was used for FY91 and subsequent years.

Position Title Motor Vehicle Representative II		No. of Positions 1	Range/Step 9B	Barg. Unit GGU	
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15	
Type of Expenditure		Justification			
Amount		<p>Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.</p> <p>Figures are for one-half year because of effective date of January 1, 1989</p>			
1	2				3
Salary	10,710				
Benefits	4,191				
Premium Pay					
Other					
Total Personal Services					14.9
Travel					
Contractual					1.4
Commodities					.3
Equipment					
Other					
Total Cost		16.6			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	16.6			
GF Program Receipts	1005				
Other					

**Request For  
New Position**

Agency Public Safety  
 BRU Motor Vehicles  
 Component Field Services

Page 3 of 3  
 Revised Date

**FY 89**

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to anatomical gifts.  
Sponsor: Gruenberg  
Requestor: Senate HESS

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by: Jay N. Dulany Phone: 269-5551  
Division: Motor Vehicles Date: 1-29-88

Approved by Commissioner: Donna Hootch Date: 2-3-88  
Agency: Public Safety Dep. Comm.

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

CSHB 44 (L&C)

Bill Version: Work Draft dated 3-12-87  
Publish Date: \_\_\_\_\_

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance and motor vehicle...  
Sponsor: Donley  
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						
REVENUE		206.0	416.1	420.3	424.5	428.7

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 Phone: 465-4335  
 Division: Motor Vehicles Date: 3-17-87  
 Approved by Commissioner: [Signature] Date: 3/17/87  
 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 (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
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## CONTRACTUAL:

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

Envelopes	.2
Other normal office supplies	.1
	<hr/>
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.

Position Title Motor Vehicle Representative II		No. of Positions One	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
		Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.		
Amount		Figures are for one-half year because of effective date of January 1, 1988.		
1	2	3		
Salary	10.710			
Benefits	4.191			
Premium Pay				
Other				
Total Personal Services		14.9		
Travel				
Contractual		1.4		
Commodities		.3		
Equipment				
Other				
Total Cost		16.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	16.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For  
New Position**

Agency Public Safety  
 BRU Motor Vehicles  
 Component Field Services

Page 3 of 3  
 Revised Date

**FY 88**

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.

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

Distribution (by preparer):

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

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD

P.O. BOX V, JUNEAU 99811  
(907) 465-3892



CHAIRMAN  
LABOR AND COMMERCE  
COMMITTEE

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

FEBRUARY 19, 1987

## MEMORANDUM

**TO: MEMBERS, HOUSE LABOR AND COMMERCE COMMITTEE**

**FROM: REPRESENTATIVE DAVE DONLEY**

**RE: HB 44 - MANDATORY MOTOR VEHICLE INSURANCE**

HB 44 AMENDS OUR CURRENT MANDATORY AUTOMOBILE INSURANCE LAW TO REQUIRE PROOF OF INSURANCE BEFORE YOU CAN REGISTER YOUR VEHICLE.

IN ADDITION, HB 44 REPEALS A SUNSET PROVISION IN THE ORIGINAL LAW, AND REQUIRES THAT WHEN A DISPUTE OVER INSURANCE GOES TO ARBITRATION, THE COSTS OF ARBITRATION ARE PAID BY THE LOSING PARTY.

I HAVE PREPARED A PROPOSED COMMITTEE SUBSTITUTE FOR YOUR REVIEW. THE CS ADDS LANGUAGE TO: 1) CREATE A "SHORT TITLE" FOR THE BILL, "ALASKA MANDATORY AUTOMOBILE INSURANCE ACT", AND 2) REQUIRE THAT INSURANCE COMPANIES HAVE TO REPORT CANCELLATIONS OF COVERAGE ONLY DURING THE FIRST SIX MONTHS OF A POLICY.

THE LATTER PROVISION WAS INCLUDED AT THE REQUEST OF THE INSURANCE INDUSTRY IN ORDER TO REDUCE THE COSTS OF ENFORCING MANDATORY INSURANCE.

BEFORE ALASKA ADOPTED MANDATORY AUTOMOBILE INSURANCE IN 1984, IT WAS ESTIMATED THAT BETWEEN 20 AND 40 PERCENT OF THE VEHICLES IN ALASKA WERE UNINSURED. STATISTICS NOW INDICATE THAT BETWEEN 10 AND 20 PERCENT OF OUR VEHICLES ARE UNINSURED.

HB44 WOULD ASSURE THAT VIRTUALLY EVERY VEHICLE ON THE ROAD IN ALASKA WAS INSURED. IF NOT, LACK OF APPROPRIATE TAGS WOULD MAKE THEM EASY TO SPOT, AND THEREFORE EASIER TO GET OFF THE ROAD.

THE DEPARTMENT OF PUBLIC SAFETY IS OPPOSED TO THIS MEASURE BECAUSE THEY FEEL THE COSTS OF IMPLEMENTING THE PROGRAM ARE NOT WORTH THE ANTICIPATED RESULTS. ACCORDINGLY, A LARGE FISCAL NOTE FROM THE DEPARTMENT IS ATTACHED TO HB 44.

I DISAGREE WITH THE DEPARTMENTS POSITION. THE COSTS OF A SINGLE UNINSURED MOTOR VEHICLE ACCIDENT, TO THE STATE AS WELL AS TO THE VICTIMS, IS STAGGERING. AN ACCIDENT MAY WELL RESULT IN LIFETIME INTENSIVE MEDICAL CARE FOR INJURED PASSENGERS. WHO PAYS THE BILL WHEN NEITHER VEHICLE OR PASSENGER IS INSURED?

I WAS ASKED TO INTRODUCE HB 44 BY CONCERNED CONSTITUENTS WHO WERE FEARFUL OF BEING VICTIMIZED BY AN UNINSURED DRIVER. IT IS ENDORSED BY MOTHERS AGAINST DRUNK DRIVING AND OTHER HIGHWAY SAFETY GROUPS.

# Alaska State Legislature



## House of Representatives

March 12, 1987

### M E M O R A N D U M

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.

5-0340L ✓  
 Ford  
 3/9/87

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  
 7 and the insurance requirements for obtaining and  
 8 maintaining motor vehicle registration; and providing  
 9 for an effective date."

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

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

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

17 (1) pay all registration fees and taxes required under this  
 18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.  
 19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under  
 21 AS 28.22.400, or is exempted from obtaining liability insurance under  
 22 AS 28.22.200, certify to the department the existence of a motor  
 23 vehicle liability policy that complies with AS 28.22.200 for the  
 24 vehicle being registered and certifies that the liability policy will  
 25 remain in effect for the term the vehicle is registered or until the  
 26 vehicle is sold; and

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (11) the applicant fails to certify to the department the  
28 existence of a motor vehicle liability policy that complies with  
29 AS 28.22.010 for the vehicle being registered, unless the owner of the

1 vehicle qualifies as a self-insurer under AS 28.20.400, or is exempted  
2 from obtaining liability insurance under AS 28.22.200.

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

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

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

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

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

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

21 \* Sec. 6. AS 28.15.255(c) is amended to read:

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

25 \* Sec. 7. AS 28.20.630 is amended to read:

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

28 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]  
29 is final by expiration without appeal of the time within which an

1 appeal may be taken, or final by affirmation on appeal, given by a  
2 court of a [ANY] state or of the United States, upon a cause of action  
3 arising out of the ownership, maintenance, or use of a vehicle of a  
4 type subject to registration under the laws of this state, for dam-  
5 ages, including damages for care and loss of services, because of  
6 bodily injury to or death of a person, or for damages because of  
7 injury to or destruction of property, including the loss of use of  
8 property, or upon a cause of action on an agreement of settlement for  
9 such damages;

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

15 \* Sec. 8. AS 28.22.010 is amended by adding a new subsection to read:

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

20 \* Sec. 9. AS 28.22 is amended by adding a new section to read:

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

23 \* Sec. 10. Section 8 of this Act applies to motor vehicle liability  
24 insurance policies entered into or renewed after the effective date of this  
25 Act.

26 \* Sec. 11. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,  
27 SLA 1984 are repealed.

28 \* Sec. 12. This Act takes effect July 1, 1987.

29

5-0340X  
Ford  
3/12/87

Original sponsors: Donley and Collins

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IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

(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 issuance of a certificate of registration by the department, the owner shall

(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);

(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

(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

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 July 1, 1987.

5-0340B ✓  
Ford  
3/6/87

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  
7 and the insurance requirements for obtaining and  
8 maintaining motor vehicle registration; and providing  
9 for an effective date."

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

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

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

17 (1) pay all registration fees and taxes required under this  
18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.  
19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under  
21 AS 28.20.400, or is exempted from obtaining liability insurance under  
22 AS 28.22.200, provide evidence satisfactory to the department of the  
23 existence of a motor vehicle liability policy that complies with  
24 AS 28.22.010 for the vehicle being registered; and

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

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

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

29 (1) the application contains a false or fraudulent

1 statement;

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

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

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

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

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

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

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

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

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

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

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

1 insurance policies entered into or renewed after the effective date of this  
2 Act.

3 \* Sec. 9. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are  
4 repealed.

5 \* Sec. 10. This Act takes effect July 1, 1987.  
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5-0340X ✓  
 Ford  
 3/10/87

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  
 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 26.20.400, or is exempted from obtaining liability insurance under  
 21 AS 28.22.200, provide evidence satisfactory to the department of the  
 22 existence of a motor vehicle liability policy that complies with  
 23 AS 28.22.010 for the vehicle being registered; and

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (11) the applicant fails to <sup>certify</sup> provide evidence satisfactory to  
25 the department of the existence of a motor vehicle liability policy  
26 that complies with AS 28.22.010 for the vehicle being registered,  
27 unless the owner of the vehicle qualifies as a self-insurer under  
28 AS 28.20.400, or is exempted from obtaining liability insurance under  
29 AS 28.22.200.

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

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

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

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

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

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

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

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

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

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

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

29 (6) a two- or four-wheeled trailer not used or maintained

1 for the transportation of persons or property for hire or for other  
2 commercial use, including, but not limited to, a boat trailer, baggage  
3 trailer, box trailer, utility trailer or house trailer . . . \$6 [\$5].

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

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

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

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

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

26 \* Sec. 8. AS 28.20.630 is amended to read:

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

- 29 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]

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

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

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

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

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

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

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

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

29 \* Sec. 13. This Act takes effect July 1, 1987.

5-0340B ✓  
 Ford  
 2/18/87

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  
 7 and the insurance requirements for obtaining and  
 8 maintaining motor vehicle registration; and providing  
 9 for an effective date."

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

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

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

17 (1) pay all registration fees and taxes required under this  
 18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.  
 19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under  
 21 AS 28.20.400, or is exempted from obtaining liability insurance under  
 22 AS 28.22.200, provide evidence satisfactory to the department of the  
 23 existence of a motor vehicle liability policy that complies with  
 24 AS 28.22.010 for the vehicle being registered; and

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

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

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

29 (1) the application contains a false or fraudulent

1 statement;

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

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

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

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

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

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

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

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

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

25 (11) the applicant fails to provide evidence satisfactory to  
26 the department of the existence of a motor vehicle liability policy  
27 that complies with AS 28.22.010 for the vehicle being registered,  
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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  
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17        notify the department within 10 days after the cancellation of a motor  
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28        \* Sec. 8. Section 6 of this Act applies to motor vehicle liability  
29

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5 \* Sec. 10. This Act takes effect July 1, 1987.  
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5-0340B ✓  
Ford  
2/18/87

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

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15 ance of a certificate of registration by the department, the owner  
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2 (2) the applicant fails to furnish information required by  
3 the department;

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

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

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

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

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

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

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

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

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

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 <sup>insurance</sup> ~~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.        21.89.020

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

1 insurance policies entered into or renewed after the effective date of this  
2 Act.

3 \* Sec. 9. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are  
4 repealed.

5 \* Sec. 10. This Act takes effect July 1, 1987.  
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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

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.

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

**REQUEST:** \_\_\_\_\_

Bill Version: HB 44  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance & the requirements for obtaining and maintaining motor vehicle registration  
Sponsor: Donley  
Requestor: \_\_\_\_\_

Agency Affected: Commerce & Econ. Dev.  
BRU: Insurance  
Components: PUBLIC PROTECTION

**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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING:** (Thousands of Dollars)

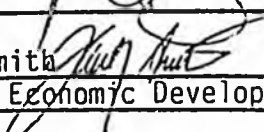
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN - SPENARD

P.O. BOX V, JUNEAU 99811  
(907) 465-3892



CHAIRMAN  
LABOR AND COMMERCE  
COMMITTEE

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

TO: All Representatives  
FROM: Representative Dave Donley  
DATE: May 1, 1987  
RE: HB 44 - Mandatory Auto Insurance

-----  
CSHB 44 (Judiciary), which I sponsored, amends Alaska's current mandatory automobile insurance law to require proof of insurance prior to registering a vehicle.

The current mandatory automobile insurance law will sunset January 1, 1989. Before Alaska adopted mandatory automobile insurance in 1984, it was estimated that between 20 to 40 percent of the vehicles in Alaska were uninsured. Statistics now indicate that between 10 and 20 percent of our vehicles are uninsured and that figure is expected to drop to less than five percent if CSHB 44 (Judiciary) is enacted.

The costs of a single uninsured motor vehicle accident, to the state as well as to the victim, are staggering. An accident may well result in lifetime intensive medical care for injured passengers. If neither the vehicle nor the passenger are insured, the State pays the bill.

The Judiciary version of HB 44 raises the vehicle registration fee \$5 per year which will generate \$2.4 million per year. Costs to the Department of Public Safety to administer the program are estimated at approximately \$290,000. HB 44 is therefore a revenue generating measure.

Currently CSHB 44 (Judiciary) is in the House Finance committee. I ask your support of this measure. Thank you.

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 4, 1987

SUBJECT: Sectional analysis - CSHB 44(Judiciary)  
TO: Representative Dave Donley  
FROM: Michael F. Ford *m.f.*  
Legislative Counsel

The following is a section by section analysis of CSHB 44(Jud):

Section 1 - Requires automobile insurance policies to provide for payment of arbitration or mediation expenses and fees, not including counsel fees, as a part of the arbitration award.

Section 2 - Requires an owner of a motor vehicle to certify and provide proof of adequate liability insurance when registering the vehicle, unless the owner is a self-insurer or is exempt from the insurance requirement. Also requires that the owner certify that the insurance policy will remain in effect while the vehicle is registered and being driven, or until sold.

Section 3 - Provides authority for the department to refuse to register a vehicle if the owner fails to provide proof of motor vehicle liability insurance as required by law.

Section 4 - Provides authority for the department to suspend or revoke registration for a vehicle not insured as required by law.

Section 5 - Prohibits the department from renewing the registration of a motor vehicle unless the vehicle is insured as required by law.

Section 6 - Increases certain annual motor vehicle registration fees.

Section 7 - Increases certain annual motor vehicle registration fees.

Representative Donley  
Page 2  
May 4, 1987

Section 8 - Amends the definition of "proof of financial responsibility".

Section 9 - Definition.

Section 10 - Short title.

Section 11 - Applicability section.

Section 12 - Repealers.

Section 13 - Effective date.

MFF:mkr  
m11/110



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

April 24, 1987

MEMORANDUM

TO: Representative Dave Donley

ATTN: Lynn Collins

FROM: Karla Hart *KAL*  
Legislative Analyst

RE: Mandatory Auto Insurance--Provisions For Vehicles Not In Use  
Research Request 87.274

You asked the House Research Agency to examine how other states with mandatory auto insurance laws address insurance exemptions for vehicles which are not in use. Specifically, you asked us to provide information on provisions in North Carolina, Hawaii, and Oregon.

In North Carolina, an individual must submit proof of insurance when registering a vehicle. When the insurance policy is cancelled or not renewed, the insurance company is required to notify the Division of Motor Vehicles (DMV). The DMV then notifies the individual that the vehicle is no longer insured and the license plates must be returned to DMV. Although not in statute, the policy is to honor the entire registration period of the license plate. For example, if an individual decides to store a vehicle for the months of May to September, and the registration expires in February, the individual turns in the vehicle's license plates in May and in September is issued new license plates, valid through February, at no additional charge.

In Hawaii, an individual is also required to submit proof of insurance when registering a vehicle. However, the insurance company is not required to notify the Motor Vehicle Licensing office when the insurance is no longer in effect. An individual is required to return the license plates of a vehicle which is not currently insured to the Motor Vehicle Licensing office. The individual may then apply for a refund for the unused portion of the registration time. When the vehicle is placed back on insurance, a new registration fee must be paid before the vehicle may be driven.

Representative Donley

April 24, 1987

Page 2

In Oregon, an individual registering a vehicle must provide the name of his or her insurance company, and the policy number of the vehicle being registered. Oregon enforces its mandatory insurance law, in part, through a computer-generated random sampling of names of registered vehicle owners, who are then required to submit proof of insurance to the Motor Vehicles Division. Unless an individual's name is selected in the random survey, or an individual is stopped for a traffic violation or involved in an accident, there is little control over mandatory insurance coverage in Oregon, as compared with North Carolina and Hawaii. An individual may complete an affidavit stating that a vehicle is not insured because it is not being driven and have his or her name removed from the list of names used to generate the random sample. In Oregon, there are no provisions for refunding registration fees or returning the license plates of unused vehicles. A representative of the Motor Vehicles Division said that returning license plates was a more effective method of enforcing mandatory insurance laws, but also more expensive.

I hope this information is helpful. If you have additional questions, please call.

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: 1/8/87  
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:

Personal Services		
4 MVR II, Range 9, Anchorage	59.6	
2 MVR II, Range 9, Fairbanks	32.4	
		92.0
Contractual		
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
Commodities		
Normal office supplies	.6	.6
Equipment		
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
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	42,840			
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	1004	82.3		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<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>				

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
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	23,460			
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				

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.)

**Request For  
New Position**

Agency Public Safety  
 BRU Motor Vehicles  
 Component Field Services

Page 4 of 4  
 Revised Date

**FY 88**

Sent to MIKE FORD  
4/22/87

BILL NO: CS HB 44(Jud)

DATE: April 13, 1987

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

CONTACT: Bill Brown  
465-4335

DEPARTMENT OF  
PUBLIC SAFETY

POSTOFFICE

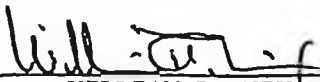
This bill will require a person to sign a statement, prior to registering a motor vehicle, certifying that the vehicle is insured, and will continue to be insured until it is sold. It also requires the person to provide proof of the existence of insurance prior to registering the vehicle. The bill also 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. Requiring proof of insurance such as a copy of an insurance policy or binder, will not guarantee the vehicle is insured, or will remain insured.

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. Recommend on Page 1, line 27, delete "and provide proof of".

Section 9 changes the definition of "proof of financial responsibility". Two possible legal questions arise concerning this section. First, the proposed AS 28.20.630(2) only mentions "proof of financial responsibility". The section it replaces, AS 28.20.230(b), which is repealed in Section 12 of this bill, also refers to "proof" and "proof of financial responsibility for the future". The different wording is interspersed throughout the Chapter, however, with the same meaning. If two of them are deleted from the definition it is questionable whether or not they continue to have the same meaning. It is recommended all three items be included in the definition. Second, proposed AS 28.20.630(2) may conflict with current AS 28.20.410 and AS 28.20.440(b)(1). Those sections indicate a policy and certificate are to "designate by description or appropriate reference all vehicles covered by it". The proposed section reflects the proof is to cover "all vehicles owned by the person". It is felt this needs to be looked at, and possibly amend those two sections also.

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.

  
WILLIAM R. NIX  
Acting Commissioner

Introduced: 1/17/83  
Referred: State Affairs and  
Judiciary

BY HAYES, BARNES, PHILLIPS,  
FURNACE, LINDAUER, ABOOD,  
JEHLING, LISKA, COWDERY,  
SZYMANSKI AND FRITZ

1 IN THE HOUSE

2

HOUSE BILL NO. 7

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act requiring evidence of motor vehicle liability insurance to be furnished to the Department of Public Safety when motor vehicle registration is made or renewed; and providing for an effective date."

7

8

9

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

11

\* Section 1. DECLARATION OF PURPOSE. The legislature is concerned over the rising toll of motor vehicle accidents and the suffering and loss inflicted by them. The legislature determines that it is a matter of grave concern that motorists be financially responsible for their negligent acts so that innocent victims of motor vehicle accidents may be recompensed for the injury and financial loss inflicted upon them. The legislature finds and declares that the public interest can best be served by the requirement that the owner of a motor vehicle be required to furnish evidence of the existence of a motor vehicle liability policy issued in conformity with AS 28.22.010 when the vehicle registration is made or renewed as a prerequisite to the exercise of the privilege of registering and operating a motor vehicle in the state.

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\* Sec. 2. AS 28.10.011 is amended by adding a new subsection to read:

(b) An owner of a vehicle may not register a vehicle in the state and may not renew the registration of a vehicle in the state without providing evidence satisfactory to the department of the existence of a motor vehicle liability policy that complies with AS 28.22.010.

19

\* Sec. 3. AS 28.10.021 is amended by adding a new subsection to read:

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

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

4 (b) The department shall suspend the registration of a vehicle,  
5 the certificate of registration or registration plates for a vehicle,  
6 or a special permit when the department is advised that the motor  
7 vehicle liability policy issued under AS 28.22.010 for the vehicle has  
8 terminated.

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

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

12 \* Sec. 6. AS 28 is amended by adding a new chapter to read:

13 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

14 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-  
15 10.011 and this chapter "motor vehicle liability policy" means an  
16 "owner policy" or an "operator's policy" containing an agreement or  
17 endorsement as provided in this section and issued by an insurance  
18 carrier authorized to transact business in the state to or for the  
19 benefit of the person named as insured.

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

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

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

29 (A) \$25,000 because of bodily injury to or death of

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

4 (B) \$10,000 because of injury to or destruction of  
5 property of others in any one accident;

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

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

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

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

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

1 policy:

2 (1) The liability of the insurance carrier becomes absolute  
3 whenever injury or damage covered by the policy occurs. The policy  
4 may not be cancelled or annulled as to this liability after the occur-  
5 rence of the injury or damage. No statement made by the insured or on  
6 behalf of the insured and no violation of the policy defeats or voids  
7 the policy.

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

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

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

19 (g) A policy that grants the coverage required for a motor  
20 vehicle liability policy may also grant lawful coverage in excess of  
21 or in addition to the coverage specified for a policy and the excess  
22 or additional coverage is not subject to the provisions of this chap-  
23 ter. With respect to a policy that grants excess or additional cover-  
24 age the term "motor vehicle liability policy" applies only to that  
25 part of the coverage that is required by this section.

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

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

3 (j) The requirements for a motor vehicle liability policy may be  
4 fulfilled by the policies of one or more insurance carriers who to-  
5 gether meet the requirements.

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

8 (l) The insurance carrier shall provide notice to the department  
9 of the termination of a policy issued under (a) of this section. If  
10 the person whose coverage terminates fails to provide the department  
11 with evidence satisfactory to it of the existence of a motor vehicle  
12 liability policy issued in conformity with this section, the depart-  
13 ment shall suspend the driver's license and all registration certifi-  
14 cates and registration plates issued to the owner of the motor vehicle  
15 until the owner has complied with this section.

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

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

27 (b) A policy is not effective under AS 28.22.010 with respect to  
28 a vehicle not registered in the state or a vehicle that was registered  
29 in another jurisdiction at the effective date of the policy or the

1 most recent renewal of it, unless the insurance or surety company  
2 issuing the policy is authorized to do business in the state, or if  
3 the company is not authorized to do business in the state, unless it  
4 executes a power of attorney authorizing the director of the division  
5 of insurance to accept service on its behalf of notice or process in  
6 an action upon the policy arising out of the accident.

7 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-  
8 CLE LIABILITY POLICY. (a) A person may not drive or move nor may an  
9 owner knowingly permit to be driven or moved on a highway or vehicular  
10 way or area a vehicle required to be insured under a motor vehicle  
11 liability policy that complies with AS 28.22.010 unless a motor vehi-  
12 cle liability policy is in effect for the motor vehicle.

13 (b) A person who violates (a) of this section commits a class B  
14 misdemeanor. The court shall impose the maximum fine established by  
15 AS 12.55.035 for a person convicted of a class B misdemeanor. The  
16 court may not suspend the fine imposed under this subsection and  
17 probation may not be granted until the fine has been paid. Imposition  
18 of a sentence imposed under AS 12.55.135 may not be suspended except  
19 upon the condition that the fine is paid.

20 (c) In addition to the sanctions for a violation of (a) of this  
21 section established by (b) of this section, a person who violates (a)  
22 of this section is subject to

23 (1) suspension or revocation of an operator's license;

24 (2) suspension or revocation of the registration of the  
25 motor vehicle; and

26 (3) impoundment of the vehicle.

27 \* Sec. 7. AS 21.89.020 is repealed and reenacted to read:

28 Sec. 21.89.020. REQUIRED MOTOR VEHICLE COVERAGE. A motor vehi-  
29 cle liability policy that insures an owner or operator of a motor

1 vehicle against loss resulting from liability for bodily injury or  
2 death, or for property injury or destruction, or both, which is sold  
3 in the state after June 30, 1983, by an insurance carrier authorized  
4 to transact business in the state shall contain limits no less than  
5 those prescribed for a motor vehicle liability policy in AS 28.22.-  
6 010(b)(2) and meet the requirements of AS 28.22.010(b)(3).

7 \* Sec. 8. AS 28.20 is repealed.

8 \* Sec. 9. The provisions of AS 28.20 in effect on and before the effec-  
9 tive date of this Act apply to an accident or judgment arising from an  
10 accident or violation of the motor vehicle laws of this state occurring  
11 between September 1, 1959, and June 30, 1983. The provisions of AS 28.10  
12 and AS 28.22 as enacted in secs. 2 - 6 of this Act apply on and after  
13 July 1, 1983.

14 \* Sec. 10. This Act takes effect July 1, 1983.

fine established by AS 12.55.035 for a person convicted of a class B misdemeanor. The court may not suspend the minimum fine imposed under this subsection. Imposition of a sentence imposed under AS 12.55.135 may not be suspended except upon the condition that the fine is paid in accordance with AS 12.55.051(a).

(d) In addition to the sanctions for a violation of (a) of this section established by (b) of this section, the court shall impose the following sanctions on a person

SSHB7

DOCUMENT= 1 OF 1 PAGE = 27 OF 29

(1) reimbursement of the petitioner's interest in the motor vehicle; or

(2) the petitioner's repossession of the motor vehicle and that petitioner may obtain title to the motor vehicle from the department.

Sec. 28.22.540. UNUSED MOTOR VEHICLES. A person may terminate or suspend a motor vehicle liability policy covering a vehicle that is unused. A person exercising this option shall remove the unused vehicle plates and deliver them to the nearest department office. When the vehicle is to be used the person shall present evidence satisfactory to the department of a motor vehicle liability policy that complies with AS 28.22.010 covering the vehicle and person, at which time the department shall reissue vehicle plates to the person.

Sec. 28.22.550. ANNUAL REPORT. Beginning in 1986, the Department of Commerce and Economic Development shall submit a report to the legislature no later than February 1 of each year on the administration of this chapter. The report shall include

SSHB7

DOCUMENT= 1 OF 1 PAGE = 27 OF 29

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\* Sec. 15. AS 28.2J.440 is amended by adding new subsections to read:

(1) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or written notice of intent to terminate. The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage

SSHB7 DOCUMENT= 1 OF 1 PAGE = 10 OF 29  
of others in any one accident;

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

(3) contain coverage in the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury or death 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.

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DOCUMENT= 1 OF 1 PAGE = 11 OF 29  
 for the person after the person is given an opportunity for a department hearing. If the person whose coverage terminates fails to provide the department with evidence satisfactory to it of the existence of a motor vehicle liability policy issued in conformity with this section, the department shall suspend the driver's license and all registration certificates and registration plates issued to the owner of the motor vehicle until the owner has complied with this section.

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

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

Sec. 28.20.490. MONEY OR SECURITIES AS PROOF. Proof of financial responsibility may be evidenced by the deposit of \$100,000 O\$25,000E in cash, or securities

DOCUMENT= 1 OF 1 PAGE = 11 OF 29  
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SSHB7 DOCUMENT= 1 OF 1 PAGE = 19 OF 29

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

Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHICLE LIABILITY POLICY. (a) A person may not drive or move nor may an owner knowingly permit to be driven or moved on a highway or vehicular way or area a vehicle required to be insured under a motor vehicle liability policy that complies with AS 28.22.010 unless a motor vehicle liability policy is in effect for the motor vehicle.

(b) If a peace officer has probable cause to

SSHB7 DOCUMENT= 1 OF 1 PAGE = 19 OF 29

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(b) If a peace officer has probable cause to

DOCUMENT= 1 OF 1 PAGE = 20 OF 29  
 believe a motor vehicle was used in the commission of an offense under (a) of this section, a citation will be issued as prescribed in AS 28.05.151 for a bail amount of not less than \$250. The charge and fine will be dismissed and bail amount refunded if evidence is presented to the court within five days showing insurance policy coverage as required by AS 28.22.010 was in effect at the time the citation was issued.

(c) A person who violates (a) of this section commits a class B misdemeanor. The court shall impose a fine of not less than \$250 and may impose up to the maximum fine established by AS 12.55.035 for a person convicted of a class B misdemeanor. The court may not suspend the minimum fine imposed under this subsection. Imposition of a sentence imposed under AS 12.55.135 may not be suspended except upon the condition that the fine is paid in accordance with AS 12.55.051(a).

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