

HB

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# HOUSE COMMITTEE REPORT

(11)

Date Referred: January 11, 1989

FURTHER REFERRALS:

Date of Committee Action: 1/11/89

The FINANCE Committee recommends that:

HOUSE BILL NO. 44 [MANDATORY AUTOMOBILE INSURANCE]  
"An Act relating to motor vehicle liability insurance and vehicle registration; and providing for an effective date."

be replaced with CS HB 44 (LEC)  the same title  
 a new title

have attached amendment(s)

do pass  
 do not pass  
 no recommendation  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published:  
1/11/89 by LEC
- zero fiscal notes(s) published:  
1/11/89

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

Ronald J. Larson LARSON  
David Swackhammer SWACKHAMMER  
Robert Barnes BARNES  
Robert Brown BROWN  
Walter Koponen KOPENEN  
Phillips PHILLIPS

Key Wallis WALLIS  
John Hoffman HOFFMAN  
Thomas Rieger RIEGER  
Dick Shultz SHULTZ

Co-Chair \_\_\_\_\_  
Co-Chair \_\_\_\_\_  
Chairman's signature Ronald J. Larson

FISCAL NOTE

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

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

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

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

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

ANALYSIS:

\_\_\_\_\_

*Dave Donley*

Prepared by: Rep. Dave Donley, Chair  
Division: House Labor and Commerce Committee

Phone: 465-4954  
Date: 1/11/89

Approved by Commissioner: Rep. Dave Donley, Chair  
Agency: House Labor and Commerce Committee

Date: 1/11/89

**Adopted**

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Mandatory Motor Vehicle Insurance

Agency Affected: Commerce & Econ. Dev.  
BRU: Div. of Insurance

Sponsor: Rep. Donley  
Requestor: House Labor & Commerce

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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<b>REVENUE</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Paul Roller, Director  
Division: Division of Insurance

Phone: 465-2515  
Date: 1/9/1989

Approved by Commissioner: Larry Mercurieff, Commissioner  
Agency: Dept. of Commerce & Economic Development

Date: 1/9/1989

Distribution (by preparer):

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

mm0553t

Adopted

Original Sponsors: Donley, Boucher,  
Gruenberg, et al.

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  
SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

\* Section 1. AS 28 is amended by adding a new chapter to read:

CHAPTER 22. MANDATORY MOTOR VEHICLE INSURANCE.

ARTICLE 1. INSURANCE REQUIRED.

Sec. 28.22.011. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:  
EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to  
registration under AS 28.10.011 when driven on a highway, vehicular  
way or area, or on other public property in the state, shall be in-  
sured under a motor vehicle liability policy that complies with this  
chapter or a certificate of self-insurance that complies with AS 28.-  
20.400 unless

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

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

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

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

1 (b) The department shall annually publish a list of areas that  
2 meet the requirements of (a)(1) of this section. This list shall be  
3 available for public inspection at each office of the department.

4 (c) In this section, "operator" does not include an employee who  
5 operates, during the course and within the scope of employment,  
6 motor vehicle that is owned or leased by the operator's employer.

7 Sec. 28.22.021. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY  
8 INSURANCE. The owner or operator of a motor vehicle required to have  
9 motor vehicle liability insurance that complies with this chapter or  
10 certificate of self-insurance that complies with AS 28.20.400, shall  
11 show proof of this insurance when that

12 (1) person is involved in an accident that results in  
13 bodily injury to or death of a person, or damage to the property of a  
14 person exceeding \$500; or

15 (2) is charged with a traffic law violation with a demerit  
16 point of six or more on the point schedule determined under regula-  
17 tions adopted by the department under AS 28.15.221.

18 Sec. 28.22.031. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A  
19 person involved in an accident who is required under AS 28.22.021 to  
20 prove that a motor vehicle liability policy or a certificate of self-  
21 insurance was in effect shall, within 15 days after the accident,

22 (1) present a copy of the insurance policy, certificate,  
23 bond, or insurance binder that was in effect at the time of the acci-  
24 dent to the department for inspection;

25 (2) provide the department with written certification from  
26 an insurance company, insurance agent, insurance broker or surplus  
27 lines broker confirming that a valid motor vehicle liability policy  
28 issued in conformity with this chapter was in effect at the time of  
29 the accident; or

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

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

Sec. 28.22.041. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING TRAFFIC VIOLATION. (a) A person charged with a traffic law violation who is required to prove that a motor vehicle liability insurance policy or a certificate of self-insurance was in effect under AS 28.22.021 shall, at the time of that person's initial appearance in court or within 15 days of the date of the charge of a traffic law violation, whichever is later,

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

(2) provide the court with written certification from an insurance company, insurance agent, insurance broker, or surplus lines broker confirming that motor vehicle liability insurance issued in conformity with this chapter was in effect at the time of the violation; or

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

(b) The court shall immediately report to the department a failure to present proof of insurance as provided in this section.

Sec. 28.22.051. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

(a) If a person fails to provide proof required under AS 28.22.021 - 28.22.041, the department shall suspend the driver's license of that person for the following periods:

(1) not less than 90 days if, within the preceding 10

1 years, the person has not had a driver's license suspended for vio  
2 lation of AS 28.22.011 or former AS 28.22.200;

3 (2) not less than one year if, within the preceding 1  
4 years, the person has had a driver's license suspended one or mor  
5 times for violation of AS 28.22.011 or former AS 28.22.200.

6 (b) The suspension shall be consecutive to any other suspensio  
7 required by law or imposed by a court.

8 (c) The department may grant limited license privileges for worl  
9 purposes only to a person whose license has been suspended under thi  
10 section if

11 (1) the person has filed proof of financial responsibility  
12 for the future as required by AS 28.22.071;

13 (2) the person's license has not been suspended two or more  
14 times under this section or former AS 28.22.240 in the preceding 10  
15 years;

16 (3) the department determines that the person's ability to  
17 earn a livelihood would be severely impaired if a limited license  
18 privilege is not granted; and

19 (4) the department determines that a limitation can be  
20 placed on the license that will enable the person to earn a livelihood  
21 without excessive danger to the public.

22 (d) When imposing a limitation under this section the department  
23 shall

24 (1) require the surrender of the driver's license; and

25 (2) issue to the licensee a certificate valid for the  
26 duration of the limitation.

27 (e) After the termination of a limitation as shown on the cer  
28 tificate issued under (d) of this section, the license of a person on  
29 whom a limitation was imposed is suspended until the person receives a

new license under AS 28.15.211(c).

(f) The department shall notify the licensee that the suspension becomes effective 30 days from the date of the notice and that the licensee has the right, within the 30-day period, to make an oral or written answer controverting any point or issue, or to present evidence and arguments for the consideration of the department.

(g) Upon receipt of an oral or written answer from the licensee the department shall make findings on the matter under consideration within 15 days and shall notify the person involved of its decision in writing by certified or registered mail. If the department's decision is to sustain an action against the licensee's driver's license, the department shall notify the licensee of the opportunity for a hearing under AS 28.05.121 - 28.05.141. Suspension of a person's license is stayed until final disposition of the hearing under this section.

Sec. 28.22.061. FALSIFICATION OF INFORMATION. A person who provides information required under AS 28.22.021 - 28.22.051 with criminal negligence and with the intent to mislead a public servant in the performance of a duty is guilty of a class A misdemeanor.

Sec. 28.22.071. PROOF FOR THE FUTURE. (a) A person whose license is suspended under AS 28.22.051 shall file proof of financial responsibility for the future under AS 28.20 before full driving privileges may be restored or limited license privileges are granted under AS 28.22.051(c).

(b) A filing of proof of financial responsibility under AS 28.20 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.051.

## ARTICLE 2. GENERAL POLICY PROVISIONS.

Sec. 28.22.101. GENERAL COVERAGE REQUIREMENTS; POLICY LIMITS.

(a) An owner's motor vehicle liability policy must designate by

description or appropriate reference the motor vehicles that it covers and insure the person named against loss from the liability imposed by law for damages that arise from the ownership, maintenance, or use of a designated motor vehicle.

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

(c) A personal motor vehicle liability policy must insure the person named as insured against loss from liability imposed by law for damages that arise from the ownership, maintenance, or use by the named person of a motor vehicle whether owned or not owned by the person.

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

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

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

(e) A motor vehicle liability policy must provide coverage under AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section for the protection of the persons insured under the policy who are legally entitled to recover damages from the owner or operator of an uninsured or underinsured motor vehicle because of bodily injury or death, or damage to or destruction of property arising out of the ownership, maintenance, or use of the uninsured or underinsured motor

vehicle.

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

Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor vehicle liability policy is subject to the following provisions which do not need to be set out in the policy:

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

(2) the insurance carrier may settle a claim covered by the policy, and if settlement is made in good faith, the amount of settlement is deductible from the limits of liability specified in AS 28.-22.101;

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

Sec. 28.22.121. EXCESS OR ADDITIONAL COVERAGE. (a) A policy that grants the coverage required for a motor vehicle liability policy may also grant lawful coverage in excess of or in addition to the coverage specified for a policy and the excess or additional coverage is not subject to the provisions of this chapter. With respect to a policy that grants excess or additional coverage, the term "motor vehicle liability policy" applies only to that part of the coverage that is required by this chapter.

1 (b) A policy is excluded from the application of this chapter if  
2 the automobile or motor vehicle liability coverage is provided only on  
3 an excess or umbrella basis.

4 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may  
5 provide for proration of the insurance with other valid and collect-  
6 ible insurance.

7 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is  
8 not effective under AS 28.22.101 unless it is issued by an insurance  
9 company or surety company authorized to do business in this state,  
10 except as provided in (b) of this section.

11 (b) A policy is not effective under AS 28.22.101 with respect to  
12 a vehicle not registered in the state or a vehicle that was registered  
13 in another jurisdiction on the effective date of the policy or the  
14 most recent renewal of it, unless the insurance or surety company  
15 issuing the policy is authorized to do business in the state, or if  
16 the company is not authorized to do business in the state, unless it  
17 executes a power of attorney authorizing the director of the division  
18 of insurance to accept service of process on its behalf in an action  
19 upon the policy arising out of the accident.

20 (c) The requirements for a motor vehicle liability policy may be  
21 fulfilled by the policies of one or more insurance carriers that to-  
22 gether meet the requirements.

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

25 ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

26 Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured  
27 and underinsured motorists coverage required under this chapter

28 (1) does not apply to bodily injury, sickness, disease, or  
29 death of an insured or damage to or destruction of property of an

insured until the limits of liability bonds and policies that apply  
have been used up by payments or judgments or settlements;

(2) must be a single combined coverage; and

(3) may be rejected by the insured in writing; if the insured has rejected uninsured or underinsured coverage, the coverage may not be included in a supplemental, renewal or replacement policy unless the insured subsequently requests uninsured or underinsured coverage in writing.

(b) If both the owner and operator of a vehicle are unknown, payment under the uninsured and underinsured motorists coverage may be made only where direct contact between the motor vehicles has occurred. A vehicle and operator that have left the scene of an accident with another vehicle are presumed to be uninsured if the insured person reports the accident to the appropriate authorities within 24 hours.

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

Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum liability of the insurance carrier under the uninsured and underinsured motorists coverage required under this chapter is the difference between the coverage limit of liability and the amount paid to the insured by or on behalf of the uninsured and underinsured motorist.

(b) Amounts payable under the uninsured motorists and underinsured motorists coverage required under this chapter shall be reduced by

1 (1) amounts paid or to be paid under any workers' compensa-  
2 tion law;

3 (2) amounts paid or payable under any valid and collectible  
4 automobile medical payments insurance or bodily injury or death lia-  
5 bility insurance; and

6 (3) amounts paid by or on behalf of the uninsured or under-  
7 insured motorist.

8 Sec. 28.22.221. POLICY COVERAGE AND PRIORITIES. If an insured  
9 is entitled to uninsured or underinsured motorists coverage under more  
10 than one motor vehicle liability insurance policy, or under more than  
11 one coverage if two or more vehicles are insured under one policy, the  
12 maximum amount an insured may recover may not exceed the highest limit  
13 of any one policy or coverage. Where multiple policies or coverages  
14 apply, payment shall be made in the following order of priority,  
15 subject to the limit of liability for each applicable policy or cover-  
16 age:

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

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

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

24 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and  
25 underinsured motorists coverage required under this chapter does not  
26 apply to bodily injury or death or damage to or destruction of pro-  
27 perty of an insured

28 (1) while occupying a motor vehicle owned by, but not  
29 insured by, the named insured or the insured's spouse or relative

residing in the same household; or

(2) through being struck by a vehicle owned by the named insured or the insured's spouse or relative residing in the same household.

#### ARTICLE 4. MISCELLANEOUS PROVISIONS.

Sec. 28.22.301. POLICY INTERPRETATION. A provision in this chapter may not be interpreted to prohibit a motor vehicle liability policy from including limitations, conditions, exceptions, exclusions, or other provisions that do not violate the requirements of this chapter or other applicable laws.

Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle liability policy" means an owner's policy, an operator's policy, or a personal policy that

(1) meets the requirements of AS 28.22.101; and

(2) is issued by an insurance carrier authorized to transact business in the state to or for the benefit of the person named as insured.

Sec. 28.22.321. SHORT TITLE. This chapter may be cited as the Alaska Mandatory Automobile Insurance Act.

\* Sec. 2. AS 21.36 is amended by adding a new section to read:

Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a) An insurance policy that provides coverage only against property damage to a motor vehicle and that does not provide liability coverage required under AS 28.22.101(d) must contain the following statement printed in bold face type: "This policy provides insurance only against damage to the motor vehicle. This policy does not insure against bodily injury, death, or property damage liability and does not satisfy the mandatory motor vehicle liability insurance requirements of AS 28.22.011."

5 (b) If the insured under a policy described in (a) of this  
6 section is not the owner of the motor vehicle, the insurer shall  
7 provide a copy of the policy to the owner.

8 \* Sec. 3. AS 21.89.020(a) is amended to read:

9 (a) An automobile liability policy that insures an owner or  
10 operator of a motor vehicle against loss resulting from liability for  
11 bodily injury or death, or for property injury or destruction, or  
12 both, that is sold in the state, must [SHALL] contain limits in at  
13 least the amount prescribed for a motor vehicle liability policy in  
14 AS 28.20.440 or AS 28.22.101.

15 \* Sec. 4. AS 21.89.020(c) is amended to read:

16 (c) An insurance company offering automobile liability insurance  
17 in this state for bodily injury or death shall offer coverage pre-  
18 scribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits equal  
19 to at least the limit purchased voluntarily to cover the insured  
20 person's liability for bodily injury or death, for the protection of  
21 the persons insured under the policy who are legally entitled to  
22 recover damages for bodily injury or death from owners or operators of  
23 uninsured or underinsured motor vehicles. The limit written may not  
24 be less than the limit in AS 28.20.440 or AS 28.22.101.

25 \* Sec. 5. AS 21.89.020(d) is amended to read:

26 (d) An insurance company offering automobile liability insurance  
27 in this state for injury to or destruction of property shall offer  
28 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with  
29 limits not less than those prescribed in AS 28.20.440 or AS 28.22.101,  
to cover the insured person's liability for injury to or destruction  
of property, for the protection of the persons insured under the  
policy who are legally entitled to recover damages for injury to or  
destruction of the covered motor vehicle from owners or operators of

uninsured or underinsured motor vehicles.

\* Sec. 6. AS 21.89.020 is amended by adding new subsections to read:

(f) An automobile liability insurance policy must provide

(1) that all expenses and fees, not including counsel fees, incurred because of arbitration or mediation shall be paid as determined by the arbitrator;

(2) liability coverage in the amount set out in AS 28.22.-101(d) for motor vehicles rented in the United States or Canada by a person insured under the policy;

(3) physical damage coverage for motor vehicles rented in the United States or Canada, if the policy provides physical damage coverage; if the insured declines physical damage coverage the insurer shall offer physical damage coverage for rented vehicles.

(g) An insurance company offering automobile liability insurance in this state shall offer a short term policy valid for no more than seven days. The coverage available for the short term policy must be comparable to coverage available for longer term policies.

\* Sec. 7. AS 28.10.021 is repealed and reenacted to read:

Sec. 28.10.021. APPLICATION FOR REGISTRATION. (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 28.22.011, certify to the department the existence of a motor

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vehicle liability policy that complies with AS 28.22.011 for the vehicle being registered; in this paragraph, "certify" means to indicate by check-off on the vehicle registration form prescribed by the department the existence of a policy of insurance, if a policy is required at that time, and the intention to continue the policy or obtain a policy as required by this subsection; and

(3) comply with other applicable statutes and regulations.

(b) At the time of application for registration or renewal of registration, the department shall provide the applicant written information explaining the state's financial responsibility and mandatory motor vehicle insurance laws and applicable penalties for failure to comply with those laws.

(c) An employee of the department who processes an application for registration or renewal of registration, other than an application received by mail, shall ask the applicant orally whether the applicant wishes to execute an anatomical gift. The department shall make known to all applicants the procedure for executing a gift under AS 13.50 (Uniform Anatomical Gifts Act) by displaying posters in the offices in which applications are taken, by providing a brochure or other written information to each person who applies in person or by mail, and, if requested, by providing oral advice.

\* Sec. 8. AS 28.10.041(a) is amended to read:

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

(1) the application contains a false or fraudulent statement;

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

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

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

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

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

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

(8) the vehicle or applicant fails to comply with this chapter or regulations implementing [AUTHORIZED BY] this section;

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

(10) the vehicle is subject to a state-approved local emission inspection program adopted by municipal ordinance under AS 46.-03.210; and the vehicle does not meet the standards of that program, unless the vehicle uses a fuel source that does not primarily emit carbon monoxide;

(11) the applicant fails to certify to the department the existence of a motor vehicle liability policy that complies with AS 28.22.101 for the vehicle being registered unless the owner of the vehicle qualifies as a self-insurer under AS 28.20.400 or is exempted from obtaining liability insurance under AS 28.22.011.

\* Sec. 9. AS 28.10.051 is amended by adding a new subsection to read:

(b) Unless the owner qualifies as a self-insurer under AS 28.-20.400, or is exempted from obtaining liability insurance under AS 28.22.011, the department may suspend or revoke the registration of a vehicle that is not insured by a motor vehicle liability policy that

complies with AS 28.22.101.

\* Sec. 10. AS 28.10.421(c) is amended to read:

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

- (1) up to and including 5,000 pounds . . . . . \$51 [\$50];
- (2) more than 5,000 pounds to and including 12,000 pounds  
. . . . . \$36 [\$85];
- (3) more than 12,000 pounds to and including 18,000 pounds  
. . . . . \$156 [\$155];
- (4) more than 18,000 pounds . . . . . \$221 [\$220].

\* Sec. 11. AS 28.10.421 is amended by adding a new subsection to read:

(g) The fees collected by the department under this section shall be deposited in the general fund. The Department of Administration shall separately account for three percent of the fees collected under this section and deposited in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations for administration of AS 28.10.021(a) and AS 28.22 (Alaska Mandatory Automobile Insurance Act).

\* Sec. 12. AS 28.15.061 is amended by adding a new subsection to read:

(f) At the time of application for a driver's license or an

instruction permit, or renewal of a driver's license or an instruction permit, the department shall provide the applicant written information explaining the state's financial responsibility and mandatory motor vehicle insurance laws and potential penalties for failure to comply with those laws.

\* Sec. 13. AS 28.15.081(a) is repealed and reenacted to read:

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

\* Sec. 14. AS 28.15.255(c) is amended to read:

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

\* Sec. 15. AS 28.20.400(a) is amended to read:

1 (a) A person in whose name more than 25 vehicles are registered  
2 in this state may qualify as a self-insurer by obtaining a certificate  
3 of self-insurance issued by the department as provided in (b) of this  
4 section. A person in whose name fewer than 25 vehicles are registered  
5 qualifies as a self-insurer and shall be issued a certificate of  
6 self-insurance, if the person provides proof satisfactory to the  
7 department that the person has and will continue to have the ability  
8 to pay a judgment for property damage, bodily injury, or both, in the  
9 amount of at least \$125,000.

10 \* Sec. 16. AS 28.20.630 is amended to read:

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

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

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

28 \* Sec. 17. Sections 2 and 6 of this Act apply to automobile liability  
29 insurance policies entered into or renewed on or after January 1, 1990.

\* Sec. 18. AS 28.20.230(b) is repealed.

\* Sec. 19. Sections 7, 8, and 10 of this Act take effect January 1, 1990.

\* Sec. 20. Except for secs. 7, 8, and 10 of this Act, this Act takes effect immediately under AS 01.10.070(c).

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# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



January 11, 1989

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

To: Representative Ron Larson, Co-Chair  
Representative Lyman Hoffman, Co-Chair  
Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: Fiscal implications of HB 44 - Mandatory Automobile Insurance

The House Labor and Commerce Committee has asked that I communicate to the House Finance Committee our request that you consider amending HB 44 so that vehicle registration fees are raised for all vehicles, thereby making the measure a revenue generating bill.

Our Committee is particularly concerned, should the Finance Committee chose to amend the bill in this way, that a more concrete method be explored to insure that the additional revenue generated by such action be directed to pay for the costs of administering and enforcing Alaska's mandatory automobile insurance law.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99801  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 11, 1989

SUBJECT: Motor vehicle liability insurance  
CSHB 44(L&C)

TO: Representative Dave Donley

FROM: Michael F. Ford *M.F.*  
Legislative Counsel

The following is a sectional analysis of CSHB 44(L&C), establishing mandatory motor vehicle liability insurance.

Section 1 -

sec. 28.22.011 - Establishes that mandatory liability insurance is required for certain drivers, and establishes an exception from the insurance requirements for certain rural areas.

sec. 28.22.021 - Provides that certain persons involved in an accident or who violate a traffic law are required to show proof of liability insurance.

sec. 28.22.031 - Establishes the method of proof following an accident that a person is required to follow, if required under sec. 28.22.021(1) to show proof of insurance.

sec. 28.22.041 - Establishes the method of proof following a citation for a moving traffic violation, if proof of insurance is required under sec. 28.22.021(2).

sec. 28.22.051 - Requires the department to suspend the driver's license of a person who fails to provide proof of insurance as required under sec. 28.22.021 - 28.22.041, and establishes periods of suspension.

sec. 28.22.061 - Provides that a person who provides false information concerning required insurance coverage, is guilty of a class A misdemeanor.

sec. 28.22.071 - Establishes a requirement that certain persons file proof of financial responsibility for the future before having their driving privileges restored.

sec. 28.22.101 - Establishes minimum general liability insurance policy coverage and limits for owners and operators of motor vehicles.

sec. 28.22.111 - Establishes implied policy provisions that are not required to be set out in the policy.

sec. 28.22.121 - Provides that a liability insurance policy may grant coverage in excess of coverage required for the insurance.

sec. 28.22.131 - Allows a liability insurance policy to be prorated with other valid insurance.

sec. 28.22.141 - Imposes additional requirements before an insurance policy is considered to meet the mandatory insurance requirements imposed under AS 28.22.

sec. 28.22.201 - Establishes general policy provisions for uninsured and underinsured coverage.

sec. 28.22.211 - Establishes the maximum liability of the insurer for required uninsured and underinsured coverage.

sec. 28.22.221 - Provides for policy coverage when an insured is entitled to coverage under more than one policy and establishes priority for payment.

sec. 28.22.231 - Establishes exceptions to uninsured and underinsured coverage.

sec. 28.22.301 - Provides that an insurance policy may contain limitations or conditions that do not violate state law.

sec. 28.22.311 - Definition.

sec. 28.22.321 - Short title of the chapter.

Section 2 - Requires that an insurance policy that provides coverage only against property damage, contain a notice that the coverage does not satisfy the mandatory insurance requirements of state law.

Section 3 - Requires that automobile insurance must contain coverage limits as required in AS 28.20.440 and AS 28.22.-101.

Section 4 - Technical amendment concerning bodily injury or death coverage.

Section 5 - Technical amendment concerning property damage coverage.

Section 6 - Imposes additional requirements concerning arbitration or mediation, rental care insurance and short term coverage, for automobile liability insurance policies.

Section 7 - Establishes procedures for motor vehicle registration. Requires the vehicle owner to certify the existence of valid liability insurance.

Section 8 - Allows the department to refuse to register a vehicle if the applicant fails to certify the existence of motor vehicle insurance that complies with state law.

Section 9 - Gives the department the authority to suspend or revoke the registration of a vehicle if the owner fails to obtain insurance required by law.

Section 10 - Increases the annual motor vehicle registration fees.

Section 11 - Requires separate accounting for certain fees collected by the department.

Section 12 - Requires the department to provide financial responsibility and insurance information to an applicant for a driver's license.

Section 13 - Establishes requirements for obtaining a driver's license.

Section 14 - Definition.

Section 15 - Establishes requirements for qualifying as a self-insurer.

Section 16 - Definitions.

Section 17 - Applicability section.

Representative Dave Donley  
Page 4  
January 11, 1989

Section 18 - Repealer.

Section 19 - Effective date.

Section 20 - Effective date.

MFF:gc  
WKG5/067

Enclosure

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

January 11, 1989

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

To: Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 44 - Mandatory Automobile Insurance

There is a House Labor and Commerce Committee CS for HB 44 in your file. The CS addresses issues raised in the attached letter from Governor Cowper, clarifies provisions dealing with rental cars in the original HB 44, and amends language regarding falsification of information as it concerns automobile insurance requirements.

The changes in the CS:

1. Inserts a January 1, 1990 effective date for Section 7 (requiring a driver to certify that they have insurance when registering a vehicle) and Section 8 (allowing the Department to deny registration unless the driver certifies that they have insurance) to give the Department enough time to prepare new vehicle registration forms. This change was requested by the Governor.
2. Inserts a January 1, 1990 effective date for Section 10 (raising the registration fee by one dollar for commercial vehicles that do not carry passengers), again to allow the Department time to prepare the necessary forms and to change the fee schedule. This change was requested by the Department.
3. Clarifies the rental car provisions to include all automobile insurance. HB 44, as filed, extends any automobile insurance required by law when a policyholder rents a car. The problem is that Alaska law only requires liability insurance and physical damage insurance for the other vehicle/s. Without the amended language in the CS, an insurance policy would not cover physical damage to a rental car even if the policy contained such coverage in Alaska. The CS corrects this problem and further requires an insurer to offer physical damage coverage for rental cars when an insured declines physical damage coverage for their own car. This language was requested by the Division of Insurance.
4. Amends the falsification of information section (Sec. 28.22.051) so that: "A person who provides information required under As 28.22.021 - 28.22.041 (THAT THE PERSON DOES NOT BELIEVE TO BE TRUE) with criminal negligence and

with the intention to deceive a public servant in the performance of a duty is guilty of a class A misdemeanor."

The Governor and the Department also requested that the House Labor and Commerce CS delete language in the existing law requiring a person to show proof of insurance when they have committed a violation or combination of violations that result in six or more points against their license. The reasoning behind this deletion is explained in the Governor's letter. The House Labor and Commerce Committee chose not to delete this language.

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

3111 "C" STREET, SUITE 450  
ANCHORAGE, ALASKA 99503  
(907) 561-7629



January 11, 1989

CHAIRMAN  
LABOR AND COMMERCE COMMITTEE

## MEMORANDUM

To: Members, House Finance Committee

From: Representative Dave Donley

Re: HB 44 (1989) - Alaska's Mandatory Automobile Insurance Program

MEMBER  
STATE AFFAIRS COMMITTEE  
HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE  
HOUSING AND BANKING SUBCOMMITTEE  
FINANCE BUDGET SUBCOMMITTEE  
DEPT. OF COMMERCE AND  
ECONOMIC DEVELOPMENT

HB 44 reinstates Alaska's Mandatory Automobile Insurance Program, which sunsetted on January 1, 1989. In addition to reinstating the program, HB 44 contains the same changes to current law that were included in the Senate Finance Committee Substitute for HB 44 (1988 version):

1. Proof of insurance "up front" - Requires persons to certify by a check-off on the annual vehicle registration form that they have insurance or will purchase insurance when required by law. (Section 7 - AS 28.10.021(a)(2)).
2. Amends arbitration policy - Requires that arbitration clauses allow the arbitrator to award all or part of costs to either side as opposed to current policies that require arbitration costs to be shared equally by both parties, regardless of the outcome of the arbitration decision. (Section 6 - AS 21.89.020(f)).
3. Generates revenue to pay for administration - Raises the registration fee for commercial vehicles that do not carry passengers by one dollar, thereby generating about \$50,000 a year which the Department estimates is enough to fund the position required to handle any problems with mail-in registrations caused by the new insurance check-off requirement. (Section 10 - AS 28.10.421(c)).
4. Program receipts - Requires the Department to separately account for program receipts so that they may be appropriated by the Legislature from the General Fund. (Section 11 - AS 28.10.421(g))
5. Clarifies financial responsibility law - Corrects a loophole in the existing financial responsibility law identified by recent court cases. Clarifies that insurance must cover all vehicles owned and/or operated by a person required to satisfy the financial responsibility restrictions. (Section 16 - AS 28.20.630(2)).
6. Consumer notification - Requires insurance policies to state in bold face type if a policy does not satisfy requirements of Alaska's Mandatory Automobile Insurance Law. (Section 2 - AS 21.36.045(a)).

7. Protects employees - Places responsibility for obtaining and maintaining automobile insurance on an employer/vehicle owner as opposed to an employee/driver. (Section 1 - AS 28.22.011(c)).
8. Repeals redundant language - Repeals language defining "proof of financial responsibility for the future". This definition is now contained in AS 28.20.630(2). (Section 18 - AS 28.20.230(b)).
9. Self-Insurers - Expands the conditions under which an individual or small company can become a self-insurer and still meet the minimum liability requirements under the law. (Section 15 - AS 28.20.400(a)).
10. Rental cars - Requires insurers to extend policy coverage to their customers for rental cars in the United States and Canada. (This language is new to the 1989 version of HB 44). (Section 1 - AS 28.22.101(g)).
11. Minimum policy times - Requires insurers to offer a minimum seven day policy for customers who want to purchase short-term coverage. (This language is new to the 1989 version of HB 44 - Current limit is 30 days). (Section 6 - AS 21.89.020(g)).
12. Short Title - Creates a short title of "Alaska Mandatory Automobile Insurance Law". (Section 1 - AS 28.22.321).
13. Effective dates - Section 2 (Notice when policy fails to provide required coverage) and Section 6 (Changes in arbitration clause and establishing a 7 day minimum policy) are effective for policies renewed or entered into on or after January 1, 1990. (Section 17) The rest of the act is effective immediately. (Section 19).

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

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CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBER

STATE AFFAIRS COMMITTEE

HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

HOUSING AND BANKING SUBCOMMITTEE

FINANCE BUDGET SUBCOMMITTEE  
DEPT. OF COMMERCE AND  
ECONOMIC DEVELOPMENT

January 11, 1989

## MEMORANDUM

To: Members, House Finance Committee  
From: Representative Dave Donley  
Re: HB 44 - Alaska's Automobile Insurance Program

HB 44, an act reinstating Alaska's mandatory automobile insurance program, is before the House Finance Committee today.

Alaska law has required motorists to have liability insurance since the program was first adopted in 1984. Prior to the adoption of the law, it was estimated that between twenty and forty percent of the drivers on the road were uninsured. Since passage, the Department of Public Safety estimates that less than ten percent of our drivers are uninsured - one of the best rates in the nation.

HB 44 was the first bill to pass the House in 1988 and it went on to pass the Senate State Affairs, Judiciary and Finance Committee and was finally referred to Senate Rules in the last weeks of the session. The law sunsetted on January 1, 1989 because the Senate failed to take up HB 44 prior to adjournment. Alaska is the only state to take this step backwards.

Our automobile insurance program is enormously popular with recent polls indicating that over eighty percent of Alaskan support the law and most want it strengthened by requiring some proof of insurance in order to register a vehicle. HB 44 does that. It also makes several other changes to the law to protect consumers, streamline enforcement, and to reduce the paperwork burden on the Department. These changes are explained in the attached memorandum.

It is critical that HB 44 pass into law as early as possible in order to minimize the problems caused by the sunset. I ask for your positive consideration today.

STEVE COWPER  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 5, 1989

The Honorable Dave Donley  
Alaska State Representative  
P.O. Box V  
Juneau, AK 99811

Dear Dave,

The Mandatory Insurance Law that sunsets January 1, 1989 was effective in reducing the number of uninsured vehicles on Alaska's roads. The law was also a cost effective way to administer the compulsory insurance law. I would support re-enactment of legislation similar to the current Mandatory Insurance Law with an immediate effective date.

When re-enacting the current Mandatory Insurance Law, I would like to recommend that the section of the law requiring the Department of Public Safety to suspend the licenses of individuals with a violation of six or more points, who do not show proof of insurance, be deleted. Due to a reduction in personnel, the Division of Motor Vehicles (DMV) discontinued administering this section of the law on July 1, 1987. This had a tremendous impact on the reduction of paperwork; however, it did not appear to have a detrimental effect on the number of uninsured drivers. In fact, the number of uninsured drivers in accidents continued to decline from 9.7 percent in 1987 to 8.3 percent in 1988. By deleting this section of the existing law, the DMV would essentially be requiring proof of insurance after an accident.

My recommendation that the section of the law concerning a six or more point violation be deleted is due to the fact that experience has reflected that the majority of individuals suspended under this provision of the Mandatory Insurance Law were also having their license suspended or revoked under a different section of law (i.e., Driving While Intoxicated, Driving While Suspended, Point Accumulation, etc.). Additionally, it is important to note that following any driver license suspension or revocation, an individual is required to file proof of future insurance (SR-22) before they can be relicensed. This proof of insurance is required for the three years after an individual is eligible to be re-licensed.

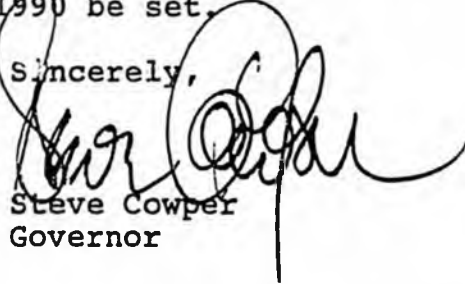
The Honorable Dave Donley - 2 -

January 5, 1989

I would support compulsory insurance at the time of registration as outlined in the final version of House Bill 44 last year.

However, if certification of insurance at the time of registration is enacted, the Department of Public Safety would need some lead time to order new forms and prepare for the new law. I would suggest that for any sections requiring a change in procedure or new forms that an effective date of January 1, 1990 be set.

Sincerely,



Steve Cowper  
Governor

FISCAL NOTE

REQUEST:

Revision Date: 1/31/89 Agency Affected: Public Safety  
 Title: An Act relating to motor vehicle liability insurance BRU: Motor Vehicles  
 Sponsor: Rep. Donley Component: Driver & Field Services  
 Requestor: Senate L&C

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	31.0	109.1	125.4	125.4	92.8	92.8
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	3.9	9.4	10.7	10.7	8.2	8.2
SUPPLIES	.2	.7	.8	.8	.5	.5
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	35.1	119.2	136.9	136.9	101.5	101.5

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	35.1	119.2	136.9	136.9	101.5	101.5
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	35.1	119.2	136.9	136.9	101.5	101.5

POSITIONS:

FULL-TIME	3	4	4	4	3	3
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989, with exception of sections 7, 8, & 10.

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown Phone: 465-4335  
 Division: Motor Vehicles Date: 1/31/89

Approved by Commissioner: A. H. English Date: 1-31-89  
 Agency: Department of Public Safety FEB 2 1989

requested for the renewal by mail program in Anchorage for the first three fiscal years after the effective date of sections 7, 8, & 10 concerning registration of motor vehicles. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

Two current positions devote all their time to administering the Mandatory Insurance Law, since we are still processing 1988 accident reports. If the law is reenacted the employees in these two positions will continue to perform their present duties. If the law remains repealed, one of the positions will continue to handle paperwork generated as a result of the Mandatory Insurance Law (reinstatements following suspension, SR22 insurance filings, etc.) for at least one year. The other position will be assigned to handle DWI administrative revocations, which is currently handled by a federally-funded position. The federal funding is due to expire June 30, 1989.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). With section 10 being effective January 1, 1990, an estimated 21,581 would be registered in FY90.

EXPENDITURES: (FY89)

Personal Services	
3 Doc Proc Clk II, Jno, 8B	31.0
Contractual	
Postage, 1,143x2.00	2.3
Printing 4,000 suspension notices	
@ \$325 per 1,000	1.3
other forms	.3
	<u>3.9</u>

Department of Public Safety  
Fiscal Note/Analysis for:  
CSHB44(L&C)am, An Act relating to motor vehicle liability insurance...  
Page 3 of 5

Commodities

office supplies/microfilm

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Three positions are budgeted for four months in FY89, and 12 months in FY90, assuming mandatory insurance effective date of March 1, 1989. One position is budgeted for six months in FY90, and 12 months in FY91 because of January 1, 1990 effective date for certifying existence of insurance at the time of registration.

Position Title Motor Vehicle Representative II		No. of Positions	Range/Step 98	Barg. Unit GGO
Time Status PFI	Staff Months 6	Location Anchorage		Election District 7-15
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary*	10,710	////////////////////		
Benefits*	5,581	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	16,291		
Travel				
Contractual		1,250		
Commodities		200		
Equipment				
Other				
Total Cost		17,741		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	17,741		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for six months, because of effective date of January 1, 1990, for the sections of the bill dealing with certifying at the time of registration.

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
BRU Motor Vehicles  
COMPONENT Field Services

Page 4 of 5  
Revised Date

FY 90

Position Title Dococument Processing Clerk II		No. of Positions 3	Range/Step 8B	Barg. Unit GGU	
Time Status PFT	Staff Months 4	Location Juneau		Election District 4	
Type of Expenditure		Justification			
Amount		<p>These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension after searching Certifications of Insurance submitted directly to DMV by the defendants.</p> <p>Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.</p> <p>Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.</p> <p>For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.</p> <p>Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.</p> <p>Handle correspondence generated under new self-insurance section of the law.</p> <p>Figures are for four months (March through June).</p>			
1	2				3
Salary*	20,136				////////////////////
Benefits*	10,815				////////////////////
Premium Pay (Included in Above)	////////////////////				////////////////////
Other	////////////////////				////////////////////
Total Personal Services	////////////////////				30,951
Travel					
Contractual					3,900
Commodities					200
Equipment					
Other					
Total Cost					35,051
Funding Source for Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004		35,051		
Program Receipts/GF	1005				
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 5 of 5  
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

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

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
---------	-----	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 1/10/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 1-10-89

received  
1-11-89

Department of Public Safety

Fiscal Note/Analysis for:

CSHB44(L&C), An Act relating to motor vehicle liability insurance...

Page 2 of 3

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). With section 10 being effective January 1, 1990, an estimated 21,581 would be registered in FY90.

EXPENDITURES:

Personal Services	
1 Motor Veh Rep II, Anc, 9B	16.3
Contractual	
Postage, Anc, 4,980x.25	1.2
Commodities	
envelopes/office supplies	<u>.2</u>
	17.7

Expenditures for FY90 based on one-half fiscal year because of bill reflecting certifying insurance at time of registration to be effective January 1, 1990.

Position Title Motor Vehicle Representative II			No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 6		Location Anchorage		Election District 7-15
			Justification		
Type of Expenditure			Amount		
1		2	3		
Salary*		10,710	////////////////////		
Benefits*		5,581	////////////////////		
Premium Pay (Included in Above)		////////////////////	////////////////////		
Other		////////////////////	////////////////////		
Total Personal Services		////////////////////	16,291		
Travel					
Contractual			1,250		
Commodities			200		
Equipment					
Other					
Total Cost			17,741		
Funding Source for Total Cost					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004			17,741		
Program Receipts/GF 1005					
I-A Receipts 1007					
CIP Receipts 1061					
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for six months, because of effective date of January 1, 1990, for the sections of the bill dealing with certifying at time of registration.

REQUEST FOR  
NEW POSITION

AGENCY Department of 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 motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

Agency Affected: Public Safety  
BRU: DMV  
Component: Driver & Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	41.9	125.4	125.4	92.8	92.8	92.8
TRAVEL	--0--	--0--	--0--	--0--	--0--	--0--
CONTRACTUAL	4.7	10.7	10.7	8.2	8.2	8.2
SUPPLIES	.4	.8	.8	.5	.5	.5
EQUIPMENT	--0--	--0--	--0--	--0--	--0--	--0--
LAND & STRUCTURES	--0--	--0--	--0--	--0--	--0--	--0--
GRANTS, CLAIMS	--0--	--0--	--0--	--0--	--0--	--0--
MISCELLANEOUS	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL OPERATING	47.0	136.9	136.9	101.5	101.5	101.5

CAPITAL	--0--	--0--	--0--	--0--	--0--	--0--
---------	-------	-------	-------	-------	-------	-------

REVENUE	14.4	43.2	43.2	43.2	43.2	43.2
---------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	46.9	136.9	136.9	101.5	101.5	101.5
FEDERAL FUNDS	--0--	--0--	--0--	--0--	--0--	--0--
OTHER	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL	46.9	136.9	136.9	101.5	101.5	101.5

POSITIONS:

FULL-TIME	4	4	4	3	3	3
PART-TIME	--0--	--0--	--0--	--0--	--0--	--0--
TEMPORARY	--0--	--0--	--0--	--0--	--0--	--0--

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989

**received**  
1-10-89

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

JMR  
1/11/89  
Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 1/09/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 1-9-89

Department of Public Safety

Fiscal Note/Analysis for:

HB 44, An Act relating to motor vehicle liability insurance...

Page 2 of 2

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

All the positions are budgeted for four months in FY89, and 12 months in FY90.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fee contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). Assuming a March 1, 1989, effective date, an estimated 14,388 would be registered by FY89.

EXPENDITURES:

Personal Services

1 Motor Veh Rep II, Anc, 9B	10.9
3 Doc Proc Clk II, Jno, 8B	<u>31.0</u>
	41.9

Contractual

Postage, Anc, 3,320x.25	.8
Jno, 1,143x2.00	2.3
Printing Jno 4,000 suspension notices @ \$325 per 1,000 other forms	1.3
	<u>.3</u>
	4.7

Commodities

Anc envelopes/office supplies	.2
Jno office supplies/microfilm	<u>.2</u>
	.4

TOTAL:	<u>47.0</u>
--------	-------------

Position Title Document Processing Clerk II		No. of Positions 3	Range/Step S1	Barg. Unit CNU
Time Status PFT	Staff Months 4	Location Juneau		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary*	20,136	////////////////////		
Benefits*	10,815	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	30,951		
Travel				
Contractual		3,900		
Commodities		200		
Equipment				
Other				
Total Cost		35,051		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	35,051		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.		<p><b>Justification</b></p> <p>These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension, after searching Certifications of Insurance submitted directly to DMV by the defendants.</p> <p>Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.</p> <p>Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.</p> <p>For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.</p> <p>Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.</p> <p>Handle correspondence generated under new self-insurance section of the law.</p> <p>Figures are for four months (March thru June)</p>		

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Driver Services

Page 3 of 4  
 Revised Date

FY 89

Position Title Motor Vehicle Representative II		No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 4	Location Anchorage		Election District 7-15
Justification				
<p>Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that 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 four months, assuming effective date of March 1, 1989.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary*	7,140	////////////////////		
Benefits*	3,721	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	10,861		
Travel				
Contractual		830		
Commodities		200		
Equipment				
Other				
Total Cost		11,891		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	11,891		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 4 of 4  
 Revised Date

FY 89

STATE OF ALASKA 1989 LEGISLATIVE SESSION  
FISCAL NOTE

rec'd  
2/3/89

REQUEST: Bill Version: CS HB 44  
Publish Date: 1/30/89

Revision Date: Agency Affected: Alaska Court System  
Title: An act relating to vehicle BRU: Trial Courts  
liability insurance and registration  
Sponsor: Donley, Boucher, Gruenberg... Components:  
Requestor: House Transportation

EXPENDITURES/REVENUES:	(Thousands of Dollars)					
OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services	52.0	52.0	52.0	52.0	52.0	52.0
Travel	.	.	.	.	.	.
Contractual	.	.	.	.	.	.
Supplies	.	.	.	.	.	.
Equipment	.	.	.	.	.	.
Land & Structures	.	.	.	.	.	.
Grants & Claims	.	.	.	.	.	.
TOTAL OPERATING	52.0	52.0	52.0	52.0	52.0	52.0

CAPITAL . . . . .

REVENUE . . . . .

FUNDING:	(Thousands of Dollars)					
General Funds	52.0	52.0	52.0	52.0	52.0	52.0
Federal Funds	.	.	.	.	.	.
Other	.	.	.	.	.	.
TOTAL	52.0	52.0	52.0	52.0	52.0	52.0

POSITIONS:						
Full-time	.	.	.	.	.	.
Part-time	.	.	.	.	.	.
Temporary	.	.	.	.	.	.

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: *Jan Strandberg* General Counsel Phone: 264-8228  
Division: Alaska Court System Date: 02/03/89

Approved by: *Stephanie Cole, for -* Arthur H. Snowden, II, Administrative Director Date: 02/03/89  
Agency: Alaska Court System

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LEGISLATIVE FINANCE

7704

Alaska Court System

CS HB 44

Fiscal Analysis

Personal Services:

	Salary	Benefits	Total
2 - Court Clerk I, Range 8B Anchorage, PFT, 12 months	\$40,488	\$19,484	\$59,972
1 - Court Clerk I, Range 8B Fairbanks, PFT, 12 months	22,836	10,308	<u>33,144</u>
Total Personal Services and On-Going Cost			93,116
Less funding received with the passage of CCSHB 7, 1984 legislative session (on-going funding) **			<u>(41,158)</u>
Net On-Going Cost			<u>\$51,958</u> =====

\*\* Court was funded for 3 positions the first half-year of operating this program in fiscal 1985. The net on-going cost of this legislation is the cost of supplementing current funding to full-time status.

ALASKA COURT SYSTEM  
CSHB 44 - ANALYSIS

This bill provides for the administrative suspension of a driving license when a driver is involved in an accident or a serious traffic violation and does not have liability insurance. The Department of Law has previously estimated that this would result in an annual addition of 1,300 driving with license suspended cases. The workload is concentrated in Anchorage and Fairbanks.

The clerical impact of the additional caseload is on the criminal sections in Anchorage and Fairbanks. Each new case is set up in a case file, calendar notices are sent out, judgments and hearing records are prepared and distributed, and cases are tracked and coordinated with the jails and the Department of Motor Vehicles. Two court clerks in Anchorage and one court clerk in Fairbanks are needed to perform these functions.