

HB

402

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

STATE CAPITOL, JUNEAU, AK 99801-1182

(907) 465-4954



MEMORANDUM

March 23, 1994

TO: Senator Loren Leman, Chair
Senate State Affairs Committee

FROM: Representative Bill Hudson, Chair
House Labor & Commerce Committee

SUBJECT: House Bill 402. motor vehicle liability insurance

I would appreciate your scheduling HB 402 for a hearing before your committee. The House Labor and Commerce Committee introduced HB 402, which deals with proof of financial responsibility filings for SR 22 drivers, at the request of the Alaska Independent Insurance Agents and Brokers, Inc.

In 1989, the Alaska State Legislature amended the definition of "proof of financial responsibility" regarding the SR-22 filing. (SR-22 filing in many cases is needed for drivers who have been convicted of DWI's, reckless driving, and the like.) Under current law, an SR-22 or "at risk" driver can drive more vehicles and has more coverage than a driver holding a personal auto insurance policy. All they are required to show is that they have insurance; they are not required to report any vehicles added to this policy. This, in effect, gives an advantage to an "at risk" driver over a good driver who has personal auto insurance. The current requirements of SR-22 filing have also made insurance companies reluctant to write coverage in Alaska due to this unreasonable requirement.

House Bill 402 seeks to correct the definition of "proof of financial responsibility" so that all drivers receive equal treatment. Current law places responsibility on the insurance company that exceeds what they must provide for drivers with clean records who do not need the SR-22 filing. House Bill 402 provides that insurance companies will be informed as to what vehicles they are insuring so that they are more able to evaluate the risks.

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

P.O. BOX 110805
JUNEAU ALASKA 99811-0805
PHONE (907) 465-2515

January 18, 1994

The Honorable Bill Hudson
Alaska House of Representatives
State Capitol, Room 108
Juneau, Alaska 99801-1182

Dear Representative Hudson:

Re: SR-22

The current rules for SR-22 filings is that the certification made by the insurer issuing the filing certifies coverage for any vehicle driven by the person named whether owned or non-owned. This has caused some difficulties with insurers not willing to be exposed to those vehicles identified in the filing. In particular, insurers are concerned with those vehicles owned by the insured but not declared thus exposing the insurer to vehicles for which a premium is not received. This is to some extent within the control of the insurer through its underwriting of the business it is writing. This in fact is the kind of situation that underlies the current rule.

There have been cases where a person on whose behalf an SR-22 has been filed, has driven an uninsured vehicle owned by that person, injured someone, and no coverage was provided. Most states do not allow this kind of situation to occur, which is the state of the current rule. Alaska has a further extension of coverage which causes a problem. That is the extension of the coverage under the SR-22 to a commercial vehicle, particularly larger vehicles. The Division of Insurance supports a revision to the SR-22 requirements that would make a distinction for such vehicles. We agree that extension of coverage to an uninsured commercial tractor trailer unit is inappropriate and would be pleased to work with you to revise the law to reflect that situation.

Very truly yours,



David Walsh
Director

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BIL O: No. 1
 Bill Version: HB 402
 (H) Publish Date: 3/9/94

Revision Date: _____ Dept. Affected: Public Safety
 Title: "An Act requiring that an owner's motor
vehicle liability insurance policy BRU: Motor Vehicles
 Component: Driver Services
 Sponsor: H. Labor & Commerce
 Requestor: H. STA COMPONENT SERIAL NO. 500

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

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
<small>Revenue Code</small>						

FUNDING: (Thousands of Dollars)

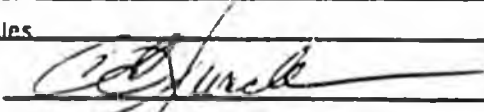
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 94) impact: \$ _____

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Nita Hensley Phone: 465-4361
 Division: Motor Vehicles Date: 02/28/94
 Approved by Commissioner:  Date: 02/28/94
 Agency: Richard J. Burton, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 2
Bill Version: HB 401
(H) Publish Date: 3/9/94

Revision Date: _____
Title: Proof of Motor Vehicle Insurance
Sponsor: House Labor & Commerce Committee
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations

COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	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	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 1/28/94

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 1-31-94

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FISCAL NOTE

STATE OF ALASKA

BILL NO. HB402

1994 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: "An Act requiring that an owner's motor vehicle liability insurance policy used as proof of financial responsibility..." BRU: Management & Administration
 Component: Commissioner's Office
 Sponsor: Labor & Commerce
 Requestor: Labor & Commerce Component Serial No. 423

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The Department of Natural Resources will not be impacted, fiscally or otherwise, by this bill.

Prepared by: Jerry Gallagher, Legislative Liaison Phone: 465-2400
 Division: Commissioner's Office Date: 1-Feb-94
 Approved by Commissioner: Harry A. Noah Date: 1-Feb-94
 Agency: Natural Resources

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