

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 8672

2686 SLC HB 7 (FILE 6)

1 interests and costs, with respect to each vehicle, as follows:

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

6 (B) \$25,000 because of injury to or destruction of
7 property of others in any one accident;

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

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

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

28 (e) The motor vehicle liability policy need not insure liability
29 under a workers' compensation law nor liability for damage to property

owned by, rented to, in charge of, or transported by the insured.

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

? Is this what Don Koch is referring to?

The liability of the insurance carrier becomes absolute whenever injury or damage covered by the policy occurs. The policy may not be cancelled or annulled as to this liability after the occurrence of the injury or damage. No statement made by the insured or on behalf of the insured and no violation of the policy defeats or voids the policy.

(2) The 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.

(3) 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 (b) of this section.

(4) 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.

(g) 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 section.

(h) A motor vehicle liability policy may provide that the

1 insured shall reimburse the insurance carrier for any payment the
2 insurance carrier would not have been obligated to make under the
3 terms of the policy except for the provisions of this chapter.

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

6 (j) The requirements for a motor vehicle liability policy may be
7 fulfilled by the policies of one or more insurance carriers that
8 together meet the requirements.

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

11 (l) The insurance carrier shall provide notice to the department
12 of the termination of coverage commenced during the preceding 180 days
13 under (a) of this section within 10 days of actual knowledge of the
14 termination or the receipt of written notice of intent to terminate.
15 The department may notify the insurance carrier of a person with
16 previous policy abuses and require notice of termination of coverage
17 for the person. If the person whose coverage terminates fails to
18 provide the department with evidence satisfactory to it of the exis-
19 tence of (1) a motor vehicle liability policy issued in conformity
20 with AS 28.22.010; or (2) a certificate of self-insurance issued in
21 conformity with AS 28.20.400; or (3) cash, securities or a bond depos-
22 ited or filed with the department on the terms and conditions that
23 will provide the same benefits available under a required motor vehi-
24 cle liability policy, the department shall suspend the driver's li-
25 cense and all registration certificates and registration plates issued
26 to the owner of the motor vehicle until the person has provided the
27 department with such evidence.

28 (m) An insurance carrier authorized to transact business in the
29 state that issues a motor vehicle liability policy to the owner of a

1 motor vehicle under this section shall provide the owner with a card
2 indicating the existence of the policy. The operator of the motor
3 vehicle shall at all times carry in the vehicle the card indicating
4 the existence of the policy.

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

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

19 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
20 CLE LIABILITY POLICY. (a) A person may not drive or move, nor may an
21 owner knowingly permit to be driven or moved, on a highway or vehicu-
22 lar way or area, a vehicle required to be insured under a motor vehi-
23 cle liability policy that complies with AS 28.22.010 or a certificate
24 of self-insurance that complies with AS 28.20.400 unless a motor
25 vehicle liability policy is in effect for the motor vehicle. Cash,
26 securities, or a bond that will provide the same benefits available
27 under a required motor vehicle liability policy may be deposited or
28 filed with the department in lieu of a motor vehicle liability policy-
29 or certificate of self-insurance.

1 (b) If a peace officer has probable cause to believe a motor
2 vehicle was used in the violation of (a) of this section, a citation
3 will be issued. The citation will be voided if the driver or owner of
4 a vehicle cited under this section appears at an Alaska State Trooper
5 Office or an office of the policy agency that issued the citation
6 before the court appearance date indicated on the citation and pro-
7 vides evidence showing that a motor vehicle liability policy that
8 complies with AS 28.22.010 or a certificate of self-insurance that
9 complies with AS 28.22.400 was in effect at the time the citation was
10 issued or that cash, securities or a bond had been deposited or filed
11 with the department at the time the citation was issued and meets
12 conditions that will provide the same benefits available under a
13 required motor vehicle policy.

14 (c) A person who violates (a) of this section commits a class B
15 misdemeanor. Upon conviction the court shall impose a fine of not
16 less than \$250 and may impose a fine up to the maximum amount estab-
17 lished by AS 12.55.035 for a person convicted of a class B misdemea-
18 or. The court may not suspend the minimum fine imposed under this
19 subsection.

20 (d) In addition to the fine required under (c) of this section,
21 the court shall impose the following sentence on a person convicted of
22 violating (a) of this section:

23 (1) For a person not previously convicted of an offense
24 under (a) of this section

25 (A) suspension of that person's driver's license for
26 not less than 10 days or more than 30 days; and

27 (B) suspension of the registration of the subject motor
28 vehicle until proof of compliance with AS 28.10.011(b) is fur-
29 nished to the department.

1 (2) For a person once previously convicted of an offense
2 under (a) of this section within 10 years

3 (A) suspension of the person's driver's license for
4 not less than 30 days nor more than 90 days with no limited
5 license privileges during the minimum period of suspension; and

6 (B) suspension of the registration of the subject
7 motor vehicle for not less than 30 days and thereafter until
8 proof of compliance with AS 28.10.011(b) is furnished to the
9 department.

10 (3) For a person twice or more previously convicted of an
11 offense under (a) of this section within 10 years, suspension of that
12 person's driver's license for not less than 90 days nor more than one
13 year with no limited license privileges during the minimum suspension
14 and, in addition, either:

15 (A) suspension of the registration of the subject
16 motor vehicle for not less than 90 days and thereafter until
17 proof of compliance with AS 28.10.011(b) is furnished to the
18 department; or

19 (B) forfeiture of the person's motor vehicle under
20 AS 28.22.510.

21 Sec. 28.22.510. FORFEITURE OF MOTOR VEHICLE. (a) Upon a per-
22 son's conviction of an offense under AS 28.22.500, if the convicted
23 person was twice or more previously convicted within the last 10 years
24 of violating AS 28.22.500 or a statute in another jurisdiction with
25 elements substantially similar to AS 28.22.500, the state may move the
26 court to order the forfeiture of a motor vehicle. Upon receipt of a
27 motion for forfeiture of a motor vehicle. Upon receipt of a motion
28 for forfeiture, the court shall schedule a hearing on the matter and
29 shall notify the state of the time and place set for the hearing.

1 (b) After receiving notice of the time and place of the hearing,
2 the state shall provide to every person who has an ascertainable
3 ownership or security interest in the motor vehicle written notice
4 that includes

- 5 (1) a description of the motor vehicle;
6 (2) the time and place of the forfeiture hearing;
7 (3) the legal authority under which the motor vehicle may
8 be forfeited;
9 (4) notice of the right to intervene to protect the inter-
10 est in the motor vehicle.

11 (c) At the hearing, a person who claims an ownership or security
12 interest in the motor vehicle must establish by a preponderance of
13 evidence that

- 14 (1) the petitioner has an interest in the motor vehicle
15 acquired in good faith;
16 (2) a person other than the petitioner was convicted of
17 violating AS 28.22.500; and
18 (3) before parting with the motor vehicle, the petitioner
19 did not know or have reasonable cause to believe that it would be used
20 in the commission of an offense.

21 (d) If a person satisfies the requirements of (c) of this sec-
22 tion, the court shall order that an amount equal to the value of the
23 petitioner's interest in the motor vehicle be paid to the petitioner
24 from the proceeds of the sale of the motor vehicle, or shall order
25 that the motor vehicle be released to the petitioner together with
26 title to the motor vehicle.

27 (e) Upon forfeiture of a motor vehicle, the court shall require
28 the surrender of the registration and certificate of title of that
29 motor vehicle for delivery by the court to the department unless the

1 title is released to a petitioner under (d) of this section.

2 (f) If not released under (d) of this section, a motor vehicle
3 forfeited under this section may be disposed of at the discretion of
4 the department.

5 Sec. 28.22.520. UNUSED MOTOR VEHICLES. (a) A person may termi-
6 nate or suspend a motor vehicle liability policy covering a vehicle
7 that is unused. A person exercising this option shall remove the
8 unused vehicle's plates and deliver them to the nearest department
9 office. Except as provided in (c) of this section, when the vehicle
10 is to be used the person shall present evidence satisfactory to the
11 department of a motor vehicle liability policy that complies with
12 AS 28.22.010 or a certificate of self-insurance that complies with
13 AS 28.20.400 covering the vehicle and person, at which time the de-
14 partment shall reissue vehicle plates to the person. Cash, securities
15 or a bond that will provide the same benefits available under a re-
16 quired motor vehicle policy may be deposited or filed with the depart-
17 ment in lieu of a motor vehicle liability policy or certificate of
18 self-insurance.

19 (b) The department shall retain, for a period not to exceed one-
20 year, special vehicle plates turned in under this section and reissue
21 the identical plates to the person in accordance with this chapter.

22 (c) When the vehicle is to be driven or transported only for the
23 purposes for which registration is not required under AS 28.10.151,
24 the department shall issue a special permit that shall be effective
25 for a 30-day period. Presentation of evidence of financial respon-
26 sibility as required by (a) of this section is not required for issu-
27 ance of this special permit.

28 (d) A person seeking a special permit under (c) of this section
29 must present evidence satisfactory to the department that the vehicle

Check

1 will be operated only as allowed by AS 28.10.151.

2 Sec. 28.22.530. ANNUAL REPORT. Beginning in 1988, the Depart-
3 ment of Commerce and Economic Development and Department of Public
4 Safety shall submit a joint report to the legislature no later than
5 February 1 of each year on the administration of this chapter. The
6 report shall include

7 (1) a review of this chapter's effect on the number of
8 uninsured motorists before and after it was adopted;

9 (2) the administrative problems and costs of enforcing this
10 chapter for the courts and involved departments; and

11 (3) the effect of the program on motor vehicle liability
12 premiums in the state

13 * Sec. 21. Sections 3, 4, 5, and 14 of this Act take effect January 1,
14 1984.

15 * Sec. 22. Except for secs. 3, 4, 5, and 14, this Act takes effect
16 July 1, 1984.

identical to sec 17 limits un/under limits
differ from draft - mentions limits, un/under insured

Folta
4/24/84

Original sponsors: Hayes, Barnes,
Phillips, et al

1 IN THE HOUSE

BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicles; and providing for
7 an effective date."

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

9 * Section 1. DECLARATION OF PURPOSE. The legislature is concerned over
10 the rising toll of motor vehicle accidents and the suffering and loss
11 inflicted by them. The legislature determines that it is a matter of grave
12 concern that motorists be financially responsible for their negligent acts
13 so that innocent victims of motor vehicle accidents may be recompensed for
14 the injury and financial loss inflicted upon them. The legislature finds
15 and declares that the public interest can best be served by the requirement
16 that both the owner and operator of a motor vehicle that is to be operated
17 on vehicular ways of the state where the potential for motor vehicle acci-
18 dents is substantial be required to maintain coverage under a motor vehicle
19 liability policy issued in conformity with AS 28.22.010 or through a cer-
20 tificate of self-insurance issued under AS 28.20.400. The legislature also
21 finds and declares that the most economical and practical time to require
22 proof of compliance with insurance coverage is when an operator of a motor
23 vehicle has been involved in an accident or charged with a traffic law
24 violation.

25 * Sec. 2. AS 21.89.020(a) is amended to read:

26 (a) An automobile liability policy that [WHICH] insures an owner
27 or operator of a motor vehicle against loss resulting from [HIS]
28 liability for bodily injury or death, or for property injury or de-
29 struction, or both, that [WHICH] is sold in the [THIS] state [AFTER

1 JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSI-
2 NESS IN THIS STATE], shall maintain limits in at least the amount
3 prescribed for a motor vehicle liability policy in AS 28.20.440 and
4 AS 28.22.010 [AS 28.20.440(b)(2), AND MEET THE REQUIREMENTS OF
5 AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

6 * Sec. 3. AS 21.89.020 is amended by adding new subsections to read:

7 (c) An insurance company offering automobile liability insurance
8 in this state for bodily injury or death shall offer coverage pre-
9 scribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 - 28.22.130,
10 with limits equal to at least the limit purchased voluntarily to cover
11 the insured person's liability for bodily injury or death, for the
12 protection of the persons insured under the policy who are legally
13 entitled to recover damages for bodily injury or death from owners or
14 operators of uninsured or underinsured motor vehicles. The limit
15 written may not be less than the limit in AS 28.20.440 or AS 28.22.-
16 010.

17 (d) An insurance company offering automobile liability insurance
18 in this state for injury to or destruction of property shall offer
19 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 -
20 28.22.130, with limits not less than those prescribed in AS 28.20.440
21 or AS 28.22.010, to cover the insured person's liability for injury to
22 or destruction of property, for the protection of the persons insured
23 under the policy who are legally entitled to recover damages for
24 injury to or destruction of the covered motor vehicle from owners or
25 operators of uninsured or underinsured motor vehicles.

26 (e) The coverage required under (c) and (d) of this section may
27 be waived in writing by the insured in whole or in part. After selec-
28 tion of the limits by the insured or the exercise of the option to
29 waive the coverage in whole or in part, the insurer is not required to

1 notify any policy holder in any renewal, supplemental or replacement
2 policy, as to the availability of the coverage or optional limits, and
3 the waived coverage may not be included in any renewal, supplemental
4 or replacement policy. The insured may, at any time, make a written
5 request for additional coverage or coverage more extensive than that
6 provided on a prior policy.

7 * Sec. 4. AS 28.10.021 is amended by adding a new subsection to read:

8 (b) At the time of application for registration or renewal of
9 registration, the department shall provide the applicant written
10 information explaining the state's financial responsibility law, the
11 mandatory automobile insurance requirement, and potential penalties
12 for failure to comply with the law.

13 * Sec. 5. AS 28.15.061 is amended by adding a new subsection to read:

14 (e) At the time of application for a driver's license or an
15 instruction permit, or renewal of a driver's license or an instruction
16 permit, the department shall provide the applicant written information
17 explaining the state's financial responsibility law, the mandatory
18 automobile insurance requirement, and potential penalties for failure
19 to comply with the law.

20 * Sec. 6. AS 28.15.081(a) is amended to read:

21 (a) The department shall examine every applicant for a driver's
22 license. The examination shall include a test of the applicant's (1)
23 eyesight, (2) ability to read and understand official traffic control
24 devices, (3) knowledge of safe driving practices, (4) knowledge of the
25 effects of alcohol and drugs on drivers and the dangers of driving
26 under the influence of alcohol or drugs, [AND] (5) knowledge of the
27 laws on [RELATING TO] driving while intoxicated, (6) knowledge of the
28 laws on financial responsibility and mandatory automobile liability
29 insurance, and, (7) the traffic laws and regulations of this state.

1 The examination may include a demonstration of ability to exercise
2 ordinary and reasonable control in the driving of a motor vehicle of
3 the type and general class of vehicles for which the applicant seeks a
4 license. However, an applicant who has not been previously issued a
5 driver's license by this or another jurisdiction must demonstrate
6 ability, and must present medical information that the department
7 reasonably requires to determine fitness to safely drive a motor
8 vehicle of the type and general class of vehicles for which the appli-
9 cant seeks a license.

10 * Sec. AS 28.15.211 is amended to read:

11 Sec. 28.15.211. PERIODS OF LIMITATION, SUSPENSION OR REVOCA-
12 TION; OPPORTUNITY FOR HEARING AND SURRENDER OF LICENSE. (a) Except
13 for a point system suspension or revocation under AS 28.15.221 -
14 28.15.241 and unless provided otherwise by law, and unless the suspen-
15 sion or revocation was for a cause that [WHICH] has been removed, a
16 person whose driver's license or privilege to drive a motor vehicle in
17 this state has been suspended or revoked may not apply for a new
18 license nor may the person's [HIS] driving privilege be restored until
19 the expiration of

20 (1) one month from the date on which the license was sus-
21 pended or revoked for a first conviction of the particular offense
22 from which the suspension or revocation resulted;

23 (2) three months from the date on which the license was
24 suspended or revoked for a second conviction within 12 consecutive
25 months of the same offense from which the suspension or revocation
26 resulted];

27 (3) one year from the date on which the license was sus-
28 pended or revoked for a third or subsequent conviction within 12
29 consecutive months of the same offense from which the suspension or

1 revocation resulted. [; OR]

2 (b) A limitation, suspension, or revocation of a driver's li-
3 cense imposed by a court takes effect on the date of final judgment,
4 except that if another limitation, suspension, or revocation of li-
5 cense is in effect on the date of final judgment, the effective date
6 of the last imposed limitation, suspension, or revocation is at the
7 end of the last day of the previous limitation, suspension, or revoca-
8 tion unless the court specifies otherwise.

9 (c) At the end of a period of suspension or limitation, when
10 that limitation follows a suspension, the person whose license has
11 been suspended or limited may apply to the department and, upon pay-
12 ment of the proper fees, including a reinstatement fee of \$100 [FEE],
13 be issued a duplicate driver's license if the person [HE] is otherwise
14 entitled to the license under this title.

15 (d) At the end of a period of revocation or limitation following
16 a revocation, a person whose driver's license has been revoked may
17 apply to the department for the issuance of a new license, but shall
18 submit to reexamination [RE-EXAMINATION] and pay all required fees
19 including a reinstatement fee of \$100.

20 (e) At the end of a period of limitation, suspension, or revoca-
21 tion under this chapter, the department may not issue a driver's
22 license or a duplicate driver's license to the licensee until the
23 licensee [HE] has complied with AS 28.20 relating to proof of finan-
24 cial responsibility.

25 (f) Unless otherwise provided by law, periods of limitation
26 shall be made at the discretion of the court.

27 * Sec. 8. AS 28.20.070(a) is amended to read:

28 (a) A [NO] policy or bond is not effective under AS 28.20.060
29 unless it is issued by an insurance company or surety company

1 authorized to do business in this state, except as provided in (b) of
2 this section, and if the accident resulted in bodily injury or death,
3 unless the policy or bond is subject to a limit, exclusive of interest
4 and costs, of not less than \$50,000 [\$25,000] because of bodily injury
5 to or death of one person in any one accident and, subject to the same
6 limit for one person, to a limit of not less than \$100,000 [\$50,000]
7 because of bodily injury to or death of two or more persons in any one
8 accident, and if the accident has resulted in injury to, or destruc-
9 tion of, property to a limit of not less than \$25,000 [\$10,000] be-
10 cause of injury to or destruction of property of others in any one
11 accident.

12 * Sec. 9. AS 28.20.230(b) is amended to read:

13 (b) The term "proof of financial responsibility for the future"
14 [AS USED] in this chapter means proof of ability to respond in damages
15 for liability, on account of an accident occurring after the effective
16 date of proof, that [WHICH] arises out of the ownership, maintenance
17 or use of a vehicle subject to registration under the laws of this
18 state, in the amount of \$50,000 [\$25,000] because of bodily injury to
19 or death of one person in any one accident, and, subject to the same
20 limit for one person, in the amount of \$100,000 [\$50,000] because of
21 bodily injury to or death of two or more persons in any one accident,
22 and in the amount of \$25,000 [\$10,000] because of injury to or de-
23 struction of property of others in any one accident. In [AS USED IN]
24 this chapter the terms "proof of financial responsibility" or "proof"
25 mean proof of financial responsibility for the future.

26 * Sec. 10. AS 28.20.360(a) is amended to read:

27 (a) In [FOR THE PURPOSE OF] this chapter, a judgment is sat-
28 isfied when

29 (1) \$50,000 [\$25,000] is credited upon a judgment given in

1 excess of that amount because of bodily injury to or death of one
2 person as the result of any one accident; or

3 (2) subject to the limit of \$50,000 [\$25,000] because of
4 bodily injury to or death of one person, the sum of \$100,000 [\$50,000]
5 is credited upon a judgment given in excess of that amount because of
6 bodily injury to or death of two or more persons as the result of any
7 one accident; or

8 (3) \$25,000 [\$10,000] is credited upon a judgment given in
9 excess of that amount because of injury to or destruction of property
10 of others as a result of any one accident.

11 * Sec. 11. AS 28.20.440(b) is amended to read:

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

13 (1) designate by description or appropriate reference all
14 vehicles which it covers;

15 (2) insure the person named and every other person using
16 the vehicle with the express or implied permission of the named in-
17 sured, against loss from the liability imposed by law for damages
18 arising out of the ownership, maintenance, or use of the vehicle
19 within the United States [OF AMERICA] or [THE DOMINION OF] Canada,
20 subject to limits exclusive of interests and costs, with respect to
21 each vehicle, as follows: \$50,000 [\$25,000] because of bodily injury
22 to or death of one person in any one accident, and, subject to the
23 same limit for one person, \$100,000 [\$50,000] because of bodily injury
24 to or death of two or more persons in any one accident, and \$25,000
25 [\$10,000] because of injury to or destruction of property of others in
26 any one accident;

27 (3) contain coverage in not less than the amounts set out
28 in (2) of this subsection for the protection of the persons insured
29 under the policy who are legally entitled to recover damages from

1 owners or operators of uninsured or underinsured motor vehicles be-
2 cause of bodily injury or death, or damage to or destruction of prop-
3 erty arising out of the ownership, maintenance or use of the unin-
4 sured or underinsured motor vehicle; this coverage shall comply with
5 the provisions of AS 28.20.445 [, EXCEPT THAT THIS COVERAGE MAY BE
6 WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF
7 THE POLICY].

8 * Sec. 12. AS 28.20 is amended by adding a new section to read:

9 Sec. 28.20.445. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

10 (a) The maximum liability of the insurance carrier under the unin-
11 sured and underinsured motorists coverage required to be offered under
12 AS 28.20.440 shall be the difference between the coverage limit of
13 liability and the amount paid to the insured by or on behalf of the
14 uninsured and underinsured motorist.

15 (b) Amounts payable under the uninsured motorists and under-
16 insured motorist coverage may be reduced by

17 (1) amounts paid or to be paid under any worker's compen-
18 sation law;

19 (2) amounts paid or payable under valid and collectible
20 automobile medical payments insurance or bodily injury or death lia-
21 bility insurance; and

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

24 (c) If an insured is entitled to uninsured or underinsured
25 motorists coverage under more than one policy of motor vehicle liabil-
26 ity insurance, or under more than one coverage if two or more vehicles
27 are insured under one policy, the maximum amount an insured may re-
28 cover may not exceed the highest limit of any one policy or coverage.
29 When multiple policies or coverages apply, payment may be made in the

1 following order of priority, subject to the limit of liability for
2 each applicable policy or coverage:

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

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

7 (3) a policy or coverage covering a motor vehicle not
8 involved in the accident under which the injured person is an insured
9 or a named insured.

10 (d) Uninsured and underinsured motorists coverage does not apply
11 to bodily injury or death or damage to or destruction of property of
12 an insured

13 (1) while occupying a motor vehicle owned by, but not
14 insured by, the named insured or the insured's spouse or relative
15 residing in the same household; or

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

19 (e) Uninsured and underinsured motorists coverage

20 (1) may not apply to bodily injury, sickness, disease or
21 death of an insured or damage to or destruction of property of an
22 insured until the limits of liability of all bodily injury and prop-
23 erty damage liability bonds and policies that apply have been used up
24 by payments, judgments or settlements;

25 (2) shall be a single combined coverage; and

26 (3) may be rejected by the insured in writing; if the
27 insured has rejected the coverage, the coverage shall not be included
28 in any supplemental, renewal, or replacement policy unless the insured
29 subsequently requests the coverage in writing.

1 (f) If both the owner and operator of the uninsured vehicle are
2 unknown, payment under the uninsured and underinsured motorists cover-
3 age shall be made only where direct physical contact between the
4 insured and uninsured or underinsured motor vehicles has occurred. A
5 vehicle that has left the scene of the accident with an insured vehi-
6 cle is presumed to be uninsured if the person insured reports the
7 accident to the appropriate authorities within 24 hours.

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

14 (h) "Underinsured motor vehicle" means a motor vehicle licensed
15 for highway use with respect to the ownership, operation, maintenance
16 or use of which motor vehicle there is a bodily injury or property
17 damage insurance policy or a bond applicable at the time of the acci-
18 dent and the amount of insurance or bond

19 (1) is less than the limit for uninsured and underinsured
20 motorists coverage under the insured's policy; or

21 (2) has been reduced by payments to persons other than an
22 insured, injured in an accident, to less than the limit for uninsured
23 and underinsured motorists coverage under the insured's policy.

24 * Sec. 13. AS 28 is amended by adding a new chapter to read:

25 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

26 ARTICLE 1. DESCRIPTION OF GENERAL POLICY PROVISIONS.

27 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) The
28 owner's policy of liability insurance shall

29 (1) designate by description or appropriate reference all

1 vehicles that it covers;

2 (2) insure the person named against loss from the liability
3 imposed by law for damages arising out of the ownership, maintenance,
4 or use of the vehicle in the United States or Canada, subject to
5 limits exclusive of interest and costs, with respect to each vehicle,
6 as follows:

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

11 (B) \$25,000 because of injury to or destruction of
12 property of others in any one accident;

13 (3) contain coverage prescribed in AS 28.22.100 - 28.22.130
14 in the amounts set out in (2) of this subsection for the protection of
15 the persons insured under the policy who are legally entitled to
16 recover damages from the owner or operator of an uninsured or under-
17 insured motor vehicle because of bodily injury or death, or damage to
18 or destruction of property arising out of the ownership, maintenance,
19 or use of the uninsured or underinsured motor vehicle.

20 (b) The operator's policy of liability insurance shall insure
21 the person named as insured against loss from the liability imposed on
22 the operator by law for damages arising out of the use by the operator
23 of a motor vehicle not owned by the operator, within the same territo-
24 rial limits and subject to the same limits of liability as are re-
25 quired for an owner's policy of liability insurance.

26 (c) The motor vehicle liability policy shall state the name and
27 address of the named insured, the coverage, the premium charges, the
28 policy period, and the limits of liability, and shall contain an
29 agreement or an endorsement that insurance is provided in accordance

1 with the coverage defined in (a) of this section for bodily injury and
2 death or property damage, or both.

3 Sec. 28.22.020. POLICY PROVISIONS THAT ARE IMPLIED. A motor
4 vehicle liability policy is subject to the following provisions but
5 these provisions need not be contained in the policy:

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

9 (2) The insurance carrier may settle a claim covered by the
10 policy, and if settlement is made in good faith, the amount of settle-
11 ment is deductible from the limits of liability specified in AS 28.-
12 22.010.

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

17 Sec. 28.22.030. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
18 that grants the coverage required for a motor vehicle liability policy
19 may also grant lawful coverage in excess of or in addition to the
20 coverage specified for a policy and the excess or additional coverage
21 is not subject to the provisions of this chapter. With respect to a
22 policy that grants excess or additional coverage, the term "motor
23 vehicle liability policy" applies only to that part of the coverage
24 that is required by this chapter.

25 (b) A policy shall be excluded from the application of this
26 chapter if the automobile or motor vehicle liability coverage is
27 provided only on an excess or umbrella basis.

28 Sec. 28.22.040. PRORATION. A motor vehicle liability policy may
29 provide for proration of the insurance with other valid and

1 collectible insurance.

2 Sec. 28.22.050. REQUIREMENTS OF POLICY. (a) A policy is not
3 effective under AS 28.22.010 unless it is issued by an insurance
4 company or surety company authorized to do business in this state,
5 except as provided in (b) of this section, and unless it complies with
6 the limit requirements established in AS 28.22.010.

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

16 (c) The requirements for a motor vehicle liability policy may be
17 fulfilled by the policies of one or more insurance carriers who to-
18 gether meet the requirements.

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

21 ARTICLE 2. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

22 Sec. 28.22.100. GENERAL POLICY PROVISIONS. (a) The uninsured
23 and underinsured motorists coverage required in this chapter

24 (1) does not apply to bodily injury, sickness, disease, or
25 death of an insured or damage to or destruction of property of an
26 insured until the limits of liability bonds and policies that apply
27 have been used up by payments or judgments or settlements;

28 (2) shall be a single combined coverage; and

29 (3) may be rejected by the insured in writing; if the

1 insured has rejected uninsured or underinsured coverage, the coverage
2 shall not be included in a supplemental, renewal or replacement policy
3 unless the insured subsequently requests uninsured or underinsured
4 coverage in writing.

5 (b) If both the owner and operator of the uninsured vehicle are
6 unknown, payment under the uninsured and underinsured motorists cover-
7 age may be made only where direct contact between the insured and
8 uninsured or underinsured motor vehicles has occurred. A vehicle that
9 has left the scene of the accident with an insured vehicle is presumed
10 to be uninsured if the insured person reports the accident to the
11 appropriate authorities within 24 hours.

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

18 Sec. 28.22.110. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
19 liability of the insurance carrier under the uninsured and underin-
20 sured motorists coverage required under this chapter shall be the
21 difference between the coverage limit of liability and the amount paid
22 to the insured by or on behalf of the uninsured and underinsured
23 motorist.

24 (b) Amounts payable under the uninsured motorists and underin-
25 sured motorists coverage required to be offered under this chapter
26 shall be reduced by

27 (1) amounts paid or to be paid under any workers' compen-
28 sation law;

29 (2) amounts paid or payable under any valid and collectible

1 automobile medical payments insurance or bodily injury or death lia-
2 bility insurance; and

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

5 Sec. 28.22.120. POLICY COVERAGE AND PRIORITIES. If an insured
6 is entitled to uninsured or underinsured motorists coverage under more
7 than one policy of motor vehicle liability insurance, or under more
8 than one coverage if two or more vehicles are insured under one
9 policy, the maximum amount an insured may recover shall not exceed the
10 highest limit of any one policy or coverage. Where multiple policies
11 or coverages apply, payment shall be made in the following order of
12 priority, subject to the limit of liability for each applicable policy
13 or coverage:

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

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

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

21 Sec. 28.22.130. POLICY COVERAGE EXCLUSIONS. The uninsured and
22 underinsured motorists coverage provided for in this chapter does not
23 apply to bodily injury or death or damage to or destruction of prop-
24 erty of an insured

25 (1) while occupying a motor vehicle owned by, but not
26 insured by, the named insured or the insured's spouse or relative
27 residing in the same household; or

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

1 household.

2 ARTICLE 3. PROOF OF INSURANCE REQUIRED.

3 Sec. 28.22.200. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
4 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
5 registration under AS 28.10.011 when driven on a highway, vehicular
6 way or area, or on other public property in the state, shall have
7 motor vehicle liability insurance that complies with this chapter or a
8 certificate of self-insurance that complies with AS 28.20.400 in
9 effect for the motor vehicle, unless

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

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

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

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

20 (b) The department shall publish annually a list of areas that
21 meet the requirements of (a)(1) of this section. This list shall be
22 available for public inspection at all division of motor vehicle
23 offices in the state.

24 Sec. 28.22.210. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
25 INSURANCE. The owner or operator of a motor vehicle required to have
26 motor vehicle liability insurance that complies with this chapter or a
27 certificate of self-insurance that complies with AS 28.20.400, must
28 show proof of this insurance when that person

29 (1) is involved in an accident that results in bodily

1 injury to or death of a person, or damage to the property of a person
2 exceeding \$500; or

3 (2) is charged with a traffic law violation with a demerit
4 point value of six or more on the point schedule determined under
5 regulations adopted by the department under AS 28.15.221.

6 Sec. 28.22.220. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
7 person involved in an accident who is required to prove that a motor
8 vehicle liability insurance or a certificate of self-insurance was in
9 effect under AS 28.22.210 shall, within 15 days of the accident

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

13 (2) provide the department with written certification from
14 an insurance company, insurance agent, insurance broker or surplus
15 lines broker confirming that a valid motor vehicle liability policy
16 issued in conformity with this chapter was in effect at the time of
17 the accident; or

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

20 (b) The department shall develop and implement a program to
21 check the veracity of the documents filed for proof under this sec-
22 tion.

23 Sec. 28.22.230. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
24 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
25 who is required to prove that a motor vehicle liability insurance pol-
26 icy or a certificate of self-insurance was in effect under AS 28.22.-
27 210 shall, at the time of that person's initial appearance in court or
28 within 15 days of the date of the charge of a traffic law violation,
29 whichever is later,

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

4 (2) provide the court with written certification from an
5 insurance company, insurance agent, insurance broker, or surplus lines
6 broker confirming that motor vehicle liability insurance issued in
7 conformity with this chapter was in effect at the time of the vio-
8 lation; or

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

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

13 Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

14 (a) If a person fails to provide proof that motor vehicle liability
15 insurance or a certificate of self-insurance was in effect at the time
16 of an accident or when the person was charged with a violation of a
17 traffic law described in AS 28.22.210, the department shall suspend
18 the driver's license of that person for one year. The suspension
19 shall be consecutive to any other suspension required by law or im-
20 posed by a court.

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

26 (c) Upon receipt of an oral or written answer from the licensee,
27 the department shall make findings on the matter under consideration
28 within 15 days and shall notify the person involved of its decision in
29 writing by certified or registered mail. If the department's decision

The lang was
given to Sew
Ferguson + he
drafted his
amendment
off this lang.

Wording is
from Dept of
Law —
This lang was
not considered
by 1st confente

New wording of 4/24/84
draft

1 is to sustain an action against the licensee's driver's license, the
2 department shall notify the licensee of the opportunity for a hearing
3 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
4 stayed until final disposition of the hearing under this section.

5 (d) The department may grant limited license privileges for work
6 purposes only to a person whose license has been suspended under (a)
7 of this section, if

8 (1) the person has filed proof of financial responsibility
9 for the future as required by AS 28.22.260;

10 (2) the person's license has not been suspended within the
11 last 10 years under (a) of this section or a law of another
12 jurisdiction substantially similar to (a) of this section;

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

16 (4) the department determines that a limitation can be
17 placed on the license that will enable the person to earn a livelihood
18 without excessive risk or danger to the public.

19 (e) When imposing a limitation under (d) of this section the
20 department shall

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

22 (2) issue to the licensee a certificate valid for the
23 duration of the limitation.

24 (f) After the termination of a limitation as shown on the cer-
25 tificate issued under (e) of this section, the license of a person on
26 whom a limitation was imposed is suspended until the person receives a
27 new license under AS 28.15.211(c).

28 Sec. 28.22.250. FALSIFICATION OF INFORMATION. A person who
29 provides information required under AS 28.22.210 - 28.22.240 that the

1 person does not believe to be true with the intent to mislead a public
2 servant in the performance of a duty is guilty of a class A misdemean-
3 or.

4 Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose
5 license is suspended under AS 28.22.240(a) must file proof of finan-
6 cial responsibility for the future under AS 28.20 before full driving
7 privileges may be restored or limited license privileges are granted
8 under AS 28.22.240(d).

9 (b) A filing of proof of financial responsibility under AS 28.20
10 shall be required for a period of three years following expiration of
11 the suspension of license under AS 28.22.240.

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 28.22.500. POLICY INTERPRETATION. A provision in this
14 chapter may not be interpreted to prohibit a motor vehicle liability
15 policy from including limitations, conditions, exceptions, exclusions,
16 or other provisions that do not violate the requirements of this
17 chapter or other applicable laws.

18 Sec. 28.22.510. SEPARABILITY. If any provision of this chapter,
19 or the application of a provision of this chapter to any person or
20 circumstance, is held invalid, the remainder of the chapter and the
21 application of the provision to persons or circumstances other than
22 those to which it is held invalid, is not affected.

23 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
24 liability policy" means an owner's policy or an operator's policy
25 containing an agreement or endorsement and issued by an insurance
26 carrier authorized to transact business in the state to or for the
27 benefit of the person named as insured.

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

1 (19) "underinsured motor vehicle" means a motor vehicle
2 licensed for highway use with respect to ownership, operation, mainte-
3 nance, or use for which there is a bodily injury or property damage
4 insurance policy or a bond applicable at the time of an accident and
5 the amount of insurance or bond

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

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

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

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

16 * Sec. 17. Sections 1 - 15 of this Act take effect January 1, 1985.

17 * Sec. 18. Section 16 of this Act takes effect October 1, 1984.
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Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 17, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte
Rep. Joe Hayes

From: Jeff Day

Re: Proposed amendment on license suspension

Attached is a proposed substitute regarding the section on license suspension which has been drafted by the Department of Law.

Under the current House proposal, licenses would be suspended for one year for not being able to demonstrate proof of insurance. Limited driving privileges could be granted at any time.

The proposed amendment would change that in the following way:

First offense would have license suspension of 90 days.

Second offense would have a minimum of one year if the second offense occurs within ten years of the first offense.

Limited license privileges may be granted at any time if the person first files proof of financial responsibility and has not had the license suspended more than twice for failure to have insurance. Limited privileges would not be available to a person who has had a license suspended three times in ten years for failure to carry insurance.

The length of suspension generally follows the concepts used in the drunk driving law passed last session.

PROPOSED CS FOR SECTION 13,
SEC. 28.22.240, AND SEC. 28.22.260
OF 4/6/84 DRAFT OF CONFERENCE CS FOR HB 7

Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

(a) If a person fails to provide proof that motor vehicle liability insurance or a certificate of self-insurance was in effect at the time of an accident or when the person was charged with a violation of a traffic law described in AS 28.22.210, 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 years, the person has not previously had their license suspended for violation of AS 28.22.200;

(2) not less than one year if, within the preceding 10 years, the person has previously had their license suspended one or more times for violation of AS 28.22.200.

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

(c) The department may grant limited license privileges for work purposes only to a person whose license has been suspended under AS 28.22.240, if

(1) that person has filed proof of financial responsibility for the future as required by AS 28.22.260;

(2) that person has not had their license suspended two or more times under AS 28.22.240 in the preceding 10 years;

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

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

(d) The department imposing a limitation under this section shall

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

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

(e) After the termination of a limitation as shown on the certificate issued under (d) of this section, the license of a person on whom a limitation was imposed is suspended until the person receives a new license in accordance with 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. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose license is suspended under AS 28.22.240 must 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 28.22.240(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 28.22.240.

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 6, 1984

To: Senator Dick Eliason
Senator Bob Mulcahy
Senator Vic Fischer

Rep. Charlie Bussell
Rep. Ron Wendte

From: Joe L. Hayes *[Signature]*

Re: Conference Committee draft of HB 7

Attached is the revised draft from Legislative Affairs on HB 7. While the layout is slightly different than the earlier draft, the substance is the same. Also attached is a section analysis.

The only substantive changes from the March 1 draft are:

- * Reduction of the administrative fee from \$250 to \$100.
- * Reduction from 10 to 5 the number of years a person must be free of accidents or traffic violations if that person otherwise qualifies for the exemption. This was requested by the Dept. of Public Safety since records are not kept for 10 years.
- * Clarification that a person's license will not be suspended until final court action is completed. Requested by Dept. of Law.
- * Clarification that insurers can offer un/underinsured coverage for property damage at the minimum level required by law. This does not prohibit the insured from purchasing a higher limit.

The committee is scheduled to meet at 1 p.m. Monday in the Speaker's Chambers.

SECTION ANALYSIS COMPROMISE FOR HB 7 4/6 Draft

The substance of this draft is similar to the March 1 draft but the bill has been laid out differently to meet the style of Legislative Affairs drafting.

SECTION 1 PURPOSE

Legislature declares concern over rising toll of motor vehicle accidents and determines it is in the public's best interest that motorists be financially responsible for negligent acts so that innocent victims be recompensed for for injury or financial loss. Declares that this can best be served by requiring motorists to be insured when operating a vehicle "where the potential for motor vehicle accidents is substantial". Further declares that the most practical and economical time of proof of compliance is following a moving violation or accident.

SECTION 2

Amends insurance code to conform by requiring insurers in the state to write policies at the newly established minimums of 50/100/25.

SECTION 3

Requires insurers to offer customers un/underinsured coverage for both bodily injury and property damage in at least the amount voluntarily purchased for personal injury liability insurance. Requires an offer for property damage not less than the minimum of \$25,000. This coverage may be waived by the insured.

SECTION 4

Requires the Department of Public Safety to provide an applicant for registration of a motor vehicle with information regarding the state's mandatory insurance law at the time of registration.

SECTION 5

Requires the Department of Public Safety to provide an applicant for motor vehicle licensure with information regarding the state's mandatory insurance law at the time of license application.

SECTION 6

Adds knowledge of the states mandatory insurance law to examination provisions for obtaining a drivers license.

SECTION 7

requires person who has had license suspended to pay \$100 reinstatement fee prior to the granting of limited driving privileges or restoration of driving privilege in addition to financial responsibility requirements.

SECTIONS 8 and 9

Raises minimum liability policy limits a person must be insured for under the financial responsibility law from 25/50/10 to 50,000 for bodily injury to any one person in an accident, \$100,000 maximum for bodily injury of all involved in an accident and \$25,000 for property damage.

SECTION 10

Increases from 25/20/10 to 50/100/25 the threshold at which a judgement against a person falling under the financial responsibility law is satisfied.

SECTION 11

same as section 8 to make statute conform regarding limits. Describes limits for un/underinsured coverage to be offered as part of an insurance policy.

SECTION 12

Defines un/underinsured motorist coverage.

(a) Limits insurers responsibility under the un/underinsured provisions to the difference between what might be paid on behalf of the the uninsured person and the maximum limits of the insured's policy.

(b) Establishes priority for payment of un/underinsured claims and lists items that would be deducted from liability for payment of such coverage.

(c) Prohibits the stacking of several policies in the event that the insured is covered by more than one uninsured coverage which might apply. The liability is limited to the highest amount of one policy. Establishes priority of policies which would apply.

(d) Clarifies that UM/UIM coverage does not apply in situations where the alleged un/underinsured vehicle is owned by a name insured or resident relative but not insured. This is designed to prevent a person from owning several vehicles but only insuring one.

Specifies a single combined coverage. Allows insured to waive coverage in writing. Limits coverage for property damage to only the damage to the vehicle involved. Hit and run motorists are presumed to be uninsured if the accident is reported within 24 hours. Allows deductible of \$250 but allows insurer to offer a deductible other than \$250.

SECTION 13

28.22.010-28.22.050 Defines specific provisions of motor vehicle liability policy that must be in effect to comply with the mandatory law.

Generally follows current requirements under the financial responsibility law. A major difference from the FR law is the removal of an absolute liability clause which is retained in the FR law. The removal is intended to allow companies to issue policies just as they are now. There is also a modification from the FR law in describing who the policy must cover.

Raises current liability minimums from 25/50/10 to 50/100/25.

28.22.100-28.22.130 Defines un/underinsured coverage for the purposed of this chapter identical to the provisions in Section 12.

28.22.200 requires operator or owner of a motor vehicle to have adequate insurance when operating vehicle on roadway. Provides an exemption of the requirement to have insurance if the vehicle is operated in isolated areas not connected to the highway system and with minimal traffic. Exemption does not apply if the owner/operator has a history of traffic violations or accidents within 5 years.

28.22.210 Requires persons involved in an accident resulting in at least \$500 damage or involved in a 6 demerit traffic violation to show proof of insurance.

28.22.220 Requires person cited for an accident to present proof of insurance to the department within 15 days. Requires the Department to establish a method to check all documents filed as proof.

28.22.230 Requires person cited for traffic violation to present proof of insurance at the time of the initial court appearance or within 15 days of the charged violation. Requires court to notify the department if such proof is not presented.

28.22.240 Provides for administrative suspension of license for one year if person fails to prove insurance was in effect at time of violation or accident. Establishes notification procedure and allows the person who stands to lose license a chance for a hearing to plead that person's case. Suspension will not take place until final court action is taken.

28.22.250 Establishes a Class A misdemeanor for knowingly filing false information with the department.

28.22.260 Requires person to file SR 22 under the financial responsibility law (proof of insurance for 3 years) as a prerequisite to reinstatement of license or granting of limited license privileges.

28.22.500 Allows policy to contain provisions which do not violate the provisions of this chapter.

28.22.510 separability clause

28.22.600 definition of general motor vehicle liability policy for purposes of mandatory insurance requirements.

SECTION 14
Definition of underinsured motor vehicle

SECTION 15

Repeals provisions in law allowing deposit of cash or securities as a means of proving financial responsibility for the future. Repeals the reinstatement fee which only pertained to driving in violation of financial responsibility law. This has been encompassed in section 7 of this bill.

SECTION 16

Requires Department to begin to conduct public education campaign about the mandatory law three months prior to its effect.

SECTIONS 17-18

effective dates
Law takes effect 1/1/85.

Original sponsors: Hayes, Barnes,
Phillips, et al

1 IN THE HOUSE BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicles; and providing for
7 an effective date."

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

9 * Section 1. DECLARATION OF PURPOSE. The legislature is concerned over
10 the rising toll of motor vehicle accidents and the suffering and loss
11 inflicted by them. The legislature determines that it is a matter of grave
12 concern that motorists be financially responsible for their negligent acts
13 so that innocent victims of motor vehicle accidents may be recompensed for
14 the injury and financial loss inflicted upon them. The legislature finds
15 and declares that the public interest can best be served by the requirement
16 that both the owner and operator of a motor vehicle that is to be operated
17 on vehicular ways of the state where the potential for motor vehicle acci-
18 dents is substantial be required to maintain coverage under a motor vehicle
19 liability policy issued in conformity with AS 28.22.010 or through a cer-
20 tificate of self-insurance issued under AS 28.20.400. The legislature also
21 finds and declares that the most economical and practical time to require
22 proof of compliance with insurance coverage is when an operator of a motor
23 vehicle has been involved in an accident or charged with a traffic law
24 violation.

25 * Sec. 2. AS 21.89.020(a) is amended to read:

26 (a) An automobile liability policy that [WHICH] insures an owner
27 or operator of a motor vehicle against loss resulting from [HIS]
28 liability for bodily injury or death, or for property injury or de-
29 struction, or both, that [WHICH] is sold in the [THIS] state [AFTER

This is the
Version you were
working from.

*slightly different
reference to
operator's
liability*

1 JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSI-
2 NESS IN THIS STATE], shall contain limits in at least the amount
3 prescribed for a motor vehicle liability policy in AS 28.20.440 and
4 AS 28.22.010 [AS 28.20.440(b)(2), AND MEET THE REQUIREMENTS OF
5 AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH].

6 * Sec. 3. AS 21.89.020 is amended by adding new subsections to read:

7 (c) An insurance company offering automobile liability insurance
8 in this state for bodily injury or death shall offer coverage pre-
9 scribed in AS 28.20.440 and 28.20.445, or AS 28.22.010 - 28.22.130,
10 with limits equal to at least the limit purchased voluntarily to cover
11 the insured person's liability for bodily injury or death, for the
12 protection of the persons insured under the policy who are legally
13 entitled to recover damages for bodily injury or death from owners or
14 operators of uninsured or underinsured motor vehicles. The limit
15 written may not be less than the limit in AS 28.20.440 or AS 28.22.-
16 010.

17 (d) An insurance company offering automobile liability insurance
18 in this state for injury to or destruction of property shall offer
19 coverage prescribed in AS 28.20.440 and 28.20.445, (or AS 28.22.010 *not*
20 28.22.130,) with limits not less than those prescribed in AS 28.20.440 *included*
21 or AS 28.22.010, to cover the insured person's liability for injury to
22 or destruction of property, for the protection of the persons insured
23 under the policy who are legally entitled to recover damages for
24 injury to or destruction of the covered motor vehicle from owners or
25 operators of uninsured or underinsured motor vehicles.

26 (e) The coverage required under (c) and (d) of this section may
27 be waived in writing by the insured in whole or in part. After selec-
28 tion of the limits by the insured or the exercise of the option to
29 waive the coverage in whole or in part, the insurer is not required to

1 notify any policy holder in any renewal, supplemental or replacement
2 policy, as to the availability of the coverage or optional limits, and
3 the waived coverage may not be included in any renewal, supplemental
4 or replacement policy. The insured may, at any time, make a written
5 request for additional coverage or coverage more extensive than that
6 provided on a prior policy.

7 * Sec. 4. AS 28.10.021 is amended by adding a new subsection to read:

8 (b) At the time of application for registration or renewal of
9 registration, the department shall provide the applicant written
10 information explaining the state's financial responsibility law, the
11 mandatory automobile insurance requirement, and potential penalties
12 for failure to comply with the law.

13 * Sec. 5. AS 28.15.061 is amended by adding a new subsection to read:

14 (e) At the time of application for a driver's license or an
15 instruction permit, or renewal of a driver's license or an instruction
16 permit, the department shall provide the applicant written information
17 explaining the state's financial responsibility law, the mandatory
18 automobile insurance requirement, and potential penalties for failure
19 to comply with the law.

20 * Sec. 6. AS 28.15.081(a) is amended to read:

21 (a) The department shall examine every applicant for a driver's
22 license. The examination shall include a test of the applicant's (1)
23 eyesight, (2) ability to read and understand official traffic control
24 devices, (3) knowledge of safe driving practices, (4) knowledge of the
25 effects of alcohol and drugs on drivers and the dangers of driving
26 under the influence of alcohol or drugs, [AND] (5) knowledge of the
27 laws on [RELATING TO] driving while intoxicated, (6) knowledge of the
28 laws on financial responsibility and mandatory automobile liability
29 insurance, and, (7) the traffic laws and regulations of this state.

1 The examination may include a demonstration of ability to exercise
2 ordinary and reasonable control in the driving of a motor vehicle of
3 the type and general class of vehicles for which the applicant seeks a
4 license. However, an applicant who has not been previously issued a
5 driver's license by this or another jurisdiction must demonstrate
6 ability, and must present medical information that the department
7 reasonably requires to determine fitness to safely drive a motor
8 vehicle of the type and general class of vehicles for which the appli-
9 cant seeks a license.

10 * Sec. 7. AS 28.15.211 is amended to read:

11 Sec. 28.15.211. PERIODS OF LIMITATION, SUSPENSION OR REVOCA-
12 TION; OPPORTUNITY FOR HEARING AND SURRENDER OF LICENSE. (a) Except
13 for a point system suspension or revocation under AS 28.15.221 -
14 28.15.241 and unless provided otherwise by law, and unless the suspen-
15 sion or revocation was for a cause that [WHICH] has been removed, a
16 person whose driver's license or privilege to drive a motor vehicle in
17 this state has been suspended or revoked may not apply for a new
18 license nor may the person's [HIS] driving privilege be restored until
19 the expiration of

20 (1) one month from the date on which the license was sus-
21 pended or revoked for a first conviction of the particular offense
22 from which the suspension or revocation resulted;

23 (2) three months from the date on which the license was
24 suspended or revoked for a second conviction within 12 consecutive
25 months of the same offense from which the suspension or revocation
26 resulted];

27 (3) one year from the date on which the license was sus-
28 pended or revoked for a third or subsequent conviction within 12
29 consecutive months of the same offense from which the suspension or

1 revocation resulted. [; OR]

2 (b) A limitation, suspension, or revocation of a driver's li-
3 cense imposed by a court takes effect on the date of final judgment,
4 except that if another limitation, suspension, or revocation of li-
5 cense is in effect on the date of final judgment, the effective date
6 of the last imposed limitation, suspension, or revocation is at the
7 end of the last day of the previous limitation, suspension, or revoca-
8 tion unless the court specifies otherwise.

9 (c) At the end of a period of suspension or limitation, when
10 that limitation follows a suspension. the person whose license has
11 been suspended or limited may apply to the department and, upon pay-
12 ment of the proper fees, including a reinstatement fee of \$100 [FEE],
13 be issued a duplicate driver's license if the person [HE] is otherwise
14 entitled to the license under this title.

15 (d) At the end of a period of revocation or limitation following
16 a revocation, a person whose driver's license has been revoked may
17 apply to the department for the issuance of a new license, but shall
18 submit to reexamination [RE-EXAMINATION] and pay all required fees
19 including a reinstatement fee of \$100.

20 (e) At the end of a period of limitation, suspension, or revoca-
21 tion under this chapter, the department may not issue a driver's
22 license or a duplicate driver's license to the licensee until the
23 licensee [HE] has complied with AS 28.20 relating to proof of finan-
24 cial responsibility.

25 (f) Unless otherwise provided by law, periods of limitation
26 shall be made at the discretion of the court.

27 * Sec. 6. AS 28.20.070(a) is amended to read:

28 (a) A [NO] policy or bond is not effective under AS 28.20.060
29 unless it is issued by an insurance company or surety company

1 authorized to do business in this state, except as provided in (b) of
2 this section, and if the accident resulted in bodily injury or death,
3 unless the policy or bond is subject to a limit, exclusive of interest
4 and costs, of not less than \$50,000 [\$25,000] because of bodily injury
5 to or death of one person in any one accident and, subject to the same
6 limit for one person, to a limit of not less than \$100,000 [\$50,000]
7 because of bodily injury to or death of two or more persons in any one
8 accident, and if the accident has resulted in injury to, or destruc-
9 tion of, property to a limit of not less than \$25,000 [\$10,000] be-
10 cause of injury to or destruction of property of others in any one
11 accident.

12 * Sec. 9. AS 28.20.230(b) is amended to read:

13 (b) The term "proof of financial responsibility for the future"
14 [AS USED] in this chapter means proof of ability to respond in damages
15 for liability, on account of an accident occurring after the effective
16 date of proof, that [WHICH] arises out of the ownership, maintenance
17 or use of a vehicle subject to registration under the laws of this
18 state, in the amount of \$50,000 [\$25,000] because of bodily injury to
19 or death of one person in any one accident, and, subject to the same
20 limit for one person, in the amount of \$100,000 [\$50,000] because of
21 bodily injury to or death of two or more persons in any one accident,
22 and in the amount of \$25,000 [\$10,000] because of injury to or de-
23 struction of property of others in any one accident. In [AS USED IN]
24 this chapter the terms "proof of financial responsibility" or "proof"
25 mean proof of financial responsibility for the future.

26 * Sec. 10. AS 28.20.360(a) is amended to read:

27 (a) In [FOR THE PURPOSE OF] this chapter, a judgment is sat-
28 isfied when

29 (1) \$50,000 [\$25,000] is credited upon a judgment given in

1 excess of that amount because of bodily injury to or death of one
2 person as the result of any one accident; or

3 (2) subject to the limit of \$50,000 [\$25,000] because of
4 bodily injury to or death of one person, the sum of \$100,000 [\$50,000]
5 is credited upon a judgment given in excess of that amount because of
6 bodily injury to or death of two or more persons as the result of any
7 one accident; or

8 (3) \$25,000 [\$10,000] is credited upon a judgment given in
9 excess of that amount because of injury to or destruction of property
10 of others as a result of any one accident.

11 * Sec. 11. AS 28.20.440(b) is amended to read:

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

13 (1) designate by description or appropriate reference all
14 vehicles which it covers;

15 (2) insure the person named and every other person using
16 the vehicle with the express or implied permission of the named in-
17 sured, against loss from the liability imposed by law for damages
18 arising out of the ownership, maintenance, or use of the vehicle
19 within the United States [OF AMERICA] or [THE DOMINION OF] Canada,
20 subject to limits exclusive of interests and costs, with respect to
21 each vehicle, as follows: \$50,000 [\$25,000] because of bodily injury
22 to or death of one person in any one accident, and, subject to the
23 same limit for one person, \$100,000 [\$50,000] because of bodily injury
24 to or death of two or more persons in any one accident, and \$25,000
25 [\$10,000] because of injury to or destruction of property of others in
26 any one accident;

27 (3) contain coverage in not less than the amounts set out
28 in (2) of this subsection for the protection of the persons insured
29 under the policy who are legally entitled to recover damages from

1 owners or operators of uninsured or underinsured motor vehicles be-
2 cause of bodily injury or death, or damage to or destruction of prop-
3 erty arising out of the ownership, maintenance or use of the unin-
4 sured or underinsured motor vehicle; this coverage shall comply with
5 the provisions of AS 28.20.445 [, EXCEPT THAT THIS COVERAGE MAY BE
6 WAIVED IN WRITING BY THE INSURED ON OR BEFORE THE EFFECTIVE DATE OF
7 THE POLICY].

8 * Sec. 12. AS 28.20 is amended by adding a new section to read:

9 Sec. 28.20.445. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

10 (a) The maximum liability of the insurance carrier under the unin-
11 sured and underinsured motorists coverage required to be offered under
12 AS 28.20.440 shall be the difference between the coverage limit of
13 liability and the amount paid to the insured by or on behalf of the
14 uninsured and underinsured motorist.

15 (b) Amounts payable under the uninsured motorists and under-
16 insured motorists coverage may be reduced by

17 (1) amounts paid or to be paid under any worker's compen-
18 sation law;

19 (2) amounts paid or payable under valid and collectible
20 automobile medical payments insurance or bodily injury or death lia-
21 bility insurance; and

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

24 (c) If an insured is entitled to uninsured or underinsured
25 motorists coverage under more than one policy of motor vehicle liabil-
26 ity insurance, or under more than one coverage if two or more vehicles
27 are insured under one policy, the maximum amount an insured may re-
28 cover may not exceed the highest limit of any one policy or coverage.
29 When multiple policies or coverages apply, payment may be made in the

1 following order of priority, subject to the limit of liability for
2 each applicable policy or coverage:

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

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

7 (3) a policy or coverage covering a motor vehicle not
8 involved in the accident under which the injured person is an insured
9 or a named insured.

10 (d) Uninsured and underinsured motorists coverage does not apply
11 to bodily injury or death or damage to or destruction of property of
12 an insured

13 (1) while occupying a motor vehicle owned by, but not
14 insured by, the named insured or the insured's spouse or relative
15 residing in the same household; or

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

19 (e) Uninsured and underinsured motorists coverage

20 (1) may not apply to bodily injury, sickness, disease or
21 death of an insured or damage to or destruction of property of an
22 insured until the limits of liability of all bodily injury and prop-
23 erty damage liability bonds and policies that apply have been used up
24 by payments, judgments or settlements;

25 (2) shall be a single combined coverage; and

26 (3) may be rejected by the insured in writing; if the
27 insured has rejected the coverage, the coverage shall not be included
28 in any supplemental, renewal, or replacement policy unless the insured
29 subsequently requests the coverage in writing.

1 (f) If both the owner and operator of the uninsured vehicle are
2 unknown, payment under the uninsured and underinsured motorists cover-
3 age shall be made only where direct physical contact between the
4 insured and uninsured or underinsured motor vehicles has occurred. A
5 vehicle that has left the scene of the accident with an insured vehi-
6 cle is presumed to be uninsured if the person insured reports the
7 accident to the appropriate authorities within 24 hours.

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

14 (h) "Underinsured motor vehicle" means a motor vehicle licensed
15 for highway use with respect to the ownership, operation, maintenance
16 or use of which motor vehicle there is a bodily injury or property
17 damage insurance policy or a bond applicable at the time of the acci-
18 dent and the amount of insurance or bond

19 (1) is less than the limit for uninsured and underinsured
20 motorists coverage under the insured's policy; or

21 (2) has been reduced by payments to persons other than an
22 insured, injured in an accident, to less than the limit for uninsured
23 and underinsured motorists coverage under the insured's policy.

24 * Sec. 13. AS 28 is amended by adding a new chapter to read:

25 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

26 ARTICLE 1. DESCRIPTION OF GENERAL POLICY PROVISIONS.

27 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) The
28 owner's policy of liability insurance shall

29 (1) designate by description or appropriate reference all

1 vehicles that it covers;

2 (2) insure the person named against loss from the liability
3 imposed by law for damages arising out of the ownership, maintenance,
4 or use of the vehicle in the United States or Canada, subject to
5 limits exclusive of interest and costs, with respect to each vehicle,
6 as follows:

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

11 (B) \$25,000 because of injury to or destruction of
12 property of others in any one accident;

13 (3) contain coverage prescribed in AS 28.22.100 - 28.22.130
14 in the amounts set out in (2) of this subsection for the protection of
15 the persons insured under the policy who are legally entitled to
16 recover damages from the owner or operator of an uninsured or under-
17 insured motor vehicle because of bodily injury or death, or damage to
18 or destruction of property arising out of the ownership, maintenance,
19 or use of the uninsured or underinsured motor vehicle.

20 (b) The operator's policy of liability insurance shall insure
21 the person named as insured against loss from the liability imposed on
22 the operator by law for damages arising out of the use by the operator
23 of a motor vehicle not owned by the operator, within the same territo-
24 rial limits and subject to the same limits of liability as are re-
25 quired for an owner's policy of liability insurance.

26 (c) The motor vehicle liability policy shall state the name and
27 address of the named insured, the coverage, the premium charges, the
28 policy period, and the limits of liability, and shall contain an
29 agreement or an endorsement that insurance is provided in accordance

1 with the coverage defined in (a) of this section for bodily injury and
2 death or property damage, or both.

3 Sec. 28.22.020. POLICY PROVISIONS THAT ARE IMPLIED. A motor
4 vehicle liability policy is subject to the following provisions but
5 these provisions need not be contained in the policy:

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

9 (2) The insurance carrier may settle a claim covered by the
10 policy, and if settlement is made in good faith, the amount of settle-
11 ment is deductible from the limits of liability specified in AS 28.-
12 22.010.

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

17 Sec. 28.22.030. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
18 that grants the coverage required for a motor vehicle liability policy
19 may also grant lawful coverage in excess of or in addition to the
20 coverage specified for a policy and the excess or additional coverage
21 is not subject to the provisions of this chapter. With respect to a
22 policy that grants excess or additional coverage, the term "motor
23 vehicle liability policy" applies only to that part of the coverage
24 that is required by this chapter.

25 (b) A policy shall be excluded from the application of this
26 chapter if the automobile or motor vehicle liability coverage is
27 provided only on an excess or umbrella basis.

28 Sec. 28.22.040. PRORATION. A motor vehicle liability policy may
29 provide for proration of the insurance with other valid and

1 collectible insurance.

2 Sec. 28.22.050. REQUIREMENTS OF POLICY. (a) A policy is not
3 effective under AS 28.22.010 unless it is issued by an insurance
4 company or surety company authorized to do business in this state,
5 except as provided in (b) of this section, and unless it complies with
6 the limit requirements established in AS 28.22.010.

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

16 (c) The requirements for a motor vehicle liability policy may be
17 fulfilled by the policies of one or more insurance carriers who to-
18 gether meet the requirements.

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

21 ARTICLE 2. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

22 Sec. 28.22.100. GENERAL POLICY PROVISIONS. (a) The uninsured
23 and underinsured motorists coverage required in this chapter

24 (1) does not apply to bodily injury, sickness, disease, or
25 death of an insured or damage to or destruction of property of an
26 insured until the limits of liability bonds and policies that apply
27 have been used up by payments or judgments or settlements;

28 (2) shall be a single combined coverage; and

29 (3) may be rejected by the insured in writing; if the

1 insured has rejected uninsured or underinsured coverage, the coverage
2 shall not be included in a supplemental, renewal or replacement policy
3 unless the insured subsequently requests uninsured or underinsured
4 coverage in writing.

5 (b) If both the owner and operator of the uninsured vehicle are
6 unknown, payment under the uninsured and underinsured motorists cover-
7 age may be made only where direct contact between the insured and
8 uninsured or underinsured motor vehicles has occurred. A vehicle that
9 has left the scene of the accident with an insured vehicle is presumed
10 to be uninsured if the insured person reports the accident to the
11 appropriate authorities within 24 hours.

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

18 Sec. 28.22.110. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
19 liability of the insurance carrier under the uninsured and underin-
20 sured motorists coverage required under this chapter shall be the
21 difference between the coverage limit of liability and the amount paid
22 to the insured by or on behalf of the uninsured and underinsured
23 motorist.

24 (b) Amounts payable under the uninsured motorists and underin-
25 sured motorists coverage required to be offered under this chapter
26 shall be reduced by

27 (1) amounts paid or to be paid under any workers' compen-
28 sation law;

29 (2) amounts paid or payable under any valid and collectible

1 automobile medical payments insurance or bodily injury or death lia-
2 bility insurance; and

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

5 Sec. 28.22.120. POLICY COVERAGE AND PRIORITIES. If an insured
6 is entitled to uninsured or underinsured motorists coverage under more
7 than one policy of motor vehicle liability insurance, or under more
8 than one coverage if two or more vehicles are insured under one
9 policy, the maximum amount an insured may recover shall not exceed the
10 highest limit of any one policy or coverage. Where multiple policies
11 or coverages apply, payment shall be made in the following order of
12 priority, subject to the limit of liability for each applicable policy
13 or coverage:

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

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

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

21 Sec. 28.22.130. POLICY COVERAGE EXCLUSIONS. The uninsured and
22 underinsured motorists coverage provided for in this chapter does not
23 apply to bodily injury or death or damage to or destruction of prop-
24 erty of an insured

25 (1) while occupying a motor vehicle owned by, but not
26 insured by, the named insured or the insured's spouse or relative
27 residing in the same household; or

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

1 household.

2 ARTICLE 3. PROOF OF INSURANCE REQUIRED.

3 Sec. 28.22.200. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
4 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
5 registration under AS 28.10.011 when driven on a highway, vehicular
6 way or area, or on other public property in the state, shall have
7 motor vehicle liability insurance that complies with this chapter or a
8 certificate of self-insurance that complies with AS 28.20.400 in
9 effect for the motor vehicle, unless

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

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

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

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

20 (b) The department shall publish annually a list of areas that
21 meet the requirements of (a)(1) of this section. This list shall be
22 available for public inspection at all division of motor vehicle
23 offices in the state.

24 Sec. 28.22.210. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
25 INSURANCE. The owner or operator of a motor vehicle required to have
26 motor vehicle liability insurance that complies with this chapter or a
27 certificate of self-insurance that complies with AS 28.20.400, must
28 show proof of this insurance when that person

29 (1) is involved in an accident that results in bodily

1 injury to or death of a person, or damage to the property of a person
2 exceeding \$500; or

3 (2) is charged with a traffic law violation with a demerit
4 point value of six or more on the point schedule determined under
5 regulations adopted by the department under AS 28.15.221.

6 Sec. 28.22.220. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
7 person involved in an accident who is required to prove that a motor
8 vehicle liability insurance or a certificate of self-insurance was in
9 effect under AS 28.22.210 shall, within 15 days of the accident

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

13 (2) provide the department with written certification from
14 an insurance company, insurance agent, insurance broker or surplus
15 lines broker confirming that a valid motor vehicle liability policy
16 issued in conformity with this chapter was in effect at the time of
17 the accident; or

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

20 (b) The department shall develop and implement a program to
21 check the veracity of the documents filed for proof under this sec-
22 tion.

23 Sec. 28.22.230. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
24 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
25 who is required to prove that a motor vehicle liability insurance pol-
26 icy or a certificate of self-insurance was in effect under AS 28.22.-
27 210 shall, at the time of that person's initial appearance in court or
28 within 15 days of the date of the charge of a traffic law violation,
29 whichever is later,

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

4 (2) provide the court with written certification from an
5 insurance company, insurance agent, insurance broker, or surplus lines
6 broker confirming that motor vehicle liability insurance issued in
7 conformity with this chapter was in effect at the time of the vio-
8 lation; or

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

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

13 Sec. 28.22.240. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

14 (a) If a person fails to provide proof that motor vehicle liability
15 insurance or a certificate of self-insurance was in effect at the time
16 of an accident or when the person was charged with a violation of a
17 traffic law described in AS 28.22.210, the department shall suspend
18 the driver's license of that person for one year. The suspension
19 shall be consecutive to any other suspension required by law or im-
20 posed by a court.

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

26 (c) Upon receipt of an oral or written answer from the licensee,
27 the department shall make findings on the matter under consideration
28 within 15 days and shall notify the person involved of its decision in
29 writing by certified or registered mail. If the department's decision

1 is to sustain an action against the licensee's driver's license, the
2 department shall notify the licensee of the opportunity for a hearing
3 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
4 stayed until final disposition of the hearing under this section.

5 Sec. 28.22.250. FALSIFICATION OF INFORMATION. A person who
6 provides information required under AS 28.22.210 - 28.22.240 that the
7 person does not believe to be true with the intent to mislead a public
8 servant in the performance of a duty is guilty of a class A misdemean-
9 or.

10 Sec. 28.22.260. PROOF FOR THE FUTURE. (a) A person whose
11 license is suspended under AS 28.22.240 must file proof of financial
12 responsibility for the future under AS 28.20 before the driving privi-
13 lege may be restored.

14 (b) A filing of proof of financial responsibility under AS 28.20
15 shall be required for a period of three years following expiration of
16 the suspension of license under AS 28.22.240.

17 ARTICLE 4. MISCELLANEOUS PROVISIONS.

18 Sec. 28.22.500. POLICY INTERPRETATION. A provision in this
19 chapter may not be interpreted to prohibit a motor vehicle liability
20 policy from including limitations, conditions, exceptions, exclusions,
21 or other provisions that do not violate the requirements of this
22 chapter or other applicable laws.

23 Sec. 28.22.510. SEPARABILITY. If any provision of this chapter,
24 or the application of a provision of this chapter to any person or
25 circumstance, is held invalid, the remainder of the chapter and the
26 application of the provision to persons or circumstances other than
27 those to which it is held invalid, is not affected.

28 Sec. 28.22.600. DEFINITION. In this chapter, "motor vehicle
29 liability policy" means an owner's policy or an operator's policy

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

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

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

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

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

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

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

21 * Sec. 17. Sections 1 - 15 of this Act take effect *Sept 1, 1984* January 1, 1985.

22 * Sec. 18. Section 16 of this Act takes effect October 1, 1984.



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE


COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

MEMORANDUM

TO: Conference Committee Members

FROM: Senator Dick Eliason 

DATE: April 6, 1984

RE: Senate Committee Substitute for HB 7.

The attached proposal is an updated version of the Senate Committee Substitute for HB 7, passed by the Senate last session. It incorporates the changes made to the uninsured and underinsured motorists coverage found in both the House and Senate versions of the bill.

It is my concern that a mandatory approach to automobile liability insurance, at this time, may be an overreaction to a perceived problem. If one examines where the complaints and concerns emanate, it is from persons who have acted responsibly by purchasing coverage and have been involved in an accident with someone who has not acted responsibly. The response should not be to require everyone to buy the coverage. It should be one that allows the responsible person to cover all contingencies arising out of the operation of an automobile and to strictly enforce the financial responsibility law as to those persons who do not act responsibly.

A mandatory automobile insurance bill, by its very nature, must have some administrative cost reflected. This, of course, will vary depending on how complicated a system is adopted. I contend that the Senate proposal

will do as much to protect those with whom we are concerned as any mandatory insurance plan we might devise and do it with absolute minimum expense.

I urge that you seriously consider the attached proposal as the most desirable alternative. The results can be monitored and if after three or four years the problem has not been alleviated, another approach could then be considered.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 6, 1984

SUBJECT: Sectional Analysis
CCS HB 7

TO: Senator Richard I. Eliason
Chairman, Labor and Commerce
Committee

FROM: Richard C. Folta 
Legislative Counsel

Section 1. Amends AS 21.89.020(a) requiring automobile liability policy coverage limits to be at least the amounts prescribed in AS 28.20.440(b)(2).

Section 2. Amends AS 21.89.020 by adding three new subsections. The first requires an insurance company to offer for uninsured and underinsured bodily injury coverage at limits equal to those voluntarily purchased for bodily injury liability. The second subsection requires a basic limit offer of uninsured and underinsured property damage. The third subsection allows the insured to waive in writing the coverage under the first two subsections, or to make a written request for additional or more extensive coverage. The insurers notice requirements to an insured are conditioned.

Section 3. AS 28.20.440(b) is amended adding "underinsured" and "damage to or destruction of property in excess of \$250.00" coverage requirements that shall comply with AS 28.20.440(b)(2) and AS 28.20.445.

Section 4. AS 28.20 is amended by adding a new section on coverage requirements for uninsured and underinsured motorists. Subsection (a) describes the maximum liability of an insurance carrier. Three situations when payments may be reduced are listed in subsection (b). Priority of payments under multiple policies or coverages are described in subsection (c). Two situations where the coverage would not apply are given in (d) and three cases in (e) where coverage

Senator Eliason
page 2
April 6, 1984

may not apply. Subsection (f) provides for a procedure when the owner and operator of vehicle involved in an accident with an insured are unknown. A deductible of \$250.00 in any one accident including the destruction or damage to an insured vehicle is provided under (g). Subsection (h) describes "underinsured motor vehicle."

Section 5. Provides for a September 1, 1984 effective date.

RCF:csh
C2/141

3-1-84
DRAFT

1 IN THE LEGISLATURE OF THE STATE OF ALASKA

2 THIRTEENTH LEGISLATURE - SECOND SESSION

3 A BILL

4
5 For an Act entitled: "An Act relating to motor vehicles; and providing
6 for an effective date."

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

8 *Section 1. DECLARATION OF PURPOSE. The legislature is concerned
9 over the rising toll of motor vehicle accidents and the suffering
10 and loss inflicted by them. The legislature determines that it is
11 a matter of grave concern that motorists be financially responsible
12 for their negligent acts so that innocent victims of motor vehicle
13 accidents may be recompensed for the injury and financial loss
14 inflicted upon them. The legislature finds and declares that the
15 public interest can best be served by the requirement that both the
16 owner and the operator of a motor vehicle which is to be operated
17 on vehicular ways of the state where the potential for motor vehicle
18 accidents is substantial be required to maintain coverage under a
19 motor vehicle liability policy issued in conformity with AS 28.22.010
20 or of a certificate of self-insurance issued under AS 28.20.400.
21 The legislature also finds and declares that the most economical
22 and practical time of proof of compliance with this requirement is
23 when an operator of a motor vehicle has been involved in an accident
24 or charged with a traffic law violation.

25 *Sec. 2. AS 28.10.021 is amended by adding a new subsection to
26 read:

27 (b) At the time of application for registration or renewal of
28 registration, the department shall provide the applicant, in writing,
29 information detailing the state's financial responsibility law,
30 mandatory automobile insurance requirement, and potential penalties
31 for failure to comply with the law.
32

1 *Sec. 3. AS 28.15.061 is amended by adding a new subsection to
2 read:

3 (e) At the time of application for driver's license or
4 instruction permit, or renewal of driver's license or instruction
5 permit, the department shall provide the applicant, in writing,
6 information detailing the state's financial responsibility law,
7 mandatory automobile insurance requirement, and potential penalties
8 for failure to comply with the law.

9 *Sec. 4. AS 21.15.081(a) is amended to read:

10 (a) The department shall examine every applicant for a
11 driver's license. The examination shall include a test of the
12 applicant's (1) eyesight, (2) ability to read and understand
13 official traffic devices, (3) knowledge of safe driving practices,
14 (4) knowledge of the effects of alcohol and drugs on drivers and
15 the dangers of driving under the influence of alcohol or drugs,
16 [AND] (5) knowledge of the laws relating to driving while intoxi-
17 cated, (6) knowledge of the laws relating to financial respon-
18 sibility and mandatory automobile liability insurance, and, (7)
19 the traffic laws and regulations of this state. The examination
20 may include a demonstration of ability to exercise ordinary and
21 reasonable control in driving a motor vehicle of the type and
22 general class of vehicles for which the applicant seeks a license.
23 However, an applicant who has not been previously issued a driver's
24 license by this or another jurisdiction must demonstrate ability,
25 and must present medical information that the department reasonably
26 requires to determine fitness to safely drive a motor vehicle of
27 the type and general class of motor vehicles for which the ap-
28 plicant seeks a license.

29 *Sec. 5. AS 28.15.221(e) is amended to read:

30 (e) At the end of the period of limitation, suspension or
31 revocation under this chapter, the department may not issue a
32 driver's license to the licensee until the licensee [HE] has

1 complied with AS 28.20 relating to proof of financial responsi-
2 bility. Additionally, the licensee shall be required to pay a \$250
3 fee prior to reinstatement of the license or granting of limited
4 driving privileges if the license has been suspended pursuant to
5 AS 28.22.060.

6 *Sec. 6. AS 28.20.070(a) is amended to read:

7 (a) No policy or bond is effective under AS 28.20.060 unless
8 it is issued by an insurance company or surety company authorized
9 to do business in this state, except as provided in (b) of this
10 section, and if the accident resulted in bodily injury or death,
11 unless the policy or bond is subject to a limit, exclusive of
12 interest and costs, of not less than \$50,000 [\$25,000] because of
13 bodily injury to or death of one person in any one accident and,
14 subject to the same limit for one person, to a limit of not less
15 than \$100,000 [\$50,000] because of bodily injury to or death of two
16 or more persons in any one accident, and if the accident has resulted
17 in injury to, or destruction of, property to a limit of not less
18 than \$25,000 [\$10,000] because of injury to or destruction of
19 property of others in any one accident.

20 *Sec. 7. AS 28.20.230(b) is amended to read:

21 (b) The term "proof of financial responsibility for the
22 future" as used in this chapter means proof of ability to respond
23 in damages for liability, on account of an accident occurring after
24 the effective date of proof, which arises out of the ownership,
25 maintenance or use of a vehicle subject to registration under the
26 laws of this state, in the amount of \$50,000 [\$25,000] because of
27 bodily injury to or death of one person in any one accident, and,
28 subject to the same limit for one person, in the amount of \$100,000
29 [\$50,000] because of bodily injury to or death of two or more
30 persons in any one accident, and in the amount of \$25,000 [\$10,000]
31 because of injury to or destruction of property of others in any
32 one accident. As used in this chapter the terms "proof of financial

responsibility" or "proof" mean proof of financial responsibility for the future.

*Sec. 8. AS 28.20.360(a) is amended to read:

(a) For the purpose of this chapter, a judgment is satisfied when

(1) \$50,000 [\$25,000] is credited upon a judgment given in excess of that amount because of bodily injury to or death of one person as the result of any one accident; or

(2) subject to the limit of \$50,000 [\$25,000] because of bodily injury to or death of one person, the sum of \$100,000 [\$50,000] is credited upon a judgment given in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or

(3) \$25,000 [\$10,000] is credited upon a judgment given in excess of that amount because of injury to or destruction of property of others as a result of any one accident.

*Sec. 9. AS 28.20.440(b)(2) is amended to read:

(2) insure the person named and every other person using the vehicle with the express or implied permission of the named insured, against loss from the liability imposed by law for damages arising out of the ownership, maintenance or use of the vehicle within the United States of America or the Dominion of Canada, subject to limits exclusive of interests and costs, with respect to each vehicle, as follows: \$50,000 [\$25,000] because of bodily injury to or death of one person in any one accident, and, subject to the same limit for one person, \$100,000 [\$50,000] because of bodily injury to or death of two or more persons in any one accident, and \$25,000 [\$10,000] because of injury to or destruction of property of others in any one accident;

*Sec. 10. AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in not less than the amounts set out in (2) of this subsection for the protection of the persons

1 insured under the policy who are legally entitled to recover
2 damages from owners or operators of uninsured or underinsured motor
3 vehicles because of bodily injury or death, or damage to or des-
4 truction of property in excess of \$250 arising out of the owner-
5 ship, maintenance or use of the uninsured or underinsured motor
6 vehicle[, EXCEPT THAT THIS COVERAGE MAY BE WAIVED IN WRITING BY THE
7 INSURED ON OR BEFORE THE EFFECTIVE DATE OF THE POLICY].

8 (A) "Underinsured motor vehicle" means a motor
9 vehicle licensed for highway use with respect to the owner-
10 ship, operation, maintenance or use of which motor vehicle
11 there is a bodily injury or property damage insurance policy
12 or a bond applicable at the time of the accident and the
13 amount of insurance or bond:

14 (i) is less than the limit for uninsured and
15 underinsured motorists coverage under the insured's
16 policy, or

17 (ii) has been reduced by payments to persons
18 other than an insured, injured in an accident, to less
19 than the limit for uninsured and underinsured motorists
20 coverage under the insured's policy.

21 (B) The uninsured and underinsured motorists
22 coverage provided for in this chapter:

23 (i) shall not apply to bodily injury, sickness,
24 disease or death of an insured or damage to or destruct on
25 of property of an insured until the limits of liability
26 of all bodily injury and property damage liability bonds
27 and policies that apply have been used up by payments,
28 judgments or settlements;

29 (ii) shall be a single combined coverage; and

30 (iii) may be rejected by the insured in
31 writing. If the insured has rejected such coverage, the
32 coverage shall not be included in any supplemental,

1 renewal or replacement policy unless the insured sub-
2 sequently requests such coverage in writing.

3 (C) If both the owner and operator of the uninsured
4 vehicle are unknown, payment under the uninsured and under-
5 insured motorists coverage shall be made only where direct
6 physical contact between the insured and uninsured or under-
7 insured motor vehicles has occurred. A vehicle that has left
8 the scene of the accident is presumed to be uninsured if the
9 person insured reports the accident to the appropriate
10 authorities within 24 hours.

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

17 *Sec. 11. AS 28.20.440 is amended by adding new subsections to read:

18 (1) The maximum liability of the insurance carrier under the
19 uninsured and underinsured motorists coverage required to be offered
20 pursuant to AS 28.20.440(b)(3) shall be the difference between the
21 coverage limit of liability and the amount paid to the insured by
22 or on behalf of the uninsured and underinsured motorist.

23 (m) Amounts payable under the uninsured motorists and under-
24 insured motorists coverage required to be offered pursuant to
25 AS 28.20.440(b)(3) shall be reduced by:

26 (1) amounts paid or to be paid under any worker's compen-
27 sation law;

28 (2) amounts paid or payable under any valid and col-
29 lectible automobile medical payments insurance or bodily injury or
30 death liability insurance; and

31 (3) amounts paid by or on behalf of the uninsured or
32 underinsured motorist.

1 (n) In the event an insured is entitled to uninsured or
2 underinsured motorists coverage under more than one policy of motor
3 vehicle liability insurance, or under more than one coverage if two
4 or more vehicles are insured under one policy, the maximum amount
5 an insured may recover shall not exceed the highest limit of any
6 one policy or coverage. Where multiple policies or coverages
7 apply, payment should be made in the following order of priority,
8 subject to the limit of liability for each applicable policy or
9 coverage:

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

12 (2) a policy or coverage covering a motor vehicle which
13 came into contact with the insured while a pedestrian; and

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

17 (o) The uninsured and underinsured motorists coverage provided
18 for in this chapter does not apply to bodily injury or death or
19 damage or destruction of property of an insured;

20 (1) while occupying a motor vehicle owned by, but not
21 insured by, the named insured or resident spouse or resident
22 relative; or

23 (2) through being struck by a vehicle owned by the named
24 insured, or resident spouse or resident relative.

25 *Sec. 12. AS 28.20.585 is amended to read:

26 REINSTATEMENT FEE. If an operator's license is suspended
27 under the provisions of this chapter, the department shall charge a
28 person who applies for reinstatement of the operator's license a
29 reinstatement fee of \$250 [\$50].

30 *Sec. 13. AS 28 is amended by adding a new chapter to read:

31 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE

32 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY (a) In this

1 chapter "motor vehicle liability policy" means an "owner policy" or
2 an "operator's policy" containing an agreement or endorsement as
3 provided in this section and issued by an insurance carrier au-
4 thorized to transact business in the state to or for the benefit of
5 the person named as insured.

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

7 (i) designate by description or appropriate reference
8 all vehicles that it covers;

9 (2) insure the person named against loss from liability
10 imposed by law for damages arising out of the ownership, main-
11 tenance, or use of the vehicle in the United States or the Dominion
12 of Canada, subject to limits exclusive of interests and costs, with
13 respect to each vehicle, as follows:

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

18 (B) \$25,000 because of injury to or destruction of
19 property of others in any one accident;

20 (3) contain coverage in not less than the amounts set
21 out in (2) of this subsection for the protection of the persons
22 insured under the policy who are legally entitled to recover
23 damages from the owner or operator of an uninsured or underinsured
24 motor vehicle because of bodily injury or death, or damage to or
25 destruction of property in excess of \$250 arising out of the owner-
26 ship, maintenance, or use of the uninsured or underinsured motor
27 vehicle.

28 (A) "Underinsured motor vehicle" means a motor
29 vehicle licensed for highway use with respect to the owner-
30 ship, operation, maintenance or use of which motor vehicle
31 there is a bodily injury or property damage insurance policy
32 or a bond applicable at the time of the accident and the

8

1 amount of insurance or bond:

2 (i) is less than the limit for uninsured and
3 underinsured motorists coverage under the insured's
4 policy; or

5 (ii) has been reduced by payments to persons
6 other than an insured, injured in an accident, to less
7 than the limit for uninsured and underinsured motorists
8 coverage under the insured's policy.

9 (B) The uninsured and underinsured motorists
10 coverage provided for in this chapter:

11 (i) shall not apply to bodily injury, sick-
12 ness, disease or death of an insured or damage to or
13 destruction of property of an insured until the limits of
14 liability bonds and policies that apply have been used up
15 by payments or judgments or settlements;

16 (ii) shall be a single combined coverage; and

17 (iii) may be rejected by the insured in
18 writing. If the insured has rejected such coverage, the
19 coverage shall not be included in any supplemental,
20 renewal or replacement policy unless the insured sub-
21 sequently requests such coverage in writing.

22 (C) If both the owner and operator of the uninsured
23 vehicle are unknown, payment under the uninsured and under-
24 insured motorists coverage shall be made only where direct
25 physical contact between the insured and uninsured or under-
26 insured motor vehicles has occurred. A vehicle that has left
27 the scene of the accident is presumed to be uninsured if the
28 person insured reports the accident to the appropriate au-
29 thorities within 24 hours.

30 (D) The uninsured and underinsured motorists
31 coverage for damage to or destruction of property is subject
32 to a deductible of \$250 in any one accident, but the insurer

1 may offer a deductible other than \$250. This coverage shall
2 be limited to damage to or destruction of the insured motor
3 vehicle. It shall not include loss of use of such vehicle.

4 (c) The operator's policy of liability insurance shall insure
5 the person named as insured against loss from the liability imposed
6 on the operator by law for damages arising out of the use by the
7 operator of a motor vehicle not owned by the operator, within the
8 same territorial limits and subject to the same limits of liability
9 as are required for an owner's policy of liability insurance.

10 (d) The motor vehicle liability policy shall state the name
11 and address of the named insured, the coverage, the premium charges,
12 the policy period and the limits of liability, and shall contain an
13 agreement or an endorsement that insurance is provided in accordance
14 with the coverage defined in (b)(2) of this section for bodily
15 injury and death or property damage, or both.

16 (e) Nothing contained in this chapter shall be interpreted to
17 prohibit a motor vehicle liability policy from containing limitations,
18 conditions, exceptions, exclusions or other provisions which them-
19 selves do not violate the requirements of this chapter or other
20 applicable laws.

21 (f) Every motor vehicle liability policy is subject to the
22 following provisions but these provisions need not be contained in
23 the policy:

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

28 (2) The insurance carrier may settle a claim covered by
29 the policy, and if settlement is made in good faith, the amount of
30 settlement is deductible from the limits of liability specified in
31 (b) of this section.

32 (3) The policy, the written application for the policy,

1 if any, and every rider or endorsement that does not conflict with
2 the provisions of this chapter constitute the entire contract
3 between the parties.

4 (g) A policy that grants the coverage required for a motor
5 vehicle liability policy may also grant lawful coverage in excess
6 of or in addition to the coverage specified for a policy and the
7 excess or additional coverage is not subject to the provisions of
8 this chapter. With respect to a policy that grants excess or
9 additional coverage the term "motor vehicle liability policy"
10 applies only to that part of the coverage that is required by this
11 section.

12 (h) A policy shall be excluded from the application of this
13 chapter if the automobile or motor vehicle liability coverage is
14 provided only on an excess or umbrella basis.

15 (i) A motor vehicle liability policy may provide for pro-
16 ration of the insurance with other valid and collectible insurance.

17 (j) The requirements for a motor vehicle liability policy may
18 be fulfilled by the policies of one or more insurance carriers who
19 together meet the requirements.

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

22 (l) The maximum liability of the insurance carrier under the
23 uninsured and underinsured motorists coverage required to be offered
24 pursuant to AS 28.22.010(b)(3) shall be the difference between the
25 coverage limit of liability and the amount paid to the insured by
26 or on behalf of the uninsured and underinsured motorist.

27 (m) Amounts payable under the uninsured motorists and under-
28 insured motorists coverage required to be offered pursuant to
29 AS 28.22.010(b)(3) shall be reduced by:

30 (1) amounts paid or to be paid under any worker's
31 compensation law;

32 (2) amounts paid or payable under any valid and col-

11

1 lectible automobile medical payments insurance or bodily injury or
2 death liability insurance; and

3 (3) amounts paid by or on behalf of the uninsured or
4 underinsured motorist.

5 (n) In the event an insured is entitled to uninsured or
6 underinsured motorists coverage under more than one policy of motor
7 vehicle liability insurance, or under more than one coverage if two
8 or more vehicles are insured under one policy, the maximum amount
9 an insured may recover shall not exceed the highest limit of any
10 one policy or coverage. Where multiple policies or coverages
11 apply, payment should be made in the following order of priority,
12 subject to the limit of liability for each applicable policy or
13 coverage:

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

16 (2) a policy or coverage covering a motor vehicle which
17 came into contact with the insured while a pedestrian; and

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

21 (o) The uninsured and underinsured motorists coverage pro-
22 vided for in this chapter does not apply to bodily injury or death
23 or damage to or destruction of property of an insured:

24 (1) while occupying a motor vehicle owned by, but not
25 insured by, the named insured or resident spouse or resident relative;
26 or

27 (2) through being struck by a vehicle owned by the named
28 insured, or resident spouse or resident relative.

29 Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not
30 effective under AS 28.22.010 unless it is issued by an insurance
31 company or surety company authorized to do business in this state,
32 except as provided in (b) of this section, and unless it complies

1 with the limit requirements established in AS 28.22.010(b)(2).

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

12 Sec. 28.22.030. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED.

13 (a) The operator or owner of a motor vehicle subject to regis-
14 tration under AS 28.10.011, when driven upon a highway, vehicular
15 way or area, or other public property in this state, shall have
16 motor vehicle liability insurance that complies with AS 28.22.010
17 or a certificate of self-insurance that complies with AS 28.20.400
18 in effect for the motor vehicle.

19 (b) A person involved in an accident in this state resulting
20 in bodily injury to or death of a person or damage to the property
21 of any one person exceeding \$500 must prove that motor vehicle
22 liability insurance or a certificate of self-insurance was in
23 effect for the motor vehicle involved in the accident at the
24 time of the accident.

25 (c) A person charged with a traffic law violation with a
26 demerit point value of 6 or more on the point schedule in
27 regulations adopted by the department under AS 28.15.221 must
28 prove that motor vehicle liability insurance or a certificate
29 of self-insurance under (a) of this section was in effect for
30 the motor vehicle operated at the time the charged violation
31 occurred.

32 (d) If a vehicle is being driven or moved on a highway or

1 vehicular way not connected by a land highway or vehicular way to
2 the land connected state highway system when that highway or
3 vehicular way is not connected to a highway or vehicular way with
4 an average daily traffic volume greater than 499, the operator of
5 the vehicle is exempt from (a) of this section if the operator has
6 not been involved in a traffic accident or cited for a traffic law
7 violation described in (c) of this section within the preceding ten
8 years.

9 (e) Every three years the Department shall publish a list of
10 areas that meet the requirements for (d) of this section. The list
11 shall be available for public inspection at all division of motor
12 vehicle offices in the state.

13 Sec. 28.22.040. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a)
14 A person involved in an accident who is required to prove that a
15 motor vehicle liability insurance or a certificate of self-insurance
16 was in effect pursuant to AS 28.22.030(b) shall, within 15 days of
17 the accident

18 (1) present a copy of the insurance policy, certificate,
19 bond, or insurance binder that was in effect at the time of the
20 accident to the department for inspection;

21 (2) provide the department with written certification
22 from an insurance company, insurance agent, insurance broker or
23 surplus lines broker confirming that a valid motor vehicle liability
24 policy issued in conformity with AS 28.22.010 was in effect at the
25 time of the accident; or,

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

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

31 (c) Providing information required under this section which
32 the person does not believe to be true and with the intent to

1 mislead a public servant in the performance of a duty is a class A
2 misdemeanor.

3 Sec. 28.22.050. METHOD OF PROOF FOLLOWING A CHARGE OF A
4 MOVING TRAFFIC VIOLATION. (a) A person charged with a traffic law
5 violation described in AS 28.22.030(c) shall, at the time of that
6 person's initial appearance in court or within 15 days of the date
7 of the violation, whichever is later,

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

11 (2) provide the court with written certification from an
12 insurance company, insurance agent, insurance broker or surplus
13 lines broker confirming that motor vehicle liability insurance
14 issued in conformity with AS 28.22.010 was in effect at the time of
15 the violation; or

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

18 (b) Evidence presented to the court in accordance with (a) of
19 this section shall be presented to the court at the initial ap-
20 pearance, or otherwise to the clerk of the court in which the
21 matter is pending.

22 (c) The court shall report immediately to the department any
23 failure to present proof of insurance as provided in this section.

24 Sec. 28.22.060. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES

25 (a) If a person fails to provide proof that motor vehicle liability
26 insurance or a certificate of self-insurance was in effect at the
27 time of an accident described in AS 28.22.030(b), or at the time of
28 a violation described in AS 28.22.030(c), the department shall
29 suspend the driver's license of that person for one year. Such
30 suspension shall be consecutive to any other suspension required by
31 law.

32 (b) When the department proposes to suspend a driver's license

1 under (a) of this section, it shall notify the licensee that the
2 suspension shall become effective 30 days from the date of the
3 notice, except that the licensee shall have the right, within the
4 30-day period, to make an oral or written answer or statement in
5 which he may controvert any point or issue, and he may present
6 evidence and arguments for the consideration of the department
7 pertinent to the action to be taken or the grounds for the action.

8 (c) Upon receipt of an oral or written answer or statement
9 from the licensee, the department shall make findings on the matter
10 under consideration within 15 days and shall notify the person
11 involved of its decision in writing by registered or certified
12 mail. If the department's decision is to sustain an action against
13 the licensee's driver's license, the department shall notify the
14 licensee of his opportunity for a hearing under AS 28.05.121 -
15 28.05.141.

16 Sec. 28.22.070. PROOF FOR THE FUTURE. (a) A person who
17 violates AS 28.22.030(a) must file proof of financial responsi-
18 bility for the future pursuant to AS 28.20 before the driving
19 privilege may be restored.

20 (b) A filing of proof of financial responsibility under
21 AS 28.20 shall be required for a period of three years following
22 expiration of the suspension of license under AS 28.22.060.

23 Sec. 28.22.080. SEPARABILITY. If any provision of this
24 chapter, or the application of a provision of this chapter to any
25 person or circumstance, shall be held invalid, the remainder of the
26 chapter and the application of the provision to persons or circum-
27 stances other than those to which it is held invalid, shall not be
28 affected.

29 *Sec. 14. AS 21.89.020(a) is amended to read:

30 (a) An automobile liability policy that [WHICH] insures an
31 owner or operator of a motor vehicle against loss resulting from
32 [HIS] liability for bodily injury or death, or for property injury

1 or destruction, or both, which is sold in the state [AFTER JANUARY 1,
2 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN
3 THIS STATE], shall contain limits in at least the amount prescribed
4 for a motor vehicle liability policy in AS 28.20.440(b)(2),
5 [AND] AS 28.20.440(b)(3) AS 28.22.010(b)(2) and AS 28.22.010(b)(3).
6 [, AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS
7 PROVIDED IN THAT PARAGRAPH].

8 *Sec. 15. AS 21.89.020 is amended by adding new subsections to
9 read:

10 (c) In addition to the coverages and limits required in (a)
11 of this section, an insurance company offering automobile liability
12 insurance for bodily injury or death in this state shall offer
13 coverage, with limits equal to at least the limit purchased volun-
14 tarily to cover the insured person's liability for bodily injury or
15 death, for the protection of the persons insured under the policy
16 who are legally entitled to recover damages for bodily injury or
17 death from owners or operators of uninsured or underinsured motor
18 vehicles.

19 (d) The coverage required under (a) of this section to meet
20 the requirements of AS 28.20.440(b)(3) and AS 28.22.010(b)(3) may
21 be waived in writing by the insured in whole or in part.

22 *Sec. 16. AS 28.20.390(3) and AS 28.20.490 are repealed.

23 *Sec. 17. The Department of Public Safety will conduct a public
24 information campaign designed to educate the public about changes
25 in the motor vehicle code introduced with this Act and the potential
26 penalties for failure to comply.

27 *Sec. 18. Secs. 1-16 of this Act take effect January 1, 1985.

28 *Sec. 19. Sec. 17 of this Act takes effect October 1, 1984.

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Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(l)-(o), or AS 28.22.010(b)(3) and AS 28.22.010(l)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(l)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(l)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) 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.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(l)-(o). or AS 28.22.010(b)(3) and AS 28.22.010(l)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(l)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(l)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) 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.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Replacement language for 3/1/84 draft.

Section 14. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that [WHICH] insures a owner or operator of a motor vehicle against loss resulting from [HIS] liability for bodily injury or death, or for property injury or destruction, or both, which is sold in the state [AFTER JANUARY 1, 1969, BY AN INSURANCE CARRIER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE], shall contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440(b)(2) and AS 28.22.010(b)(2). [AS 28.20.440(b)(3), AND MEET THE REQUIREMENTS OF AS 28.20.440(b)(3) UNLESS WAIVED AS PROVIDED IN THAT PARAGRAPH.]

Section 15. AS 21.89.020 is amended by adding new subsections to read:

(c) An insurance company offering or writing automobile liability insurance for bodily injury or death in this state shall offer coverage prescribed in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. In no event may the limit written be less than that set forth in AS 28.20.440(b)(2) or AS 28.22.010(b)(2).

(d) An insurance company offering or writing automobile liability insurance for injury to or destruction of property in this state shall offer coverage described in AS 28.20.440(b)(3) and AS 28.20.440(1)-(o), or, AS 28.22.010(b)(3) and AS 28.22.010(1)-(o), with limits not less than those prescribed in AS 28.20.440(b)(2) or AS 28.22.010(b)(2) 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.

(e) The coverage required under (c) and (d) of this section to meet the requirements of AS 28.20.440(b)(3) or AS 28.22.010(b)(3) may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer shall not be required to notify any policy holder in any renewal, supplemental or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage shall not be included in any renewal, supplemental or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

Section by Section Comparison and Commentary Between
CSSH 7 (Fin) and the 2/17/84 Draft Alternate

The first section note refers to the section CSSHB 7 (Fin) while the next section reference refers to the section in the 2/17/84 draft alternate.

Section 1. Section 1.

The alternate is similar to CSSHB 7 (Fin) but the difference in the point of proof is reflected. The alternate requires insurance on vehicles operated on a highway, vehicular way, area, or other public property in Alaska. The point of proof of that insurance is at the point of an accident or serious moving traffic violation whether at fault or not and whether convicted of a violation or not. Failure to comply results in a one year suspension of license and requires a financial responsibility filing. This is contrasted with the House passed version requiring proof at the point of licensure or registration.

- - - - - Section 2.

This section requires that information about this act be provided to a registrant at the time of registration.

- - - - - Section 3.

This section requires that information about this act be provided to an applicant for a driver's license, instruction permit or renewal at the time of application.

Section 2. - - - - -

This change was accomplished in HB 184 passed last session. It has been removed from the alternate.

Section 3. - - - - -

This change is appropriate when proof is at point of registration. It has been removed from the alternate.

Section 4. - - - - -

This change is appropriate when proof is at point of registration. It has been removed from the alternate.

Section 5. - - - - -

This change is appropriate when the proof is at the point of registration. It has been removed from the alternate.

Section 6. - - - - -

This change was accomplished in HB 184 passed last session. It has been removed from the alternate.

Section 7. - - - - -

This change is appropriate when the point of proof is at the time of licensure. It has been removed in the alternate.

Section 8. - - - - -

This change is appropriate when the point of proof is at the time of licensure. It has been removed in the alternate.

Section 9. Section 4.

This change was partially accomplished in HB 6 passed last session. It requires a knowledge of the financial responsibility law and this a for any driver's license applicant.

Section 10. Section 5.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 11. Section 6.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 12. Section 7.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 13. Section 8.

Same in both proposals. Limits increased from 25/50/10 to 50/100/25.

Section 14. Section 9.

This section also corresponds with Section 1 of SCS CSSSHB 7 (L&C) but is not identical. It adds additional parts to the uninsured motorist coverage. These parts are underinsured motorist bodily injury, underinsured motorist property damage and uninsured motorist property damage. This property damage feature has a \$250 deductible which is added to the alternate as a cost containment device along with a provision permitting