

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4644 HJUD HB 44 - HB 46

218

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

**Request For  
New Position**

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

Page 10 of 10  
 Revised Date

**FY 88**

# STATE OF ALASKA THE LEGISLATURE

POUCH Y. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

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

# HOU COMMITTEE REPORT

(7)

Date referred: 7/18/87

FURTHER REFERRALS: Finance

4-6-87

DATE: ~~7/18/87~~

The Judiciary Committee has considered HB 44

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

**RECOMMENDS:**

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

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

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

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**SIGNING OTHER RECOMMENDATIONS:**

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Chairman's signature

2/19/87

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

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

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

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

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

HB 44

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

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

#### AMENDMENTS

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

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

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 SLA 1984 are repealed.

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

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5-0340N  
Ford  
3/30/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 from obtaining liability insurance under AS 28.22.200.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

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

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

7

8

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

10

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

11

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

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

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

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

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

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

*sign a sworn affidavit verifying affidavit*

*provide proof*

*and provide proof of*

*insurance*  
*Amount \$2*

1        from obtaining liability insurance under AS 28.22.200.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*arbitration  
wherever*

*Adopted*

AMENDMENT #1

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

*Recinded*

By *Donley*  
*Sund*

Page 1, line 21:

*After*

~~Delete "certify"~~

*Insert "under oath"*

Insert "provide proof"

After "department" insert "of"

EXPLANATION:

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

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

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

*Adopted*

A M E N D M E N T # 2

Offered in the HOUSE

By ~~Donley~~

TO: CSHB 44(L&C)

*Sund*

Page 1, line 24, after "registered":

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

EXPLANATION:

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

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

*Adopted*

A M E N D M E N T #3

Offered in the HOUSE

By ~~Donley~~  
Sund

TO: CSHB 44(L&C)

Page 4, line 25:

Delete "for the future"

Insert "[FOR THE FUTURE]"

Page 5, line 12:

Delete "for the future"

EXPLANATION:

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

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

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 44(L&C)

*Adopted*

#5

By Sund

Page 1, after line 9:

Insert a new bill section to read:

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

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

Page 1, line 10:

Delete "\* Section 1."

Insert "\* Sec. 2."

Renumber remaining bill sections accordingly.

Page 5, lines 17 - 21:

Delete all material

Renumber remaining bill sections accordingly.

Page 5, line 25:

Delete "9"

Insert "1"

Delete "motor vehicle"

Insert "automobile"

1 AS 28.22.200.

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

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

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

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

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

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

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

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

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

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

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

## Chapter 70

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

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

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

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

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

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

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

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

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

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

28.20.390(3),  
 28.20.490,  
 28.20.585

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

## Chapter 70

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

21.89.020(c)

(c) An insurance company offering automobile liability insurance in this state for bodily injury or death shall offer coverage prescribed in AS 28.20.440 and 28.20.445, [OR AS 28.22.010 - 28.22.130,] with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. The limit written may not be less than the limit in AS 28.20.440 [OR AS 28.22.010].

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

21.89.020(d)

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

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

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

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

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

CCSHE 7

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

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

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

Revision Date: \_\_\_\_\_

Agency Affected: Commerce & Econ. Dev.  
Insurance

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

Sponsor: Donley

Components: Public Protection

Requestor: \_\_\_\_\_

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

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

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

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

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

Phone: 465-2515  
Date: February 2, 1987

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

Date: February, 1987

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

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

Bill Version: CSHB 44(Jud)

Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_

Agency Affected: Public Safety

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

BRU: Motor Vehicles

Sponsor: Donley

Components: Field Services

Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE		1,050.0	2,163.0	2,227.9	2,294.7	2,363.5
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

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

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

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

Division: Motor Vehicles Date: 4-8-87

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

Agency: Public Safety

Distribution (by preparer):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44 (Jud)

ANALYSIS:

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

EXPENDITURES:

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

REVENUE:

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

\*One time charges - first year only.

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

Request For  
New Position

Agency Public Safety  
 BRU Motor Vehicles  
 Component Field Services

Page 3 of 4  
 Revised Date

FY 88

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

**Request For  
New Position**

Agency Public Safety  
 BRU Motor Vehicles  
 Component Field Services

Page 4 of 4  
 Revised Date \_\_\_\_\_

**FY 88**

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

CSHB 44 (L&C)

Work Draft dated 3-12-87

Bill Version: \_\_\_\_\_  
Publish Date: \_\_\_\_\_

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

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Bill Brown  
Division: Motor Vehicles

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

Approved by Commissioner: [Signature]  
Agency: Public Safety

Date: 3/17/87

Distribution (by preparer) :

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

# CONTINUATION of FISCAL NOTE ANALYSIS

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

## EXPENDITURES:

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

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

## PERSONAL SERVICES:

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

## CONTRACTUAL:

Postage, 6,250 x \$.22	1.4
------------------------	-----

## COMMODITIES:

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

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

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

## REVENUES:

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

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



- Alaska State Legislature



House of Representatives

March 12, 1987

MEMORANDUM

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley

Re: Proposed CS for HB 44 - Mandatory Automobile Insurance

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

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

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

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

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN - SPENARD

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



CHAIRMAN  
LABOR AND COMMERCE  
COMMITTEE

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

Wednesday, January 13, 1988

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

D

HOUSE LABOR AND COMMERCE COMMITTEE:

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

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

HOUSE JUDICIARY COMMITTEE

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

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

HOUSE FINANCE COMMITTEE:

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

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

FISCAL NOTES

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

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

\* \* \* \* \*

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

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

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

Revision Date: \_\_\_\_\_

Agency Affected: Commerce & Econ. Dev.  
Insurance

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

Sponsor: Donley

Components: Public Protection

Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

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

Phone: 465-2515  
Date: February 2, 1987

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

Date: February, 1987

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

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: \_\_\_\_\_

The Labor & Commerce Committee has considered HB 44

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

**RECOMMENDS:**

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

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

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

Paul Douley

Cliff Davidson

Ellis

Bob Brasher

John E. Kosman

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sam Munn NO REC

W. Furnace NO REC

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Paul Douley  
Chairman's signature

H B

46

AMERICAN COLLEGE OF NURSE-MIDWIVES.

ALASKA CHAPTER

February 22, 1987

FEB 25 1987

Representative John Sund  
Alaska State Legislature  
House of Representatives  
PO Box 11  
Juneau, Alaska 99811

Dear Representative Sund:

I have been in contact with your aide, Sheri Kochman, and at her request I am writing to formalize my organization's request for legislative action this session.

It is my understanding that House Bill 71 and 48 are being considered this week in the House Labor and Commerce Committee. I would like to offer an update on our needs and how the bill would help.

As you may recall, the American College of Nurse-Midwives (ACNM), a national organization, lost its professional liability insurance in June, 1985. (See Fact Sheet: Nurse-Midwives and the Professional Insurance Crisis).

The American College of Nurse-Midwives (ACNM) has been successful in the past in obtaining liability insurance through the state. This is why the problem for ACNM is not to start its own insurance company if it becomes necessary in the future. However, we would do so only as an extreme last resort.

During the course of our national efforts, the insurance industry was pressed enough to come through at the 'eleventh hour' with a consortium of companies that were willing to offer us a new liability insurance policy. The company is the American Casualty Company, a CNM insurance company based in Chicago. We have received reasonable rates but desire higher limit coverage in the future. (See ACNM Memo regarding Insurance Update dated September 9, 1986).

As you can see, we are in a very different position this year. We have

a reasonably priced policy available to us and we have passed legislation that will allow us to set up a company in the future if necessary. However, I have received requests from state members who desire access to MICA as an alternative to the CNA policy.

There are at least four Alaskan CNM's who are being backed by physicians who get their insurance through MICA. The CNM's have contacted MICA to inform the company that they have their own liability insurance policies through CNA. ~~However, in effect, MICA has penalized the physicians for working with CNM's as the company is charging the collaborating physicians higher rates if they work with a CNM.~~ They are apparently totally disregarding the nurse-midwife's own coverage. A MICA statute amendment would make it possible for a certified nurse-midwife to acquire an individual policy through MICA. Perhaps if the CNM had her own coverage through MICA, the physician penalty factor (and, therefore, a CNM practice requirement) would be eliminated. In addition, more CNM's needing coverage might be able to get it through MICA.

In pursuing a MICA amendment there are two issues to consider. To my knowledge, there are few nurse-midwives who would choose MICA coverage unless MICA's rate structure was similar to that offered by the national policy with CNA. I have been told in the past by Mr. Stanford at MICA that we would be placed in the Family Practice physician category for rate purposes. Those rates are substantially higher. It is our hope that the data we have gathered from the State Division of Insurance will be used to determine if a special category is warranted for nurse-midwives and Mr. Stanford was given that information last month. It is our hope that this data would be used in formulating a rate structure for certified nurse-midwives.

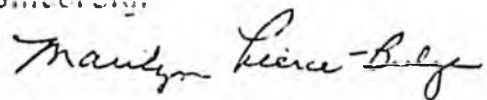
~~Current wording in HR-71 provides for a certified nurse-midwife as a member of the Board of Directors. I do not feel that this is necessary at~~

~~this point in time.~~ I propose that language be changed to read nurses and advanced nurse practitioners. Certified nurse-midwives are defined by nursing statute as advanced nurse practitioners and this wording would give a broader category of nurses access to MICA if future liability policies were unavailable to nurse practitioners and nurses. (See enclosed brochure regarding roles of nurse practitioners in Alaska).

In summary, certified nurse-midwives in Alaska continue to seek access to MICA liability insurance as an alternative to the CNA policy and it is our hope that this can be accomplished this legislative session. Thanks for your time and efforts.

Feel free to contact me as questions arise.

Sincerely,



Marilyn Pierce-Bulger, CNM  
Chairman, Alaska Chapter, RCNM  
Box 9416 Hilland Road  
Eagle River, AK 99577  
mk 265-0245 hm 694-6076

Enclosures



# AMERICAN COLLEGE OF NURSE-MIDWIVES

1522 K Street, N.W., Suite 1120, Washington, D.C. 20005

202/347-5445

## FACT SHEET: NURSE-MIDWIVES AND THE MALPRACTICE INSURANCE CRISIS

### THE PROBLEM

Over half of the American College of Nurse-Midwives' members have lost their malpractice insurance, and so far no company in the insurance industry appears willing to write a replacement policy. The threat of an eventual loss of coverage hangs over many other members as well. This situation is caused by general conditions in the insurance industry and not by ACNM professional performance. In an attempt to keep practicing, nurse-midwives have been forced to pursue a variety of temporary coverages (see options, page 3). But the outlook for a more satisfactory remedy is bleak. Virtually an entire profession is in jeopardy of extinction.

### BACKGROUND

The American College of Nurse-Midwives (ACNM) is the professional organization for nationally certified nurse-midwives (CNMs) in the United States. Its 2,500 members represent close to 85 percent of the profession.

Members of the College are experts in care for the healthy woman during her pregnancy, labor and delivery, as well as care for both mother and child after the baby is born.

No member is an "ordinary midwife" in the usual concept of that term. Each is a nurse educated at schools of midwifery associated with 28 institutions of higher learning, among them Yale, Columbia, Stanford, George-

town and many state universities. CNMs work in clinical collaboration with physicians.

DETAILS OF  
THE CURRENT  
CRISIS

Between July 1, 1984, and July 1, 1985, about 1,400 CNMs had malpractice insurance under a blanket ACNM policy written by the Mutual Fire, Marine & Inland Insurance Company of Philadelphia.

The company notified ACNM in May 1985 that the policy would not be renewed -- not because of its members' professional performance, but because of general conditions in the insurance industry (the unavailability of reinsurance).

Mutual Fire Marine and Inland is the third insurance carrier the ACNM has worked with in the past three years. In the 1970s the premium per member was \$38 per year. It had risen to an average of \$1,000 a year in 1985.

PROFESSIONAL  
RECORD

Suits have been filed against only six percent of all nurse-midwives -- a number considered low among medical professionals.

STEPS TAKEN  
TO OBTAIN NEW  
INSURANCE

After Mutual Fire's non-renewal, ACNM, through its insurance broker, contacted 17 insurance companies in the U. S. ACNM believes this represents most carriers who write professional liability insurance. To date the College has been turned down by all of them.

Personal appeals to insurance company executives yielded no results, and additional appeals to them emphasizing the low risk of nurse midwife practice have been made.

Nurse-midwives have been talking with insurance commissioners, legislators and other officials of individual states. To date only one state out of fifty -- New Jersey -- has been able to offer insurance from a private carrier.

CNMs feel both a moral and a practical obligation to carry malpractice insurance to protect their patients and themselves from any unintentional human error on their part. In addition, many CNMs must carry malpractice insurance to retain their employment and/or hospital privileges.

INSURANCE OPTIONS  
FOR CNMs IN 1985

- In some states, individual CNMs have found coverage through an insurer such as a physician-owned company, but these policies usually carry practice restrictions.

- Some CNMs may be covered through their employers. This may not shield them from personal liability therefore ACNM encourages CNMs to carry their own professional liability insurance as well.

- Providing that certain conditions are met, CNMs may, for the time being, obtain coverage through the American Nurses Association's (ANA's) or the American College of Obstetricians and Gynecologists' (NAACOG's) insurance policies.

- Some states -- e.g., New York and Texas -- have extended joint underwriting authority to include nurse-midwives. However, anticipated premium levels will be prohibitive given that the average income of nurse midwives is \$25,000.

- Nurse midwives are appealing to Congress to enact emergency legislation to provide relief.



# AMERICAN COLLEGE OF NURSE-MIDWIVES

1522 K Street, N.W., Suite 1120, Washington, D.C. 20005

202/347-5445

Mary Rita Prah  
Executive Director

## MEMO

TO: Chapter Chairs  
FROM: Mary Rita Prah *MCP*  
RE: Insurance Update: Please share this information with CNMs in your chapter.  
DATE: September 9, 1986

### Filings and Applications

ACNM has been informed by CNA that rate filings for each state were sent to state insurance commissioners on Friday, August 29, 1986. The applications will be sent to CNMs as the filings are approved. Although some states have "file and use" regulations, this applies only to the insurance "rates," not to the "forms," which still need to be approved by the state before the insurance may become effective. CNA is expecting most approvals to come through this week and has applications ready to mail as the approvals come in.

It is therefore in the hands of the individual states at this time. To hasten the process you can find out who in your state insurance office approves new insurance filings and ask them to expedite the approval. The policy will be filed under the name American Casualty Company, a CNA insurance company. The effective date of the policy in your state will be the date on which your state gives approval. There is absolutely no provision for retroactive coverage of any kind.

### Hospital Privileges and the Amount of Coverage: 1 million/1million

ACNM has received many calls from CNMs requesting 1 million/3 million coverage under this CNA policy. The CNMs are concerned about losing hospital privileges since they are unable to purchase the 1 million/3 million coverage required by many hospitals.

ACNM did try to obtain 1 million/3 million coverage from the insurance consortium. However, because of conditions in the market place, this coverage is not available at the present time. ACNM will continue to try to obtain this coverage in the future and CNA has indicated that they may reevaluate the coverage in not less than 1 year.

In the meantime, CNMs and other health care providers (including physicians) are faced with the difficult task of convincing hospital administrators and hospital risk managers to accept the lower level of coverage during this interim time

period. In some areas of the country CNMs and physicians have been successful in achieving this outcome. The following is some information which may be useful in this regard.

Generally, it is the individual hospital which determines the regulations for medical staff privileges regarding the requirements for adequate insurance coverage. Many times the hospital by-laws specify a specific amount of coverage. In other circumstances they read "adequate" coverage. You need to first become familiar with the specific situation in the hospital you are dealing with. Next you need to learn how these regulations are voted upon or decided in order to change this situation. (For example, if the word "adequate" is used, you need to influence the person whose job it is to determine what "adequate" means. In other cases, you may need to amend the by-laws.) It would also help to be familiar with the laws in your particular state that influence malpractice claims. There are a number of states which have placed a "cap" on awards and other tort reform efforts are being discussed. Do take the time to become informed with these issues prior to scheduling an appointment with your appropriate decision-maker.

In discussing this problem with the chief underwriter at CNA, the following advice was given: Impress on your hospital that CNA is an A+ rated carrier and that the \$1 million per loss is the most important limit. It is extremely rare for a provider to reach or need a \$3 million aggregate limit. (In fact, this CNA underwriter indicated that she had not seen a case where a physician or other provider needed the \$3 million annual aggregate out of the thousands of cases which she had handled). Perhaps ask your hospital to investigate/document when any of their staff had needed the \$3 million aggregate. Without being antagonistic, it would be very useful to force them in this way to confront the reality of this perceived need.

It would also be helpful to look at the ACNM claims data for your state. Most chapter chairs have used this information in discussions with state insurance commissioners. Present the data accurately but select the most favorable data to highlight. Remember that CNM cases are very infrequent, and that the \$1 million per loss limit provides the hospital with protection against severity.

Try to get support from the other health providers in the hospitals. This insurance crisis has hit everyone and physician premiums are also skyrocketing. They may be considering similar by-laws changes or administrative appeals.

Chapter Chairs  
September 9, 1986  
Page 3

Remember that hospital personnel are influenced by a number of people. Could your insurance commissioner help? What about your state health commissioner? The governor? The mayor? Would an article in the paper informing consumers...help? ... Also, Helen V. Burst heads up the College's Task Force on JCAH. Only CNMs in a particular situation can determine the best strategy. Good luck.

MRP:wh

cc: Board of Directors  
Staff

**NURSE PRACTITIONERS** are Registered Nurses who have obtained advanced education.

They are licensed by the State of Alaska and identified by the initials A.N.P. (Advanced Nurse Practitioner).

**NURSE PRACTITIONERS** are skilled in helping you achieve your maximum potential of wellness.

Teaching and education are important to help you understand your body and live a healthier life.

**NURSE PRACTITIONERS** emphasize the **PREVENTION** of illness and the **PROMOTION** of health.

In addition to health teaching and counseling, **NURSE PRACTITIONERS** perform complete physical examinations, diagnose and treat common illnesses, manage stable chronic conditions and prescribe and monitor medications. When necessary **NURSE PRACTITIONERS** consult with and/or refer you to other health professionals in the community.

As with other professions, **NURSE PRACTITIONERS** have special areas of expertise:

**PEDIATRIC NURSE PRACTITIONERS** work with infants, children, adolescents and their parents. Their expertise is in child growth and development and the special needs of the handicapped or gifted child and family.

They diagnose, treat, and manage acute and chronic illnesses and provide parent education.

**GERIATRIC NURSE PRACTITIONERS** work with elderly individuals and families to manage chronic illnesses and assist the client to maintain the highest degree of independence possible.

**WOMEN'S HEALTH CARE NURSE PRACTITIONERS** provide complete obstetrical and gynecological care to women of all ages.

**ADULT NURSE PRACTITIONERS** work with adults to achieve and maintain a healthy lifestyle. Their expertise is in adult growth and development through the lifespan.

**CERTIFIED NURSE MIDWIVES** work with the pregnant family. Their expertise is prenatal care, labor and delivery, and post partum care.

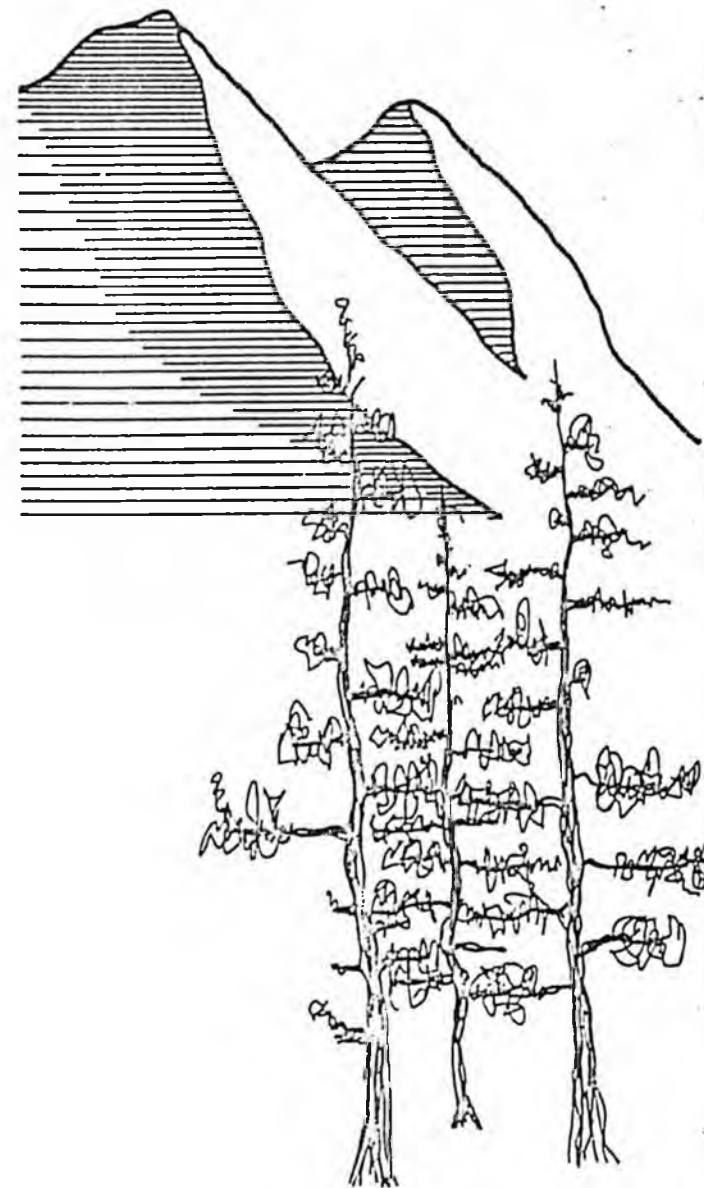
**FAMILY NURSE PRACTITIONERS** work with individuals and families of all ages. They are considered the generalist of nurse practitioners. Their expertise is in viewing the overall health and well-being of the family unit. They diagnose and treat acute and chronic illnesses of individuals of all ages.

ALASKA  
NURSE  
PRACTITIONERS

NURSE PRACTITIONERS work in emergency rooms, hospitals, clinics, ambulatory care centers, physician offices, health departments, student health centers and visiting nurse agencies.

Also, NURSE PRACTITIONERS may have their own private practices.

NURSE PRACTITIONERS work with you to reduce your health care cost. In general, they cost no more and often less than a physician in your area.



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STEWART/THON  
Produced by  
STEWART/THON  
12220 Rainbow  
Anchorage, Alaska 99516

March 23, 1987

TO: House Labor and Commerce Committee

Re: Concerns of the American Insurance Association  
on CSHB 46

INTRODUCTION

Historically, the AIA has taken the position that onerous restrictions should not be imposed on insurance in the area of cancellation and renewal of commercial insurance. While regulation in this area is intended to promote insurance availability, undue intervention in the process by which underwriting capacity is allocated, can actually have the opposite effect. The AIA does recognize that the public has a legitimate interest in being assured that it will not be denied access to coverage on an arbitrary basis.

The AIA is in particular concerned about the cancellation and non-renewal legislation contained in HB46.

NOTICE OF CANCELLATION (SECTIONS 35 & 36, p.19)

These sections propose a 60 day mandatory cancellation notice on personal insurance policies, and business and commercial policies. The AIA would prefer that any cancellation requirements be through regulation rather than legislation. The AIA agrees with the comments of Frank B. Hall and Company, and Ajustco, Inc., that a jump to 30 days would be far less threatening to the industry than 60 days.

LIMITS ON THE CANCELLATION OF BUSINESS AND COMMERCIAL INSURANCE  
POLICIES (SECTION 34, pp. 18, 19)

This section prescribes that business and commercial policies can only be cancelled for 10 specified reasons, or by special permission by the Director of Insurance. This section ties in with the 60 day cancellation notice. Among the reasons specified, which would allow for 60 day cancellation are discovery of fraud or material misrepresentation---in obtaining the insurance policy; physical changes in the insured property that result in the property becoming uninsurable and physical changes in the operation of the insured that result in the property becoming uninsurable.

It is unreasonable to require 60 or even a 30 day notice of cancellation, especially when there is fraud or misrepresentation. It is suggested that the reasons in subparagraphs 1 through 6 require only a 10 day cancellation notice and that the additional sections require a 30 day cancellation.

FAILURE TO RENEW (Subsection 37, p. 20)

This section requires 45 days notice for non-renewal of a business or commercial insurance policy. For the same reasons involving cancellation, the AIA requests that this be changed to 30 days.

REMARKS

It would be beneficial to have clarification on the potential penalties should the cancellation, and non-renewal sections go into effect. The AIA suggests that a sound cancellation/non-renewal regulation should not exact a penalty from an insurer, but place the insured in the position it would have been had compliance taken place. Accordingly, if the company fails to provide the notice, coverage remains in effect until proper notice of the change is given. Once the proper notice is provided, the insured has 30 days to accept a non-renewal. Coverage for any period of time that extends beyond the expiration date shall be determined prorata based upon the prior year's rate.

Prepared by Tom Slagle  
Robertson, Monagle & Eastaugh, P.C.  
(907) 586-3340

TJS:mb:dd:46

COMMENTS TO COMMITTEE SUBSTITUTE FOR HOUSE BILL 46

MARCH 7, 1987

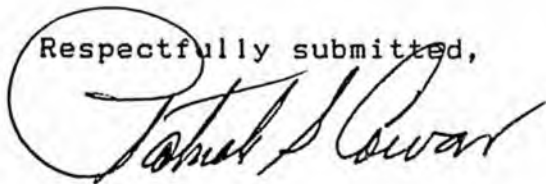
This proposed Legislation started out with some well defined issues, designed to assist the Regulatory Authorities and to improve some Insurance practices to the benefit of the Alaskan Insurance buying Public. Since then, with no forewarning, these once separate, Issues have evolved in to many subsections that are complex, confusing, hastily written and badly composed. this document represents broad sweeping changes to the Insurance industry, which could have disastrous effects on many private business people residing in Alaska.

It is unfortunate that these sections had to be combined with good solid issues that separately were good for the Regulatory Authorities, the Alaskan People and the Insurance Industry.

There is no way that this document should be allowed to stay in tact. There is no Emergency or no compelling reason to rush to pass Legislation that is not understandable, even to the Professionals in the Industry. The 12 areas contained in the Work Draft are not similar in substance and they deal with far too wide a variety of Insurance Issues. If this Legislation, in it's present form, were to pass, it would reduce State revenues and adversely effect the availability and affordability of Insurance in Alaska.

We therefore, urge the Committee to hold this Work Draft in Committee, Then the good solid issues (those which have already been studied and agreed upon) could be reintroduced. Those issues, which have been introduced with no forewarning, could be taken back to the drawing board, studied, and discussed with those effected, to arrive at mutual concessions, then to be reintroduced at a later date.

Respectfully submitted,



Patrick S. Cowan  
Executive Director

A.I.I.A.B..INC. COMMENTS ON HCR 2

MARCH 9, 1987

The four points in the Resolution all sound good, but, let's look at each of them individually, as they presently work, in the real world.

1) Eliminate the current antitrust exemption for the insurance industry. Look at It - 3500 Insurance Companies of all sizes, ease of entry into the business, the freedom to fail, no one Company controlling more than 9% of the Market, cost based pricing of the Insurance product, a competitive Market cycle. This is allowed because the antitrust exemption allows all Insurance Companies to have access to Loss information, common policy form information, rating information, & actuarial information. If the antitrust exemption had been repealed a few years ago, we would not have an Alaska National Insurance Company now, or any other small Insurance Company, as they would have had to operate in a vacuum, without the above mentioned information. THE REPEAL OF THE CURRENT ANTITRUST EXEMPTION WOULD NOT REDUCE INSURANCE COST OR IMPROVE AVAILABILITY IN ALASKA.

2) Investigate proposals designed to regulate the insurance industry on a nationwide basis. Alaska is unique, We don't have large populations or urban centers. We have peculiar problems which are not similar to states that are represented by every Insurance Carrier in America, ie; New York and California. We are better off influencing the destiny of our own policyholders by controlling the Regulations in State, rather than by our percentage of market in the Nation. In addition, Policy fees and taxes now are the 5th largest revenue source (outside of all Oil income) in the State of Alaska. There would be no need for these fees and taxes if we were regulated by National Authorities. That would be taxation without representation.

3) Establish multistate insurance pools for high-risk markets.

4) Develop with other states a multistate reinsurance compact. If we were to establish either a multistate pool or reinsurance compact, rules, regulations & guidelines would probably be created based on percentage of business placed in the pool or compact. As Alaska presently accounts for 3/10th of one percent of the Insurance written in America, the other states in the pool or compact would be in control of our policyholders.

In summary, this issue is presently being heard before the Congress of the United States of America. A delegation of Alaska Agents & Brokers, are going to Washington D. C. to attend a White House Briefing and Legislative Conferences at the end of March, 1987 to address this specific issue. We really would hate to be embarrassed by .3% of the market trying to tell the other 99.7% of the Industry how to run their business.

Therefore, we urge the Committee to vote against HCR 2 and allow our U. S. Representatives and Senators to argue out this issue in the Congress of the United States of America.

# STATE OF ALASKA THE LEGISLATURE

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

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

H. JUD.	4-23-87	1:30p.m.
H. JUD.	4-9-87	12:00p.m.
H. JUD.	4-1-87	1:30p.m.



5-0306X  
Ford  
4/17/87

Original sponsors: Navarre, Swackhammer  
and Sund

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 46 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 21.09.210(c) is amended to read:

10 (c) A domestic company organized before July 1, 1987, is exempt  
11 from taxation under this section for a period of five years from the  
12 date of its organization.

13 \* Sec. 2. AS 21.09.250 is amended to read:

14 Sec. 21.09.250. PROHIBITED ACTS. An insurer doing business in  
15 this state may not make, write, place or cause to be made, written or  
16 placed in this state a policy, duplicate policy or contract of insur-  
17 ance of any kind or character, or general or floating policy upon  
18 persons or property resident, situated or located in this state, from  
19 or through a broker, agent, general agent, surplus line broker, or  
20 person who has not secured a license in this state. An insurer may  
21 not pay a commission or any form of remuneration to a person, firm, or  
22 organization for the writing or placing of insurance coverage in this  
23 state unless that person, firm, or organization holds a license issued  
24 by the director.

25 \* Sec. 3. AS 21.09.280 is amended to read:

26 Sec. 21.09.280. GENERAL AGENTS [AND MANAGERS]. (a) An insurer  
27 appointing a person as its general agent [OR MANAGER] to represent it  
28 in this state shall file notice of the appointment with the director  
29 on forms prescribed and furnished by the director.

1 (b) A general agent [OR MANAGER] has the authority, consistent  
2 with this title, that may be conferred by the insurer. A general  
3 agent, resident or nonresident, qualified in AS 21.27.090, licensed as  
4 provided in this section in the same manner as is provided for agents  
5 in AS 21.27, may exercise the powers conferred by this title upon  
6 agents licensed for the kinds of insurance that the general agent is  
7 authorized to transact for the insurer appointing the agent.

8 (c) The [EXCEPT AS PROVIDED UNDER AS 21.27.500, THE] appointment  
9 of a resident or nonresident general agent is not effective unless the  
10 person appointed is licensed as the general agent of the insurer by  
11 the director upon application and payment of a fee set under AS 21.-  
12 06.250.

13 (d) Every license is subject to the payment of an annual fee set  
14 under AS 21.06.250 and payable on or before [EXPIRES AT] the close of  
15 business on the 30th day of June of each year [FOLLOWING THE DATE OF  
16 ISSUE, AND MAY BE RENEWED FOR AN ADDITIONAL YEAR UPON APPLICATION AND  
17 PAYMENT OF THE FEE].

18 (e) The director may deny, suspend, or revoke a license for any  
19 cause specified in AS 21.27.410 in the manner provided in AS 21.27.-  
20 420.

21 \* Sec. 4. AS 21.09.280 is amended by adding new subsections to read:

22 (f) Persons employed on salary by an insurer, including officers  
23 and salaried employees performing the same services as general agents,  
24 are considered to be service representatives and are not required to  
25 be licensed.

26 (g) For purposes of this section, a person, firm, or corporation  
27 that performs management services for an insurer is not considered a  
28 general agent if

29 (1) the person, firm, or corporation is a wholly-owned

1 subsidiary of the insurer;

2 (2) the person, firm, or corporation wholly owns the insurer;  
3 er; or

4 (3) the person, firm, or corporation is a wholly-owned  
5 subsidiary of the insurance holding company that owns or controls the  
6 insurer.

7 \* Sec. 5. AS 21.27.020 is amended to read:

8 Sec. 21.27.020. GENERAL QUALIFICATIONS FOR LICENSE. For the  
9 protection of the people of this state, the director may not issue [OR  
10 RENEW] a license except in compliance with this chapter [, OR] to a  
11 person, or to be exercised by [,] a person, found by the director to  
12 be untrustworthy, incompetent, or who has not established to the  
13 satisfaction of the director that the person is qualified under [IN  
14 ACCORDANCE WITH] this chapter.

15 \* Sec. 6. AS 21.27.030(a) is amended to read:

16 (a) The director may not grant an agent, solicitor, or broker  
17 license to a person if the director has reasonable cause to believe  
18 that

19 [(1) DURING EITHER OF THE TWO CALENDAR YEARS IMMEDIATELY  
20 PRECEDING THE REQUEST FOR RENEWAL OF THE LICENSE THE AGGREGATE AMOUNT  
21 OF COMMISSIONS REPRESENTED BY THE CONTROLLED BUSINESS PROCURED BY OR  
22 THROUGH THE LICENSEE EXCEEDED THE AGGREGATE AMOUNT OF COMMISSIONS  
23 REPRESENTED BY ALL OTHER INSURANCE BUSINESS PROCURED BY OR THROUGH THE  
24 LICENSEE; OR

25 (2)] the circumstances of the applicant for the license [OR  
26 OF A LICENSEE] are such [AS TO CAUSE THE DIRECTOR REASONABLY TO  
27 BELIEVE] that during the 12-month period immediately following issu-  
28 ance [OR RENEWAL] of the license, if issued [OR RENEWED], the aggre-  
29 gate amount of commissions to be represented by the controlled

1 business would exceed the aggregate amount of commissions to be repre-  
2 sented by all other insurance business to be procured by or through  
3 the applicant [OR LICENSEE].

4 \* Sec. 7. AS 21.27.030 is amended by adding a new subsection to read:

5 (d) The director may revoke an agent, solicitor, or broker  
6 license if the director has reasonable cause to believe that during  
7 either of the two preceding calendar years the aggregate amount of  
8 commissions represented by the controlled business procured by or  
9 through the licensee exceeded the aggregate amount of commissions  
10 represented by all other insurance business procured by or through the  
11 licensee.

12 \* Sec. 8. AS 21.27.060 is amended to read:

13 Sec. 21.27.060. EXAMINATION OF APPLICANTS. (a) Each applicant  
14 for an individual license as agent, broker, solicitor, or adjuster  
15 shall, before the issuance of the license, personally take and pass,  
16 to the satisfaction of the director, an examination given by the  
17 director as a test of the qualifications and competence of the appli-  
18 cant. This requirement does not apply to

19 (1) applicants for limited licenses, as travel insurance  
20 agents only, under AS 21.27.150, or, at the discretion of the direc-  
21 tor, to applicants for licenses as disability insurance agents for the  
22 purpose of handling limited coverages pertaining to sports and recre-  
23 ation;

24 (2) applicants who at any time within the five-year period  
25 immediately preceding the date of application have been licensed in  
26 this state under a license requiring qualifications required by the  
27 license applied for and who are considered by the director to be fully  
28 qualified and competent;

29 (3) applicants for license as nonresident agent or as

1 nonresident broker who have fulfilled qualification requirements in  
2 their state or province of residence and who are considered by the  
3 director to be fully qualified and competent;

4 (4) applicants for an agent or solicitor license covering  
5 the same kinds of insurance as an agent's or solicitor's license then  
6 held by them.

7 (b)' The director may at any time require an individual [A]  
8 licensed as an agent, broker, solicitor, or adjuster to take and  
9 successfully pass an examination testing competence and qualifications  
10 as a condition to the continuance [OR RENEWAL] of the license if the  
11 licensee has been guilty of violation of this title, or has so con-  
12 ducted affairs under the license as to cause the director reasonably  
13 to desire further evidence of the qualifications of the licensee.

14 \* Sec. 9. AS 21.27.090(a) is amended to read:

15 (a) To qualify for an individual agent or broker license an  
16 applicant shall comply with this title and

17 (1) be 19 years of age or over [, IF AN INDIVIDUAL];

18 (2) if for a resident agent's or broker's license, be a  
19 bona fide resident before issuance of license [,] and actually reside  
20 in the state [RESIDING IN ALASKA, OR IF A CORPORATION, BE OTHER THAN  
21 AN INSURER AND MAINTAIN A LAWFULLY ESTABLISHED PLACE OF BUSINESS IN  
22 THIS STATE, EXCEPT AS PROVIDED IN AS 21.27.270];

23 (3) [BE EMPOWERED TO BE AN AGENT OR BROKER, AS THE CASE MAY  
24 BE, UNDER ITS MEMBERS' AGREEMENT, IF A FIRM, OR BY ITS ARTICLES OF  
25 INCORPORATION, IF A CORPORATION;

26 (4)] successfully pass any examination required under  
27 AS 21.27.060;

28 (4) [(5)] be a trustworthy person;

29 (5) [(6)] not use or intend to use [OR USE] the license for

1 the purpose principally of writing controlled business, as defined in  
2 AS 21.27.030;

3 (6) [(7)] if for an agent license, be appointed as its  
4 agent by one or more authorized insurers, subject to issuance of the  
5 license, except that an individual acting on behalf of a firm is not  
6 required to have an appointment as an agent for that activity;

7 (7) [(8)] if for broker license, have had experience either  
8 as an agent, solicitor, adjuster, general agent, broker, or as an  
9 employee of insurers or representatives of insurers, or special educa-  
10 tion or training of sufficient duration and extent reasonably to  
11 satisfy the director that the applicant possesses the competence  
12 necessary to fulfill the responsibilities of broker.

13 \* Sec. 10. AS 21.27.090 is amended by adding a new subsection to read:

14 (c) To qualify for a firm agent or broker license an applicant  
15 shall comply with this title and

16 (1) comply with (a)(5) and (6) of this section;

17 (2) if a corporation, maintain a lawfully established place  
18 of business in this state, except as provided in AS 21.27.270.

19 \* Sec. 11. AS 21.27.130 is amended to read:

20 Sec. 21.27.130. CONTENT OF AGENT, BROKER, SOLICITOR LICENSES.  
21 Agent, solicitor, and broker licenses must [SHALL] be in the form the  
22 director prescribes, and must [SHALL] set out

23 (1) the name and address of the licensee, or if the lic-  
24 enssee is required to have a place of business, the address of the  
25 place of business;

26 (2) if the agent or broker is a firm [OR CORPORATION], the  
27 name of the principal or manager of the firm holding an individual  
28 license as required by AS 21.27.140 [EACH INDIVIDUAL AUTHORIZED TO  
29 EXERCISE THE POWERS CONFERRED BY THE LICENSE];

1 (3) the kind or kinds of insurance the licensee is [THERE-  
2 BY] licensed to handle;

3 (4) if a solicitor's license, the name and address of the  
4 agent or broker represented by the solicitor;

5 (5) the condition under which the license is granted;

6 (6) the date of issuance [AND DATE OF EXPIRATION] of the  
7 license.

8 \* Sec. 12. AS 21.27.140 is amended to read:

9 Sec. 21.27.140. LICENSES TO FIRMS [AND CORPORATIONS]. A firm  
10 shall have a firm license of the same degree as each individual li-  
11 icensee acting on behalf of the firm. A firm [OR CORPORATION] may not  
12 be licensed as an adjuster, agent, or broker unless each individual  
13 acting as or representing to be an adjuster, agent, or broker on  
14 behalf of the firm is licensed as an individual, and the principal or  
15 manager of the firm is licensed as an individual to exercise all the  
16 powers conferred by the firm's license. If the licensee knows of and  
17 consents to an act or representation on behalf of the firm by an  
18 individual who is not licensed as required by this chapter, that act  
19 or representation [TO BE EMPOWERED AND DESIGNATED IN THE LICENSE TO  
20 EXERCISE THE POWERS CONFERRED BY THE LICENSE IS QUALIFIED AS THOUGH  
21 THE INDIVIDUAL WERE THE SOLE INDIVIDUAL TO BE SO EMPOWERED, EXCEPT  
22 THAT A FIRM OR CORPORATION LICENSED FOR ALL LINES MAY EMPOWER AND  
23 DESIGNATE ANY INDIVIDUAL, OTHER THAN THE PRINCIPAL OR MANAGER, LI-  
24 CENSED FOR ONLY PROPERTY-CASUALTY OR LIFE-DISABILITY TO EXERCISE THE  
25 POWERS CONFERRED BY THE LICENSE TO THE EXTENT THAT INDIVIDUAL IS  
26 QUALIFIED TO ACT. EXERCISE OR ATTEMPTED EXERCISE OF THE POWERS BY AN  
27 INDIVIDUAL NOT SO DESIGNATED, WITH THE KNOWLEDGE OR CONSENT OF THE  
28 LICENSEE,] is cause for the revocation or suspension of the firm  
29 license.

1 \* Sec. 13. AS 21.27.170(b) is amended to read:

2 (b) The director shall issue to the agent a special vending  
3 machine license for each machine to be used. The license must [SHALL]  
4 specify the name and address of the insurer and agent, the name of the  
5 policy to be sold, the serial number of the machine, and the place  
6 where the machine is to be in operation. The license is [SHALL BE]  
7 subject to [ANNUAL CONTINUATION, TO EXPIRATION,] suspension or revoca-  
8 tion coincidentally with that of the agent. The director shall also  
9 revoke the license on a machine if the director finds that the condi-  
10 tions upon which the machine was licensed, under [AS REFERRED TO IN]  
11 (a) of this section, no longer exist. Proof of the existence of a  
12 [SUBSISTING] license shall be displayed on or about each vending  
13 machine in use in the manner the director may reasonably require.

14 \* Sec. 14. AS 21.27.190(a) is amended to read:

15 (a) Each applicant for a broker license [OR FOR THE RENEWAL OF A  
16 BROKER LICENSE EXISTING ON JULY 1, 1966,] shall file with the applica-  
17 tion [OR REQUEST FOR RENEWAL] and shall after that [THEREAFTER] main-  
18 tain in force while [SO] licensed a bond in favor of the people of the  
19 state, executed by an authorized corporate surety approved by the  
20 director, in the amount of \$10,000 [\$5,000]. The bond may be continu-  
21 ous in form, and total aggregate liability on the bond may be limited  
22 to the payment of \$10,000 [\$5,000]. The bond must [SHALL] be contin-  
23 gent on the accounting by the broker, to a [ANY] person requesting the  
24 broker to obtain insurance or to a person from whom the broker obtains  
25 insurance, for money or premiums collected in connection with the  
26 insurance [THEREWITH].

27 \* Sec. 15. AS 21.27.190 is amended by adding a new subsection to read:

28 (c) An individual who acts on behalf of a firm that files and  
29 maintains in force the bond described in (a) of this section is exempt

1 from the requirements of (a) of this section.

2 \* Sec. 16. AS 21.27.200(a) is repealed and reenacted to read:

3 (a) A broker is not an agent or other representative of an  
4 insurer and does not have power as a broker to bind the insurer re-  
5 garding a risk or an insurance contract.

6 \* Sec. 17. AS 21.27.200 is amended by adding new subsections to read:

7 (c) In determining an insured's entitlement to coverage or  
8 return premium, a premium payment made to a broker shall be considered  
9 received by the insurer if

10 (1) the payment was, at the time it was made, designated  
11 for specific coverage; and

12 (2) the insurer accepted or acknowledged coverage by issu-  
13 ing a policy, binder, or other contract for temporary insurance.

14 (d) A broker may not knowingly accept payment for coverage until  
15 coverage is authorized by an insurer.

16 (e) Except as provided under (c) of this section, this section  
17 is not intended to alter the common law of agency as applied to trans-  
18 actions under this title.

19 \* Sec. 18. AS 21.27.240(a) is amended to read:

20 (a) An agent or broker who employs a solicitor shall pay the  
21 [THE] fee for issuance or annual fee for continuation [RENEWAL] of a  
22 solicitor license [SHALL BE PAID BY THE AGENT OR BROKER BY WHOM THE  
23 SOLICITOR IS EMPLOYED].

24 \* Sec. 19. AS 21.27.300 is amended to read:

25 Sec. 21.27.300. CONTENTS OF LICENSE. The director shall pre-  
26 scribe the form of adjuster license, which must contain

27 (1) the name and business address of the adjuster;

28 (2) date of issuance [AND DATE OF EXPIRATION] of the li-

29 cense;

1 (3) other statements proper to the purposes of the license.

2 \* Sec. 20. AS 21.27.350 is amended by adding a new subsection to read:

3 (c) In addition to the record required under (a) of this sec-  
4 tion, each agent or broker shall have and maintain at the agent's or  
5 broker's principal place of business current accounting and financial  
6 records maintained in accordance with generally accepted accounting  
7 principles. The director may request summary or detailed copies for  
8 examination by the division. Records examined under this subsection  
9 are confidential when in the possession of the division, but may be  
10 used by the director in a proceeding against the licensee. For pur-  
11 poses of this subsection, the records of a firm shall be considered  
12 the records of an individual agent or broker acting on behalf of the  
13 firm.

14 \* Sec. 21. AS 21.27.360(b) is amended to read:

15 (b) All funds, except those made payable to the insurer, repre-  
16 senting premiums or return premiums received by an agent or broker,  
17 shall be received in the fiduciary account of the agent or broker, and  
18 shall be deposited in a bank account or depository separate from any  
19 other account or depository, and shall be promptly accounted for and  
20 paid to the insured, insurer, or agent entitled to the funds. For  
21 purposes of this subsection, the fiduciary account of the firm shall  
22 be considered the fiduciary account of an individual agent or broker  
23 acting on behalf of the firm. Funds deposited into a fiduciary  
24 account may not be commingled or otherwise combined with other funds,  
25 except as allowed under (d) of this section.

26 \* Sec. 22. AS 21.27.360 is amended by adding new subsections to read:

27 (d) An agent or broker may commingle with premium funds, addi-  
28 tional funds for the purpose of advancing premiums, establishing  
29 reserves for the payment of return premiums, or reserves for receiving

1 and transmitting premium or return premium funds. Funds collected for  
2 the payment of premium taxes, policy or filing fees, late payment  
3 charges, and interest from fiduciary funds on deposit, may be com-  
4 mingled in a fiduciary account, but shall be separately accounted for  
5 and periodically removed from the fiduciary account.

6 (e) An agent or broker may not treat funds required to be in a  
7 fiduciary account as a personal asset, as collateral for a personal or  
8 business loan, or as a personal asset or income on a financial state-  
9 ment, except that funds in a fiduciary account may be included in a  
10 financial statement of the agent or broker if clearly identified as  
11 fiduciary account assets.

12 (f) In this section, "fiduciary account" means an account in  
13 which the agent or broker holds funds as a trustee for the insured,  
14 insurer, or agent entitled to the funds.

15 \* Sec. 23. AS 21.27.380 is repealed and reenacted to read:

16 Sec. 21.27.380. ANNUAL FEE FOR LICENSES. (a) An annual fee set  
17 under AS 21.06.250 for resident and nonresident agent, solicitor, and  
18 adjuster licenses is due on or before the close of business on the  
19 30th day of June.

20 (b) An annual fee set under AS 21.06.250 for resident and non-  
21 resident broker licenses is due on or before the close of business on  
22 the 31st day of December.

23 (c) An agent or broker shall file the annual fee set under  
24 AS 21.06.250 on behalf of a solicitor employed by the agent or broker.

25 (d) If payment of the annual license fee is not received by the  
26 director before the due date as required under this section, the  
27 licensee shall pay to the director and the director shall collect, in  
28 addition to the regular fee, a surcharge as established by regulation  
29 under AS 21.06.250. This subsection may not be considered to exempt a

1 person from a penalty provided by law for transacting business without  
2 a valid license.

3 \* Sec. 24. AS 21.27.390(a) is amended to read:

4 (a) The director may adopt regulations regarding the issuance of  
5 an agent or broker temporary license to

6 (1) the surviving spouse or next of kin or to the adminis-  
7 trator or executor of a deceased licensed agent or broker;

8 (2) the spouse, next of kin, employee, or legal guardian of  
9 a licensed agent or broker who is disabled because of sickness, insan-  
10 ity, or injury;

11 (3) a surviving member, [OF A FIRM OR SURVIVING] officer,  
12 or employee of a firm [CORPORATION] licensed as agent or broker, upon  
13 the death of the principal or manager of the firm holding the same  
14 licenses as the firm [AN INDIVIDUAL DESIGNATED IN THE FIRM OR CORPO-  
15 RATION'S LICENSE TO EXERCISE POWERS THEREUNDER];

16 (4) the designee of a licensed agent who enters active  
17 service in the armed forces of the United States;

18 (5) a person preparing for examination for permanent li-  
19 cense under the supervision of an authorized insurer.

20 \* Sec. 25. AS 21.27.410(a) is amended to read:

21 (a) The director may refuse to issue a license or may suspend or  
22 [,] revoke [, OR REFUSE TO RENEW] a license issued under this chapter  
23 or a surplus line broker license, or may refuse to renew a surplus  
24 line broker license, for a cause specified in another [ANY OTHER]  
25 provision of this title, or for any of the following causes:

26 (1) for a [ANY] cause for which issuance of the license  
27 could have been refused had it then existed and been known to the  
28 director;

29 (2) if the licensee or applicant wilfully violates or

1 knowingly participates in the violation of a provision of this title;

2 (3) if the licensee or applicant has obtained or attempted  
3 to obtain the license through wilful misrepresentation or fraud, or  
4 has failed to pass an [ANY] examination required under this chapter;

5 (4) if the licensee or applicant has misappropriated or  
6 converted to personal use or has illegally withheld money required to  
7 be held in a fiduciary capacity;

8 (5) if the licensee or applicant has, with intent to de-  
9 ceive, materially misrepresented the terms or effect of an insurance  
10 contract; or has engaged or is about to engage in a fraudulent trans-  
11 action;

12 (6) if the licensee or applicant has been guilty of "twist-  
13 ing," under AS 21.36.050, or of rebating, under AS 21.36.100;

14 (7) if the licensee or applicant has been convicted, by  
15 final judgment, of a felony;

16 (8) if in the conduct of affairs under the license, the  
17 licensee exhibits conduct considered by the director to reflect incom-  
18 petence, untrustworthiness, or a source of injury and loss to the  
19 public;

20 (9) if the licensee or applicant has dealt with, or at-  
21 tempted to deal with, insurances or to exercise powers relative to  
22 insurance outside the scope of the licenses of the licensee or appli-  
23 cant.

24 \* Sec. 26. AS 21.27.410(b) is amended to read:

25 (b) The license of a firm [OR CORPORATION] may be suspended,  
26 revoked, or refused for any of the causes that [WHICH] relate to a  
27 [ANY] person acting on behalf of the firm [DESIGNATED IN THE LICENSE  
28 TO EXERCISE ITS POWERS].

29 \* Sec. 27. AS 21.27.420 is amended to read:

1           Sec. 21.27.420. PROCEDURE FOR SUSPENDING OR [,] REVOKING [OR  
2 REFUSING TO RENEW] A LICENSE. The director may suspend or [,] revoke  
3 [, OR REFUSE TO RENEW] a license

4           [(1) BY ORDER GIVEN TO THE LICENSEE NOT LESS THAN 15 DAYS  
5 BEFORE THE EFFECTIVE DATE OF THE LICENSE, SUBJECT TO THE RIGHT OF THE  
6 LICENSEE TO HAVE A HEARING AS PROVIDED IN AS 21.06.180(b); PENDING A  
7 HEARING THE LICENSE SHALL BE SUSPENDED; OR

8           (2)] by an order on hearing made as provided in AS 21.06.-  
9 220 effective 10 days after the date of the giving of the order,  
10 subject to the right of the licensee to appeal to the superior court  
11 as provided in AS 21.06.230.

12 \* Sec. 28. AS 21.27.440 is amended to read:

13           Sec. 21.27.440. CIVIL PENALTIES MAY BE IMPOSED. After hearing  
14 and in addition to or in lieu of the suspension or [,] revocation of  
15 [, OR REFUSAL TO RENEW] a license, the director may levy a civil  
16 penalty upon the licensee not to exceed \$2,500. The order levying the  
17 civil penalty must [SHALL] specify the period within which the civil  
18 penalty shall be fully paid. The [, WHICH] period may not be less  
19 than 15 or more than 30 days after [FROM] the date of the order. Upon  
20 failure to pay the civil penalty when due, the director shall revoke  
21 the licenses of the licensee if not already revoked. A [THE] civil  
22 penalty collected [SHALL BE PAID] by the director shall be paid to the  
23 commissioner of revenue for deposit in the general fund.

24 \* Sec. 29. AS 21.27.450 is amended to read:

25           Sec. 21.27.450. FINE IN LIEU OF ACTION AGAINST THE LICENSE.  
26 Upon the hearing of an appeal from an order suspending or [,] revoking  
27 [, OR REFUSING TO RENEW] a license issued under this chapter, the  
28 court, if it finds that the licensee is guilty of violation of the law  
29 and if it considers the suspension or [,] revocation [, OR REFUSAL TO

1 RENEW THE LICENSE] too severe a penalty under the facts as found, may  
2 instead impose a fine of not more than \$2,500. Payment of the fine  
3 within 10 days after its imposition reinstates or restores [SHALL  
4 REINSTATE, RESTORE, OR RENEW] the license.

5 \* Sec. 30. AS 21.27.460(a) is amended to read:

6 (a) Each license issued under this chapter, although issued and  
7 delivered to the licensee agent, broker, solicitor, or adjuster, is  
8 the property of the state. Upon the [EXPIRATION,] termination, sus-  
9 pension, or revocation of the license, the licensee or other person  
10 having possession or custody of the license shall immediately deliver  
11 it to the director either by personal delivery or by mail.

12 \* Sec. 31. AS 21.34.040(c) is amended to read:

13 (c) A nonadmitted insurer may be eligible to provide coverage in  
14 this state if it qualifies under one of the following:

15 (1) a foreign but nonalien insurer may qualify under this  
16 subsection if it has a minimum capital and surplus equal to that  
17 required in its domiciliary jurisdiction, or [,] \$1,500,000 on Septem-  
18 ber 18, 1984, [AND] \$2,500,000 on June 20, 1985, [AND] \$3,500,000 [,]  
19 on June 20, 1986, and \$5,000,000 on June 20, 1987, whichever is great-  
20 er;

21 (2) an alien insurer may qualify under this subsection if  
22 it meets the minimum capital and surplus requirements in (1) of this  
23 subsection and maintains in the United States an irrevocable trust  
24 fund in either a national bank or a member of the Federal Reserve  
25 system, in an amount not less than \$1,500,000 [THAT REQUIRED AS MINI-  
26 MUM CAPITAL AND SURPLUS IN (1) OF THIS SUBSECTION], for the protection  
27 of all its policyholders in the United States; the trust fund must  
28 [SHALL] consist of instruments of substantially the same character and  
29 quality as those that are eligible investments for the capital and

1 statutory reserves of admitted insurers authorized to write like kinds  
2 of insurance in this state or of irrevocable letters of credit; the  
3 trust fund must [FUNDS SHALL] have an expiry date that at no time is  
4 less than five years;

5 (3) a Lloyd's or other similar unincorporated group of  
6 alien individual insurers may qualify if it maintains a trust fund of  
7 not less than \$50,000,000 as security to the full amount, for all  
8 policyholders and creditors in the United States, of each member of  
9 the group;

10 (4) an "insurance exchange" created by the laws of indi-  
11 vidual states may qualify if it maintains capital and surplus, or the  
12 substantial equivalent, of not less than \$15,000,000 in the aggregate;  
13 in the event the insurance exchange does not maintain funds for the  
14 protection of all its policyholders, each individual syndicate shall  
15 meet the minimum capital and surplus requirements of (1) of this  
16 subsection.

17 \* Sec. 32. AS 21.36.210(a) is amended to read:

18 (a) An insurer may not exercise its right to cancel a policy of  
19 personal [AN] automobile insurance [POLICY] except for the following  
20 reasons:

21 (1) nonpayment of premium; or

22 (2) the driver's license or motor vehicle registration of  
23 either the named insured or of an operator who resides in the same  
24 household as the named insured or who customarily operates a motor  
25 vehicle insured under the policy has been under suspension or revoca-  
26 tion during the policy period or, if the policy is a renewal, during  
27 its policy period or the 180 days immediately preceding its effective  
28 date.

29 \* Sec. 33. AS 21.36.210(d) is amended to read:

1 (d) This section does not apply to

2 (1) the failure to renew a policy, except as to coverage in  
3 force for less than 12 months;

4 (2) a policy that has been in effect less than 60 days at  
5 the time notice of cancellation is mailed or delivered by the insurer,  
6 unless it is a renewal policy.

7 \* Sec. 34. AS 21.36.210(f) is amended to read:

8 (f) An [NOTWITHSTANDING (e) OF THIS SECTION, AN] insurer may not  
9 exercise its right to cancel a policy of personal insurance other than  
10 personal automobile insurance, except for the following reasons [THE  
11 TYPE DESCRIBED IN (e) OF THIS SECTION IF ONE OF THE FOLLOWING CON-  
12 DITIONS OR CIRCUMSTANCES ARISES]:

13 (1) nonpayment of premiums, including nonpayment of addi-  
14 tional premiums, calculated in accordance with the current rating  
15 manual of the insurer, justified by a physical change in the insured  
16 property or a change in its occupancy or use;

17 (2) conviction of the insured of a crime having as one of  
18 its necessary elements an act increasing a hazard insured against;

19 (3) discovery of fraud or material misrepresentation made  
20 by the insured or a representative of the insured in obtaining the  
21 insurance or by the insured in pursuing a claim under the policy;

22 ~~key~~ discovery of a grossly negligent act or omission by the  
23 insured that substantially increases the hazards insured against; or

24 ~~key~~ physical changes in the insured property that result in  
25 the property becoming uninsurable.

26 \* Sec. 35. AS 21.36 is amended by adding a new section to read:

27 Sec. 21.36.215. LIMITS ON THE CANCELLATION OF BUSINESS OR COM-  
28 MERCIAL INSURANCE POLICIES. (a) ~~Except as allowed by the director~~  
29 ~~under (b) of this section,~~ an insurer may exercise its right to cancel

1 a policy of business or commercial insurance <sup>pursuant to 220(b)</sup> only for the following  
2 reasons:

3 (1) nonpayment of premiums, including nonpayment of addi-  
4 tional premiums, calculated in accordance with the current rating  
5 manual of the insurer, justified by a physical change in the insured  
6 property, a change in its occupancy or use, or a change in payroll,  
7 receipts, values, or other exposure units;

8 (2) conviction of the insured of a crime having as one of  
9 its necessary elements an act increasing a hazard insured against;

10 (3) discovery of fraud or material misrepresentation made  
11 by the insured or a representative of the insured in obtaining the  
12 insurance or by the insured in pursuing a claim under the policy;

13 (4) discovery of a grossly negligent act or omission by the  
14 insured that substantially increases the hazards insured against;

15 (5) physical changes in the insured property that result in  
16 the property becoming uninsurable;

17 (6) physical changes in the operations of the insured that  
18 result in the property becoming uninsurable; or

19 (7) failure or refusal of the insured to provide the infor-  
20 mation necessary to confirm exposure or necessary to determine the  
21 policy premium.

22 (b) Before issuing a notice of cancellation, an insurer may  
23 request the director to determine in a particular case or cases whe-  
24 ther a reason for cancellation not specified in (a) of this section is  
25 a valid reason for cancellation. The director may allow the insurer  
26 to exercise its right to cancel if the director finds that the cancel-  
27 lation is justified. The insurer may not implement the requested can-  
28 cellation before receiving the approval of the director.

29 \* Sec. 36. AS 21.36.220 is amended to read:

1           Sec. 21.36.220. NOTICE OF CANCELLATION. An insurer may not  
2 exercise its right to cancel a personal insurance policy unless a  
3 written notice of cancellation is mailed [OR DELIVERED] to the named  
4 insured as required by AS 21.36.260 [, AT THE ADDRESS SHOWN IN THE  
5 POLICY,] at least 60 [20] days before the effective date of cancella-  
6 tion. However, if [, EXCEPT THAT WHEN] cancellation is for nonpayment  
7 of premium, the notice shall be mailed [OR DELIVERED] to the named  
8 insured as required by AS 21.36.260 [AT THE ADDRESS SHOWN IN THE  
9 POLICY] at least 20 [10] days before the effective date of cancella-  
10 tion. If cancellation is for a reason described in AS 21.36.210(a)(2)  
11 ~~or (f)(2)~~ or (3), the notice shall be mailed to the named insured as  
12 required by AS 21.36.260 at least 10 days before the effective date of  
13 cancellation [AND SHALL INCLUDE OR BE ACCOMPANIED BY A STATEMENT OF  
14 THE REASON FOR THE CANCELLATION. THIS SECTION DOES NOT APPLY TO THE  
15 FAILURE TO RENEW A POLICY, EXCEPT AS TO COVERAGE IN FORCE FOR LESS  
16 THAN 12 MONTHS].

17 \* Sec. 37. AS 21.36.220 is amended by adding new subsections to read:

18           (b) An insurer may not exercise its right to cancel a policy of  
19 business or commercial insurance unless a written notice of cancella-  
20 tion is mailed to the named insured as required by AS 21.36.260 and to  
21 the agent or broker of record at least 60 days before the effective  
22 date of cancellation. However, if cancellation is for nonpayment of  
23 premium, or for a reason described in AS 21.36.215(a)(7), the notice  
24 shall be mailed to the named insured as required by AS 21.36.260 and  
25 to the agent or broker of record at least 20 days before the effective  
26 date of cancellation. If cancellation is for a reason described in  
27 AS 21.36.215(a)(2) or (3), the notice shall be mailed to the named  
28 insured as required by AS 21.36.260 and to the agent or broker of  
29 record at least 10 days before the effective date of cancellation.

1 (c) If an insurer cancels a policy under this section, it shall  
 2 return or credit any unearned premium to the agent or broker of record  
 3 or directly to the insured or premium finance company, if applicable,  
 4 before the effective date of cancellation, except that

5 (1) if cancellation is for ~~nonpayment of premium, or for a~~  
 6 reason described in AS 21.36.210(a), 21.36.210(f)(1)(2)(3)  
 7 returned or credited within <sup>(1) (2) (3)</sup> 45 days after the notice of cancellation  
 8 is given; <sub>30</sub>

9 (2) if the policy is cancelled for other than ~~nonpayment of~~  
 10 ~~premium~~ and is subject to audit, the insurer shall perform or waive  
 11 the audit before the effective date of the cancellation and return or  
 12 credit any estimated unearned premium before the effective date of  
 13 cancellation.

14 (d) The division may require an insurer to perform an audit that  
 15 the insurer has elected to waive under (c) of this section.

16 (e) A notice of cancellation of insurance required to be given  
 17 under this section must include or be accompanied by a statement of  
 18 the reason for the cancellation.

19 \* Sec. 38. AS 21.36 is amended by adding a new section to read:

20 Sec. 21.36.235. NOTICE OF PREMIUM OR COVERAGE CHANGES UPON  
 21 RENEWAL. (a) Except as provided in AS 21.36.420, if the renewal  
 22 premium is increased more than 10 percent for a reason other than an  
 23 increase in coverage or exposure base, or if after renewal there will  
 24 be a material restriction or reduction in coverage not specifically  
 25 requested by the insured, written notice shall be mailed to the  
 26 insured and to the agent or broker of record as required by  
 27 AS 21.36.260

28 (1) at least 20 days before expiration of a personal insur-  
 29 ance policy;

1 (2) at least 45 days before expiration of a business or  
2 commercial policy; or

3 (3) by the anniversary date of the year before expiration  
4 of a policy written for a term longer than one year or without a fixed  
5 expiration date.

6 (b) If notice before expiration of the policy is not given as  
7 required by (a) of this section, the existing policy shall continue  
8 until the insurer provides notice for the time period required by (a)  
9 of this section for that policy.

10 (c) This section does not apply to workers' compensation insur-  
11 ance.

12 \* Sec. 39. AS 21.36.240 is amended to read:

13 Sec. 21.36.240. FAILURE TO RENEW. An insurer may not fail to  
14 renew a personal insurance policy in force for less than 12 months.  
15 An insurer may not fail to renew a policy [IN FORCE FOR 12 MONTHS OR  
16 MORE] unless a written notice of nonrenewal is mailed [OR DELIVERED]  
17 to the named insured as required by AS 21.36.260 [, AT THE ADDRESS  
18 SHOWN IN THE POLICY,] at least 20 days for a personal insurance  
19 policy, and at least 45 days for a business or commercial insurance  
20 policy, before the expiration date of the policy [,] or of the anni-  
21 versary date of a policy written for a term longer than one year or  
22 with no fixed expiration date. If notice of nonrenewal is not given  
23 as required by this section, the existing policy shall continue until  
24 the insurer provides notice for the time period required by this  
25 section for that policy. This section does not apply

26 (1) if the insurer has in good faith manifested [IN ANY  
27 WAY] its willingness to renew;

28 (2) in case of nonpayment of premium for the expiring  
29 policy; or

1 (3) if the insured fails to pay the premium as required by  
2 the insurer for renewal.

3 \* Sec. 40. AS 21.36.250 is amended to read:

4 Sec. 21.36.250. NOTICE OF ELIGIBILITY. When a policy of automo-  
5 bile liability insurance is cancelled, other than for nonpayment of  
6 premium, or is not renewed in accordance with [FOR FAILURE TO RENEW A  
7 POLICY OF AUTOMOBILE LIABILITY INSURANCE TO WHICH] AS 21.36.240 [AP-  
8 PLIES], the insurer shall notify the named insured of possible eligi-  
9 bility for automobile insurance through the automobile assigned risk  
10 plan, or automobile insurance plan. The notification must [SHALL]  
11 accompany or be included in the notice of cancellation or nonrenewal  
12 required by AS 21.36.220 [AS 21.36.230] and 21.36.240.

13 \* Sec 41. AS 21.36 is amended by adding a new section to read:

14 Sec. 21.36.255. PREMIUM REFUND. (a) If an insurance policy is  
15 cancelled, rejected, or rescinded by the

16 (1) insurer, the insurer shall refund the unearned premium  
17 paid to the insured or premium finance company; or <sup>as specified in</sup> 21.36.220

18 (2) insured, the insurer shall return any unearned premium  
19 paid to the insured or premium finance company, less a cancellation  
20 fee not to exceed five percent of the unearned premium or \$1,000,  
21 whichever is less; a cancellation fee may not be charged unless the  
22 fee is clearly stated in the policy.

23 (b) Notwithstanding (a) of this section, if the insurer clearly  
24 indicates one or more of the following features in the policy, an  
25 insurer may issue a policy

26 (1) whose premium is earned at a varying rate due to sea-  
27 sonality of exposure;

28 (2) that contains a minimum earned premium; or

29 (3) with a fluctuating premium base.

1 \* Sec. 42. AS 21.36.260 is repealed and reenacted to read:

2       Sec. 21.36.260. PROOF AND METHOD OF MAILING NOTICE. If a notice  
3 is required from an insurer under this chapter, the insurer shall

4               (1) mail the notice by first class mail to the last known  
5 address of the insured; and

6               (2) obtain a certificate of mailing from the U.S. Postal  
7 Service.

8 \* Sec. 43. AS 21.36.310 is amended to read:

9       Sec. 21.36.310. DEFINITIONS. In AS 21.36.210 - 21.36.310

10               (1) "business or commercial insurance" means insurance  
11 other than personal insurance, life insurance, disability insurance,  
12 fidelity and surety insurance, title insurance, wet marine and trans-  
13 portation insurance as defined in AS 21.34.900, or an annuity con-  
14 tract;

15               (2) "nonpayment of premium" means failure of the named  
16 insured to discharge when due any obligations of the named insured in  
17 connection with the payment of premium on a policy, or any installment  
18 of the premium, whether the premium is payable directly to the insurer  
19 or its agent or indirectly under any premium finance plan or extension  
20 of credit;

21               (3) "personal automobile insurance" means insurance not  
22 related to business or commercial activities, covering [(2) "POLICY"  
23 MEANS AN INSURANCE POLICY COVERING THE RISKS AND EXPOSURES LISTED IN  
24 AS 21.36.210(e) OR AN AUTOMOBILE POLICY THAT INCLUDES] automobile  
25 liability, uninsured or underinsured motorists [COVERAGE, UNINSURED  
26 MOTORIST COVERAGE], automobile medical payments [COVERAGE], or automo-  
27 bile physical damage [COVERAGE], that is delivered or issued for  
28 delivery in this state [INSURING AS THE NAMED INSURED, ONE INDIVIDUAL  
29 OR HUSBAND AND WIFE RESIDENT OF THE SAME HOUSEHOLD], and under which

1 the insured vehicles are of the following types only:

2 (A) a motor vehicle of the private passenger or sta-  
3 tion wagon type that is not used as a public or livery convey-  
4 ance, nor rented to others; or

5 (B) any other four-wheel motor vehicle with a load  
6 capacity of 1,500 pounds or less that is not used in the occupa-  
7 tion, profession, or business of the insured, nor used as a  
8 public or livery conveyance, nor rented to others;

9 (4) "personal insurance"

10 (A) means personal automobile insurance, or insurance  
11 covering

12 (i) loss of or damage to real property that is  
13 used predominantly for residential purposes and that does  
14 not consist of more than four dwelling units;

15 (ii) loss of or damage to personal property,  
16 including personal effects, household furniture, fixtures  
17 and equipment located in not more than four dwelling units;  
18 or

19 (iii) legal liability of natural persons for loss  
20 of, damage to, or injury to persons or property if the in-  
21 surance does not cover liability arising from or in con-  
22 nection with business or commercial activities;

23 (B) does not include an annuity contract or a policy  
24 of life insurance, disability insurance, or title insurance;

25 (5) [(3)] "renewal" or "renew" means

26 (A) the issuance and delivery [BY AN INSURER] of an  
27 insurance [A] policy [REPLACING] at the end of the policy period,  
28 that replaces a policy previously issued and delivered by the  
29 same insurer; [,]

1 (B) the issuance and delivery of a certificate or  
2 notice extending the term of a policy beyond its policy period or  
3 term; [ ] or

4 (C) the extension of the term of a policy beyond its  
5 policy period or term under a provision for extending the policy  
6 by payment of a continuation premium.

7 \* Sec. 44. AS 21.84.430(c) is amended to read:

8 (c) The director may refuse to issue or may suspend or revoke  
9 [RENEW] an insurance agent's license if, in the judgment of the direc-  
10 tor, the proposed licensee is not trustworthy and competent to act as  
11 agent, or has given cause for revocation or suspension of the license,  
12 or has failed to comply with a prerequisite for the issuance [OR  
13 RENEWAL, AS THE CASE MAY BE,] of the license.

14 \* Sec. 45. AS 21.88.050 is amended to read:

15 Sec. 21.88.050. POWERS AND DUTIES OF THE CORPORATION. (a) The  
16 corporation shall

17 (1) in the form approved by the director, issue to all  
18 physicians, nurses, and hospitals who are found to be acceptable risks  
19 under standards developed under (5) of this subsection, and who pay  
20 the premiums for it, a contract or contracts indemnifying physicians,  
21 nurses, and hospitals and their employees who are health care provid-  
22 ers against loss by reason of liability for covered claims for an act  
23 or omission in the delivery of professional health care in this state,  
24 and agreeing to tender on behalf of the physicians, nurses, and hos-  
25 pitals and their employees who are health care providers a defense to  
26 a covered claim in a proceeding brought under AS 09.55.530 - 09.55.-  
27 560; the limits of liability for policies issued by the corporation  
28 shall be approved by the director; the contract shall cover the de-  
29 fense against but need not indemnify liability for punitive damages

1 arising from a covered claim; at the option of the corporation, if  
 2 approved by the director, and for an additional premium the contract  
 3 may cover claims against the physician, nurse, or hospital that arise  
 4 out of professional services performed by the physician, nurse, or  
 5 hospital for any period before the contract is issued, except that  
 6 coverage will not be provided for a claim already filed or that [OF  
 7 WHICH] the physician, nurse, or hospital had or reasonably should have  
 8 had notice at the time the retroactive insurance was purchased;

9 (2) charge a premium for the protection provided by the  
 10 contracts issued by the corporation which shall be determined by the  
 11 board of governors in accordance with AS 21.88.080 and subject to the  
 12 approval of the director;

13 (3) comply with or be subject to AS 21.06.090, 21.06.120,  
 14 21.06.140, 21.06.160, 21.06.250, AS 21.09.180 - 21.09.200, 21.09.250,  
 15 21.09.280, AS 21.12.020(b)-(e), AS 21.18, AS 21.21, AS 21.24 and  
 16 AS 21.36; and shall be exempt from participation as a member insurer  
 17 in the Alaska Insurance Guaranty Corporation;

18 (4) carry out the obligations of the contracts issued by  
 19 the corporation by defending all covered claims made against insured  
 20 health care providers and by paying all liabilities that [WHICH] are  
 21 finally adjudicated against the insured health care provider or that  
 22 [WHICH] may in the opinion of the corporation reasonably be expected  
 23 to be finally adjudicated against the health care provider to the  
 24 extent of the contract obligation;

25 (5) establish standards for the acceptability of risks; in  
 26 establishing these standards the corporation may exclude an applicant  
 27 for insurance based on individual risk selection factors, but may not  
 28 exclude an applicant based only on the classification of the appli-  
 29 cant.

1 (b) The corporation may

2 (1) employ or retain persons, individual or corporate, to  
3 discharge its obligations and pay reasonable compensation for these  
4 services; employees of the corporation are not considered state em-  
5 ployees;

6 (2) negotiate for and procure reinsurance from private  
7 casualty insurers or reinsurers for any and all liability incurred by  
8 contracts issued by it;

9 (3) provide coverage to insureds for other hazards custom-  
10 arily included in medical malpractice insurance policies when there is  
11 a finding by the director that this coverage is not available to  
12 insureds of the Medical Indemnity Corporation of Alaska in the private  
13 insurance market at a competitive price;

14 (4) borrow or advance funds necessary to carry out the  
15 purposes of the corporation;

16 (5) negotiate and become a party to those contracts as are  
17 necessary to carry out the purposes of the corporation;

18 (6) sue or be sued in the name of the corporation;

19 (7) provide risk management advice and services to hospi-  
20 tals;

21 (8) negotiate and become a party to contracts for manage-  
22 ment services for the corporation;

23 (9) perform all other acts necessary and proper to carry  
24 out the duties of the corporation;

25 (10) in a form approved by the director and for an addition-  
26 al premium determined under AS 21.88.080, issue endorsements which  
27 provide indemnity for claims not yet reported which arise out of  
28 professional services rendered during a period of continuous coverage  
29 under the originally issued contract, to physicians, nurses, and