



LAWS OF ALASKA

1970

Source

HCSSB 311

Chapter No.

28

AN ACT

Relating to the cancellation and renewal of certain automobile insurance policies.

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

* Section 1. AS 21.36 is amended by adding new sections to read:

Sec. 21.36.210. LIMITS ON CANCELLATION. (a) No insurer may exercise its right to cancel an automobile insurance policy except for the following reasons:

(1) nonpayment of premium; or

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

(b) During the policy period, no modification of automobile physical damage coverage (except coverage for loss caused by collision) whereby provision is made for the application of a deductible amount not exceeding \$100 is a cancellation of the coverage or of the policy.

(c) Renewal of a policy does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of the renewal.

(d) This section does not apply to the failure to renew a policy, except as to coverage in force for less than 12 months.

Sec. 21.36.220. NOTICE OF CANCELLATION. No insurer may exercise its right to cancel a policy unless a written notice of cancellation is mailed or delivered to the named insured, at the address shown in the policy, at least 20 days before the effective date of cancellation, except that when cancellation is for nonpayment of premium the notice shall be mailed or delivered to the named insured at the address shown in the policy at least 10 days before the effective date of cancellation and shall include or be accompanied by a statement of the reason for the cancellation. This section does not apply to the failure to renew a policy, except as to coverage in force for less than 12 months.

Sec. 21.36.230. STATEMENT OF REASONS. A notice of cancellation issued under sec. 210(a)(2) of this chapter shall either state the reasons for the cancellation, or contain a statement that upon the written request of the named insured, mailed or delivered to the insurer at least 10 days before the effective date of cancellation, the insurer will specify in writing the reason for the cancellation. If the reason for cancellation is not included in the notice of cancellation, the insurer shall upon written request of the named insured specify in writing the reason for cancellation. The insurer shall mail or deliver this explanation to the named insured within 10 days after receipt of a written request. Failure to specify the reason following a request constitutes a violation of this title, but does not invalidate the cancellation.

Sec. 21.36.240. FAILURE TO RENEW. No insurer may fail to renew a policy in force for less than 12 months. No insurer may fail to renew a policy in force for 12 months or more unless a written notice of nonrenewal is mailed or delivered to the named insured, at the address shown in the policy, at least 20 days before the expiration date of the policy, or of the anniversary date of a policy written for a term longer than one year or with no fixed expiration date. This section does not apply

(1) if the insurer has in good faith manifested in any way its willingness to renew;

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

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

Sec. 21.36.250. NOTICE OF ELIGIBILITY. When a policy of automobile liability insurance is cancelled, other than for nonpayment of premium, or for failure to renew a policy of automobile liability insurance to which sec. 240 of this chapter applies, the insurer shall notify the named insured of his possible eligibility for automobile insurance through the automobile assigned risk plan, or automobile insurance plan. The notification shall accompany or be included in the notice of cancellation or nonrenewal required by secs. 230 and 240 of this chapter.

Sec. 21.36.260. PROOF OF MAILING. Proof of mailing of notice of cancellation, or of nonrenewal or of reasons for cancellation, to the named insured at the address

shown in the policy, is sufficient proof of notice.

Sec. 21.36.270. EFFECT OF FAILURE TO COMPLY. Notwithstanding the failure of an insurer to comply with secs. 210 - 310 of this chapter, termination of coverage under the policy either by cancellation or nonrenewal is effective on the effective date of any other policy providing similar coverage on the same motor vehicle or a replacement of it.

Sec. 21.36.280. IMMUNITY OF INSURER, DIRECTOR AND INFORMER. There is no liability on the part of, and no cause of action of any nature may arise against, the director of insurance or against an insurer, its authorized representatives, agents, or employees, or a person furnishing to the insurer information as to reasons for cancellation, for any statement made by any of them in a written notice of cancellation, or in any other communication, oral or written, specifying the reasons for cancellation, or the providing of information pertaining to a cancellation or for statements made or evidence submitted at a hearing conducted in connection with a cancellation. However, this immunity from liability does not apply when the information furnished or statement made is untrue and the person furnishing the information or making the statement knew of the lack of truth or was grossly negligent in ascertaining the truth.

Sec. 21.36.290. POLICY PERIOD. A policy with a policy period or term of less than 12 months shall, for the purposes of secs. 210 - 310 of this chapter be considered to be written for a policy period or term of 12 months except in case of cancellation under any of the circumstances specified in sec. 210 of this chapter, and a policy written for a term longer than one year or a policy with no fixed expiration date shall be considered to be written for successive policy periods or terms of one year and termination by an insurer effective on an anniversary date of the policy shall be considered a failure to renew.

Sec. 21.36.300. APPLICABILITY OF SECS. 210 - 310 OF THIS CHAPTER. Secs. 210 - 310 of this chapter do not apply to any

- (1) policy which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy;
- (2) policy issued under an automobile assigned risk plan or automobile insurance plan;
- (3) policy insuring more than four motor vehicles;
- (4) policy covering the operation of a garage, automobile sales agency, repair shop, service station or public parking place;
- (5) policy providing insurance only on an excess basis; or
- (6) other contract providing insurance to the

named insured even though the contract may incidentally provide insurance with respect to motor vehicles.

Sec. 21.36.310. DEFINITIONS. In secs. 210 - 310 of this chapter

(1) "policy" means an automobile policy which includes automobile liability coverage, uninsured motorist coverage, automobile medical payments coverage, or automobile physical damage coverage, delivered or issued for delivery in this state, insuring as the named insured, one individual or husband and wife resident of the same household, and under which the insured vehicles are of the following types only:

(A) a motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance, nor rented to others; or

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

(2) "renewal" or "to renew" means

(A) the issuance and delivery by an insurer of a policy replacing at the end of the policy period a policy previously issued and delivered by the same insurer,

(B) the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term, or

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

(3) "nonpayment of premium" means failure of the named insured to discharge when due any of his obligations in connection with the payment of premium on a policy, or any installment of the premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.