

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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### BULLETIN 97-07

#### **TO: ALL INSURANCE COMPANIES AND INSURANCE PRODUCERS WRITING MOTOR VEHICLE INSURANCE IN ALASKA**

Effective July 1, 1997, a new subsection was added to Alaska Statute (AS) 28.20.440, which states:

Notwithstanding any other provisions of law, a person who resides in the same household as the person named as insured or a person who is a relative of the person named as insured shall be excluded from coverage under a motor vehicle liability policy if the person named as insured requests that that person be excluded from coverage. [emphasis added]

This provision requires an insurer to exclude a driver who resides in the household or is a relative of the named insured from an auto policy when requested to do so by the named insured.

The division is concerned that a policyholder may be unaware of the potential risks when the policyholder requests the exclusion of a relative or resident of the household from the policyholder's auto policy. For example, in order to reduce the cost of the policy, a family may decide to exclude from their auto policy a young driver who is away at college and does not regularly drive the family car. As an excluded named driver, the student would not be covered by the parents' policy if he or she drove the family car while home on vacation or any other car at any time. This would be true for any excluded driver, not just a college student. If an excluded driver drives any vehicle, that driver risks being an uninsured motorist. An excluded driver also may lose protection under the named insured's policy for coverages such as medical payments, uninsured motorist, and underinsured motorist. The division is concerned that a policyholder will not have enough information to make an informed decision to exclude a driver and will discover too late that the driver and/or policyholder has incurred an uninsured financial liability arising out of the excluded driver's involvement in a motor vehicle accident.

The division encourages all insurers to develop a disclosure form for the named insured to sign if the named insured requests that a relative or resident of the household be excluded from a policy. The disclosure form should explain the meaning of a named driver exclusion and the risk to the policyholder and the excluded person if the excluded person drives any car. Similarly, insurance producers should document in their records that they discussed with the policyholder the meaning of a named driver exclusion and the risk to the policyholder and the excluded person if the excluded person drives any car.

A named driver exclusion should be signed by the named insured each policy period, and a policy with a named driver exclusion should carry a warning that the policy may be inadequate to satisfy the obligations of a motor vehicle owner or operator under the Alaska Motor Vehicle Safety Responsibility Act or the Alaska Mandatory Insurance Law.

If you have any questions about the new law or this bulletin, please contact Barbara Thurston, Alaska Division of Insurance, P.O. Box 110805, Juneau, AK 99803, (907) 4652573, or [Barbara\\_Thurston@commerce.state.ak.us](mailto:Barbara_Thurston@commerce.state.ak.us) via electronic mail.

Dated this 22nd day of July, 1997.

A handwritten signature in black ink, reading "Marianne K. Burke". The signature is written in a cursive style with a large, stylized initial "M".

Marianne K. Burke  
Director of Insurance