

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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BULLETIN 89-4

TO: All Insurers and Licensed Alaska
Agents and Brokers

SUBJECT: Mandatory Motor Vehicle Liability Insurance

In 1985, the Alaska Legislature adopted a mandatory motor vehicle liability insurance law. That legislation contained a sunset provision which repealed the mandatory features of the law on January 1, 1989.

With the enactment of Chapter 108, SLA 1989, SCS CSHB 44 (FIN) am S, this law has been reinstated. It is effective June 14, 1989. An owner or operator of a motor vehicle must have liability insurance when the motor vehicle is driven or moved on a highway, vehicular way, or a public parking place. Penalties are provided for noncompliance with the law. Insurers and producers are urged to review the new law to assure an understanding of its content. This bulletin is not intended to present a comprehensive explanation of the new law.

The new law differs from the previous mandatory motor vehicle liability insurance law. Some of the changes are as follows:

- o an emergency service volunteer who operates, during the course of and within the scope of responding to an emergency, a motor vehicle not owned by the volunteer is not considered an operator;
- o suspension of a motor vehicle license is not mandatory for failure to comply if a person: (1) is involved in an accident that results in damage only to the person's own property in an amount less than \$1,000.00; (2) no later than 15 days after the accident the person provides proof of insurance that complies with AS 28.20.400; and (3) the person establishes a preponderance of evidence showing failure to have automobile liability insurance in effect as required by this chapter was due to circumstances beyond the control of the person; and

- o an insured must certify that liability insurance is in place at the time of annual registration of the vehicle insured. "Certify" means to indicate by check-off on the vehicle registration form prescribed by the Department of Public Safety, Division of Motor Vehicles, the existence of a policy of insurance if the policy is required at the time, and the intention to continue the policy or obtain a policy as required.

In addition to the mandatory motor vehicle liability insurance law, this legislation adds a number of new features effective on January 1, 1990. The following are required:

- o that an insurance policy that provides coverage only against property damage to a motor vehicle and not liability coverage under AS 28.22.011(d) contain the following statement in bold type face "This policy provides insurance only against damage to this vehicle. This policy does not insure against bodily injury, death, or property damage liability and does not satisfy the mandatory motor vehicle liability requirement under AS 28.22.011.";
- o that an automobile liability insurance policy must provide that all expenses and fees, not including counsel fees or adjuster fees, incurred because of arbitration or mediation shall be paid by whom as determined by the arbitrator;
- o that an automobile liability insurance policy must provide liability coverage in the amount set out in AS 28.22.101(d) for motor vehicles rented in the United States or Canada by a person under the policy;
- o that an automobile liability insurance policy must provide physical damage coverage for motor vehicles rented in the United States or Canada, if the policy provides for physical damage coverage. If the insured declines physical damage coverage, the insurer shall offer physical damage coverage for rented vehicles; and
- o that an insurance company offering automobile liability insurance shall offer a short-term policy valid for not more than seven days. The coverage for the short-term policy must be comparable to coverage available for longer terms.

Done this 5th day of JULY, 1989.



Paul Roller, Director

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