Alaska Consumer Guide to AUTO INSURANCE



State of Alaska Department of Commerce, Community, and Economic Development

DIVISION OF INSURANCE

About the Alaska Division of Insurance

The Alaska Division of Insurance is a state agency headed by the Director of Insurance. The most important function of the division is consumer protection, which includes oversight of the financial conditions of insurance companies. As insurance needs have grown, the need to assist Alaska consumers has also grown.

There are two offices; one is located on the 9th floor of the State Office Building in Juneau, and the other office is located on the 15th floor of the Atwood Building in Anchorage.

Contact Us

Consumer Services Office 907-269-7900 or 800-467-8725

Juneau

9th Floor State Office Bldg. 333 Willoughby Ave. Juneau, AK 99811-0805 Main Phone (907) 465-2515 • Fax (907) 465-3422 TDD (907) 465-5437 **Juneau Mailing Address** P.O. Box 110805 Juneau, Alaska 99811-0805

Anchorage

Robert B. Atwood Building 550 W. 7th Ave., Suite 1560 Anchorage, AK 99501-3597 Main Phone (907) 269-7900 • Fax (907) 269-7910 TDD (907) 465-5437

Visit our Website

http://commerce.alaska.gov/dnn/ins/Home.aspx

Shopping Guides for Health, Life, Personal Auto, Annuities, Umbrella and Long-Term Care are available as well as general information on how insurance is sold.

- Review our annual reports regarding specific companies.
- Obtain contact and certificate of authority information regarding certain companies
- Review law and statute, breaking insurance news, and locate other helpful links and resources.

Table of Contents

Alaska Requirements	4
Proof of Insurance	4
Optional Coverages	
Factors that Insurance Companies Consider	
Common Discounts	10
Insuring Other Types of Vehicles	11
What To Do If You Can't Get Coverage	11
Claims	12
Premiums Comparison Guide	12
Other Publications	13

Alaska Requirements

The owner or operator of a vehicle registered for use on the road must carry at least the legally required minimum amount of liability insurance. Liability coverage, the only coverage you are required to carry under Alaska law, provides you with protection from claims by others for damages that might arise out of an accident for which you are found to be legally responsible. This coverage is divided into Bodily Injury Liability and Property Damage Liability.



Your policy must include minimum liability coverage of:

Bodily Injury Liability \$50,000 per person / \$100,000 per accident **Property Damage Injury** \$25,000 per accident

Proof of Insurance

Alaska Statute 28.22.019 requires that you must have a copy of your policy, certificate of self-insurance, or insurance identification card in your immediate possession when you are driving a motor vehicle.

Additionally, if you are involved in an accident that results in bodily injury, death, or property damage exceeding \$501, you will be required to show proof of insurance.

Failure to have insurance can result in the suspension of your driver's license. Before your license can be reinstated, proof of financial responsibility must be supplied and reinstatement fees paid. An SR 22 filing, which provides proof of financial responsibility, may be obtained from your insurance company and must be filed with the Division of Motor Vehicles for three years following an accident in which the driver was uninsured.

Optional Coverages

Uninsured/Underinsured Motorists Coverage

If you are in an accident and the other party is found to be responsible, but does not have insurance or does not have enough insurance to meet your expenses, this coverage is designed to take care of your injuries and damage to your property. This coverage also applies to hit-and-run situations or when your vehicle is hit while parked and you are unable to determine the identity of the other party.

When you complete an application for auto liability insurance, you must be presented with a written offer for this coverage. Insurers must offer you a variety of coverage choices, including limits equal to the Liability coverage which you selected. You must be offered Bodily Injury and Property Damage as separate coverages. You have the option of selecting both Bodily Injury and Property Damage at any of the available limits, rejecting both Bodily Injury and Property Damage, or selecting one coverage and rejecting the other. If your selection or rejection is not verified by your signature, Alaska law requires that the company issue your policy with coverage at limits matching your Liability coverage.

If you reject this coverage, the company is not required to make another offer at renewal, but you may request that the coverage be added at any time.

Collision

Collision coverage provides an option for taking care of damage to your vehicle. It pays for the replacement of your vehicle or the repair of physical damage to your vehicle caused by colliding with an object or by overturning. If the cost of repairs exceeds the vehicle's current value, it may be declared a total loss by your insurance company and you may be paid for its actual cash value.

Because collision and comprehensive coverage often work hand-in-hand, your company may require that you carry comprehensive coverage when you carry collision coverage. Your lienholder may also require that you purchase collision coverage.

A deductible, the portion of the loss that you have agreed to pay, may apply to this coverage. In the event of a loss, the insurance company will pay for any covered loss less the deductible amount. If you have a \$500 deductible and suffer a \$1,500 covered loss, the company will pay \$1,000 and you will be responsible for the remaining \$500. Although selecting a higher deductible will lower your premium, you should be realistic about the amount you can afford to pay in the event of a loss.

Comprehensive

Comprehensive coverage, sometimes called "other than collision" coverage, is an optional coverage that pays for repairing other types of physical damage to your vehicle. If your vehicle is financed, the lienholder may require this coverage. Damage from fire, wind or hail, vandalism, theft, and broken glass are examples of how this coverage may be used. Running into a bear or moose, or any collision with

a bird or animal, is included in this coverage. You may carry comprehensive coverage with or without collision.

Comprehensive Cont'd

A deductible may apply to this coverage. In the event of a loss, the insurance company will pay for any covered loss less any applicable deductible. If you have a \$500 deductible and suffer a \$1,500 covered

Optional Coverages

loss, the company will pay \$1,000 and you will be responsible for the remaining \$500.

Medical Payments

Medical Payments is an optional coverage that pays hospital, medical, and funeral expenses for you or others who are injured or killed while in your vehicle. Coverage also applies to you, your family members, or others insured on your policy when they are in another vehicle or when



they are injured by a vehicle as a pedestrian. Unlike Bodily Injury Liability coverage, payment under this coverage can be made without a determination of negligence.

You may want to consider carrying this coverage even if you have health insurance that covers you and your family. Medical treatment for your friends, car pool partners, or your child's soccer team that you take to practice could all be immediately covered without waiting for fault to be assigned at the end of a lengthy claims process or lawsuit. Check with your health insurance company to learn how it might share payment or coordinate benefits with this coverage.

Rental Reimbursement Coverage

Rental Reimbursement coverage (sometimes called "loss of use") repays you for the cost of a rental car only when your vehicle is disabled after a covered loss. Reimbursement may be limited to a specific amount per day and for a limited number of days. Because you may be presented with a number of options for the daily reimbursement rate when you are shopping for insurance, you will want to be aware of rental costs in your community so that you will be sure that you are purchasing adequate coverage.

Towing and Labor Coverage

Towing and Labor Coverage, sometimes called Roadside Assistance or Emergency Services, reimburses you or pays for towing your vehicle to a repair shop. One way that towing costs are often covered is by providing up to a specific amount per use, but there may not be a limit indicated on the number of times this coverage may be used.

This coverage may also provide payment or reimbursement for other types of assistance provided by a mobile service unit. Examples of the types of services that may be covered are a locksmith, delivery of a part such as a fan belt, the cost to change a tire or jump start your vehicle. Check with your agent or insurance company for a description of what services are covered and the limits of coverage.

Optional Coverages

Electronic, Audio, and Visual Equipment Coverage

If you have added audio, visual, or other electronic equipment to your vehicle, you may want to check with your agent or insurance company to see if you need this additional coverage. Most policies may only cover the theft of electronic equipment that was installed in your vehicle by the factory or that is permanently installed in the dashboard.

Theft of CDs or other media may be included in this coverage or added as a separate coverage. Most policies place a limit, such as \$100, \$250, or \$500, on recovery under this coverage.

Miscellaneous Coverage

These may include loan/lease gap coverage (pays the difference between the value of the damaged auto and any outstanding loan or lease balance, if greater), death/disability benefits, pet coverage, loss of earnings benefits, personal property coverage, customized equipment coverage, and more.

Factors Insurance Companies Consider

Names of All Owners and Operators of the Vehicle(s) in Your Household

Some companies will also need the name of all members of your household who are old enough to drive. The price of your policy may be based on information on all licensed drivers as well as all potential drivers.

Alaska Statute 28.20.440(l) allows you the option of excluding a driver in your household from coverage. Your insurance company may request that you do this if a driver on your policy has proven to be a greater risk than the other covered drivers. You may have a young driver away at school without a vehicle and may exclude them from coverage in an effort to lower the cost of your policy. Before excluding a driver from your policy, you may want to determine if there are less restrictive ways of removing someone from your policy.

Physical address

Rates vary based on where you drive. A resident of a small, remote community may be less likely to be involved in an accident than a resident of a large, urban community where there are many more miles of road and many more vehicles on the road.

Age, Sex, and Marital Status

Insurance rates are based on statistics that each company has compiled. For example, if statistics indicate that single men under the age of 25 have been found at fault in more accidents, the company will charge a higher rate for customers who fall in that category because, as a group, they will increase the need for funds to cover the expense of claims.

Driving History and License Status

The company will need to know how long each person has been driving, any involvement in accidents, any moving violations, any suspensions and/or revocations of license, and if there is a need for a

Factors Insurance Companies Consider

Financial Responsibility Filing (SR22). Although the company will request a copy of your driving record if you apply for a policy, disclosing as much information as possible will make it more likely that your estimated price will match your actual price.

Year, Make, and Model of Vehicle

Rates for vehicles are also based on statistics compiled by the insurance industry. These statistics include information such as the frequency of theft and accident claims, the cost to repair a vehicle, the size and type of vehicle, and their safety performance and history. If you have the serial number or vehicle identification number (VIN) for your vehicle, the quote you receive will be more accurate than one based solely on year, make, and model. The VIN can indicate features such as the engine size, presence of anti-lock brakes, and whether your vehicle has four-wheel drive.

Vehicle Usage

Rates may vary based on whether your vehicle is used only for pleasure, used to drive back and forth to work, or used in the course of your business. Each type of usage is defined in the policy and the terms used to describe usage may vary from company to company. Usage may also include the number of miles of your daily commute or an estimate of your annual mileage. Because terminology differs between companies, it is better to describe the use of your vehicle and allow the person providing your quote to decide which term best fits your description.

Prior Insurance

If you currently have an automobile insurance policy or have had a policy in the past, you will need to provide the name of the company, the dates you were insured, and the liability coverage limits you carried. Some companies may offer you a better price if you have carried liability limits higher than the minimum required limits. If you have not owned a vehicle, were not legally required to carry insurance, and have not violated the Alaska Mandatory Insurance Act, lack of prior insurance coverage may not be considered as a factor in rating your policy (Division of Insurance Order R93-5).

Stability

You may be asked for information related to the length of your employment in your current job or occupation and whether you own or rent your home. While insurance companies are looking for stability, this information may also open the door to discounts based on your status as a homeowner or as a retired person.

Credit Information

You may be asked to provide information regarding any bankruptcy, judgments, or credit problems. The insurance company may also ask your permission to obtain a credit report or will disclose to you that an insurance score will be used to complete the premium quote.

An insurance score is a number or rating that is based in whole or in part on a consumer's credit history. Alaska law allows insurers to consider credit information in the selection of applicants and setting of rates. Alaska Statute 21.36.460 sets limits on the types of credit information that may be used, what consideration it may be given, and how often it may be considered.

Factors Insurance Companies Consider

To obtain your credit history, you may be asked to supply your date of birth, social security number, and current or prior address. Details of your credit report are usually not provided to the company, but a credit score, insurance score, or rating is assigned to you based on information contained in your credit report. More information on insurance scoring and credit scoring can be found on the following websites:



http://commerce.alaska.gov/ins/insurance/consumer.html http://commerce.alaska.gov/dnn/Portals/7/pub/Consumers/Insurance-Score-Models.pdf http://commerce.alaska.gov/dnn/Portals/7/pub/Consumers/What-Alaskans-Need-to-Know-about-Credit.pdf http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm

The credit report vendor used by the insurance company may not be the same one recently used by your bank or loan company, so periodically reviewing the information on file with all three credit report vendors is a good idea. Under the Fair and Accurate Credit Transactions Act you may now obtain one free credit report per year.

You May Request One Free Credit Report Per Year 1-877-322-8228 • http://www.annualcreditreport.com

Common Discounts

Providing complete and accurate information is the best way to guarantee that your premium quote will truly reflect your unique situation and that you will be quoted a fair price. By knowing about possible discounts, you may be able to transform a fair price into a better price. Here are some of the common discounts you might want to ask about:

Good Driver

Some companies reward drivers who have been accident or violation free for a number of years.

Multiple Vehicle

Most companies offer this to customers who insure more than one vehicle with them.

Driver Education/Young Driver Safety Course

Successful completion of an accredited course may help offset the higher cost of insuring a young driver.

Good Student

High school and college students may earn a discount by maintaining a certain scholastic record, which may vary by company.

Distant Student

If your child is a student at a school over 100 miles from your home and does not have a vehicle available for use, there may be a discount available to reflect the decreased possibility of a loss.

Senior Citizen, Retired Driver

Sometimes this discount is based on having reached a certain age or it may be given upon attaining a designated age and no longer being a daily commuter. Additionally, Alaska law requires companies to give a discount to drivers over age 55 who voluntarily complete a motor vehicle accident prevention course approved by the Department of Administration.

Safety Devices/Anti-Theft Devices

If you provided the vehicle identification number, it is likely that items such as airbags, automatic seat belts, and anti-lock brakes were identified at that time. But there may be additional discounts available for alarm systems or other safety features.

Homeowners Discount, Multiple Policy Discount

You may receive a discount for owning your home, but may be required to provide proof of homeowners insurance as verification. If you have your homeowners or renters policy with the same company, you may qualify for an additional discount.

Insuring Other Types of Vehicles

Motorcycle

The minimum liability limits required by state law for motorcycle insurance are the same as for automobile insurance; however, there is no requirement that the company make an offer of higher limits for Uninsured/Underinsured Motorists Coverage.

The market for motorcycle insurance in Alaska is relatively limited. Of the companies that offer coverage, some may require that you insure another vehicle or property with their company.

Motor Home/Recreational Vehicle

Coverage for your motor home or recreational vehicle may also be available through the company that provides your automobile insurance. You may also find coverage through an association for recreational vehicle users.

What To Do If You Can't Get Coverage

Have you been unable to obtain automobile insurance?

You may be eligible for coverage under the Alaska Automobile Insurance Plan (Assigned Risk). The plan assigns applicants to private insurance companies doing business in Alaska.



Claims

Do you know what your automobile policy covers? Read the policy thoroughly so that you know what is covered, how much is covered, and what is excluded. Your policy will also contain information on how to contact the company in the event of a loss.

The following guidelines should assist you as you work with your insurance company to report and resolve a claim.

• Telephone your insurance agent or claims office as soon as possible. Ask what forms or documents will be needed to support your claim. Although many claims are now filed electronically, you may need to supply supporting documents such as medical receipts, auto repair bills and a copy of the police report.

- Promptly supply any information your insurance company needs. Cooperate in its investigation, settlement, or defense of any claim.
- Keep records of all your expenses. Emergency expenses you incurred as a result of an automobile accident may be covered under your policy.
- Keep copies of all your documents. Store copies of all your accident-related documents with your other important papers.

Problems filing or resolving a claim? Contact Consumer Services **907-269-7900** Toll Free in Alaska: **800-467-8725 or (800) INSURAK**

Premiums Comparison Guide

You can view comparisons among participating insurance companies with sample demographics online. The guide includes ten examples, including individuals, couples, and families, for your use in shopping for automobile insurance or to compare with your current premium. Each example includes premiums for several areas of the state.

> http://apps.commerce.alaska.gov/dnn/Portals/7/pub/ Consumers/autoguiderates.pdf

Other Publications

The Division of Insurance offers other publications to help Alaskans become more knowledgeable insurance consumers. Many of these publications are also available on the division's website **http://commerce.alaska.gov/dnn/ins/Home.aspx**.

2012 Homeowners Insurance Guide

Explains homeowners insurance policies and provides premium comparisons from various insurance companies.

2013 Medicare Supplement Insurance (MEDIGAP) Consumer Guide

explains basic facts about Medicare supplement insurance and compares the rates of several companies. The guide also provides tips for purchasing a Medicare supplement insurance policy.

A Shopper's Guide to Long-Term Care Insurance

discusses the cost of long-term care, types of coverage available, limits available, and questions you should consider asking before you purchase coverage.

Alaska Long-Term Care Insurance Consumer Guide

complements the "Shopper's Guide to Long-Term Care Insurance." The Division of Insurance prepared this publication to assist Alaskan consumers in making decisions regarding long-term care insurance. To get the full benefit of this guide, the reader should also have a copy of the "Shopper's Guide to Long-Term Care Insurance."

A Consumer Guide to Choosing an Insurance Company

provides information to assist consumers in selecting financially sound insurance companies.

The Workers Compensation Rating Guide

is intended to help employers understand some of the factors that affect the costs of workers compensation insurance. It also outlines procedures to follow if an employer does not agree with the workers compensation classification they receive.

State of Alaska, Division of Insurance Annual Report

provides a summary of business written by insurers, premium taxes collected, licensing statistics, consumer complaints, and disciplinary actions against insurance businesses in the state.

What Alaskans Need to Know About Credit Use

explains the responsibilities of both insurers and consumers for the use of credit information for insurance purposes in Alaska.