

HOUSE BILL NO. _____

An Act relating to motor vehicle insurance.

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

***Section 1.** AS 09.43.300 is amended to read as follows:

Sec. 09.43.300 Application.

(a) AS 09.43.300 -- 09.43.595 govern an agreement to arbitrate made on or after January 1, 2005. **AS 09.43.300 -- 09.43.595 govern compulsory arbitration pursuant to AS 29.89.020 and AS 29.89.028.**

(b) AS 09.43.300 -- 09.43.595 govern an agreement to arbitrate made before January 1, 2005, if all the parties to the agreement or to the arbitration proceeding agree in a record that AS 09.43.300 -- 09.43.595 govern the agreement.

(c) Except as provided by (d) of this section, AS 09.43.300 -- 09.43.595 do not apply to a labor-management contract unless they are incorporated into the contract or their application is provided for by contract.

(d) AS 09.43.300 -- 09.43.595 do not apply to a collective bargaining agreement subject to AS 23.40.070 -- 23.40.260, except as provided by AS 23.40.070 -- 23.40.260.

(e) A person may not waive the effective date of a provision of AS 09.43.300 -- 09.43.595, and a waiver of the effective date of a provision of AS 09.43.300 -- 09.43.595 is void

***Section 2.** AS 09.43.310 is amended as follows:

Sec. 09.43.310 Effect of agreement to arbitrate; nonwaivable provisions.

(a) Except as otherwise provided in (b) and (c) of this section, a party to an agreement to arbitrate or arbitration proceeding **or a party to a compulsory arbitration pursuant to AS 29.89.020 and AS 29.89.028**, may waive, or the parties may vary the effect of, the requirements of AS 09.43.300 -- 09.43.595 to the extent permitted by law.

(b) Before a controversy arises that is subject **to compulsory arbitration pursuant to AS 29.89.020 and AS 29.89.028 or** to an agreement to arbitrate, a party to the agreement may not (1) waive or agree to vary the effect of the requirements of AS 09.43.320, 09.43.330(a) or (b), 09.43.350, 09.43.440(a) or (b), 09.43.530, or 09.43.550;

(2) agree to unreasonably restrict the right under AS 09.43.360 to notice of the initiation of an arbitration proceeding;

(3) agree to unreasonably restrict the right under AS 09.43.390 to disclosure of any facts by a neutral arbitrator; or

(4) waive the right under AS 09.43.430 of a party **to compulsory arbitration pursuant to AS 29.89.020 and AS 29.89.028 or** to an agreement to arbitrate to be represented by an attorney at a proceeding or hearing under AS 09.43.300 -- 09.43.595, but an employer and a labor organization may waive the right to representation by an attorney in a labor arbitration.

(c) A party **to compulsory arbitration pursuant to AS 29.89.020 and AS 29.89.028 or** to an agreement to arbitrate or arbitration proceeding may not waive, or the parties may not vary the effect of, the requirements of this section, AS 09.43.300(a), (c), or (d), 09.43.340, 09.43.410, 09.43.450, 09.43.470(d) or (e), 09.43.490, 09.43.500, 09.43.510, 09.43.520, 09.43.560, or 09.43.570.

***Section 3.** AS 09.43.340 is amended to read:

Sec. 09.43.340 Application to compel arbitration; stay of related proceedings.

(a) On application of a person showing an agreement to arbitrate, **or on application of a party showing that a notice and demand have been served pursuant to AS 21.89.020 and AS 21.89.028,** and alleging another person's refusal to arbitrate under the agreement,

(1) if the refusing party does not appear or does not oppose the application, the court shall order the parties to arbitrate; and

(2) if the refusing party opposes the application, the court shall proceed summarily to decide the issue and order the parties to arbitrate unless it finds that there is no enforceable agreement to arbitrate, **or unless, in the case of mandatory arbitration, the court finds that a notice and demand have not been served pursuant to AS 21.89.020 and AS 21.89.028. The existence of an agreement to arbitrate is not necessary for an arbitration made pursuant to AS 21.89.020 and AS 21.89.028, and accordingly the Court shall not decide that issue but rather, upon a showing that a proper notice and demand have been served pursuant to AS 21.89.020 and AS 21.89.028, shall immediately enter an order compelling arbitration.**

(b) **Except with respect to mandatory arbitration pursuant to AS 21.89.020 and AS 29.89.028, on** [ON] application of a person alleging that an arbitration proceeding has been initiated or threatened but that there is not an agreement to arbitrate, the court shall proceed summarily to decide the issue. If the court finds that there is an enforceable agreement to arbitrate, the court shall order the parties to arbitrate.

(c) **Except with respect to mandatory arbitration pursuant to AS 21.89.020 and AS 29.89.028, if** [IF] the court finds that there is not an enforceable agreement, the court may not, under (a) or (b) of this section, order the parties to arbitrate.

(d) The court may not refuse to order arbitration because the claim subject to arbitration lacks merit or because grounds for the claim have not been established.

(e) If a proceeding involving a claim referable to arbitration under an alleged agreement to arbitrate is pending in court, an application under this section shall be made in that court. Otherwise, an application under this section may be made in any court as provided in AS 09.43.540.

(f) If a party makes an application to the court to order arbitration, the court shall, on just terms, stay a judicial proceeding that involves a claim alleged to be subject to the arbitration until the court renders a final decision under this section.

(g) If the court orders arbitration, the court shall, on just terms, stay a judicial proceeding that involves a claim subject to the arbitration. If a claim subject to the arbitration is severable, the court may limit the stay to that claim.

***Section 4.** AS 9.43.360 is amended as follows:

Sec. 09.43.360 Initiation of arbitration.

(a) **With respect to arbitrations conducted pursuant to an agreement to arbitrate,** [A] person initiates an arbitration proceeding by giving notice in a record to the other parties to the agreement to arbitrate in the agreed manner between the parties or, in the absence of agreement, by certified or registered mail, return receipt requested and obtained, or by service as authorized for the commencement of a civil action. The notice must describe the nature of the controversy and the remedy sought.

(b) With respect to arbitrations conducted pursuant to AS 29.89.020 and AS 29.89.028, an arbitration is initiated by giving notice and a demand in accordance with the requirements of AS 29.89.020 and AS 29.89.028.

[(b)] **(c)** Unless a person objects for lack or insufficiency of notice under AS 09.43.420(c) not later than the beginning of the arbitration hearing, the person, by appearing at the hearing, waives any objection to lack or insufficiency of notice.

***Section 5.** AS 09.43.370 is amended to read:

Sec. 09.43.370 Consolidation of separate arbitration proceedings.

(a) Except as otherwise provided in (c) of this section, upon application of a party to an agreement to arbitrate or arbitration proceeding, **or on application of a party to arbitration proceedings pursuant to AS 29.89.020 and AS 29.89.028,** the court may order consolidation of separate arbitration proceedings as to all or some of the claims if

(1) there are separate agreements to arbitrate or separate arbitration proceedings between the same persons or one of them is a party to a separate agreement to arbitrate or a separate arbitration proceeding with a third person;

(2) the claims subject to the agreements to arbitrate arise in substantial part from the same transaction or series of related transactions;

(3) the existence of a common issue of law or fact creates the possibility of conflicting decisions in the separate arbitration proceedings; and

(4) prejudice resulting from a failure to consolidate is not outweighed by the risk of undue delay or prejudice to the rights of or hardship to parties opposing consolidation.

(b) The court may order consolidation of separate arbitration proceedings as to some claims and allow other claims to be resolved in separate arbitration proceedings.

(c) The court may not order consolidation of the claims of a party to an agreement to arbitrate if the agreement prohibits consolidation.

***Section 6.** AS 09.43.380 is amended to read as follows:

Sec. 09.43.380 Appointment of arbitrator; service as a neutral arbitrator.

(a) **With respect to arbitrations initiated pursuant to an arbitration agreement:** If the parties to an agreement to arbitrate agree on a method for appointing an arbitrator, that method shall be followed, unless the method fails. If the parties have not agreed on a method, the agreed method fails, or an arbitrator appointed fails or is unable to act and a successor has not been appointed, the court, on application of a party to the arbitration proceeding, shall appoint the arbitrator. An arbitrator appointed by the court has all the powers of an arbitrator designated in the agreement to arbitrate or appointed under the agreed method.

(b) With respect to arbitrations conducted pursuant to AS 29.89.020 and AS 29.89.028, each arbitration shall require three arbitrators. Each party may select one arbitrator and must agree on a third neutral arbitrator. In the event that the parties are not able to agree on a third arbitrator, on application the court shall appoint the third arbitrator.

(c) [(b)] An individual who has a known, direct, and material interest in the outcome of the arbitration proceeding or a known, existing, and substantial relationship with a party may not serve as an arbitrator required by an agreement to be neutral.

***Section 7.** AS 09.43.390 is amended to read as follows:

Sec. 09.43.390 Disclosure by arbitrator.

(a) Before accepting appointment, an individual who is requested to serve as [an] **a neutral** arbitrator shall, after making a reasonable inquiry, disclose to all parties to the agreement to arbitrate and arbitration proceeding **and to all parties to arbitration proceedings pursuant to AS 29.89.020 and AS 29.89.028** and to other arbitrators any known facts that a reasonable person would consider likely to affect the impartiality of the arbitrator in the arbitration proceeding, including

(1) a financial or personal interest in the outcome of the arbitration proceeding; and

(2) an existing or past relationship with a party to the agreement to arbitrate or arbitration proceeding, **a party to mandatory arbitration pursuant to AS 29.89.020 and AS 29.89.028**, counsel for or representatives of the parties, a witness, or another arbitrator.

(b) [An] **A neutral** arbitrator has a continuing obligation to disclose to all parties to the agreement to arbitrate and arbitration proceeding, **all parties to mandatory arbitration pursuant to AS 29.89.020 and AS 29.89.028** and to other arbitrators any facts that the arbitrator learns after accepting appointment that a reasonable person would consider likely to affect the impartiality of the arbitrator.

(c) If an arbitrator discloses a fact required by (a) or (b) of this section to be disclosed and a party timely objects to the appointment or continued service of the arbitrator based on the fact disclosed, the objection may be a ground under AS 09.43.500(a)(2) for vacating an award made by the arbitrator.

(d) If the arbitrator did not disclose a fact as required by (a) or (b) of this section, upon timely objection by a party, the court may, under AS 09.43.500(a)(2), vacate an award.

(e) An arbitrator appointed as a neutral arbitrator who does not disclose a known, direct, and material interest in the outcome of the arbitration proceeding or a known, existing, and substantial relationship with a party is rebuttably presumed to act with evident partiality under AS 09.43.500(a)(2).

(f) If the parties to an arbitration proceeding agree to the procedures of an arbitration organization or other procedures for challenges to arbitrators before an award is made, substantial compliance with those procedures is a condition precedent to an application to vacate

an award on that ground under AS 09.43.500(a)(2).

***Section 8.** AS 09.43.420 is amended to read as follows:

(a) An arbitrator may conduct an arbitration in the manner the arbitrator considers appropriate for a fair and expeditious disposition of the proceeding. The authority conferred upon the arbitrator includes the power to hold conferences with the parties to the arbitration proceeding before the hearing and, among other matters, determine the admissibility, relevance, materiality, and weight of any evidence.

(b) An arbitrator may decide a request for summary disposition of a claim or particular issue

(1) if all interested parties agree; or

(2) on request of one party to the arbitration proceeding if that party gives notice to all other parties to the proceeding and the other parties have a reasonable opportunity to respond.

(c) If an arbitrator orders a hearing, the arbitrator shall set a time and place and give notice of the hearing not less than five days before the hearing begins. Unless a party to the arbitration proceeding makes an objection to lack or insufficiency of notice not later than the beginning of the hearing, the party's appearance at the hearing waives the objection. On request of a party to the arbitration proceeding and for good cause shown, or on the arbitrator's own initiative, the arbitrator may adjourn the hearing from time to time as necessary but may not postpone the hearing to a time later than that fixed by the agreement to arbitrate for making the award unless the parties to the arbitration proceeding consent to a later date. **On request of an insured in proceedings authorized or required by AS 29.89.020 and AS 29.89.028 the arbitrator shall adjourn the proceedings from time to time as necessary to permit the insured's injuries to become fixed and determinable.** The arbitrator may hear and decide the controversy on the evidence produced although a party who was notified of the arbitration proceeding did not appear. The court, on request, may direct the arbitrator to conduct the hearing promptly and render a timely decision.

(d) At a hearing under (c) of this section, a party to the arbitration proceeding has a right to be heard, to present evidence material to the controversy, and to cross-examine witnesses appearing at the hearing.

(e) If an arbitrator ceases acting or is unable to act during the arbitration proceeding, a replacement arbitrator shall be appointed under AS 09.43.380 to continue the proceeding and to resolve the controversy.

***Section 9.** AS 09.43.460 is amended to read as follows:

Sec. 09.43.460 Award.

(a) An arbitrator shall make a record of an award. The record must be signed or otherwise authenticated by an arbitrator who concurs with the award. The arbitrator or the arbitration organization shall give notice of the award, including a copy of the award, to each party to the arbitration proceeding.

(b) An award shall be made within the time specified by the agreement to arbitrate or, if not specified in the agreement, within the time ordered by the court. **With respect to arbitrations authorized or required by AS 21.89.020 and AS 21.89.028, an award shall be made within 90 days after the conclusion of all evidentiary hearings.** The court may extend or the parties to the arbitration proceeding may agree in a record to extend the time. The court or the parties may extend the time within or after the time specified or ordered. A party waives an objection that an award was not timely made unless the party gives notice of the objection to the arbitrator before receiving notice of the award.

***Section 10.** AS 09.43.500 is amended to read as follows:

Sec. 09.43.500 Vacating award.

(a) On application to the court by a party to an arbitration proceeding, the court shall vacate an award made in the arbitration proceeding if

(1) the award was procured by corruption, fraud, or other undue means;

(2) there was

(A) evident partiality by an arbitrator appointed as a neutral arbitrator;

(B) corruption by an arbitrator; or

(C) misconduct by an arbitrator prejudicing the rights of a party to the arbitration proceeding;

(3) an arbitrator refused to postpone the hearing on showing of sufficient cause for postponement, refused to consider evidence material to the controversy, or otherwise conducted the hearing contrary to AS 09.43.420, so as to prejudice substantially the rights of a party to the arbitration proceeding;

(4) an arbitrator exceeded the arbitrator's powers;

(5) **except with respect to arbitrations conducted pursuant to AS 21.89.020 and AS 21.89.028,** there was not an agreement to arbitrate, unless the person participated in the arbitration proceeding without raising the objection under AS 09.43.420(c) not later than the beginning of the arbitration hearing; or

(6) the arbitration was conducted without proper notice of the initiation of an arbitration as

required under AS 09.43.360 so as to prejudice substantially the rights of a party to the arbitration proceeding.

(b) An application under this section shall be filed within 90 days after the applicant receives notice of the award under AS 09.43.460 or within 90 days after the applicant receives notice of a modified or corrected award under AS 09.43.470, unless the applicant alleges that the award was procured by corruption, fraud, or other undue means, in which case the application shall be made within 90 days after the ground is known or, by the exercise of reasonable care, would have been known by the applicant.

(c) If the court vacates an award on a ground other than that stated in (a)(5) of this section, it may order a rehearing. If the award is vacated on a ground stated in (a)(1) or (2) of this section, the rehearing shall be before a new arbitrator. If the award is vacated on a ground stated in (a)(3), (4), or (6) of this section, the rehearing may be before the arbitrator who made the award or the arbitrator's successor. The arbitrator shall render the decision in the rehearing within the same time as that provided in AS 09.43.460(b) for an award.

(d) If the court denies an application to vacate an award, it shall confirm the award unless an application to modify or correct the award is pending.

***Section 11.** AS 09.43.530 is amended to read as follows:

Sec. 09.43.530 Jurisdiction.

(a) A court of this state having jurisdiction over the controversy and the parties may enforce an agreement to arbitrate. **The issuance of an insurance policy pertaining to any motor vehicle registered in the State of Alaska confers jurisdiction on the court to compel arbitrations pursuant to AS 29.89.020 and AS 29.89.028 and to apply AS 09.43.300-09.43.595 to those arbitrations.**

(b) An agreement to arbitrate providing for arbitration in this state confers exclusive jurisdiction on the court to enter judgment on an award under AS 09.43.300 -- 09.43.595.

***Section 12.** AS 09.43.580 is amended to read as follows:

Sec. 09.43.580 Notice.

(a) Except as otherwise provided in AS 09.43.300 -- 09.43.595, **and except as otherwise provided in AS 21.89.020 and AS 21.89.028,** a person gives notice to another person by taking action that is reasonably necessary to inform the other person in the ordinary course of affairs, whether or not the other person acquires knowledge of the notice.

(b) **Except as otherwise provided in AS 21.89.020 and AS 21.89.028, a** [A] person has notice if the person has knowledge of the notice or has received notice.

(c) **Except as otherwise provided in AS 21.89.020 and AS 21.89.028, a** [A] person receives notice when the notice comes to the person's attention or the notice is delivered at the person's place of residence or place of business, or at another location held out by the person as a place of delivery of the communications.

***Section 13.** AS 29.89.020 is amended to read:

Sec. 21.89.020 Required motor vehicle coverage.

(a) An automobile liability policy that insures an owner or operator of a motor vehicle against loss resulting from liability for bodily injury or death, or for property injury or destruction, or both, that is sold in the state, must contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440 or AS 28.22.101.

(b) This section may not be construed to apply only to automobile liability policies obtained to satisfy a requirement of AS 28.20.

(c) An insurance company offering automobile liability insurance in this state for bodily injury or death shall, initially and at each renewal, offer coverage prescribed in AS 28.20.440 and 28.20.445 or AS 28.22 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 28.22.101. Coverage required to be offered under this section must include the following options:

(1) policy limits equal to the limits voluntarily purchased to cover the liability of the person insured for bodily injury or death; coverage for punitive damages that might otherwise be recoverable from an uninsured or underinsured person is not required under this paragraph;

(2) except when the coverage consists of motorcycle liability insurance, and except for a named insured required to file proof of financial responsibility under AS 28.20 or an applicant required to file proof of financial responsibility under AS 28.20, policy limits in the following amounts

when these limits are greater than those offered under (1) of this subsection:

(A) \$100,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$300,000 because of bodily injury to or death of two or more persons in one accident;

(B) \$300,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$500,000 because of bodily injury to or death of two or more persons in one accident;

(C) \$500,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$500,000 because of bodily injury to or death of two or more persons in one accident;

(D) \$500,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$1,000,000 because of bodily injury to or death of two or more persons in one accident;

(E) \$1,000,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$2,000,000 because of bodily injury to or death of two or more persons in one accident;

(3) other policy limits at the option of the insurer.

(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, with limits not less than those prescribed in AS 28.20.440 or AS 28.22.101, 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.

(e) The coverage required under (c) and (d) of this section may be waived in writing by the insured in whole or in part. After selection of the limits by the insured or the exercise of the option to waive the coverage in whole or in part, the insurer is not required to notify any policy holder in any renewal, supplemental, or replacement policy, as to the availability of the coverage or optional limits, and the waived coverage may not be included in any renewal, supplemental, or replacement policy. The insured may, at any time, make a written request for additional coverage or coverage more extensive than that provided on a prior policy.

(f) The policy or endorsement providing coverage required under (c) and (d) of this section shall provide that the determination as to whether the insured shall be legally entitled to recover damages, and if so entitled, the amount thereof, shall be made by agreement between the insured and the insurer or, in the event of disagreement, by arbitration pursuant to this section, AS 29.89.028, and AS 09.43.300 -AS 09.43.595. The policy or endorsement must advise the insured that if the insured and insurer are not able to resolve

whether the insured is legally entitled to recover damages or the amount thereof, the insured and the insurer have the right to serve notice by certified mail, return receipt requested, on the other party pursuant to AS 21.89.028 and that, commencing 90 days later, both parties have the right to serve a demand for arbitration by certified mail, return receipt requested. The policy or endorsement shall provide the name and address of the person to whom such notices and demands may be mailed.

[(f)] **(g)** An automobile liability insurance policy must provide

(1) that all expenses and fees, not including counsel fees or adjuster fees, incurred because of arbitration or mediation shall be paid as determined by the arbitrator;

(2) 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 insured under the policy;

(3) physical damage coverage for motor vehicles rented in the United States or Canada, if the policy provides physical damage coverage; if the insured declines physical damage coverage, the insurer shall offer physical damage coverage for rented vehicles;

(4) that payments from applicable coverage provided under (2) and (3) of this subsection will be made in the following order of priority:

(A) from a policy or coverage purchased by the operator from the person who has the vehicle available for rent;

(B) from a policy or coverage covering the operator of a rented vehicle but not purchased from the person who has the vehicle available for rent; and

(C) from a policy or coverage of the person who has the vehicle available for rent.

[(g)] **(h)** An insurance company offering automobile liability insurance in this state shall offer a short term policy valid for no more than seven days. The coverage available for the short term policy must be comparable to coverage available for longer term policies. The provisions of AS 21.36.210 -- 21.36.310 do not apply to short term policies issued under this subsection.

[(h)] **(i)** The selection, rejection, or exercise of the option not to purchase, by a named insured or an applicant, shall be valid for all insureds under the policy.

[(i)] **(j)** In this section, "automobile liability insurance" does not include coverage provided only on an excess or umbrella basis.

***Section 14.** AS 21.89 is amended to add a new section to read:

Section 21.89. 028. Arbitration of Underinsured and Uninsured Claims.

(a) Policy holders of coverage authorized or required pursuant to AS 21.89.020(c), AS 21.89.020(d), and AS 21.89.020(e), and their insurers, at any time following a claimed loss and within the applicable statutory limitations period, may serve notice on the other party of an intention to demand arbitration. Notice shall be served on the insurer by certified mail, return receipt requested, at the address provided by the insurer in the policy or endorsement as required by AS 21.89.020(f). The notice shall expressly state that, in the event that the parties are unable to resolve their dispute, a formal demand for arbitration will be tendered after 90 days. The date of mailing shall be deemed the date of service. The filing of a notice of intention to demand arbitration does not commence or alter any limitations period required by statutory law.

(b) The parties may continue to negotiate following service of the notice described in subsection (a). Any such continued negotiations do not impair the right of either party to serve a demand for arbitration.

(c) Commencing 90 days after the service of notice as provided in subsection (a), either the insured or the insurer may tender a written demand for arbitration by certified mail, return receipt requested. A demand shall be served on the insurer by certified mail, return receipt requested, at the address provided by the insurer in the policy or endorsement, as required by AS 21.89.020(f).

(d) All arbitration proceedings shall be pursuant to AS 09.43.300-AS 09.43.595.

***Section 15.** AS 28.20.440 is amended to read as follows:

Motor vehicle liability policy defined; required provisions.

(a) In this chapter, "motor vehicle liability policy" means an "owner policy" or an "operator's policy" containing an agreement or endorsement as provided in this section, or certified as provided in AS 28.20.410 or 28.20.420 as proof of financial responsibility for the future, and issued, except as otherwise provided in AS 28.20.420, by an insurance carrier authorized to transact business in this state, to or for the benefit of the person named as insured.

(b) The owner's policy of liability insurance must

(1) designate by description or appropriate reference all vehicles that it covers;

(2) insure the person named and every other person using the vehicle with the express or implied permission of the named insured, against loss from the liability imposed by law for damages arising out of the ownership, maintenance, or use of the vehicle within the United States or Canada, subject to limits exclusive of interest and costs, with respect to each vehicle, as follows: \$50,000 because of bodily injury to or death of one person in any one accident, and, subject to

the same limit for one person, \$100,000 because of bodily injury to or death of two or more persons in any one accident, and \$25,000 because of injury to or destruction of property of others in any one accident;

(3) contain coverage in not less than the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured or underinsured motor vehicles because of bodily injury or death, or damage to or destruction of property arising out of the ownership, maintenance or use of the uninsured or underinsured motor vehicle; this coverage must comply with the provisions of AS 28.20.445.

(c) The operator's policy of liability insurance must insure the person named as insured against loss from the liability imposed upon the person by law for damages arising out of the use by the person of any motor vehicle not owned by the person, within the same territorial limits and subject to the same limits of liability as are required for an owner's policy of liability insurance.

(d) The motor vehicle liability policy must state the name and address of the named insured, the coverage, the premium charges, the policy period and the limits of liability, and must contain an agreement or an endorsement that insurance is provided in accordance with the coverage defined in this chapter for bodily injury and death or property damage, or both, and is subject to all the provisions of AS 28.20.010 -- 28.20.640.

(e) The motor vehicle liability policy need not insure liability under a workers' compensation law nor liability for damage to property owned by, rented to, in charge of or transported by the insured.

(f) Every motor vehicle liability policy is subject to the following provisions but these provisions need not be contained in the policy.

(1) The liability of the insurance carrier becomes absolute whenever injury or damage covered by the policy occurs; the policy may not be cancelled or annulled as to this liability after the occurrence of the injury or damage; no statement made by the insured or on behalf of the insured and no violation of the policy defeats or voids the policy.

(2) The satisfaction by the insured of a judgment for injury or damages is not a condition precedent to the right or duty of the insurance carrier to make payment on account of injury or damage.

(3) The insurance carrier may settle a claim covered by the policy, and if settlement is made in good faith, the amount of settlement is deductible from the limits of liability specified in (b) of this section.

(4) The policy, the written application for the policy, if any, and every rider or endorsement that does not conflict with the provisions of this chapter constitute the entire contract between the parties.

(g) A policy that grants the coverage required for a motor vehicle liability policy may also grant lawful coverage in excess of or in addition to the coverage specified for a policy and the excess or additional coverage is not subject to the provisions of this chapter. With respect to a policy that grants excess or additional coverage the term "motor vehicle liability policy" applies only to that part of the coverage that is required by this section.

(h) A motor vehicle liability policy may provide that the insured shall reimburse the insurance carrier for any payment the insurance carrier would not have been obligated to make under the terms of the policy except for the provisions of this chapter.

(i) A motor vehicle liability policy may provide for proration of the insurance with other valid and collectible insurance.

(j) The requirements for a motor vehicle liability policy may be fulfilled by the policies of one or more insurance carriers that together meet the requirements.

(k) A binder issued pending the issuance of a motor vehicle liability policy fulfills the requirements for a policy.

(l) 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.

(m) The motor vehicle liability policy must provide medical payment coverage for each person named as insured, as well as all occupants of an insured vehicle, regardless of the fault or the lack of fault of the insured driver, in an amount not less than \$50,000 per person and \$500,000 per accident.

***Section 12.** AS 28.22.101 is amended to read as follows:

Sec. 28.22.101 General coverage requirements; policy limits.

(a) An owner's motor vehicle liability policy must designate by description or appropriate reference the motor vehicles that it covers and insure the person named against loss from the liability imposed by law for damages that arise from the ownership, maintenance, or use of a designated motor vehicle.

(b) An operator's motor vehicle liability policy must insure the person named as insured against loss from the liability imposed by law for damages that arise from the use by the operator of a motor vehicle not owned by the operator.

(c) A personal motor vehicle liability policy must insure the person named as insured against loss

from liability imposed by law for damages that arise from the ownership, maintenance, or use by the named person of a motor vehicle whether owned or not owned by the person.

(d) A motor vehicle liability policy must provide coverage in the United States or Canada, subject to limits exclusive of interest and costs, with respect to each vehicle, as follows:

(1) \$50,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$100,000 because of bodily injury to or death of two or more persons in one accident; and

(2) \$25,000 because of injury to or destruction of property of others in one accident.

(e) A motor vehicle liability policy must provide coverage under AS 28.22.201 -- 28.22.231 in the amounts set out in (d) of this section for the protection of the persons insured under the policy who are legally entitled to recover damages from the owner or operator of an uninsured or underinsured motor vehicle because of bodily injury or death, or damage to or destruction of property arising out of the ownership, maintenance, or use of the uninsured or underinsured motor vehicle. [THIS SUBSECTION DOES NOT REQUIRE COVERAGE FOR PUNITIVE DAMAGES THAT MIGHT OTHERWISE BE RECOVERABLE FROM AN UNINSURED OR UNDERINSURED PERSON.]

(f) A motor vehicle liability policy must state the name and address of the named insured and meet the requirements of AS 21.42.160 -- 21.42.170. In the absence of specific contract language or endorsement, the motor vehicle liability policy issued for a person in this state is presumed to meet the minimum requirements of (d) of this section.

(g) A personal motor vehicle liability policy must provide each person named as insured, as well as all occupants of an insured vehicle, medical payment coverage, regardless of the fault or the lack of fault of the insured driver, in an amount not less than \$50,000 per person and \$500,000 per accident. Persons entitled to medical payments pursuant to this subsection may submit proof of medical expenses up to five years following a covered accident.

***Section 17.** This act takes applies to all insurance policies and endorsements that are issued subsequent to December 31, 2007.