

# STATE OF ALASKA

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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## BULLETIN 96-03

To: All Property Casualty Insurers and Managing General Agents

Re: Interpretation of Alaska Statute (AS) 21.89.020(g) - Mandatory Short Term Auto Policy (7-Day Policy)

Bulletin 89-4, which was issued by the Division July 5, 1989, informed all insurers of changes enacted in Chapter 108, SLA 1989, SS CSHB 44 (FIN) am S. This bulletin has not been rescinded and remains in effect. Specifically outlined in Bulletin 89-4 to insurers were a number of mandated coverage requirements that would go into effect January 1, 1990. The mandated coverage requirements implemented in 1990 by this legislation remain in effect.

One of the mandated coverage components that was required of insurers as of January 1, 1990, is established in AS 21.89.020(g) which reads:

*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.*

This statute obligates insurers offering automobile liability insurance to offer short term policies. Just as insurers have an obligation to offer these mandated policies, the Division has an obligation to assure that insurers comply with the mandatory coverage offer requirements. Insurers, if requested, must be able to demonstrate that they have the ability to write these policies.

While the offer of this type of policy is not optional, nothing prohibits an insurer from collecting a premium that has been filed and approved by the Division.

Pursuant to AS 21.36.210(d)(2), short term policies under AS 21.89.020(g) are not subject to the provisions of Alaska's cancellation laws (AS 21.36.210 - .310).

For the coverage provided in a short term policy to be comparable to the coverage available for longer term policies, the insurer must provide the same minimum coverages and limits available in long term policies offered by the insurer.

The Division has received notice of some insurers attempting to restrict or limit short term coverage **in** a manner that does not comply with AS 21.89.020(g). An example of a restriction that would not comply with the short term policy offer includes an offer which an insurer fails to extend simply because an insured's vehicle is subject to a lien.

### **Insurer Response Requested**

Written confirmation as to how each currently authorized insurer complies with this statutory requirement must be received by the Division of Insurance no later than June 15, 1996.

### **Division Assistance**

Responses and any comments or questions regarding this bulletin should be provided in writing to Cathy Isadore, Insurance Analyst, Market Surveillance Section, Division of Insurance, P.O. Box 110805, Juneau, Alaska 99811-0805.

Dated this 16th Day of April, 1996.



Marianne K. Burke  
Director of Insurance