

# STATE OF ALASKA

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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## BULLETIN 98-10

**TO: All Insurance Companies and Insurance Producers Writing Motor Vehicle Insurance in Alaska**

**RE: Automobile Insurance Operator and Passenger Exclusions**

The following bulletins are revoked and no longer in effect:

**Bulletin 69-2, dealing with passenger exclusions**

**Bulletin 84-4, dealing with changes in law affecting automobile insurance**

**Bulletin 97-7, dealing with excluded driver disclosure form**

The purpose of this bulletin is to provide guidance to insurers regarding the use of operator and passenger exclusions in connection with automobile insurance.

Operator and passenger exclusions must clearly and unambiguously identify each person and coverage or peril to which its provisions apply. An insurance policy that provides coverage only against physical damage to a motor vehicle and does not provide liability coverage as required by AS 28.22.101(d) must comply with the notice provisions of AS 21.36.045.

### **Resident Operator Exclusions**

Effective July 1, 1997, a section of Alaska's Motor Vehicle Safety Responsibility Act (AS 28.20.440) was amended to include the following provisions:

(1) 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.

The mandate of this statute is clear and specific. If requested by the named insured, an insurer must honor that insured's request to remove such a person from the list of persons insured under the liability insurance provisions of the named insured's policy. Insurers are required to file and receive approval from the director for appropriate policy forms to comply with this statutory mandate.

### **Other Named Operator Exclusions**

An automobile liability insurance policy that limits coverage for named persons other than as specified in AS 28.20.440(1) must clearly indicate that the policy does not meet the minimum coverage standards of either Alaska's mandatory automobile insurance or financial responsibility laws.

An insurer seeking approval of exclusionary language broader in application than that required by AS 28.20.440(1) must include in its filing sufficient documentation concerning its prospective use so that the director can determine whether the anticipated application of their form violates AS 21.36.

### **Blanket Passenger or Operator Exclusions**

In the Division's view, our motor vehicle insurance laws, as interpreted by Alaska Courts, effectively preclude the use of blanket passenger or operator exclusions to the extent that the exclusions reduce coverage below the legal minimums required by AS 28.20 and AS 29.22. Accordingly, a blanket exclusion may deceptively affect the coverage purported to be assumed under a contract titled or sold as automobile or motor vehicle liability insurance and, therefore, may not be approved under AS 21.42.130.

### **General Notice**

For the purposes of AS 28.20, a motor vehicle liability policy delivered or issued for delivery in Alaska must clearly and unambiguously disclose whether an insurer will seek reimbursement from the insured for any payment the insurer would not have been obligated to make under the terms of the policy except for the provisions of AS 28.20.

If you have any questions regarding bulletin or filing requirements for automobile insurance policies, please contact the Division of Insurance; P.O. Box 110805; Juneau, AK 99811-0805, (907) 465-2515; fax (907) 465-3422; or via electronic mail at: .

DATED: September 10, 1998.



Marianne K. Burke  
Director of Insurance