

SPONSOR STATEMENT

CS HB 336 (JUD)

“An Act relating to motor vehicle insurance; limiting recovery of civil damages by an uninsured driver; and providing for an effective date.”

CS [HB 336](#) (JUD) changes existing law to provide that a person who does not comply with existing motor vehicle liability laws may not recover damages for non-economic loss suffered by that person while operating a motor vehicle; clarifies that punitive damages need not be part of the mandated offers of uninsured/underinsured motorist coverage; and clarifies that the mandated offers of uninsured/underinsured motorist coverage need only be made on insurance policies that provide automobile liability on an excess or umbrella basis.

The first provision in CS HB 336 (JUD) is commonly referred to as “No Pay, No Play.” The intent of this section is to encourage those who drive without insurance to comply with existing law. It is a matter of fairness, for those drivers who are unwilling to provide at least the minimum protection for other drivers to be prohibited from receiving such protection themselves. Uninsured motorists will still be able to seek recovery of any economic damages they suffer in an accident.

CS HB 336 (JUD) clarifies that punitive damages do not need to be part of the mandated offers of uninsured/underinsured motorist coverage. It makes little sense for an insured to pay for the ability to recover punitive damages against a uninsured/underinsured motorist. Punitive damages are intended to punish and deter; not to compensate. It is hard to see how an uninsured motorist is punished when it is the insured that is funding the right to recovery.

The third provision under CS HB 336 (JUD) clarifies that an insurance company is not required by law to offer uninsured/underinsured motorist coverage on excess or umbrella policies. This change would avoid repetitive offers of uninsured/underinsured motorist coverage which are now required in some cases under existing law.

The cost of uninsured motorists is a burden on the State of Alaska and its citizens. Uninsured motorists, those who consciously break the law, are able to sue for noneconomic damages that result in a no-fault accident. Those who follow the mandated insurance laws are then subjected to attorney fees, court fees, and time spent in court. CS HB 336 (JUD) corrects the injustice of the uninsured benefiting from the insured motorists, while at the same time, reducing excessive litigation that backs up our court system.