

Alaska State Legislature

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Senate Labor and Commerce Committee

Senate Bill 157 Sponsor Statement

It is a generally accepted principle in the insurance business that insurers should be able to cancel policies where changing circumstances have increased the risk insured against. The abandonment of a home is surely one of those changed circumstances.

Unfortunately, it is not among the limited and very specific conditions in Alaska law under which an insurer may cancel a policy. Rather, Alaska statute provides that a policy may be cancelled if there are “physical changes” to the property that render it uninsurable, an ambiguity when regarding abandoned property.

Almost every other state has a statute that allows for cancellation explicitly of abandoned property – the commonly use legal phrase is “unoccupancy or vacancy” – or generally whenever the hazard insured against increases. Senate Bill 157 would clarify Alaska statute by providing for cancellation where the unoccupancy or vacancy of property increases a hazard insured against.

The Division of Insurance does not object to adding this reason for cancellation and approves of the language that would be added to statute by this bill.

I welcome your support for this legislation.