

ALASKA STATE LEGISLATURE

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Senate Bill 111 – Intrastate Air Service Certificates

Version 26-LS0587/A, February 17, 2009

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SPONSOR STATEMENT and SECTIONAL ANALYSIS

SPONSOR STATEMENT:

Commercial intrastate air carriers must publicly display Certificates of Compliance to prove they have valid liability insurance policies in effect. These Certificates are issued by DOT&PF for a calendar-year. SB 111 would change the effective period of issuance to any twelve-month period instead of for a calendar-year.

Commercial intrastate air carriers renew their liability insurance policies at anytime during the year. In addition, when newly-purchased aircraft is placed in service, which can be at any time, a new policy or new policy rider must be obtained. These effective policy periods rarely correspond to the calendar year.

A calendar-year-based Certificate expires whenever the insurance policy expires, regardless of when during the year that is, so a second Certificate currently has to be issued when the carrier renews the insurance policy. This is not only inconvenient for the air carrier, but effectively doubles the amount of staff time needed to process the renewal. Furthermore, as currently performed, the process creates an unnecessary bulge in the workload at the beginning of each calendar year. There is no benefit for issuing Certificates based on a calendar year.

The approach in SB 111 makes the process more efficient for commercial air carriers and for state compliance personnel by allowing the Certificate of Compliance to float with the period of insurance coverage. The bill has support from the industry and DOT&PF. SB 111 has an immediate effective date.

SECTIONAL ANALYSIS:

SECTION 1: Would amend AS 02.40.020(b) by changing the effective time period for a Certificate of Compliance from "calendar year" to "twelve month period." This change would make Certificates consistent with an air carriers' actual insurance policy renewal.

FISCAL NOTE: Zero note from DOT&PF.