

Sponsor Statement for SB 167

SB 167 corrects an unintended loophole in Alaska statutes that is harmful to consumers of Uninsured/Underinsured Motorist (“U/UIM”) insurance.

Alaska, like most states, restricts the combining or “stacking” of multiple U/UIM coverages. When a consumer insures more than one vehicle with the same insurer, the U/UIM coverages are not combined or “stacked.” Instead the coverage available in an accident is the highest coverage on any one of the vehicles. That limitation makes the coverage more affordable, allows more consumer choice and enhances predictability.

Our Legislature repeatedly made it clear that the limitation on stacking applies regardless of whether the vehicles are insured under one policy, or through separate policies from the same insurer. Unfortunately language adopted in 1990 as later applied created an unintended loophole that does not consistently accomplish the stated purpose. Under the language, if the consumer insures the vehicles under separate policies from the same insurer, stacking is precluded only for the “named insured” – ironically allowing all the other coverages to be stacked for all other persons. There is no logical reason for this discrepancy. It needlessly forces the consumer to pay for “stackable” coverage that is not desired.

With a simple change in the statutory language SB 167 corrects this inconsistency and accomplishes the following:

- Consumers will not be forced to pay for coverage they do not want or need. Insurance rates for many consumers will be positively influenced.
- Consumer choice and predictability will be improved because consumers can choose a predictable level of coverage they deem appropriate.
- Consumers who choose to insure their vehicles in separate policies will have the same options as, and be treated the same as, consumers who insure their vehicles under a single policy, which was the stated legislative intent in 1984 and 1990.