



Alaska Public Entity Insurance

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April 8, 2013

The Honorable Kurt Olson, Chair, and Members,
House Labor & Commerce Committee
Alaska State Capitol
Juneau, AK 99801
Sent by email

Re: House Bill 196

Dear Chair Olson and Committee Members:

I am the Chief Executive Officer of Alaska Public Entity Insurance (APEI), a joint insurance arrangement (JIA), or pool, organized under AS 21.76. This chapter of the Alaska statutes authorizes JIA's to pool certain risks for Alaska school districts and municipalities. JIA's are nonprofit corporations, and they are limited in the insurance coverage they can provide; AS 21.76.010(b) prohibits JIA's from providing health, life or title insurance. JIA's are also prohibited from providing insurance coverage to entities other than Alaska school districts, municipalities, and their public corporations.

I have been asked whether APEI has a position regarding House Bill 196, which would require school districts to participate in a health insurance pool managed by the state of Alaska. Because JIA's such as APEI cannot currently provide health insurance, passage of this bill would have no impact on APEI. Thus, from APEI's perspective, I would say we are neutral regarding this bill.

In light of my experience running an insurance pool, however, I personally believe that pools are an effective way to reduce insurance costs. APEI and the other Alaska pool, the Alaska Municipal League Joint Insurance Arrangement (AMLJIA), provide liability, property, auto and workers' compensation insurance to Alaska municipalities and school districts at rates far below those offered by private insurers. Our business model, including our nonprofit status and our focus on helping members reduce insurance risks and hence claim costs, has been proven effective in Alaska and across the country for over 30 years.

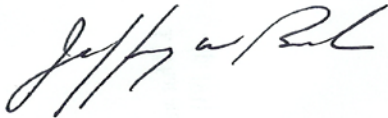
I therefore believe that pooling health insurance for school district employees would likely reduce insurance costs to Alaska school districts. I do not have an opinion whether having the state administer such a program is a

better model than having a private nonprofit do so, but it may be worthwhile to consider having JIA's administer this pool rather than the state, given our success in other insurance areas.

If the committee is interested in pursuing having JIA's administer this health insurance pool, I would be happy to assist in whatever means possible. From a technical standpoint, this would likely require a modification of the authorization provided under AS 21.76.010(b). Also, because health insurance is significantly different than other forms of insurance, and cognizant of at least one failure from another state, I would recommend that any JIA managing a health pool be required to keep health insurance completely separate from other coverages provided. I am active in the national pooling association, the Association of Governmental Risk Pools (AGRiP), and I am aware of several health insurance pools from other states that could serve as models and/or information resources.

Thank you for giving me the opportunity to comment on HB 196, and please feel free to contact me if you have any additional questions or wish to pursue the private nonprofit option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff W. Bush". The signature is fluid and cursive, with the first name "Jeff" being more prominent than the last name "Bush".

Jeffrey W. Bush, CEO

cc: Representative Lynn Gattis, sponsor