



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

DIVISION OF INSURANCE
Juneau Office

P.O. Box 110805
Juneau, Alaska 99811-0805
Main: 907.465.2515
Fax: 907.465.3422

April 13, 2022

The Honorable Mia Costello
Chair, Senate Labor and Commerce
State Capitol Room 119
Juneau, Alaska 99801

RE: SB208 An Act relating to contractors; and relating to insurance

Chair Costello,

Senator Mike Shower, the sponsor of SB208, has been advised that once SB208 is enacted into law, insurance rates will automatically double or significantly increase. While the Division of Insurance cannot predict what rates will or won't do in the future, I can confirm that rates will not automatically double or increase.

Admitted insurers are required to file both their proposed rates and forms with the division. The Division spends hours reviewing both the language in the forms and the calculations and supporting data that determine the rates. AS 21.39.010 provides that "The purpose of this chapter is to promote the public welfare by regulating insurance rates in order that they will not be excessive, inadequate, or unfairly discriminatory, and to authorize and regulate cooperative action among insurers in rate making and in other matters within the scope of this chapter.

AS 21.29.030 then adds that "(a) Rates, including loss costs under AS 21. 39.043 or any other provision of law, shall be made in accordance with the following provisions:

- (1) Rates shall not be excessive, inadequate, or unfairly discriminatory;
- (2) Consideration shall be given to past and prospective loss experience inside and outside this state;.....".

The Division reviews rate filings carefully to see that an insurer is kept in compliance with Title 21, neither excessive, inadequate or unfairly discriminatory, and would continue to do so if SB208 were enacted.

Respectfully,

A handwritten signature in blue ink that reads "Lori Wing-Heier".

Lori Wing-Heier
Director

Cc: Honorable Mike Shower