



ELECTRONIC MAIL

March 25, 2022

The Honorable Mike Shower
Alaska State Senate
Juneau, AK 99801

RE: Opposition to SB 208 – Contractors' Insurance

Dear Senator Shower:

The Alaska State Home Building Association (ASHBA) wishes to respectfully inform you of its opposition to the language under *Section 2* of Senate Bill 208 relating to contractors and insurance. ASHBA is a statewide organization representing craftsmen, innovators and problem solvers dedicated to building and enriching communities, and it is our mission to advocate for quality development, sustainable housing, and consumer protection.

ASHBA objects to the language under *Section 1* of SB 208 that raises the required minimum level of insurance from \$20,000 to \$100,000 covering contracting operations for damage to property, however, ASHBA does not object to the increase in the insurance coverage exemption for small projects from \$2,500 to \$5,000.

The provision in SB 208 allowing a customer to bring a civil action directly against a contractor's insurer runs contrary to construction law. Under current law, if contracting work is defective or not properly completed, a customer is entitled to sue their contractor. If the contractor decides to submit a claim to his or her insurance company, and if there is coverage for the claim, the contractor's insurance company will provide a defense. If it is determined that there is liability, the contractor's insurance company will pay for the damages which have been sustained.

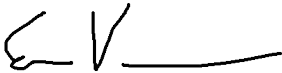
ASHBA believes passage of SB 208 would have the unintended consequences of increasing contractor insurance premiums, reducing the availability of insurance products, or drive insurance providers out of Alaska, altogether.

The current landscape of rising interest and mortgage rates, rising inflation, and overall increased costs is already putting affordable housing out of reach for many Alaskans. The increased costs imbedded within SB 208 only compound this problem.

SB 208 would not address issues with faulty contracting. Rather, it would increase costs and unnecessarily impede growth throughout Alaska's building industry, thus adversely impacting Alaskans.

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Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'E Visser', with a long horizontal stroke extending to the right.

Eric Visser, Legislative Committee Chair
Alaska State Home Building Association

cc: Senate Labor & Commerce Committee

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