Alaska Independent Insurance Agents & Brokers, Inc.

POSITION PAPER ON SB 193 :
Increase to Contractor License Bonds

The Alaska Independent Insurance Agents & Brokers, Inc. is a Professional Trade Association representing Insured's and Insurance companies throughout the state of Alaska.

Senate Bill 193 – Increase to Contractor License Bonds

THE ALASKA INDEPENDENT INSURANCE AGENTS & BROKERS, INC SUPPORTS SB 193 AS WRITTEN

The followings bullet points support our position:

- The current bond levels were established over thirty years ago, and an adjustment is long overdue. If the CPI were applied to the 1982 rate, the present bond limits would be just over double (2.18 times) what the 1982 amounts were. This makes the new license bond amounts a reasonable increase.
- The purpose of the bond is not only to ensure the contractor has financial resources to pay tax and other obligations, it is mostly importantly, established in order to provide the public an avenue to seek recourse in the event there is negligent or improper work or breach of contract.
- The current amount is not sufficient to provide the protections the bond is intended to provide
- The license bond provides financial protection for clients, other contractors, material suppliers, equipment rental companies.
- It gives business some confidence in extending credit to some contractors.
- It also gives those same businesses some recourse should bills go unpaid.
- The statute is an important component of Alaska's consumer protection laws.
- The amounts established in the bill are supported by the construction industry for the purposes of providing greater protection to the public and maintaining the integrity of the thousands of reputable contractors operating in Alaska

Thank you for sponsoring this piece of legislation that I believe is important for consumer protection and to our industry.

We respectfully request that you consider our stance when reviewing this bill. We welcome the opportunity to discuss this with you in more detail.

Sincerely,
David Hale
Legislative Chair
Alaska Independent Insurance Agents & Brokers, Inc.

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