

ALASKA STATE LEGISLATURE



House Fisheries Committee

House Bill 116: Sponsor Statement

Version I

"An Act exempting from insurance regulation cooperative agreements entered into by two or more persons engaged in commercial fishing for the purpose of paying claims or losses."

House Bill 116 would allow for member-owned commercial fishing insurance cooperatives based in Alaska to form without being considered an insurer.

Specifically, the bill would allow commercial fishermen to enter into a cooperative insurance agreement to pay claims arising from liability or damage to a vessel without having to comply with Title 21, the State's insurance code.

There are already three such insurance pools operating in Alaska; however, they are based in Washington State, which already has a carve out for commercial fishermen in its insurance code. This legislation would simply allow similar organizations based in Alaska to form, pool their funds, and establish a commercial fishing insurance cooperative.

Rising costs and availability of insurance serve as a barrier to operating for Alaska's aging commercial fishing fleet. Underwriters have been raising premiums on individual vessels and have become increasingly selective of which vessels they insure. Insurance pooling can provide a more attractive, lower risk alternative for underwriters, as well as lower costs for our fishermen.

With operating costs at an all-time high and fishing markets at an all-time low, House Bill 116 seeks to provide lower cost insurance alternatives for Alaska's commercial fishing fleet.

If you have any questions, please contact my staff, Matt Gruening at 465-3271 or matt.gruening@akleg.gov.