

# ALASKA STATE LEGISLATURE

## SESSION

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## SENATOR BERT K. STEDMAN *CO-CHAIRMAN, SENATE FINANCE COMMITTEE*

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### Sectional Analysis

#### Senate Bill 11 version A

Section 1: Requires insurance rates for flood insurance be based primarily on actual historical flood and damage data.

Section 2: Provides a definition of “flood”.

Section 3: Adds a new Article 2 to AS 21.60 creating the Alaska Flood Authority.

**Sec. 21.60.100** Creates the Alaska Flood Authority (authority) as a nonprofit entity and requires all insurers licensed to provide property insurance in Alaska to maintain membership in the authority and to provide all information required by the board or director.

**Sec. 21.60.110** Defines membership on the board of the authority and requires an annual report by September 1 of each year detailing the effectiveness of the operations of the authority; the benefits of the insurance program; and identifies penalties or sanctions imposed on the state under the National Flood Insurance Act.

**Sec. 21.60.120** Establishes the powers of the authority.

**Sec. 21.60.130** Outlines the required facets of the plan of operation for the authority, to be submitted to the director of the division of insurance.

**Sec. 21.60.140** Exempts the authority from AS 44.62 (Administrative Procedures Act).

**Sec. 21.60.150** Exempts the authority from any real and personal property taxes.

**Sec. 21.60.160** Requires the authority to make at least one plan available to a person who is eligible for coverage and prohibits refusal by the authority to offer coverage to a qualified person.

**Sec. 21.60.170** Provides that the policies offered by the authority shall be at least equivalent to those offered by the National Flood Insurance Program. Specifies coverage limits of authority plans.

**Sec. 21.60.180** Requires premiums to be fair, and to be based primarily on actual historical flood damage data.

#### DISTRICT A

Angoon • Coffman Cove • Craig • Edna Bay • Elfin Cove • Hollis • Hoonah • Hydaburg • Hyder • Kake • Kasaan  
Ketchikan • Klawock • Kupreanof • Metlakatla • Meyers Chuck • Naukati • Pelican • Petersburg • Point Baker  
Port Alexander • Port Protection • Saxman • Sitka • Tenakee Springs • Thorne Bay • Whale Pass • Wrangell • Yakutat

**Sec. 21.60.190** Outlines the duties of the authority. These include performing the administrative and claims payment functions of this act, and providing the director of insurance a semiannual report of the plan of operation.

**Sec. 21.60.200** Details funding for the authority and the insurance program. Each member will pay dues in an amount determined by the board and share in any losses of the insurance program. Additionally, the board will make an annual determination whether a fiscal year end assessment is necessary to operate the program and issue the assessment if needed. This section also allows for a legislative appropriation of up to \$5 million to satisfy a claim if the member assessments are insufficient.

**Sec. 21.60.210** Defines eligibility for state flood insurance as any person with an insurable interest in insurable property. This section allows the board, with the approval of the director of the division of insurance, to create additional eligibility requirements.

**Sec. 21.60.220** Outlines how an eligible person enrolls in a state insurance plan.

**Sec. 21.60.230** Provides the authority 30 days after receiving an application to notify the applicant if the application has been accepted or rejected.

**Sec. 21.60.240** Stipulates that insurance coverage begins immediately upon receipt of the first premium.

**Sec. 21.60.250** Requires the authority to notify people who live in flood zones of the state insurance plan. Requires an insurance provider that denies a flood insurance application to notify the applicant of the state insurance plan and application process.

**Sec. 21.60.260** Instructs the director of the division of insurance to formulate general policy and adopt regulations necessary to administer the state flood insurance plan.

**Sec. 21.60.270** Clarifies the state is not liable for acts or omissions of the authority.

**Sec. 21.60.280** Exempts board members from civil and criminal liability for an act or omission if that act or omission was done in good faith and within the scope of duties.

**Sec. 21.60.290** Creates the Alaska Flood Insurance Fund as a separate fund in the state treasury and establishes a framework for use of the Fund.

**Sec. 21.60.300** Provides definitions for the Alaska Flood Authority.

Section 4: Stipulates that assessments and civil penalties collected by the Alaska Flood Authority are defined as program receipts that are accounted for separately, and that appropriations of these funds are not made from the unrestricted general fund.

Section 5: Clarifies the Section 1 applies only to insurance policies or contracts entered into or renewed on or after the effective date of this legislation.

Section 6: Allows the director of the division of insurance to adopt regulations to carry out this act if the Alaska Flood Authority fails to submit a plan of operation by January 1, 2027.

Section 7: Establishes an effective date of July 1, 2026.