



ALASKA AIR CARRIERS ASSOCIATION

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ALASKA AIR CARRIERS
ASSOCIATION

12 February 2009

The Honorable Donny Olson
Alaska State Capitol, Room 514
Juneau, Alaska 99801-1182

Dear Senator Olson:

The Alaska Air Carriers Association is in agreement with the following verbiage change to AS 02.40.020 Certification of Compliance of Air Carriers as it more accurately reflects practice in the industry. We support the change as drafted.

Attached to this letter is the explanation of the issue, as prepared by Alaska's Department of Transportation & Public Facilities (DOT&PF).

Best regards,

C. Joy Journeyay, Executive Director
joy@alaskaaircarriers.org

cc: Deputy Commissioner Christine Klein

AS 02.40.020 Certification of Compliance of Air Carriers

(a) A person may not use an aircraft in air commerce before obtaining an annual certificate of compliance for that aircraft from the department. The department may issue a certificate of compliance for one aircraft or a fleet of two or more aircraft. The department shall issue or renew a certificate of compliance upon application and presentation of

- (1) proof of financial responsibility required under AS 02.40.010 ;
- (2) proof of compliance with Federal Aviation Administration requirements, and, where applicable, federal certification for scheduled airline service.

(b) The annual fee for a certificate of compliance for one aircraft and for a fleet of two or more aircraft shall be set by the department by regulation. The certificate is valid for a ~~calendar year~~ [twelve month period]. The certificate shall be visible to boarding passengers.

(c) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section. Upon finding a violation the department may issue a stop use order.

FACT SHEET

Change **AS 02.40.020 Certification of Compliance of Air Carriers** to issue certificates for a twelve month period instead of a calendar year basis.

Summary:

- Alaska Statute 02.40.020 requires a commercial air carrier to provide proof of current liability insurance to the Department of Transportation & Public Facilities (DOT&PF). The department then issues a "Certificate of Compliance," which the air carrier must display so that the flying public can know the carrier has current liability insurance.
- The statute directs the department to issue the certificate for a calendar year.

Problem:

● A problem arises because the calendar year has no connection to when air carriers actually renew their annual liability insurance. Air carriers renew their liability insurance when their old policy expires, which can be any day in the year. Few insurance policies actually run the calendar year of January to December. If certificates are issued on a calendar basis, air carriers' certificates would cover only a portion of the calendar year for which their insurance policies are issued. A second certificate would have to be issued when they renewed their insurance policies effectively doubling the amount of staff time needed to manage the program. Furthermore, if the program were managed as directed by the statute, all the notices and work to process the certificates would be done at the end of a calendar year creating an unnecessary time-crunch, intense workload, and bottleneck. Using the calendar year is impractical and time consuming. Moreover there is no benefit to issuing the certificate based upon the calendar year.

Solution:

● A practical solution would be to simply change the statute wording to issue the certificate for a twelve month period. This would allow the department to issue a certificate for twelve months to expire when the carrier's policy would expire. This approach makes the process simpler for air carriers while spreading the department's certificate related workload evenly over the year.

Note:

The Certificate of Compliance program has been managed for some time so that a certificate is issued for a 12 month period instead of a calendar year so that it reflects when the air carrier's insurance will expire. The proposed language amendment would bring department's practice in alignment with the statute.