



Alaska Public Entity Insurance

2233 Jordan Avenue
Juneau, AK 99801

Phone: (907) 523-9400
Fax: (907) 586-2008
www.akpei.com

January 23, 2012

The Honorable Hollis French
Alaska State Senate
Alaska State Capitol
Juneau, AK 99811

Sent by email to [Senator Hollis French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

Re: CSSB 103 (L&C)

Dear Senator French:

Alaska Public Entity Insurance (APEI) is a joint insurance arrangement, or pool, organized under AS 21.76 and filed as an Alaska nonprofit corporation. APEI provides property, liability, auto and workers' compensation insurance to approximately 70 Alaska municipalities and school districts. We offer the following comments in opposition to Senate Bill 103, and in response to questions raised and statements made at the hearing last Friday before the Senate Finance Committee.

In response to a question from Senator Thomas, you stated that this bill is designed to apply only to "professional firefighters," by which I believe you meant full-time or paid municipal employees. You stated, "There are thousands of Alaskans who are volunteer firefighters... We're not talking about that class." You further stated that the requisite state Class 1 Firefighter certification would preclude application of this presumption to most volunteers.

Unfortunately, the bill is not limited in the way you stated. In Alaska, literally thousands of volunteer firefighters are Class 1 Certified.¹ Although it may be true that many of those on the list are paid professionals, particularly in the larger cities, many of those listed are simple volunteers who may have fought few, if any, structural fires.

¹ See attached. The attachment lists all Class 1 Certified firefighters as of 2008, when AS 21.30.121 was under consideration. I presume the department can provide a more recent list. With the enactment of AS 21.30.121 in 2008, it is likely that many more volunteers are now becoming certified to bring themselves under the protection of the presumption

The city of Petersburg is a good example. As you can see from this list, in 2008 there were 69 Class 1 certified firefighters in Petersburg. However, the city of Petersburg has just 2 paid firefighters. I may not agree with the theory behind the presumption in AS 21.30.121, but I can understand its intent when it applies, as you stated, to “professional firefighters.” However, expanding this presumption to volunteer, or casual, firefighters who fight few if any fires (and none where they actually entered a burning structure) creates a significant and unjustified exposure to the workers’ compensation system.

Senator Olson asked about the financial impact this change may have on municipalities. Contrary to the statements of the NCCI in their Preliminary Cost Analysis, in my opinion the impact is likely to be substantial, for several reasons. First, this bill will now expand coverage to perhaps thousands of volunteers who were not covered under the original law, specifically those who did not receive the requisite medical examinations prior to enactment of the presumption. It was the exclusion of those individuals that prevented the original statutory enactment from having a huge immediate financial impact on municipal insurance rates.

Second, the bill appears to extend the presumption to those who are not even now getting exams. The bill language seems to say that if you were in the system as of the enactment of AS 21.30.121, you receive the presumption, *even if you do not receive requisite examinations after the statute’s effective date*. This may not be the sponsor’s intent, but the impact, particularly on smaller Alaska communities, is significant. As you can see from the attached list, many smaller communities have volunteer firefighters with Class 1 certification. These communities are probably not offering medical examinations to these volunteers that meet the requirements of AS 21.30.121 and may, in many cases, have never provided any medical exams to their firefighters. Grandfathering in these volunteers for coverage under the presumption will have a significant impact on the small communities’ workers’ compensation exposure, and hence their rates.

APEI is currently trying to analyze the impact that this bill may have on workers’ compensation rates. Presently, the rate for each volunteer firefighter is very low, under the assumption that volunteers do not fight a significant number of fires. However, if this bill passes, the exposure for each volunteer increases substantially. With the passage of this bill, in setting rates we will need to take into account the number of Class 1 certified firefighters in each community. For smaller communities, where the number of volunteer firefighters is large in comparison to total city employees, the impact on overall worker’s compensation premium will be much harsher.

If it is your intent to require firefighters to undergo the requisite examinations after the original statutory effective date, I suggest that Section 1, line 25 be revised to:

... **the presumption set out in this section, for that period of qualifying service before August 19, 2008, the firefighter** ...

If it is your intent to only include the paid professional firefighters, I suggest that Section 2 be revised to:

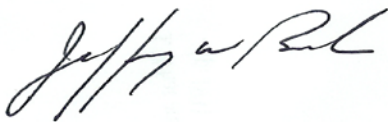
Sec. 2. AS 23.30.121(f) is amended to read:

(f) In this section, "firefighter" **means a person employed by a state or municipal fire department or who is a full time paid member of a fire department registered with the state fire marshal.**

These amendments will alleviate much of the significant financial impact of this bill on smaller Alaska communities, and make the bill consistent, I believe, with your position as stated at the hearing.

Thank you for taking these comments into consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff W. Bush".

Jeffrey W. Bush
Executive Director

Cc: Senator Stedman, Chair, Senate Finance Committee; at
[Senator Bert Stedman@legis.state.ak.us](mailto:Senator_Bert_Stedman@legis.state.ak.us)