

Dana Owen

From: Kristie Babcock <kristie.babcock.lo2w@statefarm.com>
Sent: Wednesday, February 20, 2013 1:41 PM
To: Sen. Mike Dunleavy; Sen. Peter Micciche
Cc: Sen. Dennis Egan
Subject: SB 58: Hoping you will schedule this bill soon

Dear Senators Dunleavy and Micciche,

I am writing to request respectfully that Senate Bill 58 be scheduled for a hearing as soon as possible in the Senate Labor and Commerce Committee. SB58 was introduced by Senator Egan and has only been referred to the Labor and Commerce Committee.

SB58 clarifies that insurance can be cancelled when a property owner abandons the property and increases a hazard covered by the insurance.

Currently, allowable reasons for cancellation of personal insurance are listed in AS 21.36.210, including a grossly negligent act by the insured that increases a covered hazard; and physical changes in the insured property that result in the property becoming uninsurable. It's not clear whether abandonment of the property by the insured would fall within these reasons.

Homeowners insurance is underwritten based on the property generally being occupied. An abandoned home greatly increases the risk of insured hazards beyond what was contemplated in the insurance contract, including damage caused by vandalism, broken water pipes and fire. Cancellation of insurance when the property is abandoned is necessary to manage insurance costs for all consumers.

SB58 would make Alaska law consistent with what is allowed in all other states, but still under the most restrictive circumstances in the country. For example, 30 days advance written notice must still be given to the insured and any lender on record. In addition, insurance cannot be cancelled when the owner demonstrates the property is being reasonably maintained and monitored.

I support this bill because it helps manage the cost of insurance for Alaska homeowners by helping insurers reasonably manage the risk pool and claim costs.

As this year's session is already a third of the way over, I am hoping you will consider scheduling this bill as soon as possible.

Thank you very much for your consideration.

Sincerely,

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