



Property Casualty Insurers
Association of America
Shaping the Future of American Insurance

Kenton Brine
Assistant Vice President
State Government Relations

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Alaska State Legislature
Senate Labor and Commerce Committee 2/21/13
120 E. 4th St., Juneau, AK 99801

Sent via electronic transmission to: Dana.Owen@akleg.gov

RE: SB 58, Right to Cancel Entirely Abandoned Property

Senator Dunleavy, Chair; and members of the Senate Labor & Commerce Committee,

Thank you for the opportunity to provide testimony in support of SB 58, a measure that would allow cancellation of a property insurance policy if the insured entirely abandons the property.

PCI is composed of more than 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write more than \$190 billion in annual premium, 40 percent of the nation's property casualty insurance. Member companies write 46 percent of the U.S. auto insurance market, 32 percent of the homeowners market, 38 percent of the commercial property and liability market, and 41 percent of the private workers compensation market.

Abandoned properties represent risks not accounted for in insurance policies when they are underwritten and rated. Damage from neglect or vandalism, even as severe as destructive fires, can occur more easily in abandoned buildings or other properties than those that are occupied. And those risks are not assumed on a policy for an occupied property. Premium rates are established and collected based on criteria that include the assumption that the property will be occupied – and no premium has been collected on the higher-risk abandoned property.

Insurers thus are exposed to risks not accounted for in premium. That impacts the cost of insurance for all consumers over time.

SB 58 takes a reasonable, reasoned approach to bringing Alaska statutes in line with those found in other states. For example, if the property owner can demonstrate that the property, even if not occupied, is monitored and maintained, the insurer cannot cancel the policy.

PCI believes SB 58 is good for Alaska insurance consumers, and we hope members of the committee will act favorably on the bill.

Please do not hesitate to contact me, or PCI's Alaska lobbyist, Kris Knauss (907-351-2524) if we can provide any additional information.

Regards,

Kenton Brine
kenton.brine@pciaa.net