



SENATOR DENNIS EGAN

Senate Bill 58

Sponsor Statement

SB 58 clarifies that insurance can be cancelled when a property owner abandons the property, thereby increasing a hazard covered by the insurance.

AS 21.36.210 lists allowable reasons for cancelling personal insurance, 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. As this statute is currently written, it is not clear whether these reasons would include abandonment of the property by the insured.

Homeowners insurance is underwritten based on the property generally being occupied. An abandoned home greatly increases the risk of damage 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.

SB 58 clarifies that insurance on property that has been entirely abandoned can be cancelled in Alaska, as it can in all other states. However, it is important to note that SB 58 would establish the most restrictive circumstances in the country. For instance, thirty days advance written notice must be given to the insured and any lender on record. In addition, insurance cannot be cancelled where the owner demonstrates that the property is being reasonably maintained and monitored. SB 58 is responsible legislation that helps manage claims costs, the risk pool and the cost of insurance coverage for Alaska homeowners.

ALASKA SENATE

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