

ALASKA STATE LEGISLATURE

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SENATOR BERT K. STEDMAN

SB 160 – *An Act providing a premium tax credit for flood insurance; relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date.*

Section 1 – *Amends AS 21.09.210 to add*

A Qualified insurer in the Alaska Flood Authority is entitled to a premium tax credit.

Section 2 – *Amends AS 21.39.030(a) to add*

Flood insurance rates must be made with consideration of historical flood and damage on real and personal property to be insured.

Section 3 – *amends 21.39.030(c) to add*

Definition of 'flood'.

Section 4 – *Adds 21 subsections (AS 21.60.100 thru .300) creating the "Alaska Flood Authority".*

AS 21.60.100 – Creation & Membership

Creates Flood Authority. Membership includes all licensed property insurers. Membership is required and they must submit reports or provide information as required by the Board or the Director.

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AS 21.60.110 – Board; Organization; Report

Creates 7-member Board for the Alaska Flood Authority:

- 3 selected by Authority members, subject to Director’s approval.
- 2 selected by Director who represent consumers.
- 1 selected by director who represents banks.
- 1 selected by director who represents AHFC.

Requires an annual report of operations to:

- Analyze effectiveness.
- Evaluate the benefits in comparison to the National Flood Insurance Act.
- Identify penalties imposed or potentially imposed on individuals and communities by the federal government.

AS 21.60.120 – Powers of Authority

The Authority may:

- Exercise powers granted to insurers under laws of the state.
- Sue or be sued.
- Enter into contracts with insurers, similar authorities in other states for the performance of administrative functions.
- Establish administrative and accounting procedures.
- Receive funds from sources other than members.

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AS 21.60.130 – Plan of Operation

Requires Authority to submit a plan of operations. The Director must approve and may adopt regulations to carry out the provisions.

Members are required to comply with the plan.

AS 21.60.140 – Administrative Procedures Act

Authority is exempt from the Administrative Procedures Act.

AS 21.60.150 – Tax Exemption

Authority is exempt from fees and taxes of the state or political subdivisions, except property taxes.

AS 21.60.160 – Types of Insurance Plans

Requires Authority to provide at least one state plan of flood insurance.

AS 21.60.170 – Coverage & Terms

Requires state flood insurance plan to be the same as coverage provided by the National Flood Insurance Program. Further defines terms of state flood insurance plan.

AS 21.60.180 – State Plan Premiums

Rates must not be discriminatory. Board must use actual

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historical flood and damage data to determine rates. The Director must approve rates before use.

AS 21.60.190 – Duties of Authority

The Authority shall:

- Perform administrative and claims payment required.
- Provide a policy statement to enrolled persons.

AS 21.60.200 – Funding; Penalties; Premium Tax Credit

Each member of the authority shall share in the losses, pay dues, and share in the operating and administrative expenses.

Calculates member's liability and requires board to make annual assessment. Addresses failure to pay assessments. Provides for a premium tax credit of 50% of assessment. If the amount of assessments is insufficient to satisfy a claim, the Legislature may appropriate up to \$10m to DCCED.

AS 21.60.210 – Eligibility

Authority determines eligibility. Director may impose additional requirements.

AS 21.60.220 – Enrollment by Eligible Person

A person must apply to enroll in a state plan.

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AS 21.60.230 – Response by the Authority

Authority must reject or accept within 90 days.

AS 21.60.240 – Effective Date of Insurance

Insurance takes effect upon receipt of first premium.

Retroactive if plan expires and person re-applies within 60 days and pays premium.

AS 21.60.250 – Solicitation of Eligible Persons

The Authority shall inform persons in a special flood hazard area the existence of a state flood insurance plan.

AS 21.60.260 – Duties of Director of Insurance

Requires Director to formulate general policy and adopt regulations to administer the State Flood Insurance Program.

The regulations must establish a reserve of payment or flood claims and require the amount held in reserve an amount required by a private insure participating in the National Flood Insurance Program based on a similar risk profile.

AS 21.60.270 – State not Liable

State is not liable for acts or omissions of the Authority.

AS 21.60.280 – Board Member Civil & Criminal Immunity**District R**

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Board member not liable if acting in good faith.

AS 21.60.290 – Alaska Flood Insurance Fund

Establishes Alaska Flood Insurance Fund. Money in the Fund does not lapse.

AS 21.60.300 - Definitions

Section 5 – *Amends AS 37.05.146(c) to add*

Assessments and civil penalties of the Alaska Flood Authority to the list program receipts.

Section 6 – *Uncodified Law: Applicability*

Section 2 applies to policies/renewals after the effective date of this Act.

Section 7 – *Uncodified Law: Transition*

Director may adopt regulations if the Authority does not submit a suitable plan of operation by January 1, 2023.

Section 8 – *Effective Date*

Immediate effective date for Section 7.

Section 9 – *Effective Date*

July 1, 2022 effective date.

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