



Representative Andi Story

Alaska State Legislature

April 30, 2024

Representative Mike Prax, Chair,
House Health and Social Services Committee

Dear Chair Prax,

Please publish to the House Health and Social Services Committee the following responses to question on HB 346 (Disaster Relief) which were asked in the bill hearing on March 19, 2024

1. Representative Saddler asked for an explanation of the difference between private insurance and a disaster assistance grant.

Private insurance, such as homeowners' and flood insurance, is a negotiated contract between the insurance company and an individual. It covers some or all of the costs of replacement and repair to buildings and belongings in the event of damage, up to policy limits and under policy terms.

By contrast, disaster relief is a statutorily created grant to provide State funds for 1) home repair and 2) personal property repair or replacement. This grant requires that the Governor declare a disaster pursuant to AS 26.23.020(c). The Alaska disaster relief statute mirrors the federal law on the procedure following the declaration of a disaster.

From Director Bryan Fisher, Alaska Division of Homeland Security and Emergency Management:

The state disaster relief grants are just that. Governmental disaster relief in the form of a grant to individuals or families. Under 6 AAC 94.250, there are specific limitations on the grants for homes within a special flood hazard area, and that participate in the National Flood Insurance Program. We also reduce the amount of grant funding available based on insurance payouts for homeowners or renters who have insurance for that specific peril that caused the disaster to be declared. For example, if a homeowner had a damaged home and an earthquake insurance rider that had a deductible of \$5,000, and a coverage amount of \$100,000, and that coverage was enough to repair

the home, we would only consider a grant for the amount of the deductible. Our program is not designed to double-pay or duplicate benefits from insurance, or other governmental programs (6 AAC 94.220 (a)(3)).

2. Representative Saddler asked whether, to qualify for disaster relief, people are required to have homeowners or flood insurance?

Answer: No. Insuring one's home is not a pre-requisite for qualifying to receive disaster relief pursuant to AS 26.23.010-26.23.220. However, to apply for disaster relief, insured homeowners must first seek insurance reimbursement before state disaster relief funds can be applied.

3. Representative Saddler also asked if the disaster relief amount is increased, would the Legislature be relieving people of the need to obtain flood insurance?

The amount of disaster relief is limited to no more than \$50,000 for home repair and personal property repair or replacement, which is much less than the cost of a home replacement. According to the Division of Insurance, most homeowners are underinsured.

4. Representative Fields asked if insurance is not paying if land is washed out from under a house, would the State automatically be on the hook for paying out disaster relief funds for all the houses impacted?

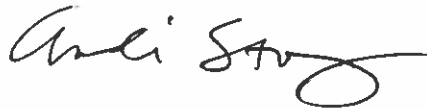
Answer: Disaster assistance only applies if the Governor declares a disaster. Erosion itself is not classified as a disaster, so if it was erosion alone, the incident wouldn't trigger a state grant. But if the erosion is the result of a qualifying event, i.e., a declared disaster such as flood or landslide, the provisions of the disaster assistance statute may apply. Once the Governor declares a disaster, the Division of Homeland Security and Emergency Response applies its statutes and regulations to determine the extent of damage and whether the individual meets the application requirements before awarding grants. It will pay for damage to the structure of the home if damaged, and part of an essential living area, as well as damage or loss of essential personal property, as defined by 6 AAC 94.240(2). Under this bill, the State would pay no more than \$50,000 per incident per household.

5. Representative Fields asked what gap the bill is intended to fill if insurance is denying claims for erosion?

Answer: That concern would need to be addressed in a national insurance legislation change. This bill is intended to do two things: a) allow condo owners to use disaster relief to pay their share of the assessments to repair the condo building after a disaster to bring them into parity with owners of individual homes, and b) increase the amount of money the State can provide Alaskans after a disaster. This bill only covers these two issues.

If committee members have further questions about this bill, we would be happy to answer them.

Thank you.

A handwritten signature in black ink that reads "Andi Story". The signature is written in a cursive style with a large, sweeping flourish at the end.

Representative Andi Story