



CORDOVA DISTRICT
FISHERMEN
— UNITED —

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March 13, 2025

Chair Rep. Louise Stutes
House Fisheries Special Committee
State Capitol Room 120
Juneau AK, 99801
House.Fisheries@akleg.gov

RE: Support HB 116 – Commercial Fishing Insurance Coop

Dear Representative Stutes and Committee Members:

Cordova District Fishermen United (CDFU) is a multi-gear commercial fishermen's organization representing Prince William Sound harvesters. We represent more than 120 independent fishermen, and hundreds of crew, family and support businesses that rely on their operations.

We are writing to share our support for HB 116, exempting commercial fishing vessel cooperatives from Alaska insurance regulations.

Insurance costs have risen sharply for harvesters in recent years and represent an increasingly significant part of annual operating costs. The ability to work cooperatively with other fishing and seafood professionals in Alaska would provide much-needed options for responsible, effective, and affordable insurance. Fishing businesses are unique and often struggle to fit into the regulatory frameworks developed for other fields of work. This exemption allows this critical component of Alaska's economy and community traditions to engage in thoughtfully developing insurance frameworks that are fitting for our needs and the landscape in which we operate.

Sincerely,

Ezekiel Brown
Board President



Southeast Alaska Fishermen's Alliance

1008 Fish Creek Rd

Juneau, AK 99801

Email: kathy@seafa.org

Cell Phone: 907-465-7666

Fax: 907-917-5470

Website: <http://www.seafa.org>

March 10, 2025

House Special Committee on Fisheries
Alaska State Legislature
Alaska State Capitol
Juneau, AK 99811

RE: SUPPOT HB 116 – COMMERCIAL FISHING INSURANCE CO-OP

Dear Representative Louise Stutes, Chairwoman and Committee Members,

Southeast Alaska Fishermen's Alliance (SEAFA) is a multi-gear/multi-species commercial fishing association representing our 300+ members involved in salmon, crab, shrimp and longline fisheries mainly in Southeast Alaska. SEAFA has an associated insurance pool (Southeast Alaska Fishermen's Alliance Reserve (SEAFAR)) which over 200 of our members participate in, operating in Southeast Alaska and Prince William Sound drift salmon and Gulf of Alaska/Southeast longline fisheries. Members involved in our pool have 3 or less crew members, no wood or concrete vessels. We do not insure any purse seine vessels as per our agreement with PSVOA who administers our insurance pool, so we are not in competition with them and our vessels have a different set of vessel parameters and operating areas than the Seine Vessel pool.

SEAFAR was able to get started in 2002 due to the helping hand provided by PSVOA/Bristol Bay Reserve insurance pools by backing SEAFAR until we had sufficient reserves on hand to support ourselves. Every insurance pool is slightly different in how they operate, but all insurance pools that we are aware of have some type of insurance committee that reviews applications. In reviewing an application, the sea worthiness, care and maintenance of the vessel is considered, but as important is the reputation and judgement of the owner-captain. In our insurance pool, we only insure vessels that

are owner-operated, no relief skippers are allowed. SEAFAR has not raised its hull rate since it was established in 2002 but we have recently had to raise our minimum liability level for Protection and Indemnity (P&I) and mandatory pollution coverage. We have attached our insurance brochure describing our pool.

SEAFAR supports HB 116 exempting commercial fishing vessel cooperatives from Alaska insurance regulations. Just understand that it takes time and effort to develop a successful insurance pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Hansen", followed by a long horizontal line extending to the right.

Kathy Hansen
Executive Director

SEAFA MEMBERSHIP

All SEAFAR members are required to be members of SEAFA each year insurance is bound. General membership dues are \$200 plus \$25 for each of the four fishery Divisions (salmon, crab, shrimp and longline) for which a member holds a permit. Membership dues go directly to the SEAFA Office.

SEAFA is a non-profit Alaska corporation governed by a 12 member Board of Directors.

SEAFA seeks to preserve, promote, protect and perpetuate the Southeast Alaska commercial fishing industry while promoting legislation, resource conservation, and at sea safety practices for the general welfare and benefit of the membership.

FINANCIAL STATUS & STOP-LOSS INSURANCE

SEAFAR is a non-stock association and is wholly owned by its members. SEAFAR is subject to Section 526 of the Internal Revenue Code and operates under the Revised Code of Washington, Title 48.01.50. To preserve member surplus, SEAFAR purchases a stop-loss policy to pay claims in the event the amount of claims in a policy year exceeds a certain amount

APPLICATION PROCESS

The SEAFAR insurance committee reviews applications as they are received throughout the year. We try to process applications within a week of receipt but can sometimes take longer. Applications accepted mid year are pro-rated to Jan 1st, when all policies are renewed for the year. We will accept application for review in December but will not bind a policy in December, it will have to wait until the first of January.

Fisherman's Terminal
1900 W Nickerson Suite 320
Seattle, WA 98119
(888) 284-7733 Toll-Free (206) 283-7795 F
Email: Info@psvoa.com www.psvoa.com

IN WASHINGTON

1008 Fish Creek Rd
Juneau, AK 99801
(907) 465-7666 T (907) 917-5470 Fax
Email: Kathy@seafa.org www.seafa.org

IN ALASKA

SEAFA



RESERVE

MARINE INSURANCE PROGRAM

TO APPLY, CALL OR CLICK
907-465-7666 Cell
907-917-5470 Fax
www.seafa.org

ORGANIZATION

The Southeast Alaska Fishermen's Alliance Reserve (SEAFAR) is an association of fishing vessel owners who are also members of the Southeast Alaska Fishermen's Alliance, Inc. (SEAFI). SEAFAR seeks to promote the safe operation and maintenance of vessels, provide for the adjustments of claims, and create a fund for the payments of losses or claims made by or against its members.

MANAGEMENT

The SEAFI Board of Directors acts as the SEAFAR Board of Trustees. An independent insurance committee reviews each new application. SEAFAR in consultation with Seine Management Services, Inc. (SMS) has the authority and responsibility to set contribution rates, adjust claims, invest funds, and establish all general policy guidelines.

CHARACTER OF COVERAGE

SEAFAR can provide up to \$1 million in hull coverage, and \$1 million in Protection & Indemnity, and Pollution coverage. Excess Protection and Indemnity is available for purchase through SEAFAR's insurance broker in \$1 million dollar increments up to \$4 million. SEAFAR also offers coverage for Breach of Warranty, Net and Gear, Transit as Cargo and Transit by Trailer. SEAFAR does not offer cover for damages to vessel machinery, which is often covered by typical hull and machinery insurance policies. SEAFAR covers only owner operated vessels. In a case of an emergency, arrangements can be made in consultation with SEAFAR for a specific voyage.

METHOD OF PAYMENT

Annual payments are made in two equal installments — due April 1st and August 31st or other payment terms as set by the Manager. Payments by credit card will include a convenience fee to cover the credit card transaction fee.

HULL OPERATIONS

For Hull insurance, members pay annual payment of 2.5% of the vessel value less a 1.0% credit for lay-up time. There is a \$3,500 deductible for hull claims. Single or dual outdrives are subject to an additional \$2,000 or \$4,500 deductible, respectively.

EXAMPLE 1

Member A's vessel is valued at \$75,000. The vessel fishes 6 months per year. The first year's hull premium would be \$1,875

$$\$75,000 \times .025 = \$1,875$$

EXAMPLE 2

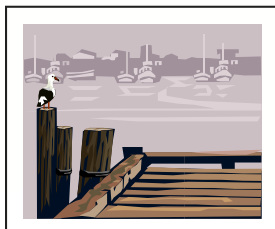
In year two, Member A's hull premium, taking into account the prior year's lay-up, would be \$1500

$$\begin{aligned} \$75,000 \times .025 \times .5 \text{ (6 mo fishing)} &= \$937 \\ \$75,000 \times .015 \times .5 \text{ (6 mo fishing)} &= \$563 \\ \text{Total second year Hull premium} &= \$1,500 \end{aligned}$$

EXAMPLE 3

In year five, Member A's year one surplus is credited towards the year five premium. Assuming a surplus based on a 50% return of year one premium (.5 x \$1,875), Member A's year five premium would be \$563.

Hull Premium	\$1,500
Surplus	<\$937>
Total fifth year Hull premium	\$563



OPERATIONS P & I AND OTHER

For Protection & Indemnity (P&I) insurance coverages, members who also have Hull coverage with SEAFAR pay a varying rate depending on the number of crew. There is a \$2,500 deductible per P&I claim. All SEAFAR members are required to purchase \$1 million in P&I coverage.

BASE P&I

LIMIT	RATE
\$1,000,000	\$450

CREW RATES

LIMIT	PER MAN/PER MO	/ 1/2 MO
\$1,000,000	\$275	\$200

P&I Rate Note: Half monthly rate is available for 1st -15 of the month OR the 16th through the end of the month.

EXAMPLE 4

Member A has 1 crew for a two month fall shrimp fishery, no crew for the summer salmon season and 1 crew for a longline trip from September 1-15. P&I coverage for \$1,000,000 would be \$1,200

Base Rate	\$450
Shrimp fishery	\$550
Salmon fishery	0
Longline	\$200
Total P&I premium	1,200

Members must have at least 1/3 of the surveyed hull value in order to purchase P&I coverage with SEAFAR.

OTHER COVERAGES

BREACH OF WARRANTY	.2%
<i>(Insures holder of vessel mortgage)</i>	
POLLUTION (\$500,000/ \$1Million limit)	\$250/\$500
NET & GEAR	1.0%
TRANSIT AS TRAILER	TBD
TRANSIT AS CARGO	TBD

COPPER RIVER
PRINCE WILLIAM SOUND
MARKETING ASSOCIATION
A Regional Seafood Development Association

Copper River Prince William Sound Marketing Association
PO Box 199
Cordova, AK 99574

March 10, 2025

Representative Louise Stutes
State Capitol Room 216
Juneau AK, 99801

Dear Representative Stutes,

As you know, Copper River Prince William Sound Marketing Association is the regional seafood development association for Area E fisheries. At this time, our 1% tax paying members consist of 560+ Area E salmon drift net and set net permit holders. Small boat fishermen up and down the coast of Alaska continue to endeavor to keep their family fishing operations viable despite strong opposing currents within the economy and seafood markets. One of those opposing currents that the recent Joint Legislative Task Force Evaluating Alaska's Seafood Industry identified and discussed was marine vessel insurance. It seems that every season there are fewer and fewer underwriters offering this type of necessary insurance that every commercial fishing family needs and coverage continues to become more costly.

Recently our members have expressed interest in the RSDA helping them with this important business coverage by either an insurance pool or group coverage. During this off season we have been researching both options as a service to our members. Whatever the State of Alaska can do to help organizations create insurance pools or group coverage for Alaska's small boat commercial fishing fleet would be one step among many to keeping hundreds of small Alaskan businesses stable and able to operate for yet another season.

Thank you for your dedication to Alaska's small boat fishing fleet. It does not go unnoticed.

Respectfully,



Christa Hoover
Executive Director
executivedirector@copperrivermarketing.org