

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

April 8, 2002

1:15 p.m.

COMMITTEE CALENDAR

DIVISION OF INSURANCE UPDATE: AVAILABILITY & COST OF INSURANCE
IN ALASKA

TAPES

02-44, SIDE A

CALL TO ORDER

REPRESENTATIVE NORMAN ROKEBERG, Chair, called the House Judiciary Standing Committee meeting to order at 1:15 p.m. [For minutes regarding HB 317, HB 295, and HB 316, see the 1:45 p.m. minutes for this date.]

PRESENT

Committee members present were Representatives Rokeberg, James, Coghill, Meyer, Berkowitz, and Kookesh.

SUMMARY OF INFORMATION

BOB LOHR, Director, Division of Insurance, Department of Community & Economic Development, discussed the report prepared by the division regarding the impact of tort reform on insurance rates in Alaska. He pointed out that it was next to impossible to accurately determine the impact of tort reform specifically.

REPRESENTATIVE JAMES asked about homeowner's insurance and the effects of tort reform.

MR. LOHR responded that the information in Alaska is often not credible due to the limited population and loss experience.

SARAH McNAIR-GROVE, Actuary P/C, Central Office, Division of Insurance, Department of Community & Economic Development, talked further about the difficulty of determining the impact of tort reform on insurance costs. She also explained the charts that were provided in the report.

REPRESENTATIVE BERKOWITZ asked about the number of claims paid as a result of verdict versus settlement.

MR. LOHR responded that most claims are settled out of court. Further he mentioned that defense attorneys seem to be bolder since tort reform in terms of their willingness to go to trial.

CHAIR ROKEBERG asked a question regarding the establishment of rates and ISO recommended rate changes.

MS. McNAIR-GROVE briefly mentioned insurance rate trends as discussed in the report.

REPRESENTATIVE BERKOWITZ asked if there was a correlation between the number of insurance companies operating in a market and the costs in that market.

MR. LOHR said that market concentration may be a factor in pricing. If one company controls a large percentage of the market, that company has the capacity to make prices instead of take prices.

REPRESENTATIVE JAMES commented that we have no interest in increasing large settlements. She also commented on her concern that assisted living centers have great difficulty securing insurance.

MS. McNAIR-GROVE added that her concern had been felt all over the lower 48 as well as in Alaska, and that it was in fact a significant problem.

ANNOUNCEMENTS

No announcements were made.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

CHAIR ROKEBERG called an at-ease at 1:43 p.m. for the purpose of hearing legislation. [For minutes regarding HB 317, HB 295, and HB 316, see the 1:45 p.m. minutes for this date.]

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Second Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.