

ALASKA STATE LEGISLATURE
SENATE LABOR & COMMERCE COMMITTEE

March 27, 2001
1:30 pm

MEMBERS PRESENT

Senator Randy Phillips, Chair
Senator Alan Austerman
Senator John Torgerson
Senator Bettye Davis

MEMBERS ABSENT

Senator Loren Leman

COMMITTEE CALENDAR

HOUSE BILL NO. 150

"An Act relating to insurance premiums for rental motor vehicles."

MOVED HB 150 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

HB 150 - No previous action to consider.

WITNESS REGISTER

Ms. Amy Erickson
Staff to Representative Murkowski
State Capitol Bldg.
Juneau AK 99811

POSITION STATEMENT: Commented on HB 150 for sponsor.

Ms. Deane Tesnar
Division of Insurance
Department of Community and Economic Development
P.O. Box 110805
Juneau AK 99811

POSITION STATEMENT: Supported HB 150.

Mr. Charlie Miller
ANC Rental/Hertz
P.O. Box 102286
Anchorage AK 99510

POSITION STATEMENT: Supported HB 150.

Mr. Charles Rubin
Rubin and Firella LLT
New York, NY

POSITION STATEMENT: Supported HB 150.

ACTION NARRATIVE

TAPE 01-13, SIDE A

Number 001
#HB150

HB 150-INSURANCE PREMIUMS FOR RENTAL VEHICLES

CHAIRMAN RANDY PHILLIPS called the Senate Labor & Commerce Committee meeting to order at 1:30 pm. and announced HB 150 to be up for consideration.

MS. AMY ERICKSON, Staff to Representative Murkowski, said:

In 1999, the legislature enacted SB 87, which required the Division of Insurance to license motor vehicle rental agencies that sell insurance products to rental car customers. After implementation, it became clear that while this requirement was appropriate for full-time producers, it was not practical for the incidental sale of insurance products by rental car agencies.

The funds generated by premium insurance are minimal in relation to the entire rental transaction, but the current statute requires that each location maintain a trust account and an account for premiums. Because of nominal funds generated, the statute requiring rental agencies to maintain separate accounts is unnecessary and impractical. The statute does not contain an exemption from this requirement or provide discretion by the director or enforcement of these requirements.

HB 150 eliminates the requirement of separate trust accounts and frees rental car agencies from the unnecessary requirement to hold insurance premiums in separate trust accounts. Customers will see no change in how they buy add-on insurance products. The bill balances protection of the consumer with the benefits of reasonable compliance.

MS. DEANE TESNER, Division of Insurance, supported HB 150.

MR. CHARLIE MILLER, ANC Rental and Hertz Rental Car Corporations, supported HB 150. He said, "It is a good clean up measure for what was intended in SB 87."

Number 500

MR. CHARLES RUBIN, Rubin and Firella, LLT., said they are general counsel for Alamo, National, Hertz, Avis and others. He supported HB 150 saying it just cleaned up the intent of SB 87.

SENATOR TORGERSON moved to pass HB 150 from committee with individual recommendations with the accompanying \$0 fiscal note. There were no objections and it was so ordered.

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CHAIRMAN PHILLIPS adjourned the meeting at 1:37 pm.