

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 350(L&C)  
 (H) Publish Date: 4/21/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Unfair Claim Settlement Practices RDU Insurance (116)  
 Component Insurance Operations  
 Sponsor Chenault and Gruenberg  
 Requester Labor & Commerce Component No. 354

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	55.3	55.3	55.3	55.3	55.3	55.3
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	55.3	55.3	55.3	55.3	55.3	55.3
<b>TOTAL</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>	<b>55.3</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation creates a private cause of action for violations of the insurance code. Currently, there is no private cause of action. The legislation requires the Director of the Division of Insurance to issue a cease and desist order against a company when a trial court finds that the company has violated the insurance laws. Such an order would have a statewide impact. There is a potential that a cease and desist order issued under this act would affect all or a portion of the insurance market. Consequently, the Division would have to monitor private litigation brought under the act, and intervene as a party or as *amicae* in lawsuits where a trial court decision could have a significant public policy impact.

The Division estimates that this would require annually the assistance of two attorneys, at \$115 per hour.

Prepared by: Linda S. Hall, Director Phone 907-269-7900  
 Division: Insurance Date/Time 2/9/06 1:18 PM  
 Approved by: William C. Noll, Commissioner Date 2/9/2006  
 Agency: Commerce, Community and Economic Development