

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 19, 2018

3:21 p.m.

MEMBERS PRESENT

Representative Sam Kito, Chair
Representative Adam Wool, Vice Chair
Representative Andy Josephson
Representative Chris Birch
Representative Gary Knopp
Representative Colleen Sullivan-Leonard

MEMBERS ABSENT

Representative Louise Stutes
Representative Mike Chenault (alternate)
Representative Bryce Edgmon (alternate)

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Commissioner, Department of Commerce, Community & Economic
Development

Mike Navarre - Kenai

- CONFIRMATION(S) ADVANCED

CS FOR SS FOR SENATE BILL NO. 4 (FIN) AM

"An Act relating to the Board of Barbers and Hairdressers; relating to a limited license to practice non-chemical barbering; relating to a license to practice hair braiding; relating to the Department of Environmental Conservation; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 403

"An Act relating to the Alaska Life and Health Insurance Guaranty Association; and providing for an effective date."

- MOVED CSHB 403 (L&C) OUT OF COMMITTEE

HOUSE BILL NO. 379

"An Act relating to claims against protection and indemnity insurance policies of vessel owners."

- HEARD & HELD

HOUSE BILL NO. 401

"An Act relating to insurance; relating to credit for reinsurance; insurance standard valuation; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 4

SHORT TITLE: NON-CHEMICAL BARBERING;HAIR BRAIDING

SPONSOR(S): SENATOR(S) MICCICHE

01/18/17	(S)	PREFILE RELEASED 1/9/17
01/18/17	(S)	READ THE FIRST TIME - REFERRALS
01/18/17	(S)	L&C, FIN
02/17/17	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/17/17	(S)	L&C, FIN
03/02/17	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/02/17	(S)	Heard & Held
03/02/17	(S)	MINUTE(L&C)
03/14/17	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/14/17	(S)	Moved SSSB 4 Out of Committee
03/14/17	(S)	MINUTE(L&C)
03/15/17	(S)	L&C RPT 1DP 4NR
03/15/17	(S)	DP: COSTELLO
03/15/17	(S)	NR: HUGHES, MEYER, STEVENS, GARDNER
04/14/17	(S)	FIN WAIVED PUBLIC HEARING NOTICE, RULE 23
04/15/17	(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/15/17	(S)	<Bill Hearing Canceled>
04/16/17	(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/16/17	(S)	-- MEETING CANCELED --
04/17/17	(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/17/17	(S)	Heard & Held
04/17/17	(S)	MINUTE(FIN)
02/02/18	(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/02/18	(S)	Heard & Held
02/02/18	(S)	MINUTE(FIN)
02/05/18	(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/05/18	(S)	Moved CSSSB 4(FIN) Out of Committee
02/05/18	(S)	MINUTE(FIN)

02/07/18 (S) FIN RPT CS 4DP SAME TITLE
02/07/18 (S) DP: MACKINNON, BISHOP, STEVENS,
MICCICHE
02/09/18 (S) TRANSMITTED TO (H)
02/09/18 (S) VERSION: CSSSSB 4(FIN) AM
02/12/18 (H) READ THE FIRST TIME - REFERRALS
02/12/18 (H) L&C, FIN
03/16/18 (H) L&C AT 3:15 PM BARNES 124
03/16/18 (H) <Bill Hearing Canceled>
03/19/18 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 403

SHORT TITLE: LIFE & HEALTH INSURANCE GUARANTY ASSN.
SPONSOR(s): LABOR & COMMERCE

03/05/18 (H) READ THE FIRST TIME - REFERRALS
03/05/18 (H) L&C
03/14/18 (H) L&C AT 3:15 PM BARNES 124
03/14/18 (H) Heard & Held
03/14/18 (H) MINUTE(L&C)
03/19/18 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 379

SHORT TITLE: COMM FISHERMEN'S FUND:VESSEL OWNER CLAIMS
SPONSOR(s): ORTIZ

02/21/18 (H) READ THE FIRST TIME - REFERRALS
02/21/18 (H) FSH, L&C
03/08/18 (H) FSH AT 10:00 AM GRUENBERG 120
03/08/18 (H) Moved HB 379 Out of Committee
03/08/18 (H) MINUTE(FSH)
03/09/18 (H) FSH RPT 3DP 1AM
03/09/18 (H) DP: TARR, KREISS-TOMKINS, STUTES
03/09/18 (H) AM: NEUMAN
03/19/18 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 4 as prime sponsor.

SARAH CHAMBERS, Deputy Director
Division of Corporations, Businesses, and Professional Licensing
(DCBPL)
Department of Commerce, Community & Economic Development (DCCED)

Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 4.

JEREMY PRICE

Americans for Prosperity

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 4.

DR. GLORIA BAMBERG-MERRITT

Licensed Instructor; Owner

Plethora of Designs

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 4.

WILLIE MAE CANADY

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 4.

RACHEL HANKE, Staff

Senator Peter Micciche

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 4.

SORCHA HAZELTON, Staff

Representative Sam Kito

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced the CS to HB 403, Version J.

LORI WING-HEIER, Director

Division of Insurance

Department of Commerce, Community & Economic Development (DCCED)

Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 403.

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 379 as prime sponsor.

LIZ HARPOLD, Staff

Representative Dan Ortiz

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 379.

BOB KEHOE, Executive Director
Purse Seine Vessel Owners Association (PSVOA)
Seattle, Washington

POSITION STATEMENT: Testified in support of HB 379.

MARIE MARX, Director
Division of Workers Compensation
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on HB 379.

FRANCES LEACH, Executive Director
United Fishermen of Alaska (UFA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 379.

CLAY BEZNEK
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 379.

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 4 as prime sponsor.

CAITLYN ELLIS, Staff
Representative Sam Kito
Alaska State Legislature
Juneau Alaska

POSITION STATEMENT: Presented the explanation of changes for the CS to SB 4.

KEVIN MCKINLEY, Chair
Board of Barbers and Hairdressers
Fairbanks, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 4.

ACTION NARRATIVE

[3:21:42 PM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting to order at 3:21 p.m. Representatives Sullivan-Leonard, Knopp, Birch, Wool, and Kito were present at

the call to order. Representative Josephson arrived as the meeting was in progress.

CONFIRMATION HEARING(S):

CONFIRMATION HEARING(S):

**Commissioner, Department of Commerce, Community & Economic
Development**

[3:22:54 PM](#)

CHAIR KITO announced that the first order of business would be a motion to refer Commissioner Designee Mike Navarre's name to the House Floor. He underlined that signing the referral sheet does not obligate anyone to support the nominee, only to move the name forward for the joint session of the Senate and House of Representatives. Mr. Navarre testified regarding this confirmation during the 3/7/18 House Labor and Commerce Standing Committee.

[3:24:19 PM](#)

The committee took an at-ease from 3:24 p.m. to 3:24 p.m.

[3:24:47 PM](#)

REPRESENTATIVE Wool moved to refer the name of Mike Navarre, Commissioner Designee, to the joint session of the Senate and House Floor. There being no objection, it was so ordered.

[3:25:05 PM](#)

The committee took an at-ease from 3:25 p.m. to 3:27 p.m.

SB 4-NON-CHEMICAL BARBERING;HAIR BRAIDING

[3:27:14 PM](#)

CHAIR KITO announced that the next order of business would be SENATE BILL NO. 4, "An Act relating to the Board of Barbers and Hairdressers; and relating to a limited license to practice non-chemical barbering."

[3:27:34 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, presented SB 4 as prime sponsor. He paraphrased from the sponsor statement

[included in committee packet], which reads as follows [original punctuation provided]:

During this time of recession in Alaska's economy, we are evaluating the balance between quality training programs and situations where government has hindered commerce and the ability for Alaskans to earn a living. Revisions to the barbers' and hairdressers' statutes provide several opportunities to correct these imbalances.

Under Title 8 licensed professionals regulated by the Board of Barbers and Hairdressers (Board) must work in a licensed shop. These students or practitioners are required by statute to conspicuously display their licenses; however, the shop owner is not. This inequity has led to employees being fined because, unbeknownst to them, the shop owner's license had lapsed. SB4 requires the shop owner to conspicuously display the shop license, as well as the licenses of employees, renters and students.

By statute, an individual must obtain a shop certification from the Department of Environmental Conservation (DEC) before they receive a license from the Board of Barbers and Hairdressers. The DEC is no longer providing certifications due to budget reductions. SB4 will allow a DEC standard self-certification process regulated through the Board.

Additionally, SB4 creates two new license types. First is a non-chemical barber's license. Currently, all barbers are held to nearly the same standard as hairdressers and are required to have practical training in chemical waving, chemical straightening, bleaching, and coloring. They must complete a total of 1,650 training hours, which is equivalent to hairdressers. SB4 will open the door to more Alaskans interested in joining the industry by balancing training requirements and reducing the burden. In essence, the bill provides more economic opportunity and less government-induced burden for hard working Alaskans. The higher-level barber's license will remain available to those who wish to perform chemical procedures.

Finally, SB4 will create a specific license for braiding. Braiders are also currently being held to the same standard as hairdressers, including the same 1,650 hours or more of practical training in addition to a written exam SB4 proposes 35 hours of training. This bill will welcome more workers into the industry, creating jobs and a stronger economy by balancing training requirements to the specific demands and required skills of the trade.

[3:34:05 PM](#)

REPRESENTATIVE WOOL moved to adopt CS for SB 4 Version N as the working document.

CHAIR KITO objected for the purpose of discussion.

[3:34:19 PM](#)

CAITLYN ELLIS, Staff, Representative Sam Kito, Alaska State Legislature, presented the changes in the CS to SB 4 [included in committee packet]. She pointed out that the document reads "SB173," but in fact contains information on SB 4. She paraphrased the explanation of changes, Version U.A. to N, which reads as follows [original punctuation provided]:

A large majority of the proposed changes make minor grammatical changes throughout the bill which separate the practices of tattooing and cosmetic coloring thereby creating two license types.

Page 2, lines 3, 12-22, 26; Page 3, lines 2-3, 21; Page 4, lines 2, 6, 17; Page 5, lines 17-18, 22-24; Page 6, line 21; Page 7, lines 11, 22-23, 28-29; Page 8 lines 11-12, 21-31; Page 9, lines 1, 29; Page 10, lines 26, 28; Page 11, line 26; Page 12, lines 4, 7-8, 14-15, 19-20, 29; Page 13, lines 2, 8, 12-13, 16; Page 14 line 28; Page 15, lines 3-4, 9-11.

The following proposed changes are suggestions provided by the Department of Commerce, Community and Economic Development to clean up existing language.

Page 6, line 5: Insert "or school" after an individual. This amendment allows an individual to complete instruction requirements at licensed school.

Page 6, lines 13-14: Inserts "The board may set by regulation a period of apprenticeship of less than 2,000 hours for an applicant for a license to practice non-chemical barbering." This change requires that apprenticeship hours for a non-chemical barbering license be less than a hairdressing license.

Page 7, lines 21-22: Inserts "non-chemical barbering" in this section as it pertains to licensure and there would now be two distinctive license types under the practice of barbering.

Page 9, lines 23-24: Inserts "does not use chemicals or", clarifies that those practicing without use of chemicals are also exceptions under this section.

Page 10, line 4: Insert "manicuring", allows manicurists to practice under the exemptions in AS 08.12.160(e) under certain conditions, i.e. providing services to diabetic patients in a nursing home or hospital.

Page 11, lines 22-23: Adds new subsections (17) and (18) which allows the department to set fees for these license types.

Page 13, lines 11-12: Inserts "non-chemical barbering" to the definition of practitioner.

Page 13, lines 19-25: Page 13, lines 19-25: Amends the definition of tattooing to read, "Tattooing" means the process by which the skin is marked or colored to form indelible marks, figures, or decorative designs for nonmedical purposes by inserting or ingraining an indelible pigment into or onto the skin, microblading, or microneedling. [Definition previously read, "tattooing and permanent cosmetic coloring" means the process by which the skin is marked or colored by insertion of nontoxic dyes or pigments into the dermal layer of the skin so as to form indelible marks, figures, or decorative designs for nonmedical purposes.]

Page 13, line 31; Page 14, lines 1-5: Inserts new definitions for "non-chemical barbering" and "permanent cosmetic coloring".

[3:37:28 PM](#)

REPRESENTATIVE WOOL asked whether having regulatory authority would enable the board to make decisions rather than the legislature.

[3:38:05 PM](#)

SARAH CHAMBERS, Deputy Director, Division of Corporations, Businesses, and Professional Licensing, Department of Commerce, Community & Economic Development (DCCED), answered questions in the hearing on SB 4. She answered that licensing boards have varying degrees of governance authority and the Board has a lot of detail in statute. She added that boards with very prescriptive statutes have to come back to the legislature when practices change. She stated that there is a lot of legislative involvement in this and other boards when changes are needed.

REPRESENTATIVE WOOL commented it seems some decisions would be better made at the board level.

REPRESENTATIVE SULLIVAN-LEONARD asked about the need to regulate braiding.

[3:40:28 PM](#)

KEVIN MCKINLEY, Chair, Board of Barbers and Hairdressers, answered questions in the hearing on SB 4. He said 35 hours [of training] is what hairdressers are asking for. He said most of that training is on health and safety.

REPRESENTATIVE SULLIVAN-LEONARD asked how many states regulate hair braiding

MR. MCKINLEY answered there are 39 states regulate hair braiding and require anywhere from zero to 2,100 hours of training. He opined that 35 hours is in the threshold of not inhibiting anyone from entering the field and maintaining health and safety for the public.

REPRESENTATIVE SULLIVAN-LEONARD said it looks like 35 hours is the right amount of time.

[3:42:45 PM](#)

CHAIR KITO removed his objection to adopting the CS.

[3:43:00 PM](#)

MR. MCKINLEY said the Board has put a lot of work into making sure the bill works for the public. He said separating the two licenses into tattooing and permanent cosmetic coloring helps to put the microblading industry in with permanent cosmetic coloring. He stated he thinks grandfathering in operating is important. He said there had been a lot of input from the public.

[3:46:28 PM](#)

REPRESENTATIVE WOOL asked for confirmation that currently there is no license for braiding, so someone can open a shop and braid without a license.

MR. MCKINLEY stated that would be practicing without a license. He said the board had addressed the issue and decided it would help to have more regulatory power. He underlined there is unnecessary cost to putting the provision into statute.

REPRESENTATIVE KNOPP spoke to grandfathering. He asked whether the board would implement continuing education for all members.

MR. MCKINLEY stated he was referring to separating the tattoo and permanent cosmetic coloring and grandfathering those who held licenses.

REPRESENTATIVE KNOPP asked whether is a component that would ensure applicants are trained before they can be licensed.

MR. MCKINLEY answered that those seeking licensure would be trained to receive the license.

[3:51:29 PM](#)

SENATOR MICCICHE clarified that the aim of the bill is to eliminate excessive training requirements. He said 35 hours seems like a more reasonable amount of training. He said he appreciates the changes in the CS.

[3:53:00 PM](#)

CHAIR KITO opened public testimony on SB 4.

3:53:08 PM

JEREMY PRICE, Americans for Prosperity, testified in support of SB 4. He said the trend across the country is to lower the barriers for opening small businesses. He opined that the more fees are raised, the harder it is for people to become licensed. He suggested those hardest hit are immigrants and low-income citizens.

3:55:15 PM

DR. GLORIA BAMBERG-MERRITT, Licensed Instructor; Owner, Plethora of Designs, testified in support of SB 4. She stated her support of 35 hours of training for braid technicians to include braiding, sanitation, and sterilization. She added there has been an increase of people braiding in their homes without a license. She stated the proposed bill would allow these people to "come out of the shadows" and increase the workers in the community. She said it would help low income people working from their homes.

REPRESENTATIVE BIRCH asked whether 35 hours are sufficient training.

MS. BAMBERG-MERRITT answered that she thinks 35 hours are sufficient. She said she thinks the additional hours of training involve adding hair to existing hair.

REPRESENTATIVE BIRCH asked whether the training hours regard a safety issue.

MS. BAMBERG-MERRITT answered braiding is not harmful to the hair. She added using the correct moisturizers is part of what is covered in the 35 hours.

4:00:36 PM

WILLIE MAE CANADY testified in support of SB 4. She indicated she is a member of the Board of Barbers and Hairdressers and specified she is speaking on her own behalf. Ms. Canady shared that her community is excited for the bill as many were not aware that a license was required for braiding.

REPRESENTATIVE WOOL asked about the new requirements are for non-chemical barbering.

[4:03:54 PM](#)

RACHEL HANKE, Staff, Senator Peter Micciche, Alaska State Legislature, answered the requirement is not addressed in the proposed bill.

SENATOR MICCICHE explained the hours required for licensing are left to the board to establish. He said there is a long history of hours associated with various license types.

REPRESENTATIVE WOOL asked whether a lapsed license in a shop means no one there can work, even with an individual license.

SENATOR MICCICHE answered that today they would not be able to practice without displaying a license.

[4:06:13 PM](#)

CHAIR KITO held over SB 4.

HB 403-LIFE & HEALTH INSURANCE GUARANTY ASSN.

[4:06:16 PM](#)

CHAIR KITO announced that the next order of business would be HOUSE BILL NO. 403, "An Act relating to the Alaska Life and Health Insurance Guaranty Association; and providing for an effective date."

[4:06:33 PM](#)

SORCHA HAZELTON, Staff, Representative Sam Kito, Alaska State Legislature, introduced the changes to HB 403. She paraphrased from the explanation of changes [included in committee packet], which reads as follows [original punctuation provided]:

Section 1, Page 1, Line 11: Adds the word "member" to conform to model language use of the term "member insurer" throughout the bill.

Section 14, Page 12, Line 16: Removes the phrase "and the receivership court" to conform to model language.

Section 56, Page 33, Line 22: Adds "a hospital or medical service corporation subscriber contract" into

the definition of a health benefit plan to conform to model language.

[4:07:31 PM](#)

REPRESENTATIVE WOOL moved to adopt CS for HB 403 as a working document for the committee. There being no objection, it was so ordered.

CHAIR KITO stated the version being considered is version J.

[4:08:10 PM](#)

CHAIR KITO stated the bill has an effective date of January 1, 2019. He clarified that due to the effective date, any guaranty claims on issues that have taken place now would not be pulled into the new law, so any failures would be incorporated into the revised guaranty association. He asked Ms. Wing-Heier for confirmation.

[4:09:03 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), answered she believed the bill has an effective date of July 1, 2018, not January 2019. She said the intention he had stated is correct. She added new members would not be subject to the [indisc.] assessment.

[4:09:57 PM](#)

CHAIR KITO closed public testimony on HB 403.

[4:10:04 PM](#)

REPRESENTATIVE WOOL moved to report the CS for HB 403 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

[4:10:35 PM](#)

The committee took an at-ease from 4:10 p.m. to 4:13 p.m.

HB 379-COMM FISHERMEN'S FUND:VESSEL OWNER CLAIMS

[4:10:44 PM](#)

CHAIR KITO announced that the final order of business would be HOUSE BILL NO. 379, "An Act relating to claims against protection and indemnity insurance policies of vessel owners."

REPRESENTATIVE DAN ORTIZ, Alaska State Legislature, presented HB 379 as prime sponsor. He paraphrased from the sponsor statement, which reads as follows [original punctuation provided]:

In 2010, the Legislature amended the Fishermen's Fund statute to allow a vessel owner to receive 50% of the owner's Protection & Indemnity insurance deductible from the fund in cases where an injured crewmember made a claim against the Fund and against the P&I policy. The intent of this amendment was to encourage vessel owners to obtain P&I insurance to fully cover crewmember's medical expenses in the event of an injury, and to reduce the financial burden on the State.

HB 379 will allow an owner to fully recover the P&I deductible from the Fund up to an amount of \$5,000. This would provide further financial incentive for vessel owners to obtain P&I insurance to fully cover crewmembers in the event of an injury or illness at sea.

[4:15:47 PM](#)

REPRESENTATIVE KNOPP asked about the limitations on the fund. He asked whether the funds can be used for Fish and Wildlife issues.

[4:16:47 PM](#)

LIZ HARPOLD, Staff, Representative Dan Ortiz, Alaska State Legislature, answered that the purpose of the Fishermen's Fund is to help fishermen who have been injured while fishing on or offshore in Alaska. She said that to the best of her understanding, Fish and Wildlife projects do not fall under the fund.

REPRESENTATIVE KNOPP asked how much of the fleet currently carries Protection and Indemnity (P&I) policies.

REPRESENTATIVE ORTIZ deferred to Mr. Kehoe.

[4:18:59 PM](#)

BOB KEHOE, Executive Director, Purse Seine Vessel Owners Association (PSVOA), testified in support of HB 379. He answered that those who run the fund do not collect that data. He said that anecdotally there are owners that don't carry insurance for themselves or their crew.

REPRESENTATIVE KNOPP asked about the pool between fishing organizations and whether that would be a way of telling how many carry the insurance.

MR. KEHOE answered his organization does not solicit members to join the pool. He added the organization is not in a position to know how many are carrying insurance.

[4:22:27 PM](#)

REPRESENTATIVE BIRCH asked how large the Fishermen's Fund is.

MR. KEHOE deferred to the department.

[4:23:32 PM](#)

MARIE MARX, Director, Division of Workers Compensation, Department of Labor & Workforce Development (DLWD), answered questions in the hearing on HB 379. She stated her division administers the Fishermen's Fund. She answered the current balance is \$11.8 million. She specified that it is a dedicated fund and a self-sustaining fund, meaning the amount of revenue collected each year is sufficient to pay off any claims each year.

REPRESENTATIVE BIRCH referenced the fiscal note (FY) analysis. He said he thinks the fund must be generating close to \$1 million per year. He asked what is drawing against the fund.

MS. MARX answered that the primary benefit paid by the fund is for crewmember injury claims. She added a very small portion goes to reimbursing the deductible paid by vessel owners.

REPRESENTATIVE BIRCH asked whether the division keeps an estimate of total fishermen working and total annual claimants.

MS. MARX answered that if a vessel owner does not carry P&I insurance, they can file a claim with the Fishermen's Fund. She added that the fund is the payor of last resort. She specified

391 claims were made against the fund in FY 17, of which 294 were paid.

REPRESENTATIVE BIRCH surmised the vessel owner did not have insurance and the fund "backstopped that."

MS. MARX answered in the affirmative. She reiterated the fund is the payor of last resort and pays behind every other payment system other than Medicare.

REPRESENTATIVE BIRCH asked how many fishermen are involved.

MS. MARX answered that 391 claims were made in FY 17. She deferred to Mr. Kehoe for the total number of fishermen in Alaska.

[4:27:27 PM](#)

CHAIR KITO suggested some of the questions might be answered by the invited testimony.

[4:27:52 PM](#)

MR. KEHOE answered that he can't guess how many crewmembers are working in the commercial fishing industry throughout the state.

MR. KEHOE paraphrased his prepared statement [included in committee packet], which reads as follows [original punctuation provided]:

My name is Bob Kehoe, and I am the Executive Director of the Purse Seine Vessel Owners Association (PSVOA). PSVOA supports HB 379.

The bill expands upon the Legislature's effort in 2010 to provide a financial incentive to vessel owners to obtain insurance to fully cover their crewmembers in the event of an injury.

Vessel owners are not required by law to carry insurance for their crewmembers, which is different than shoreside employers who are required by law to insure their employees under the state's workers compensation system. In addition, the cost of vessel insurance is relatively high compared to the rates paid by shoreside employers. For example, a purse seine operation typically has four crewmembers. The cost of insuring the crew can be as high as \$400 per man per month.

As small, independent business owners, the cost of liability insurance is a major fixed cost. The bill will ease the financial burden on vessel owners in paying the cost of insurance and will further promote the goal of ensuring all of the medical needs of an injured crewmembers are satisfied.

PSVOA respectfully requests the Committee's support in moving the bill forward.

[4:31:01 PM](#)

REPRESENTATIVE BIRCH asked whether the fishermen represented have to be Alaska residents. He asked who can qualify for the fund benefit.

MR. KEHOE answered that he does not believe that where the vessel owner is from has any bearing of eligibility for the fund benefits. He gave the example of a vessel owner from Seattle, Washington, who does not carry P&I insurance. He stated his injured crewmember from Petersburg, Alaska, is eligible to receive the benefit. He said that under current law, the boat owner is entitled to receive half the deductible. He added the proposed bill would increase that amount up to \$5,000.

REPRESENTATIVE BIRCH asked about the practice in other states in the organization.

MR. KEHOE answered that, to his knowledge, Alaska is the only state that has a fishermen's fund that would pay these claims in the event that the vessel owner does not carry insurance. He said he thinks Alaska is ahead compared to other states.

[4:33:54 PM](#)

FRANCES LEACH, Executive Director, United Fishermen of Alaska (UFA), testified in support of HB 379. She said crewmembers working on commercial fishing vessels are not covered under the Alaska Workers Compensation system. She said injured crewmembers are covered under federal maritime law. She said benefits include payment of medical bills for a work-related injury. She stated that in 2010 there was effort to encourage vessel owners to purchase P&I insurance and to reduce the financial burden on the state. She added there are still many fishermen in the state who do not carry P&I insurance. She shared a personal story of one vessel owner's decision not to carry the insurance. She said the proposed amendment would

provide further financial incentive to vessel owners to carry the insurance.

[4:37:43 PM](#)

REPRESENTATIVE KNOPP surmised that if [crewmembers] can only collect if a claim is filed, it would not incentivize [vessel owners] to carry insurance.

MS. LEACH answered that if the deductible is \$5,000 and the [vessel owner] can get a portion back, it would be worth it.

REPRESENTATIVE KNOPP asked what crew licensing fees are.

MS. LEACH said she thinks the cost for out-of-state the fee is \$200 and in-state costs \$100.

REPRESENTATIVE KNOPP asked whether there is a better use of the fund in her opinion.

MS. LEACH answered that she is testifying on behalf of UFA and her opinion would be that of UFA. She added she has not yet had an opportunity to poll her members.

CHAIR KITO clarified that the reason many aren't covered is that there are many different types of crewmembers. He said that ranges from people trying to make a few dollars to people starting their careers as fishermen.

REPRESENTATIVE KNOPP agreed there are many factors. He said he is attempting to understand the incentive issue.

[4:41:36 PM](#)

CLAY BEZNEK testified in support of HB 379. He said he is representing himself but added he is the ranking member of the Fishermen's Fund Appeals and Advisory Board. He stated the group would be meeting to discuss the proposed bill, but that he can "informally say that in theory that [they] support what is happening." He explained the purpose of the board is to oversee the wellbeing of the fund. He gave some history of the fund. He indicated it was the Fishermen's Fund board that instigated the legislative action in 2010. He said when the fund gets drawn down, there are stopgaps to protect the fund. He clarified that only those fishermen injured within state waters can receive benefits.

[4:46:10 PM](#)

REPRESENTATIVE WOOL asked what the incentive is to purchase P&I insurance.

MR. BEZNEK answered that the Fishermen's Fund is the payor of last resort. He gave an example of the fund paying out for injuries. He said part of his job on the board is to encourage vessel owners to purchase P&I insurance.

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CHAIR KITO opened public testimony on HB 379.

CHAIR KITO held over HB 379.

[4:49:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:49 p.m.