

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

May 7, 2019

1:30 p.m.

MEMBERS PRESENT

Senator Lora Reinbold, Chair
Senator Mia Costello, Vice Chair
Senator Click Bishop
Senator Chris Birch
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 11

"An Act relating to temporary courtesy licenses for certain nonresident professionals; and relating to the Department of Commerce, Community, and Economic Development."

- HEARD & HELD

SENATE BILL NO. 106

"An Act relating to renewal of insurance coverage for homeowners and renters; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 11

SHORT TITLE: MILITARY SPOUSE COURTESY LICENSE

SPONSOR(S): SENATOR(S) KAWASAKI

01/16/19	(S)	PREFILE RELEASED 1/7/19
01/16/19	(S)	READ THE FIRST TIME - REFERRALS
01/16/19	(S)	L&C, FIN
03/07/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/07/19	(S)	Heard & Held
03/07/19	(S)	MINUTE(L&C)
03/12/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/12/19	(S)	Heard & Held

03/12/19 (S) MINUTE (L&C)
05/07/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 106

SHORT TITLE: HOMEOWNER/RENTER INSURANCE RENEWAL

SPONSOR(s): SENATOR(s) BEGICH

04/10/19 (S) READ THE FIRST TIME - REFERRALS
04/10/19 (S) L&C
05/07/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE SHARON JACKSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of the House version of the bill, incorporated into SB 11.

MERCEDES COLBERT, Staff
Senator Scott Kawasaki
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 11 on behalf of the sponsor.

ERICK CORDERO GIORGANA, Staff
Representative Sharon Jackson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the Senator Sharon Jackson, presented the sectional analysis for SB 11, Version M.

SENATOR TOM BEGICH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 106.

LOKI TOBIN, Staff
Senator Tom Begich
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the sponsor, Senator Tom Begich, presented the sectional analysis for SB 106.

LORI WING-HEIER, Director
Division of Insurance

Department of Commerce, Community and Economic Development
(DCCED)

Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on SB 106.

PENNY GAGE, representing herself

Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on SB 106.

ACTION NARRATIVE

[1:30:20 PM](#)

CHAIR LORA REINBOLD called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Birch, Bishop, Costello, Gray-Jackson and Chair Reinbold. Senator Bishop arrived as the meeting was in progress.

SB 11-MILITARY SPOUSE COURTESY LICENSE

[1:31:04 PM](#)

CHAIR REINBOLD announced that the first order of business would be SENATE BILL NO. 11, "An Act relating to temporary courtesy licenses for certain nonresident professionals; and relating to the Department of Commerce, Community, and Economic Development."

[1:31:59 PM](#)

SENATOR COSTELLO moved to adopt the proposed committee substitute (CS) for SB 11, work order 31-LS0262\M, Fisher, 5/3/19, Version M, as the working document of the committee.

CHAIR REINBOLD objected for discussion purposes.

[1:32:18 PM](#)

REPRESENTATIVE SHARON JACKSON, Alaska State Legislature, Juneau, thanked Senator Kawasaki for incorporating HB 113 into this bill. Current statutes allow state and private employers to give hiring preferences to veterans and the Alaska National Guard.

This bill would extend these benefits to spouses and dependent of military families and to spouses and dependents of service members that died in the line of duty. Military spouses and their families sacrifice almost as much as the service members, she said. She reported that nine out of 10 spouses are women. Census data indicates that many spouses have a college education in education or health care professions. Underemployment and

unemployment are some of the major hardships that military spouses experience. SB 11 would help military families and incentivize Alaska's economy.

[1:35:02 PM](#)

MERCEDES COLBERT, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, presented the sectional analysis for SB 11 on behalf of the sponsor after she recapped the bill history. The committee heard presentations by the U.S. Department of Defense and the Alaska Department of Commerce, Community and Economic Development (DCCED). SB 11 would help ensure the transition to the work force was expedited for military spouses to allow them to join Alaska's workforce.

MS. COLBERT said that Senator Kawasaki introduced the bill to require the department to report on the progress of drafting and implementing regulations for the temporary courtesy occupational licenses for eligible military spouses. In 2017, even though some boards had implemented the program some department staff was not aware of the program. Ultimately, the goal is help facilitate professional licensure for military spouses in Alaska, she said.

[1:37:04 PM](#)

MS. COLBERT reviewed the sectional analysis for SB 11, Version M.

Senate Bill 11
Summary of Changes Version A to Version M

Section 1. AS 08.01.063(a) This amends the original statute establishing the temporary courtesy licenses for spouses of an active duty member of the armed forces of the United States. This directs the Department of Commerce, Community and Economic Development to make these licenses available, changing the "may" to "shall." Section 2. AS 08.01.063 (f)

MS. COLBERT referred to page 1, line 10, of SB 11, Version M, which changes the language from "may" to "shall." The Department of Commerce, Community and Economic Development (DCCED) stated support for this change. She said this provision would not apply to licenses for occupations that specifically require Alaska residency, such as marine pilots.

[1:38:34 PM](#)

MS. COLBERT reviewed Section 2.

Section 2 reflects the original SB 11, Version A. the only change here is in (f), directing the department to submit the report to the Legislature on March 1 to all legislators, removing the reference to the Joint Armed Services Committee. The remainder of the bill adds new language for employment preferences:

MS. COLBERT referenced page 23, page 3, lines 5-8 of Version M. The sponsor wanted to require the department to report compliance to the legislature by March 1 of each year. She said the language previously required biennial reporting.

She said that explains the two changes to SB 11, Version M.

[1:39:53 PM](#)

CHAIR REINBOLD remarked on provisions that appealed to her. She referred to page 3, line 2, to paragraph (4):

(4) the department's efforts to inform each board authorized to issue a temporary courtesy license under this section and the military community in the state about the license.

She directed attention to page 3, line 14, [subsection (g)], to language that encourages the boards to designate a single point of contact for public information, which she thought was helpful.

[1:39:58 PM](#)

SENATOR BISHOP joined the meeting.

[1:40:38 PM](#)

ERICK CORDERO GIORGANA, Staff, Representative Sharon Jackson, Alaska State Legislature, Juneau, said that SB 11, Version M [incorporates HB 113] by adding Section 3 through Section 10. These provisions make changes to three main areas of statutes. Sections 3-4 would modify the statutes related to the Human Rights Commission by not prohibiting private entities from giving hiring preferences to veterans and to extend those hiring preferences to spouses of service members and their dependents:

Section 3. AS 18.80.200(c) This section does not prohibit a private employer from having hiring preferences for persons described in Section 4 of this bill.

Section 4. AS 23.88.010 This section repeals and reenacts the current statute by adding definitions removed from Section 5 for clarity. This section does not prohibit a private employer from having hiring preferences to active-military, veterans and families. This section adds language to include spouses and dependent children of deceased service members to the list.

[1:41:47 PM](#)

MR. GIORGANA reviewed Sections 5-6:

Section 5. AS 39.25.150(19) This section amends the State Personnel Act to ref reference definitions as stated in Section 6 for consistency.

Section 6. AS 39.25.159(a) This section amends the employment preference for veterans or former prisoners of war by adding new language to include families of an active duty service member, veteran, or former prisoner of war. This section clarifies the type of preference given the hiring process and whether the applicant is disabled or not. Subsection (B) is removed for consistency.

MR. GIORGANA explained that Section 6 would add a definition for spouse and dependent, which includes stepchildren, natural, and biological children. The bill would apply to spouses and dependents of military members, whether these members currently serve, had died, or were presumed dead.

[1:42:33 PM](#)

MR. GIORGANA reviewed Sections 7-10.

Section 7. AS 39.25.159(d) This section clarifies that a person may receive an employment preference under only one of the categories described in sections 5 and 6. A person may use the preference without limitation when being considered for a position for which persons who are not currently state employees are being considered. If the recruitment for a position is limited to state employees, preference under (a) or (c) of this section may not be counted. This section adds language to include spouses or dependent children for consistency with other sections. S

Section 8. AS 39.25.159 (e) This section clarifies that this bill does not involve interpreting amendments of a collective bargaining agreement and makes a reference to subsection (a) of Section 6.

MR. GIORGANA explained that Sections 7 and 8 would amend the state's personnel act. Currently, the state applies hiring preferences in two ways to veterans or members of the Alaska National Guard. First, veterans would obtain five preferential points when applying for a job. Second, if the state position does not use a numerical tool, the veterans would gain an opportunity to be interviewed for the position. The hiring preferences do not ensure that the veterans will be hired, but it will assist them, he said. As Representative Jackson previously mentioned, military families face many challenges. The families often move, and spouses have gaps in their resumes, so it can be difficult for them to find jobs. This bill would assist spouses and dependents and also allow the state to fill employment gaps.

[Sections 9-10 were the final sections outlined in the sectional analysis, but were not discussed]:

Section 9. AS 39.25.159(f) This section defines a dependent child.

Section 10. AS 39.25.159(c) This section removes language that has been included in Section 6 of this bill.

[1:44:28 PM](#)

CHAIR REINBOLD asked whether the point system was used in other jurisdictions.

MR. GIORGANA answered that most states have a point system for active service members. Alaska will join the 24 states that have that system for spouses. The federal government also has preferences. The Department of Defense issued a letter to all governors to encourage states to take action.

REPRESENTATIVE JACKSON agreed. Veterans would receive five preference points for serving, veterans with a disability would receive 10 preference points, military spouses would receive five points or 10 preference points for spouses of gold star families, which means these veterans died in the line of duty. She said the federal level offers some preference points for

military spouses, but the DOD has recognized the issue and encourages states to take action.

[1:47:01 PM](#)

SENATOR BISHOP remarked that he supports Section 8, [which clarifies that this bill does not involve interpreting amendments of a collective bargaining agreement].

[1:47:19 PM](#)

CHAIR REINBOLD removed her objection. The proposed committee substitute for SB 11, Version M was before the committee.

[1:47:39 PM](#)

REPRESENTATIVE JACKSON offered her belief that this bill would help to integrate the lives of military and civilians. She remarked that she previously [served in the military] and was also a military spouse. She said spouses can feel isolated in Alaska.

[SB 11 was held in committee.]

[1:48:53 PM](#)

SENATOR GRAY-JACKSON thanked Representative Jackson for her military service.

SB 106-HOMEOWNER/RENTER INSURANCE RENEWAL

[1:49:36 PM](#)

CHAIR REINBOLD announced that the final order of business would be SENATE BILL NO. 106, "An Act relating to renewal of insurance coverage for homeowners and renters; and providing for an effective date."

[1:50:00 PM](#)

SENATOR TOM BEGICH, Alaska State Legislature, Juneau, explained that one of his constituents had an issue that led him to introduce SB 106. He said that residents of Anchorage must live with crime on a daily basis. Senator Costello has been reporting the victim's stories during special orders each day. His homes were burglarized, and two cars were also stolen from his driveway, he said. However, he did not make any claims. Instead, he searched for his vehicles and found them, he said. He did not make an insurance claim because he was afraid [his insurance rates would increase.] He did not realize his fear was well founded, he said. He said that [on April 12, 2019], the Anchorage Daily News ran an "op-ed" piece by Penny Gage. As a

renter, Ms. Gage was required to have rental insurance. Her policy was not renewed as the result of the claims she made against the policy for a break-in that occurred.

[1:52:16 PM](#)

SENATOR BEGICH said this bill is important because moving into a new home is a significant commitment, no matter if is rented or owned. Lenders require buyers to purchase insurance as a condition of financing their homes, and rental insurance is recommended. People want assurances that their belongings are protected, so insurance has value and meaning. Under current law, Alaska insurance providers can choose not to renew homeowner or rental insurance policies on the annual anniversary, without notification prior to the cancellation. He said that is what happened to Penny Gage. He said that Lori-Wing-Heier, Division of Insurance, helped draft the bill. He said she recommended changes, which are in the proposed committee substitute (CS) for Version M.

He said that SB 106 would restrict an insurance company's ability to not renew a policy based on the first claim filed within three years of the policy being initiated. This would help to ensure that one-time crime victims are not penalized by their insurance company for filing a claim. He said that the changes in the committee substitute provide fine tuning and make sure that this would not have any fiscal impact to the state.

[1:54:48 PM](#)

CHAIR REINBOLD remarked that the committee would not take public testimony on SB 11 today. She recognized several people who were online and in the room.

[1:55:39 PM](#)

SENATOR BEGICH said he brought the bill to the industry for review, but he did not receive any response. He introduced the bill in [mid-April] and Director Wing-Heier recently made suggested changes to SB 106, which are in Version M.

[1:56:32 PM](#)

SENATOR COSTELLO moved to adopt the proposed committee substitute (CS) to SB 106, work order 31-LS0476\M, Marx, 5/16/19, Version M, as the working document of the committee.

SENATOR BISHOP objected for the purpose of discussion.

[1:56:49 PM](#)

LOKI TOBIN, Staff, Senator Tom Begich, Alaska State Legislature, Juneau, on behalf of the sponsor, Senator Tom Begich, presented the sectional analysis for SB 106.

[1:57:04 PM](#)

MS. TOBIN reviewed Sections 1-7 of SB 106.

Section 1: Cleans up previous language and moves notice and applicability language for nonrenewal of a personal or business insurance policy to a new section, described below.

Section 2: Adds a new section prohibiting an insurance company from considering a first claim filed against the policy in the preceding three years as a reason for cancelling the policy. The insurance company may still cancel without notice if the insurance company has manifested a good faith effort to renew the policy or the premiums on a policy are not paid.

Section 3: Aligns "personal insurance" definition with AS 21.36.460(i).

Section 4: Amends uncodified Alaska law so Sections 1 and 2 apply to new insurance or insurance policies renewed after the effective dates in this Act.

Section 5: Amends uncodified Alaska law to allow the Director of the Division of Insurance the ability to implement new regulations outlined in Sections 1 and 2.

Section 6: Gives the Director of the Division of Insurance the authority outlined in Section 5 immediately upon passage of the legislation.

Section 7: All sections, save Section 6, will go into effect July 1, 2020.

[1:58:53 PM](#)

SENATOR BISHOP related his understanding that cancellation could still happen, after three years.

SENATOR BEGICH asked to be clear that this bill referred to non-renewal of policies. He said that Section 2 indicates that if the insurance companies have other reasons to cancel, the

companies could do so. He clarified that the non-renewal would apply to the first three years.

[2:00:01 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Juneau, reported that Anchorage, the Mat-Su Valley, and other areas of the state have been experiencing a crime epidemic. Many people are having their insurance policies non-renewed, she said. She explained that this bill would give people "one free pass." These crimes are acts taken against people, but these residents do not have any control over the crimes. She said that when their home is broken into or their vehicle is stolen, it was not by choice.

[2:01:08 PM](#)

SENATOR BIRCH asked whether she could provide a sense of the frequency or incidents of consumer complaints.

MS. WING-HEIER answered no. She said that the agency has received perhaps a dozen complains but not in proportion to the number of crimes that happen.

SENATOR BIRCH expressed concern about intervening between the insured and the insurer. He acknowledged that it did not seem unreasonable, but he wondered how this would affect insurance rates.

MS. WING-HEIER answered that insurance companies could raise the rates for those who experienced these crimes, but the rates can only be raised by 10 percent without notice. For example, the insurance companies could not raise rates from \$200 to \$1,000 without providing notice and allowing people time to find new insurance.

[2:03:16 PM](#)

CHAIR REINBOLD remarked that numerous people have reported to her that their insurance company raised their homeowner or car insurance rates. She acknowledged that it was definitely a concern for businesses and homeowners. She said she was happy with the bill.

[2:04:23 PM](#)

SENATOR BISHOP asked whether the insurance industry has compiled any data regarding non-renewals that was due to crime.

MS. WING-HEIER said that the division has not tracked this. She said the division could issue a data call to insurance companies. She suggested that it could take a couple of weeks to get information on the number of policy non-renewal or cancellations. She said the division does not generally receive notices of non-renewal.

CHAIR REINBOLD responded that it would be useful information for the committee.

[2:06:05 PM](#)

SENATOR COSTELLO offered her belief that this was a consumer protection bill. She said she was not going to withhold her support for SB 106 based on the insurance company figures. She said she was glad to know Ms. Wing-Heier worked on the bill because of her expertise.

[2:06:42 PM](#)

SENATOR BISHOP said he was interested in the data. He recalled that the division came to the legislature a few years ago to seek funding to help drive the insurance pool rates down. He remarked that the state did not create the epidemic. He offered his belief that the crime bill and this bill were linked and intertwined. He said the crime epidemic is not the renters, homeowners, or insurance companies' fault, either. He suggested that it was important to protect businesses, homeowners, and the public's interest. He questioned who would move to Alaska if insurance is not available. He said that he supports the bill.

[2:08:19 PM](#)

CHAIR REINBOLD said that this bill falls broadly under crime and commerce. She remarked that if time permits, she would like to work on this issue this session. She suggested that this bill was an important one and the committee should consider expanding it to apply to businesses since many stores have significant theft problems. She also believes that addressing crime was necessary to address property crime and burglaries.

[2:10:17 PM](#)

CHAIR REINBOLD opened public testimony on SB 106.

[2:10:36 PM](#)

PENNY GAGE, representing herself, Anchorage, stated that she Anchorage, stated that she originally lived in Sitka, but moved to Anchorage. In January 2018, she and her partner rented an apartment in a duplex apartment near the Valley of the Moon Park, with access to trails, within walking distance of

downtown, and overlooking the dog park. Their lease required a renters' insurance policy, so she purchased one from State Farm Insurance. Their apartment was burglarized on June 22 in the middle of the day. Someone hopped their fence and used a tool from their shed to break a window and took everything of value. The robbers were skillful, filling totes and suitcases taken from their apartment with jewelry, passports, laptops, a hunting rifle, and clothing. The [Anchorage Police Department] quickly responded, took fingerprints, but has not yet had any leads in the case. After the burglary, she filed a \$10,000 claim on their renters' insurance policy with the insurance company. The insurance settlement helped replace key items that were stolen. However, near the end of December, the insurance company informed her that it would not be renewing their policy past 2019. When she asked why, the agent explained that since she filed a claim within six months of the policy start date, it wasn't worth the risk to renew their renters insurance. Of course, she was unaware of the insurance company's internal policy for non-renewal. She said her policy was paid timely, her neighborhood is in a pretty safe area, and the home had not previously been burglarized. After the burglary, she and her partner changed the locks, paid to install a camera system, and added locks to their backyard gate. Even so, the insurer would not provide renter's insurance, she said.

[2:12:49 PM](#)

MS. GAGE said that she reached out to the corporate office, but was told that the company has underwriting guidelines, and that nothing that could be done, but she could reapply if she was incident free for three years. She filed a complaint with the state and with her local agent. The state Division of Insurance informed her that an insurance company can't dissuade anyone from filing a claim for a breach of contract, that exercising a non-renewal for filing a first claim was basically the same thing. She said, "While they won't do that, I think cutting you off after you file a first claim is basically the same thing." She said she wrote an op-ed piece [published in the Anchorage Daily News] in January because she felt this policy and process was unjust. She offered her belief that a renter or homeowner is not at fault in a burglary, that renters and homeowners insurance exist for protection. While she said she respects private insurance companies' interest in profits, cutting off an insured client after a single claim seemed wrong, especially since she was willing to pay a higher premium. She characterized it as an under examined consequence of Anchorage's ongoing property crime. She said that residents are victimized by criminals and then revictimized by insurers by denying future

coverage, which felt like a slap in the face, she said. She urged members to examine the policies and this issue since it affects many Alaskans.

CHAIR REINBOLD remarked her experience would be a great, "Voices of the Victim," which Senator Costello has been reading under special orders during the Senate floor session.

[2:15:29 PM](#)

SENATOR BEGICH asked to respond to some of the issues raised. An insurance agency does have a recourse since it can raise rates. For example, his auto insurance rates go up when he files claims. It is a natural give and take of an insurance policy, which is why this seemed so egregious to him. He said it was why he never filed a claim, he said. He characterized it as a personal relationship between the parties and the agencies, but some parameters were necessary. He said his auto insurance cannot be cancelled for filing claims. In the event of a non-renewal, the agent must raise the rates. This bill would prevent insurance companies from canceling policies for the first three years based on filing claims that have merit. He said he hoped that the committee would move the bill. He characterized this issue as an unintended consequence of the vast criminal issues that the legislature is working to address.

[2:17:11 PM](#)

At-ease.

[2:17:44 PM](#)

CHAIR REINBOLD reconvened the meeting and reviewed upcoming committee announcements.

CHAIR REINBOLD said that public testimony would be left open.

[2:18:41 PM](#)

At-ease.

[2:18:56 PM](#)

CHAIR REINBOLD reconvened the meeting.

SENATOR BISHOP removed his objection. There being no further objection, the proposed committee substitute (CS) for SB 106, work order 31-LS0476\M, Version M, was before the committee.

[SB 106 was held in committee.]

[2:19:26 PM](#)

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 2:19 p.m.