

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

May 9, 2019

1:30 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Click Bishop

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."

- MOVED CSSB 11(L&C) OUT OF COMMITTEE

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)
05/07/19 (S) Heard & Held
05/07/19 (S) MINUTE(L&C)
05/09/19 (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)
05/07/19 (S) Heard & Held
05/07/19 (S) MINUTE(L&C)
05/09/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR SCOTT KAWASAKI

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 11.

REPRESENTATIVE SHARON JACKSON

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 113, incorporated into Version M.

BRIG. GEN. TORRENCE SAXE

Commissioner

Adjutant General

Alaska Department of Military and Veterans Affairs

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 11.

ROBERT DOLE, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 11.

SENATOR TOM BEGICH

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 106.

LORI WING-HEIER

Director

Division of Insurance
Department of Commerce, Community and Economic Development
(DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions on SB 106.

ACTION NARRATIVE

[1:30:27 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 Costello, Gray-Jackson, Birch and Chair Reinbold.

SB 11-MILITARY SPOUSE COURTESY LICENSE

[1:31:13 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."

[Before the committee was CSSB 11(L&C), work order 31-LS0262\M, Fisher, 5/3/19, Version M]

CHAIR REINBOLD made opening remarks.

[1:32:39 PM](#)

SENATOR SCOTT KAWASAKI, Alaska State Legislature, Juneau, made closing remarks. He stated that the legislature just had a Joint Armed Services Committee that showed the legislature's tremendous support for the military. One thing discussed in prior years was how to engage military families. Military spouses often have skills and professional licenses in other states, so offering temporary expedited courtesy licenses to military spouses is one way to encourage involvement. The second part of the bill would extend the current hiring preferences to military spouses and dependent children. He characterized the efforts for SB 11 as a big collaboration. Passage of SB 11 would approve two existing policies for military spouses. He said he respectfully requested committee members' support.

[1:34:04 PM](#)

REPRESENTATIVE SHARON JACKSON, Alaska State Legislature, Juneau, as sponsor of HB 113, incorporated into Version M, said that

military families represent a significant part of Alaska's population. SB 11 will make a difference, benefiting not only the military families but our state's economy. Many private sector employers have expressed encountering recruitment problems in Alaska, especially in the education, health care, and law enforcement fields. She explained that expanding hiring preferences to military families can help fill this gap. She thanked Senator Kawasaki for working with her to incorporate HB 113 into the committee substitute (CS) for SB 11, Version M.

[1:35:49 PM](#)

CHAIR REINBOLD opened public testimony on SB 11.

[1:36:17 PM](#)

BRIG. GEN. TORRENCE SAXE, Commissioner, Adjutant General, Alaska Department of Military and Veterans Affairs, Anchorage, stated his support for SB 11, because it provides family readiness. He emphasized the importance of family support to soldiers, sailors, and marines because it helps them to focus on the job at hand.

[1:37:04 PM](#)

ROBERT DOLE, representing himself, Anchorage, said that as the former state coordinator to the Association of Defense Communities, he heard military service secretaries echo Brigadier General Saxe's view that our greatest asset is our people. The greatest asset in retaining military members is related to their families and a key aspect of that is finding meaningful work for military spouses. This bill will move this goal forward in Alaska, he said. He thanked the committee for its efforts.

[1:38:00 PM](#)

CHAIR REINBOLD closed public testimony on SB 11. She remarked that this bill was especially important to her because of her experiences as a military spouse when her husband was stationed in Norway. She recalled how supportive the military spouses were to her. She said she wants military families to know Alaska welcomes and supports them. This bill would require a preference to military and dependents and departments must report to ensure preferences were granted. The bill also has an outreach and educational component.

[1:40:27 PM](#)

SENATOR COSTELLO moved to report the committee substitute (CS) for SB 11(L&C), work order 31-LS0262\M, Version M, from

committee with individual recommendations and attached fiscal note.

There being no objection, the CSSB 11(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[1:41:11 PM](#)

At-ease.

SB 106-HOMEOWNER/RENTER INSURANCE RENEWAL

[1:43:22 PM](#)

CHAIR REINBOLD reconvened the committee. She 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."

[Before the committee was the committee substitute (CS) SB 106, work order 31-LS0476, Version M.]

CHAIR REINBOLD made opening remarks.

[1:44:17 PM](#)

SENATOR TOM BEGICH, Alaska State Legislature, Juneau, as sponsor of SB 106, recapped the bill. He said that SB 106 would not allow an insurance company to not renew a homeowner's policy, simply based on a claim made due to a break-in robbery, through no fault of the claimant. This bill would apply whether the policy was for renters insurance or homeowners insurance. SB 106 would provide a time limit for non-renewal, such that a person could make at least one claim without it being used as a condition of non-renewal. He said he has worked with the insurance industry. Although the industry has expressed concerns about some language, he offered his belief that this could be resolved comfortably. He said he was unaware of opposition to the bill in its present form, but some minor changes may need to be made. These provisions would clarify the intent around claims arising from criminal acts. He thanked members for reviewing the unintended consequence of the crime wave in Alaska.

He remarked that one person who wanted to testify is unavailable, but provided written comments, which should be in members' packets.

[1:47:39 PM](#)

CHAIR REINBOLD, after first determining no one wished to testify, closed public testimony on SB 106.

CHAIR REINBOLD reviewed the fiscal note from the Department of Commerce, Community and Economic Development (DCCED) prepared by Lori-Wing Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED). She read the analysis:

The bill attempts to protect consumers of homeowner's or renter's insurance policies from having their insurance policy non-renewed due to filing a claim, if the claim is the first or only claim made within the three years prior to the policy's anniversary date.

The Division does not anticipate fiscal impact from this legislation.

1:48:29 PM

SENATOR COSTELLO moved to adopt Amendment 1, work order 31-LS0476\M.2, Marx, 5/8/19.

AMENDMENT 1

OFFERED IN THE SENATE

BY SENATOR COSTELLO

TO: CSSB 106(), Draft Version "M"

Page 1, line 1, following "Act":

Insert "**relating to cancellation and renewal of commercial property insurance coverage;**"

Page 1, following line 3:

Insert a new bill section to read:

"* **Section 1.** AS 21.36.210 is amended by adding a new subsection to read:

(g) An insurer may not exercise its right to cancel a policy of commercial property insurance solely based on notice, receipt, or payment of a claim under the policy unless the insurer has paid a claim under the policy within the three-year period immediately preceding the notice, receipt, or payment."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

Page 2, line 12, following "homeowner's":
Insert "or commercial property"

Page 3, following line 13:
Insert a new bill section to read:

"* **Sec. 5.** AS 21.36.310 is amended by adding a new paragraph to read:

(6) "commercial property insurance" means property insurance as described in AS 21.12.060 that is "business or commercial insurance" as defined in this section."

Renumber the following bill sections accordingly.

Page 3, lines 16 - 18:

Delete all material and insert:

"APPLICABILITY. AS 21.36.210(g), enacted by sec. 1 of this Act, AS 21.36.240, as amended by secs. 2 and 3 of this Act, AS 21.36.310(4), as amended by sec. 4 of this Act, and AS 21.36.310(6), enacted by sec. 5 of this Act, apply to an insurance policy or contract entered into or renewed on or after the effective date of secs. 1 - 5 of this Act."

Page 3, line 25:

Delete "Section 5"

Insert "Section 7"

Page 3, line 26:

Delete "sec. 6"

Insert "sec. 8"

SENATOR REINBOLD objected for discussion purposes.

[1:48:40 PM](#)

SENATOR COSTELLO remarked that when the committee initially heard the bill, members learned that it would allow homeowners to file to claim without it being a reason for non-renewal. The reason the sponsor brought the bill before the legislature was due to the level of property crime experienced in the state. This amendment would expand that to commercial property insurance since commercial businesses are also affected by crime.

[1:49:40 PM](#)

SENATOR BIRCH expressed concern since it was a significant expansion to the bill. He referred to a letter of May 7, 2019 in members' packets [from American Property Casualty Insurance Association. He read:

Secondly, the bill prohibits the insurer from considering the first claim within three years for non-renewal purposes. There are no apparent exceptions from this onerous underwriting and coverage mandate. For example, what if the first claim is something alarming like an alleged incident of arson or if the insured's pit bulldog attacks a neighbor.

He said he was okay with the original intent of the bill, but he was unsure the committee should expand this to include commercial property insurance. He said it was a much broader area.

[1:51:02 PM](#)

SENATOR COSTELLO explained that she submitted Amendment 1. She said the Division of Insurance may wish to speak to the concern.

[1:51:40 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, said she understood Senator Birch's concern. She offered her belief that the insurers might have a concern. She offered her belief that potential amendments that Senator Begich previously mentioned would narrow the focus to claims related to crimes, so the examples would not likely apply. She cautioned that she did not wish to speak for the sponsor, but that was her understanding of the intent.

SENATOR BIRCH identified that the letter was from the American Property Casualty Insurance Association (APCIA). He understood the impetus for the bill was related to criminal activity and someone being denied insurance renewal. He asked whether she had a sense of how much larger the pool would be if it were expanded to include commercial property.

MS. WING-HEIER answered that it would expand it to all property insurance, from stores and small businesses, to Native corporations. She said that commercial property is not unrestricted. She stated that the division has not received any complaints related to commercial property. She recognized that commercial properties have been victims of crimes. Further, she

has not heard from commercial insurers. She recalled that State Farm or APCI had a concern which was addressed in their letters.

[1:54:30 PM](#)

CHAIR REINBOLD related her understanding that the concerns were resolved in the committee substitute.

[1:54:48 PM](#)

SENATOR GRAY-JACKSON thanked Senator Begich for bringing this forward because it is really important to our communities because of crime. She said she appreciated Amendment 1, which would affect commercial properties. She recalled serving on the Anchorage Assembly, a working group of business owners who were alarmed by the level of crime in the community.

[1:55:41 PM](#)

CHAIR REINBOLD asked whether this would have any fiscal impact to the private sector, in terms of increased premiums.

MS. WING-HEIER answered that it was hard to say. This bill would not limit an insurer from adding a surcharge to a policy or raising the rates because of crime costs. However, the insurers cannot triple it or make it egregious. She said the division would consider those actions as excessive rate increases. Consumers could see an increase, but the insurers will have insurance, which is the tradeoff.

[1:57:13 PM](#)

CHAIR REINBOLD asked whether she anticipated any push back.

MS. WING-HEIER answered that she did not anticipate any concerns from the private sector. She offered her belief that insurance companies could make an argument with Version M. However, she suggested that if the bill was narrowed to address crime, that people could submit one claim due to a crime. She did not imagine that insurers would have a major concern.

CHAIR REINBOLD emphasized the importance for the committee to vet the bill, since it is the only committee of referral. She said she like the concept, but as Chair, wants the committee to do its due diligence and avoid any unintended consequences.

[1:59:07 PM](#)

CHAIR REINBOLD asked whether the administration supported the bill.

MS. WING-HEIER said she had not discussed the bill with the administration. She offered her belief that the administration would be somewhat torn. The governor is a staunch supporter of reducing crime but does not support increased regulation.

CHAIR REINBOLD asked her to predict the administration's view on Amendment 1.

MS. WING-HEIER said she was unsure.

[2:00:08 PM](#)

SENATOR BIRCH said he did not see anything in Version M that related solely to damages that resulted from criminal behavior.

SENATOR GRAY-JACKSON pointed out Ms. Wing-Heier mentioned a future amendment that might address Senator Birch's concerns.

[2:00:57 PM](#)

SENATOR BEGICH said that he spoke to industry about the original bill, not Amendment 1. The industry requested two slight amendments, which are currently being drafted. He said that the Senate Rules Committee is the next committee of referral. Since he serves on that committee, he met with staff to request offering the amendments. That language would do two things. First, it would say [a claim] could not be the sole basis for a non-renewal, which would give the industry additional latitude. Second, it specifically would cite crime as an outcome of criminal activity. The industry provided the language containing these two changes to him. He reviewed the language and the Legislature Legal Services drafted the amendment, which he received today. He expressed concern about delaying the bill. He wanted to reassure the Chair that staff indicated the two tightening amendments would be done. Although he did not discuss Amendment 1 with industry, he reported that industry met this morning and agreed to the changes. He offered to read the two lines. He noted Amendment 1 was before the committee.

[2:03:31 PM](#)

CHAIR REINBOLD stated her intention to take up Amendment 1. She advised members she intends to hold another committee meeting to hear another bill. She said she was not comfortable moving SB 106 today without that language.

SENATOR BEGICH said he is neutral on Amendment 1. The director's comments about getting input from the industry would be useful. He related his understanding informally, that the industry was less comfortable expanding it to commercial properties, likely

because it would broaden the scope of the bill. He recalled Chair Reinbold expressed an interest in expanding the bill to cover business and other business properties. He offered his belief that Amendment 1 would accomplish that goal. He was not aware of any claims or interests in that regard. He respectfully requested that she consider the industry's position on Amendment 1.

CHAIR REINBOLD said that Senator Birch raised a good point with his concern. She asked for further clarification on whether Amendment 1 contains any language that identifies it as crime related.

[2:06:04 PM](#)

SENATOR COSTELLO said that when the bill was introduced, it was as a bill to address crime. Based on the bill sponsor's comments, that will be addressed in forthcoming amendments, to clarify that these claims were limited to crime-related losses. If Amendment 1 was adopted, it would expand it to crime-related issues for the commercial property insurance.

CHAIR REINBOLD related her understanding that the answer was no, that it would be addressed in an additional amendment.

SENATOR COSTELLO said that was correct.

[2:06:55 PM](#)

CHAIR REINBOLD removed her objection.

SENATOR BIRCH objected.

[2:07:14 PM](#)

A roll call vote was taken. Senators Gray-Jackson, Costello, and Reinbold voted in favor of Amendment 1 and Senator Birch voted against it. Therefore, Amendment 1 was adopted by a 3:1 vote.

[2:08:00 PM](#)

CHAIR REINBOLD remarked that she was interested in discussions being held. She said she voted for this because businesses are experiencing so much crime. She said she would rather be cautious and know that the legislature is examining this issue.

[2:08:22 PM](#)

At-ease.

[2:09:18 PM](#)

CHAIR REINBOLD reconvened the committee and reviewed upcoming committee announcements.

2:09:58 PM

SENATOR BEGICH said he has an amendment in final form and will provide to the committee today.

2:10:15 PM

SENATOR BIRCH asked whether the committee could inform the company [the American Property Casualty Insurance Association (APCIA)] that had concerns of changes the committee considered.

CHAIR REINBOLD agreed to do so.

[SB 106 was held in committee.]

2:11:17 PM

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 2:11 p.m.