

ALASKA STATE LEGISLATURE
SENATE JUDICIARY STANDING COMMITTEE

April 28, 2023

1:31 p.m.

MEMBERS PRESENT

Senator Matt Claman, Chair
Senator Jesse Kiehl, Vice Chair
Senator James Kaufman
Senator Löki Tobin

MEMBERS ABSENT

Senator Cathy Giessel

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 75 (L&C)

"An Act relating to coverage for additional insureds under owner and contractor controlled insurance programs; and providing for an effective date."

- MOVED CSHB 75 (L&C) OUT OF COMMITTEE

SENATE BILL NO. 70

"An Act relating to coverage for additional insureds under owner and contractor controlled insurance programs; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 75

SHORT TITLE: OWNER & CONTRACTOR CONTROLLED INSURANCE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/15/23	(H)	READ THE FIRST TIME - REFERRALS
02/15/23	(H)	L&C
02/20/23	(H)	L&C AT 3:15 PM BARNES 124
02/20/23	(H)	Heard & Held
02/20/23	(H)	MINUTE (L&C)
03/01/23	(H)	L&C AT 3:15 PM BARNES 124
03/01/23	(H)	<Bill Hearing Canceled>
03/13/23	(H)	L&C AT 3:15 PM BARNES 124

03/13/23 (H) Heard & Held
03/13/23 (H) MINUTE(L&C)
03/15/23 (H) L&C AT 3:15 PM BARNES 124
03/15/23 (H) Moved CSHB 75(L&C) Out of Committee
03/15/23 (H) MINUTE(L&C)
03/17/23 (H) L&C RPT CS(L&C) 5DP 2NR
03/17/23 (H) DP: WRIGHT, PRAX, SADDLER, RUFFRIDGE,
SUMNER
03/17/23 (H) NR: FIELDS, CARRICK
04/17/23 (H) L&C CS ADOPTED Y39 N1
04/26/23 (H) TRANSMITTED TO (S)
04/26/23 (H) VERSION: CSHB 75(L&C)
04/28/23 (S) JUD AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Introduced CSHB 75(L&C) and provided the sectional analysis.

ACTION NARRATIVE

[1:31:50 PM](#)

CHAIR MATT CLAMAN called the Senate Judiciary Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Kaufman, Kiehl, Tobin and Chair Claman.

HB 75-OWNER & CONTRACTOR CONTROLLED INSURANCE

[1:32:28 PM](#)

CHAIR CLAMAN announced the consideration of CS FOR HOUSE BILL NO. 75(L&C) "An Act relating to coverage for additional insureds under owner and contractor controlled insurance programs; and providing for an effective date."

He noted that this was the first hearing and asked Lori Wing-Heier to introduce the bill.

[1:32:47 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, Anchorage, Alaska, introduced CSHB 75 (L&C). She provided background about the legislation and noted that it is the companion to SB 70. She mentioned a provision in Title 21 addressing insurance, which

provides that owners and general contractors of large construction projects (projects greater than \$50 million in value with a defined limit and a set location) are allowed to purchase a master insurance program. The master insurance program names all subcontractors working on the site including workers' compensation, general liability, professional liability, and environmental liability. She shared that smaller projects typically require the owner to view a certificate of insurance. The master program is often less expensive and eliminates subrogation because there is only one policy.

MS. WING-HEIER spoke about past discussions related to large construction projects. She informed the committee that she reviewed the statutes with an attorney from the Department of Law. The attorney informed her that the current statute did not allow for additional insureds. She clarified that a contractor who is not named as the additional insured will be forced to charge the owner for additional insurance under the existing statute. She stated that the proposed legislation attempts to correct the Title 21 provision. She added that CSHB 75(L&C) pertains to owner-controlled, or contractor-controlled insurance programs. The contractors and subcontractors, regardless of tier, can be named as additional insureds on the owner's master program if required by contract.

[1:35:40 PM](#)

CHAIR CLAMAN requested the sectional analysis.

[1:35:49 PM](#)

MS. WING-HEIER presented the sectional analysis for HB 75.

Section 1 AS 21.36.475(b) is amended to:

(4) insurance policies endorsed to name one or more persons as additional insureds if naming a person as an additional insured is a term required by a contract; this paragraph does not apply to an owner-controlled or contractor-controlled insurance program for a major construction project.

Section 2 Adds a new section to the uncodified law of the State of Alaska.

Section 3 Provides for an immediate effective date

CHAIR CLAMAN noted that until recently, these larger contracts were routinely approved with the existing statutes. He asked if

the proposed change was because of a Department of Law attorney's new opinion.

MS. WING-HEIER replied in the affirmative.

CHAIR CLAMAN commented on following the advice of counsel.

[1:36:48 PM](#)

SENATOR KIEHL asked what role the division plays in approving insurance for a project.

MS. WING-HEIER replied that the division reviews the value of the project, the defined location, and a set timeframe. She added that cost overruns or extensions are not always considered problematic, but the timeframe must be established. She clarified that the division does not advise the owner about the type or quality of the insurance purchased. The insurance simply must meet the intent of the statute with the three provisions.

[1:37:36 PM](#)

CHAIR CLAMAN opened public testimony on CSHB 75(L&C). After ascertaining that no one in the room or online wished to testify, he closed public testimony. He looked to the will of the committee.

SENATOR KIEHL moved to report CSHB 75(L&C), work order 33-GH1009\B, from committee with individual recommendations and attached fiscal note(s).

CHAIR CLAMAN found no objection and CSHB 75(L&C) was reported from the Senate Judiciary Standing Committee.

[1:39:05 PM](#)

There being no further business to come before the committee, Chair Claman adjourned the Senate Judiciary Standing Committee meeting at 1:39 p.m.