

ALASKA STATE LEGISLATURE
SENATE JUDICIARY STANDING COMMITTEE

April 5, 2024

1:35 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Cathy Giessel
Senator Löki Tobin

COMMITTEE CALENDAR

SENATE BILL NO. 134

"An Act relating to insurance data security; amending Rule 26, Alaska Rules of Civil Procedure, and Rules 402 and 501, Alaska Rules of Evidence; and providing for an effective date."

- HEARD & HELD

CS FOR HOUSE JOINT RESOLUTION NO. 3 (JUD) AM
Encouraging Congress to pass the Concealed Carry Reciprocity Act
or a similar bill.

- MOVED SCS CSHJR 3 (JUD) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 134

SHORT TITLE: INS. DATA SECURITY; INFO. SECURITY PRGRMS

SPONSOR(S): SENATOR(S) KAUFMAN

04/21/23	(S)	READ THE FIRST TIME - REFERRALS
04/21/23	(S)	L&C, JUD, FIN
02/05/24	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/05/24	(S)	Heard & Held
02/05/24	(S)	MINUTE (L&C)
02/16/24	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/16/24	(S)	Moved CSSB 134 (L&C) Out of Committee
02/16/24	(S)	MINUTE (L&C)
02/19/24	(S)	L&C RPT CS 3DP SAME TITLE

02/19/24 (S) DP: BJORKMAN, DUNBAR, BISHOP
02/19/24 (S) FIN REFERRAL REMOVED
03/18/24 (S) JUD AT 1:30 PM BUTROVICH 205
03/18/24 (S) <Bill Hearing Rescheduled to 03/20/24>
03/20/24 (S) JUD AT 1:30 PM BUTROVICH 205
03/20/24 (S) Heard & Held
03/20/24 (S) MINUTE(JUD)
04/05/24 (S) JUD AT 1:30 PM BUTROVICH 205

BILL: HJR 3

SHORT TITLE: CONCEALED HANDGUN RECIPROCITY B/W STATES
SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

02/01/23 (H) READ THE FIRST TIME - REFERRALS
02/01/23 (H) JUD, STA
02/10/23 (H) JUD AT 1:30 PM GRUENBERG 120
02/10/23 (H) Heard & Held
02/10/23 (H) MINUTE(JUD)
02/17/23 (H) JUD AT 1:30 PM GRUENBERG 120
02/17/23 (H) Moved CSHJR 3(JUD) Out of Committee
02/17/23 (H) MINUTE(JUD)
02/20/23 (H) JUD RPT CS(JUD) 3DP 4NR
02/20/23 (H) DP: C.JOHNSON, GROH, VANCE
02/20/23 (H) NR: CARPENTER, EASTMAN, GRAY, ALLARD
02/28/23 (H) STA AT 3:00 PM GRUENBERG 120
02/28/23 (H) Scheduled but Not Heard
03/02/23 (H) STA AT 3:00 PM GRUENBERG 120
03/02/23 (H) Heard & Held
03/02/23 (H) MINUTE(STA)
03/14/23 (H) STA AT 3:00 PM GRUENBERG 120
03/14/23 (H) Moved CSHJR 3(JUD) Out of Committee
03/14/23 (H) MINUTE(STA)
03/17/23 (H) STA RPT CS(JUD) 5DP 1AM
03/17/23 (H) DP: ALLARD, WRIGHT, C.JOHNSON,
CARPENTER, SHAW
03/17/23 (H) AM: STORY
04/14/23 (H) DIVIDE THE AMENDMENT PASSED Y24 N15 E1
04/19/23 (H) TRANSMITTED TO (S)
04/19/23 (H) VERSION: CSHJR 3(JUD) AM
04/21/23 (S) READ THE FIRST TIME - REFERRALS
04/21/23 (S) STA, JUD
05/04/23 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
05/04/23 (S) Heard & Held
05/04/23 (S) MINUTE(STA)
05/06/23 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
05/06/23 (S) Scheduled but Not Heard
05/06/23 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)

05/06/23 (S) -- Public Testimony <Time Limit May Be Set> --
05/12/23 (S) STA REFERRAL WAIVED
03/20/24 (S) JUD AT 1:30 PM BUTROVICH 205
03/20/24 (S) Heard & Held
03/20/24 (S) MINUTE(JUD)
03/25/24 (S) JUD AT 1:30 PM BUTROVICH 205
03/25/24 (S) Heard & Held
03/25/24 (S) MINUTE(JUD)
04/05/24 (S) JUD AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

BREANNA KAKARUK, Staff
Senator Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the explanation of changes for SB 134 from version S to version R.

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

POSITION STATEMENT: Answered questions during the discussion of SB 134.

BREANNA KAKARUK, Staff
Senator Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the explanation of changes for HJR 3 from version S to R.

ACTION NARRATIVE

[1:35:01 PM](#)

CHAIR MATT CLAMAN called the Senate Judiciary Standing Committee meeting to order at 1:35 p.m. Present at the call to order were Senators Kiehl, Kaufman, and Chair Claman.

SB 134-INS. DATA SECURITY; INFO. SECURITY PRGRMS

[CSSB 134(L&C) was before the Senate.]

[1:35:36 PM](#)

CHAIR CLAMAN announced the consideration of SENATE BILL NO. 134 "An Act relating to insurance data security; amending Rule 26, Alaska Rules of Civil Procedure, and Rules 402 and 501, Alaska Rules of Evidence; and providing for an effective date."

CHAIR CLAMAN said this is the second hearing of SB 134 in the Senate Judiciary Committee. The bill sponsor requested changes to the bill and the intention is to consider a committee substitute (CS). He invited Ms. Kakaruk to identify herself for the record and explain the changes.

[1:36:15 PM](#)

BREANNA KAKARUK, Staff, Senator Matt Claman, Alaska State Legislature, Juneau, Alaska, presented the explanation of changes for SB 134 from version S to R:

[Original punctuation provided.]

Summary of Changes for SB 134 - Bill Version S to R

Structural Change

All sections of the bill moved from AS 21.96 to AS 21.23. The Legal Services Division felt that the topic of the bill would fit better under Risk Management in Alaska Statute.

Throughout the bill, changes all references of 72 hours to 3 business days instead.

All Changes are in Section 1

- **Page 1, Lines 7-14**
 - Adds a new section, Purpose and Construction, establishing an exclusivity standard.
- **Page 2, Lines 1-5**
 - Adds clarifying language regarding the scope of the risk assessment.
- **Page 4, Lines 1-4**
 - Adds clarifying language to ensure due diligence of licensees when using externally developed applications.
- **Page 5, Lines 2-9**
 - Adds clarifying language regarding access to encrypted nonpublic information.

[1:37:27 PM](#)

MS. KAKARUK continued the explanation of changes for SB 134 from version S to R:

- **Page 8, Lines 8-10**
 - Changes "law enforcement official" to be exclusively of federal law enforcement. There were concerns that law enforcement would be too broad.
- **Page 8, Lines 25-26**
 - Adds clarifying language regarding notification to the director by licensees.
- **Page 10, Lines 27-29**
 - Provides reporting requirement exemptions for assuming insurers with exceptions.
- **Page 11, Lines 9-23**
 - Clarifies reporting requirements regarding insurers and insurance producers.
- **Pages 14-16**
 - Clarifies some definitions. Of note, the definition of "non-public information" is expanded upon.

[1:38:28 PM](#)

SENATOR KIEHL referred to page 4, recalling that past practice required procedures for evaluating, assessing, and testing third-party applications. He expressed his belief that the proposed CS requires only "testing" and requested an explanation for the removal of "evaluating and assessing" from the procedure.

[1:39:10 PM](#)

SENATOR KAUFMAN commented that he would defer to the expertise of Ms. Wing-Heier as the committee proceeds to delve into the specifics of SB 134. He replied, speaking broadly, many of the changes in the bill concern practical implementation, tightening where possible, and recognizing the realities of the marketplace, including how contractors are managed through contracts. He deferred to Ms. Wing-Heier to further elaborate.

[1:39:57 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development, Anchorage, Alaska, stated that the pared down language was the result of a compromise with industry. Originally, the language was probably a bit more stringent. She recalled that industry wanted to use the term "to safeguard," but in discussions with the sponsor's

staff, it was determined that the phrase implied passive protection rather than active testing and risk assessment. As a result, the CS pares the language down to testing. The reasoning was that if testing was required, it would inherently involve prior procedures and processes. She reiterated that she nor the bill sponsor agreed to the use of the term "to safeguard."

1:41:08 PM

SENATOR KIEHL sought confirmation that, as a direct result of requiring testing, procedures for assessment and evaluation would inherently follow. He restated that a third-party would have to assess and evaluate the system to determine what should be tested.

MS. WING-HEIER affirmed that was her logic. She explained that testing was the stronger of the original terms and would still provide a fairly good level of protection.

1:41:29 PM

SENATOR KIEHL referred to subsection (h) on page 10, lines 27 - 29, and requested that she walk the committee through the difference between an assuming insurer and a ceding insurer.

MS. WING-HEIER replied that an assuming insurer could be, perhaps, a front-end company that takes on risk on behalf of another insurer in commercial transactions. She used a hypothetical example to explain the terminology. If an Alaskan insurer such as Alaska National [Insurance Company] was unable to meet the required coverage limits for a huge property risk, another insurer might step in and quote a share, thus becoming the assuming insurer.

MS. WING-HEIER stated that while the arrangement functions somewhat like reinsurance, the structure can differ. The assuming insurer assumes a risk and the ceding insurer still appears in the documentation. She noted that the division sees these types of arrangements frequently in commercial transactions but not in personal lines of insurance.

1:42:58 PM

SENATOR KIEHL sought confirmation that the assuming insurer does not have the notice obligations with this change.

MS. WING-HEIER confirmed that is correct. The insurer actually holding the risk would have the obligation to provide notice to the division.

[1:43:18 PM](#)

CHAIR CLAMAN followed up to clarify which party would have the obligation to notify the division.

MS. WING-HEIER affirmed the clarification.

[1:43:47 PM](#)

SENATOR KIEHL referred to the exemptions in subsection (k) on page 11, lines 18 - 23. He noted that the proposed CS exempts an insurer from notifying an insurance producer if "the producer is not authorized by law or contract to sell, solicit, or negotiate on behalf of the insurer." He asked why the CS includes this exemption if the producer is not authorized to conduct business for the insurer.

[1:44:33 PM](#)

MS. WING-HEIER reviewed subsection (j) before responding. She explained the requirement in subsection (j) by presenting a hypothetical in which State Farm is the insurer. The insurer shall notify an insurance producer, the local captive agent, if a cybersecurity event occurred or is suspected. She explained that these producers use the insurer's computer systems, not their own.

MS. WING-HEIER turned to subsection (k), explaining that the insurer is exempt from notifying the insurance producer if "the producer is not authorized by law or contract to sell, solicit, or negotiate on behalf of the insurer." She noted it is very common in Alaska for agencies to represent multiple carriers, stating that Allstate allows insurance producers to represent other carriers.

MS. WING-HEIER described a scenario in which an individual works in an Allstate agency but is licensed to represent consumers of Alaska National [Insurance Company], not Allstate. In such a case, if a breach occurred at Allstate, the insurance company would not be required to notify the individual who is not licensed to sell Allstate products, even if that person shares an office with someone who is.

[1:46:00 PM](#)

SENATOR KIEHL sought confirmation that the insurer would still have to notify the appropriate individuals who represent it within the office.

MS. WING-HEIER answered in the affirmative, differentiating those from individuals the insurer has not licensed.

[1:46:24 PM](#)

SENATOR KAUFMAN briefly described the process SB 134 underwent, stating it is a technical bill. He said that he worked from a matrix of conditions, proposals, statuses, along with a spreadsheet to track how each element interrelated. He remarked that it was quite a project and found it interesting to work through its many intricacies. He expressed appreciation to Ms. Wing-Heier for her capable assistance throughout the process.

[1:47:00 PM](#)

CHAIR CLAMAN stated that SB 134 is model legislation. He asked about the group and model provisions the bill was based on.

MS. WING-HEIER replied that it was National Association of Insurance Commissioners (NAIC) Model [668], which has been adopted by 23 states. She said the change was pursued not only because it was beneficial, but also in response to a warning from the federal government that if states did not act, it would.

[1:47:37 PM](#)

CHAIR CLAMAN confirmed the association was NAIC and re-asked about the model number.

[1:47:40 PM](#)

MS. WING-HEIER expressed her belief that the model number was [668] but said she would confirm.

[1:47:46 PM](#)

CHAIR CLAMAN asked whether SB 134 had a House companion bill. He further asked, from the Division of Insurance's perspective, whether the legislature should seek to pass the bill this session or if deferring action until the next session would be acceptable.

[1:48:15 PM](#)

MS. WING-HEIER replied that she would appreciate the passage of SB 134 this session, in part due to concern that the federal government may impose its own requirements on Alaska if the state does not act. She said Representative Stapp is carrying House companion bill [HB 324]. She noted that the bill passed out of the House Labor and Commerce Committee and is headed to the House Judiciary Committee.

[1:48:58 PM](#)

SENATOR KAUFMAN expressed appreciation to everyone who worked on SB 134.

[1:49:14 PM](#)

CHAIR CLAMAN stated that during his legislative career, he had carried several different model acts and appreciates the importance of this type of detailed work.

MS. WING-HEIER reiterated that she would confirm the model number.

[1:49:48 PM](#)

CHAIR CLAMAN solicited a motion.

[1:49:51 PM](#)

SENATOR KIEHL moved to adopt the committee substitute (CS) for SB 134, work order 33-LS0253\R, as the working document.

[1:50:03 PM](#)

CHAIR CLAMAN found no objection and CSSB 134 was adopted as the working document.

[1:50:11 PM](#)

CHAIR CLAMAN held SB 134 in committee.

MS. WING-HEIER said the correct model number is 668.

CHAIR CLAMAN reiterated the correct model number is 668.

HJR 3-CONCEALED HANDGUN RECIPROCITY B/W STATES

[1:50:42 PM](#)

CHAIR CLAMAN announced the consideration of CS FOR HOUSE JOINT RESOLUTION NO. 3(JUD) am Encouraging Congress to pass the Concealed Carry Reciprocity Act or a similar bill.

CHAIR CLAMAN said this is the third hearing of HJR 3 in the Senate Judiciary Committee. There is a proposed Senate committee substitute. He invited Ms. Kakaruk to put herself on record to explain the changes.

[1:51:34 PM](#)

BREANNA KAKARUK, Staff, Senator Matt Claman, Alaska State Legislature, Juneau, Alaska, presented the explanation of changes for HJR 3 from version S to R:

[Original punctuation provided.]

**House Joint Resolution 3
Explanation of Changes**

Senate Judiciary Committee: Version S to Version R

The CS for House Joint Resolution 3 (Judiciary) version R makes conforming changes to version S of the resolution. These changes include updating the states currently providing reciprocity for concealed carry permits issued in other states to 20 states including the State of Alaska, updating the resolution to address the 118th Congress, and updating the Speaker of the U.S. House of Representatives to Mike Johnson.

[1:52:12 PM](#)

CHAIR CLAMAN solicited a motion.

[1:52:16 PM](#)

SENATOR KIEHL moved to adopt the Senate committee substitute (SCS) for CSHJR 3, work order 33-LS0159/R, as the working document.

[1:52:32 PM](#)

CHAIR CLAMAN found no objection and SCS CSHJR 3 was adopted as the working document.

[1:52:57 PM](#)

CHAIR CLAMAN solicited the will of the committee.

[1:52:59 PM](#)

SENATOR KIEHL moved to report SCS CSHJR 3, 33-LS0159\R, from committee with individual recommendations.

SENATOR KIEHL objected.

[1:53:15 PM](#)

CHAIR CLAMAN invited Senator Kiehl to speak to his objection.

[1:53:29 PM](#)

SENATOR KIEHL said HJR 3 is too problematic to support moving forward. He asserted that the resolution runs counter to what the Alaska State Legislature generally stands for.

SENATOR KIEHL explained that HJR 3 calls on the federal government not only to supersede Alaska's laws with federal laws, but to allow the legislatures of other states to supersede

Alaska laws. He noted that the federal legislation referenced in HJR 3 would allow any state to lower its standards for who may carry a concealed weapon, and if enacted, would require Alaska to accept those lower standards.

SENATOR KIEHL stated that this approach undermines state authority and the Alaska State Constitution, which vests the power over such matters with the Alaska State Legislature, not with Montana, Texas, or Wyoming.

SENATOR KIEHL said it is important to note that HJR 3 potentially poses threats to Alaska's public safety. The state has laws governing where individuals can carry concealed weapons, and those restrictions exist for important public safety reasons. He emphasized that alcohol and firearms do not mix, noting that he had taught this principle many times in hunter education classes. He pointed out that it is legal to carry a concealed weapon in a bar in some states. He pointed out that HJR 3 calls on Congress to pass federal legislation which only includes certain carve-outs, but carrying concealed weapons in a bar is not one of them.

SENATOR KIEHL recommended firmly that committee members vote no on HJR 3.

[1:55:24 PM](#)

CHAIR CLAMAN found the objection was maintained and asked for a roll call vote.

A roll call vote was taken. Senators Kaufman and Claman voted in favor of reporting SCS CSHJR 3 from committee and Senator Kiehl voted against it. The vote was 2:1.

CHAIR CLAMAN announced a vote of 2 yeas and 1 nay.

CHAIR CLAMAN reported the bill out. There being no objection, SCS CSHJR 3(JUD) was reported from Senate Judiciary Standing Committee.

[1:56:19 PM](#)

There being no further business to come before the committee, Chair Claman adjourned the Senate Judiciary Standing Committee meeting at 1:56 p.m.