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IN THE HOUSE

BY MESSRS. KENDALL, TAYLOR,  
DEVEAU AND SANDERS

HOUSE BILL NO. 209

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act creating a non-profit, exclusive  
State Compensation Insurance fund; and  
providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. STATE COMPENSATION INSURANCE FUND. a. There is  
hereby created and established a non-profit, exclusive fund to be  
known as the "State Compensation Insurance Fund," to be admini-  
stered by the State Compensation Insurance Fund Commission, under  
the Department of Labor, for the purpose of insuring employers  
against liability for injuries sustained by their employees  
and of insuring to employees and other persons the compensation and  
benefits provided under the Alaska Workmen's Compensation Act.

b. The fund shall transact workmen's compensation insurance  
required or authorized by law of this State under the Alaska  
Workmen's Compensation Act, to the exclusion of any other insurer.  
Compliance with this requirement by employers whose employees  
are covered under the Alaska Workmen's Compensation Act must be  
made by October 1, 1961.

c. The fund may insure employers against their liability  
for compensation or damages under the United States Longshoremen's  
and Harbor Workers' Compensation Act, or any extension of that Act  
as fully as any other insurer.

d. The State Compensation Insurance Fund shall consist of:

(1) Such specific appropriations as the legislature

1 from time to time makes or sets aside for the use of the fund.

2 (2) All premiums received and paid into the fund for  
3 insurance issued by it.

4 (3) All property and securities acquired by and through  
5 the use of monies belonging to the fund and acquired by gift or  
6 otherwise.

7 (4) All interest earned upon monies belonging to the  
8 fund and deposited or invested as provided in this Act.

9 e. The actual loss of experience and expense of the fund  
10 shall be ascertained, regularly, by the State Compensation In-  
11 surance Fund Commissioner. If it is shown that there exists an  
12 excess of assets over liabilities and necessary reserves, then a  
13 cash dividend may be declared to, or credit allowed on the  
14 renewal premium of each employer who has been insured with the  
15 fund. Such cash dividend or credit is to be in an amount which  
16 the State Compensation Insurance Fund Commissioner in his discre-  
17 tion considers to be the employer's proportion of divisible sur-  
18 plus.

19 f. The assets of the fund shall be applicable to the payment  
20 of losses sustained on account of insurance and to the payment  
21 of the salaries and all other administrative expenses charged  
22 against it; it is the intent of the legislature that the fund  
23 shall be self-supporting. Necessary reserves for the payment of  
24 losses shall be maintained under rules as provided by the State  
25 Compensation Insurance Fund Commissioner.

26 g. The fund may acquire and own (including sale and re-  
27 purchase) real property for its offices when so determined by  
28 the State Compensation Insurance Fund Commissioner, and may, if  
29 necessary, construct suitable buildings thereon.

1           h. The Commissioner of Finance shall be the custodian of  
2 all monies and securities belonging to the State Compensation  
3 Insurance Fund. He shall be liable on his official bond for their  
4 safekeeping.

5           i. All monies which belong to the fund and are collected  
6 or received under this Act, shall be delivered to the Commissioner  
7 of Finance or deposited to his credit in such bank or banks  
8 throughout the State as he designates, but such monies are not  
9 State monies.

10          j. All securities belonging to the fund shall be delivered  
11 to the Commissioner of Finance and held by him until otherwise  
12 disposed of as provided in this Act.

13          k. Upon such delivery or deposit, such monies and securities  
14 shall be credited by the Commissioner of Finance to the fund. No  
15 monies received or collected on account of the fund shall be  
16 expended or paid out without first passing under the control of  
17 the Commissioner of Finance.

18          l. The Commissioner of Finance shall provide appropriate  
19 accounts upon which the State Compensation Insurance Fund  
20 Commissioner may draw in administering the fund.

21          m. The Commissioner of Finance shall cause all moneys in  
22 the State Compensation Insurance Fund which are in excess of  
23 current requirements to be invested and reinvested.

24          n. All monies in the State Compensation Insurance Fund, in  
25 excess of current requirements and not otherwise invested, may  
26 be deposited by the Commissioner of Finance from time to time in  
27 banks authorized by law to receive deposits of public monies,  
28 under the same rules and regulations that govern the deposit of  
29 public funds. The interest accruing thereon shall be credited

1 to the State Compensation Insurance Fund.

2 o. During the months of January and July of each year, the  
3 Commissioner of Finance in conjunction with the State Compensation  
4 Insurance Fund Commissioner shall cause a valuation to be made  
5 of the properties and securities acquired and held for the State  
6 Compensation Insurance Fund and shall report the results of the  
7 valuation to the Governor and other interested parties.

8 p. All business and affairs of the fund, including any  
9 litigation shall be conducted in the name of the State Compensa-  
10 tion Insurance Fund, and in that name, without any other name or  
11 title, the State Compensation Insurance Fund Commissioner may  
12 perform the acts authorized under this Act.

13 q. The State Compensation Insurance Fund may:

14 (1) Sue and be sued in all actions arising out of any  
15 act or omission in connection with its business or affairs.  
16 Service of process in suits affecting the fund shall be made  
17 upon the State Compensation Insurance Fund Commissioner and he  
18 shall be responsible for initiating all litigation necessary in  
19 the affairs of the fund. The Attorney General of the State shall  
20 furnish all legal services required in respect to such litigation.

21 (2) Enter into any contracts or obligations relating to  
22 the fund which are authorized or permitted by law.

23 (3) Establish the premium for any insurance risk which  
24 may be covered under the Act.

25 (4) Assist the Commissioner of Finance in the investment  
26 and reinvestment of monies belonging to the fund.

27 (5) Conduct all business and affairs and perform all  
28 acts relating to the fund whether or not specifically designated  
29 in this Section.

1           Sec. 2. THE STATE COMPENSATION INSURANCE FUND COMMISSIONER.

2           a. The State Compensation Insurance Fund shall be administered  
3 by the State Compensation Insurance Fund Commissioner, hereinafter  
4 called the "commissioner."

5           b. The commissioner shall be appointed by the Governor and  
6 serve at his pleasure.

7           c. The commissioner is hereby vested with full power, auth-  
8 ority and jurisdiction over the State Compensation Insurance  
9 Fund. The commissioner may perform all acts necessary or con-  
10 venient in the exercise of any power, authority or jurisdiction over  
11 the fund, either in the administration thereof or in connection with  
12 the insurance business to be carried on by him under the provisions  
13 of this Act as fully and completely as the governing body of a  
14 private insurance carrier.

15           d. The commissioner shall have the authority to adopt rules  
16 and regulations relating to the conduct of the business of the  
17 fund.

18           e. The commissioner in conjunction with the Commissioner of  
19 Finance shall have an annual audit of the books and records of  
20 the State Compensation Insurance Fund made by a duly qualified,  
21 certified public accountant and shall cause an abstract summary  
22 of this audit to be prepared for public use.

23           f. In conducting the business and affairs of the fund, the  
24 commissioner may:

25                 (1) Enter into contracts of workmen's compensation  
26 insurance and other liability authorized under this Act.

27                 (2) Reinsure any risk or any part thereof.

28                 (3) Cause to be inspected and audited the payrolls  
29 of employers applying to the fund for insurance.

1           (4) Make rules for the settlement of claims against the  
2 fund and determine to whom and through whom the payments of  
3 compensation are to be made; provided, that the Alaska Workmen's  
4 Compensation Board shall have jurisdiction as provided by law  
5 in respect to claims brought before the Board.

6           (5) Contract with physicians, surgeons, hospitals and  
7 rehabilitation facilities for medical, surgical and rehabilitation  
8 treatment and the care and nursing of injured persons entitled  
9 to benefits from the fund.

10          (6) Make safety inspections of risks and furnish ad-  
11 visory services to employers on safety and health measures.

12          (7) Act for the fund in the collection and disbursements  
13 of all monies necessary for administration of the fund and the  
14 conduct of the business of the fund.

15          g. Each quarter the commissioner shall make a report to the  
16 Governor of the business done by the State Compensation Insurance  
17 Fund during the previous quarter and a statement of the fund's  
18 resources and liabilities at the close of the previous quarter.

19          Sec. 3. APPEAL TO COMMISSIONER OF LABOR.       In any case  
20 where the employer is dissatisfied with the premium as determined by  
21 the State Compensation Insurance Fund Commissioner, the employer  
22 may appeal the determination to the Commissioner of Labor, under  
23 rules and regulations as provided by the Commissioner of Labor.  
24 If the Commissioner of Labor finds that the premium is unfair to  
25 the employer, he may establish a new premium. In determining  
26 whether the premium is unfair, the Commissioner of Labor may take  
27 into consideration the conditions in the industry as a whole, the  
28 conditions in the business of the employer particularly, the  
29 premium which might be offered by private insurance, and any other

1 relevant factors.

2       Sec.4. DUTY OF PARTIES BASED ON ALASKA WORKMEN'S COMPENSA-  
3 TION ACT. Every policy or contract for the insurance of  
4 compensation and employer's liability herein provided shall be  
5 deemed to be make subject to the provisions of the Alaska  
6 Workmen's Compensation Act.

7       Sec. 5. LIABILITY OF EMPLOYER. Any employer who shall  
8 wilfully misrepresent the amount of the payroll upon which his  
9 premium under this Act is to be based shall be liable to the fund  
10 in ten times the amount of the difference in premium paid and the  
11 amount the employer should have paid if his payroll had been  
12 correctly computed, and the liability to the fund under this  
13 section shall be enforced as an action for debt brought by the  
14 fund.

15       Sec. 6. EFFECTIVE DATE. This Act takes effect on the day  
16 after its passage and approval or on the day it becomes law  
17 without such approval.

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