

Original sponsor: Local Government Committee
by request

Offered: 4/9/71
Referred: Commerce

1 IN THE SENATE

BY THE LOCAL GOVERNMENT COMMITTEE

2 CS FOR SENATE BILL NO. 143

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance."

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

8 * Section 1. PURPOSE. The purposes of this Act are to prevent monop-
9 listic practices with respect to insurance coverages required in connection
10 with public building or construction projects, or with respect to certain
11 private building or construction projects in the state involving substantial
12 expenditures of money; to preserve the right of competition as to this
13 insurance; to protect existing insurance and business relations of contrac-
14 tors and subcontractors requested to submit bids on or contracting with
15 respect to the projects; and to prevent unwarranted economic loss to the
16 contractors and subcontractors and to their established insurance represen-
17 tatives through forced cancellation of existing insurance coverages. The
18 legislature declares that this Act constitutes an exercise of police power
19 with regard to vital interests of the people of Alaska, and for the
20 protection and enhancement of their general welfare.

21 * Sec. 2. AS 21.36 is amended by adding new sections to read:

22 Sec. 21.36.320. OBTAINING BONDS AND INSURANCE FOR PUBLIC PROJECTS.

23 (a) No officer or employee of this state, or of a public agency,
24 public authority or public corporation except a public corporation or
25 public authority created under agreement or compact with another state,
26 and no person acting or purporting to act on behalf of such officer or
27 employee, or public agency or public authority or public corporation,
28 shall with respect to any of the surety bonds or contracts of insurance
29 required or specified in connection with a public building or

1 construction contract, or specified by a law, general, special, or
2 local, hereafter require the bidder or general contractor or sub-
3 contractor, or any of them, to make application or furnish financial
4 data to, or procure such surety bond or contracts or insurance from,
5 a particular insurance agent or broker.

6 (b) No such officer or employee, or person acting or purporting
7 to act on his behalf, may negotiate, make application for, or procure
8 such surety bonds or contracts of insurance, except contracts of
9 insurance for builder's risk or owner's protective liability, which
10 can be procured by the bidder, contractor or subcontractor.

11 (c) In connection with any construction project for this state, its
12 political subdivisions, public agencies, authorities or corporations,
13 no general contractor may require a subcontract bidder or subcon-
14 tractor to apply for or procure bonds or insurance which may be re-
15 quired in connection with the construction or part of it, from a
16 particular insurer, agent or broker; or require the bidder or sub-
17 contractor to accept or be covered by any such surety bond or in-
18 surance, except contracts of insurance for builder's risk or owner's
19 protective liability, procured or to be procured by others.

20 (d) This section does not prevent the exercise by such officer
21 or employee on behalf of the state or public agency, public authority,
22 or public corporation of its right to approve the form, sufficiency
23 or manner of execution of the surety bonds or contracts of insurance
24 furnished by the insurer selected by the bidder or contractor or sub-
25 contractor to underwrite such bonds or contracts of insurance.

26 (e) A provision in an invitation for bids, or in a building or
27 construction contract document, in conflict with this section is void.

28 (f) A violation of this section constitutes a misdemeanor.

29 Sec. 21.36.330. OBTAINING BONDS AND INSURANCE FOR PRIVATE

1 PROJECTS. (a) No individual, firm, corporation or other entity may,
2 in connection with a construction project to be located or performed
3 in this state, involving more than \$250,000 in aggregate construction
4 costs and (1) lease or other use of state lands or (2) constructed
5 or to be constructed for the use of the holder of a public utility
6 franchise granted by the state or by a municipality or other political
7 subdivision or agency of the state, require a construction bidder,
8 contractor or subcontractor to apply for, or to procure, any of the
9 surety bonds or contracts of insurance which may be required in connec-
10 tion with the construction or any part of it from a particular insurer,
11 insurance agent or broker; or require the bidder, contractor or sub-
12 contractor to accept or be covered by any such surety bond or contract
13 of insurance except contracts of insurance for builder's risk or
14 owner's protective liability, procured or to be procured by others.

15 (b) In connection with any such construction project no general
16 contractor may require a subcontract bidder or subcontractor to apply
17 for or procure bonds or insurance which may be required in connection
18 with the construction or part of it, from a particular insurer, agent
19 or broker; or require the bidder or subcontractor to accept or be
20 covered by any such surety bond or insurance except contracts of in-
21 surance for builder's risk or owner's protective liability procured or
22 to be procured by others.

23 (c) This section does not prevent the exercise by an individual,
24 firm, corporation, other agency, or general contractor of the right
25 to approve the form, sufficiency, or manner of execution of the surety
26 bonds or contracts of insurance furnished by the insurer selected by
27 the bidder, contractor or subcontractor to underwrite such bonds or
28 contracts of insurance.

29 (d) A provision in an invitation for bids, or in a construction

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

contract document, in conflict with this section is void.

(e) Every violation of this section constitutes a misdemeanor.

(f) This section does not apply as to a public agency, public authority, or public corporation referred to in sec. 320 of this chapter.

Sec. 21.36.340. APPLICATION OF SECS. 320 AND 330. No provision of secs. 320 and 330 of this chapter applies with respect to a construction project for which a contract of insurance has been obtained before the effective date of this Act. "Construction project" includes all construction work for which such insurance contract was obtained regardless of whether the work is to be performed under contracts or subcontracts in existence on the effective date of this Act or executed after the effective date of this Act.