

Original sponsors: Orbeck and Huber

Offered: 6/13/72

1 IN THE HOUSE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE CS FOR 2d CS FOR HOUSE BILL NO. 620

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Workmen's Compensation
7 Act; and providing for an effective date."

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

9 * Section 1. AS 23.30.005 is amended by adding a new subsection to read:

10 (k) The board shall notify the contracting agency of the state or
11 of a political subdivision of the state when it revokes the self-
12 insurance certificate of an employer holding a contract with the state
13 or a political subdivision.

14 * Sec. 2. AS 23.30.030(5) is amended to read:

15 (5) A termination of the policy by cancellation is not
16 effective as to the employees of the insured employer covered by it
17 until 20 [10] days after written notice of the termination has been
18 received by the board. If the employer has a contract with the state
19 or a home rule or other political subdivision of the state, and his
20 policy is cancelled due to nonpayment of a premium, the termination
21 of the policy is not effective as to the employees of the insured
22 employer covered by it until 20 days after written notice of the
23 termination has been received by the contracting agency, and the agency
24 has the option of continuing the payments on behalf of the employer in
25 order to keep the policy in force. If, however, the employer has
26 secured insurance with another insurance carrier, cancellation is
27 effective as of the date of the new coverage.

28 * Sec. 3. AS 23.30.045 is amended by adding new subsections to read:

29 (d) No contract may be awarded by the state or a home rule or

1 other political subdivision of the state unless the person to whom the
2 contract is to be awarded has submitted to the contracting agency
3 proof, furnished by the insurance carrier, of current coverage by
4 workmen's compensation insurance from an insurance company or associ-
5 ation authorized to transact the business of workmen's compensation
6 insurance in this state or proof, furnished by the board, of a current
7 certificate of self-insurance from the board. The person to whom the
8 contract is awarded shall keep his workmen's compensation insurance
9 policy in effect during the life of the contract with the state or
10 political subdivision. If the state or the political subdivision of
11 the state fails to obtain proof of coverage or self-insurance or to
12 protect itself under (e) of this section, and an employee of the
13 contractor is injured during the term of the contract, the state or
14 the political subdivision is liable for workmen's compensation to the
15 employee if the employee is unable to recover from the employer because
16 of the employer's lack of financial assets. The state or the political
17 subdivision is not liable, however, to the employee for workmen's
18 compensation if the employee can recover from the employer under (a)
19 and (b) of this section.

20 (e) When a contracting agency of the state or a political sub-
21 division receives notice that the workmen's compensation insurance
22 policy of an employer to whom the agency has awarded a contract has
23 been cancelled due to nonpayment of a premium, without being replaced
24 by a comparable policy, the agency may either terminate the contract
25 with the employer or continue the premium payments on his behalf in
26 order to keep the policy in force during the life of the agency's
27 contract. If the agency chooses to keep the policy in force, it may
28 deduct its payments from the contract price or bring an action against
29 the employer to recover the amount of the payments. When the

1 contracting agency receives notice that the board has revoked a certifi-
2 cate of self-insurance held by a person to whom a contract has been
3 awarded, the agency may terminate the contract. This subsection does
4 not limit the causes of action or remedies which the state or political
5 subdivision may have against the employer.

6 (f) As used in this section, "contractor" means a person who
7 undertakes by contract performance of certain work for another, and
8 "subcontractor" means a person to whom a contractor sublets all or part
9 of his initial undertaking.

10 * Sec. 4. This Act takes effect on the day after its passage and approval
11 or on the day it becomes law without approval.

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