

Introduced: 3/3/71
Referred: Local Government

1 IN THE SENATE

BY THE LOCAL GOVERNMENT
COMMITTEE BY REQUEST

2 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 monopó-
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. SURETY BONDS AND BUILDERS' INSURANCE. (a) No
23 officer or employee of this state, or of a public agency, public
24 authority or public corporation except a public corporation or public
25 authority created under agreement or compact with another state, and
26 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) This section does not prevent the exercise by such officer
12 or employee on behalf of the state or public agency, public authority,
13 or public corporation of its right to approve the form, sufficiency
14 or manner of execution of the surety bonds or contracts of insurance
15 furnished by the insurer selected by the bidder or contractor or sub-
16 contractor to underwrite such bonds or contracts of insurance.

17 (d) A provision in an invitation for bids, or in a building or
18 construction contract document, in conflict with this section is void.

19 (e) A violation of this section constitutes a misdemeanor.

20 Sec. 21.36.330. LIMITATIONS. (a) No individual, firm, corpora-
21 tion or other entity may, in connection with a construction project
22 to be located or performed in this state, involving more than \$250,000
23 in aggregate construction costs and (1) lease or other use of state
24 lands or (2) constructed or to be constructed for the use of the
25 holder of a public utility franchise granted by the state or by a
26 municipality or other political subdivision or agency of the state,
27 require a construction bidder, contractor or subcontractor to apply
28 for, or to procure, any of the surety bonds or contracts of insurance
29 which may be required in connection with the construction or any part

1 of it from a particular insurer, insurance agent or broker; or require
2 the bidder, contractor or subcontractor to accept or be covered by
3 any such surety bond or contract of insurance procured or to be
4 procured by others.

5 (b) In connection with any such construction project no general
6 contractor may require a subcontract bidder or subcontractor to apply
7 for or procure bonds or insurance which may be required in connection
8 with the construction or part of it, from a particular insurer, agent
9 or broker; or require the bidder or subcontractor to accept or be
10 covered by any such surety bond or insurance procured or to be procured
11 by others.

12 (c) This section does not prevent the exercise by an individual,
13 firm, corporation, other agency, or general contractor of the right
14 to approve the form, sufficiency, or manner of execution of the surety
15 bonds or contracts of insurance furnished by the insurer selected by
16 the bidder, contractor or subcontractor to underwrite such bonds or
17 contracts of insurance.

18 (d) A provision in an invitation for bids, or in a construction
19 contract document, in conflict with this section is void.

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

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