

Original sponsor: Rules Committee By Request  
of the Legislative Council  
(for the Interim Committee  
on Insurance)

Offered: 3/27/78  
Referred: Judiciary

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska essential property in-  
7 surance inspection and placement program."

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

9 \* Section 1. AS 21 is amended by adding a new chapter to read:

10 CHAPTER 61. ALASKA ESSENTIAL PROPERTY INSURANCE

11 INSPECTION AND PLACEMENT PROGRAM.

12 Sec. 21.61.010. PROPERTY INSURANCE POOL: PLAN OF OPERATION. All  
13 insurance companies authorized to sell property insurance and surplus  
14 line brokers selling property insurance in the state shall organize a  
15 property insurance pool and shall submit to the director, for his  
16 approval, a plan of organization and a plan of operation for that pool.  
17 Each insurance company authorized to sell property insurance and each  
18 surplus line broker selling property insurance shall be participants in  
19 the plan of operation as a condition precedent to obtaining or main-  
20 taining authority to sell property insurance in the state. The plan of  
21 operation shall provide for equitable apportionment of the net loss from  
22 the operation of the pool within the state in a manner approved by the  
23 director. The plan of organization and the plan of operation shall be  
24 submitted to the director no later than 90 days after the effective date  
25 of this Act. If the insurers fail to submit a plan of organization and  
26 a plan of operation which the director approves, the director shall  
27 promulgate a plan of organization and operation which becomes effective  
28 30 days after public hearing on those plans.

29 Sec. 21.61.020. INSPECTION. Each eligible applicant for property

1 insurance, upon proof that he has made a reasonable effort to obtain  
2 such insurance from an authorized insurer, is entitled upon his written  
3 request to the pool to a prompt inspection of his property in such  
4 manner as the pool shall prescribe with the approval of the director.  
5 Upon satisfactory proof that the applicant has met reasonable under-  
6 writing standards established by the pool and approved by the director,  
7 or has made the improvements or fire prevention measures suggested, and  
8 upon payment of the required premium, the applicant is entitled to  
9 coverage through the pool. The applicant shall also be entitled to  
10 coverage by the pool if the applicant's property is inspected under any  
11 program established under AS 21.39.030(a)(6) if the standards set out by  
12 such a program are at least as stringent as the underwriting standards  
13 established by the pool and the applicant's property meets the standards  
14 of the program. Coverage provided through the pool shall be for essen-  
15 tial property insurance to eligible applicants in the areas prescribed  
16 in sec. 25 of this chapter. An inspection is not considered mandatory  
17 for issuance of a policy through the pool, unless specifically requested  
18 by the property owner or his representative, or insurer required to  
19 participate in the pool, and the cost of such inspection shall be borne  
20 by the pool and reflected in the expense experience, unless the appli-  
21 cant subsequently rejects the coverage.

22 Sec. 21.61.025. AREA OF OPERATION. The pool shall provide essen-  
23 tial property insurance throughout the state, except that if after due  
24 notice and hearing the director determines that coverage is available in  
25 the specific location in the state from authorized insurers at rates  
26 which are neither excessive, inadequate, or unfairly discriminatory, the  
27 director may exclude that location from the areas of the pool's opera-  
28 tion.

29 Sec. 21.61.030. RATES. Rates, rating plans and rating rules

1 applicable to insurance coverage written through the pool shall be in  
2 accordance with filings approved by the director, and shall be based  
3 upon the pool's loss and expense experience, together with such other  
4 information as the director may require. All provisions of ch. 39 of  
5 this title shall apply to the pool.

6 Sec. 21.61.040. POWERS OF DIRECTOR. The operation of the pool  
7 shall at all times be subject to the supervision and regulation by the  
8 director. The director or his designee is authorized to examine and  
9 investigate the operation of the pool and shall have free access to all  
10 the books, records, files, papers and documents of the pool's parti-  
11 cipants that relate to the operation; may summon and qualify witnesses  
12 under oath; and may examine directors, officers, agents, brokers, or em-  
13 ployees of the pool's participants or any other person having knowledge  
14 of such operations for the purpose of determining if coverage is being  
15 adequately provided through the pool.

16 Sec. 21.61.050. ASSESSMENT OF PARTICIPANTS. In order to carry out  
17 the purposes of this chapter the director is authorized to assess each  
18 participant in the pool an amount to pay for the total operating expen-  
19 ses and net underwriting losses or permit the pool to assess each parti-  
20 cipant in the proportion that the participant's premiums written in the  
21 state bear to the aggregate premiums written in the state by all parti-  
22 cipants for property insurance.

23 Sec. 21.61.060. DEFINITIONS. In this chapter, unless the context  
24 requires otherwise,

25 (1) "eligible applicant" means any person having an insurable  
26 interest in an owner-occupied single family residence, including a mo-  
27 bile home permanently affixed at its location or a structure for two to  
28 four family units which is actually occupied by the owner;

29 (2) "essential property insurance" means the coverage against

1 direct loss to real property and tangible personal property in an amount  
2 equal to the full appraised value or any lesser amount which the appli-  
3 cant may specify from the perils of fire, lightning, windstorm, hail,  
4 removal of property endangered by peril, vandalism, malicious mischief,  
5 theft, explosion, smoke, damage from vehicles or aircraft, riot, civil  
6 commotion or glass breakage;

7 (3) "participant" means the companies and brokers selling  
8 property insurance who are members of the property insurance pool;

9 (4) "premiums written" means gross direct premiums charged  
10 with respect to property in this state on all policies of property in-  
11 surance, less return premiums on the unused or unabsorbed portions of  
12 premium deposits.