

Original sponsor: Colletta

Offered: 1/27/82  
Referred: Finance

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 548 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Medical Indemnity Corporation  
7 of Alaska (AS 21.88)."

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

9 \* Section 1. AS 21.88.030(a)(3) is amended to read:

10 (3) two professionals from the insurance industry who are  
11 authorized or licensed to do business [INSURANCE COMPANIES AUTHORIZED]  
12 in the state;

13 \* Sec. 2. AS 21.88.050(a)(1) is amended to read:

14 (1) in the form approved by the director, issue to all phy-  
15 sicians and hospitals who are found to be acceptable risks under  
16 standards developed under (8) of this subsection, and who pay the  
17 premiums for it, a contract or contracts indemnifying physicians and  
18 hospitals and their employees who are health care providers against loss  
19 by reason of liability for covered claims for an act or omission in the  
20 delivery of professional health care in this state, and agreeing to  
21 tender on behalf of the physicians and hospitals and their employees who  
22 are health care providers a defense to a covered claim in a proceeding  
23 brought under AS 09.55.530 - 09.55.560; the limits of liability for  
24 policies issued by the corporation shall be approved by the director;  
25 the contract shall cover the defense against but need not indemnify  
26 liability for punitive damages arising from a covered claim; at the  
27 option of the corporation, if approved by the director, [PHYSICIAN OR  
28 HOSPITAL] and for an additional premium the contract may cover claims  
29 against the physician or hospital that arise out of professional services

1 performed by the physician or hospital for any period before the contract  
2 is issued [AFTER DECEMBER 31, 1974, IF THE COVERAGE IS ISSUED BEFORE  
3 JANUARY 1, 1977], except that coverage will not be provided for a claim  
4 already filed or of which the physician or hospital had or reasonably  
5 should have had notice at the time the retroactive insurance was pur-  
6 chased;

7 \* Sec. 3. AS 21.88.050(b)(3) is amended to read:

8 (3) provide coverage to insureds [PHYSICIANS AND HOSPITALS]  
9 for other hazards when approved by the director [THERE IS A FINDING BY  
10 THE DIRECTOR THAT THIS COVERAGE IS OTHERWISE UNAVAILABLE BY REASON OF  
11 THE OPERATION OF THE CORPORATION];

12 \* Sec. 4. AS 21.88.050(b)(12) is repealed and reenacted to read:

13 (12) subject to approval by the director, extend coverage to a  
14 person, entity, or facility that renders health care services in the  
15 state under the supervision of a physician.

16 \* Sec. 5. AS 21.88.080(17) is repealed and reenacted to read:

17 (17) upon application by any person, the director may issue  
18 a certificate authorizing the corporation to extinguish all or a portion  
19 of an assessment levied, or which could be levied, under (15) of this  
20 section for all insureds with policies in force when the certificate is  
21 issued, and to omit provisions levying an assessment under (15) of this  
22 section in all policies delivered or issued for delivery after the  
23 certificate is issued, if the director determines that there is a sound  
24 actuarial basis for the extinguishment; the director may at any time  
25 revoke the certificate; a policy in force at the time of revocation is  
26 not subject to the revocation of the certificate for the remainder of  
27 the period for which the premium has been paid, but after revocation a  
28 policy may not be issued or renewed without providing for an assessment  
29 of the insured.

1 \* Sec. 6. AS 21.88.900(17)(A) is amended to read:

2 (A) a claim by an injured patient reported to the cor-  
3 poration during the period of continuous coverage by the corpor-  
4 ation of the insured health care provider for an act or omission in  
5 the delivery of health care services [DURING THE SAME PERIOD OF  
6 CONTINUOUS COVERAGE]; and

7 \* Sec. 7. Section 1, ch. 177, SLA 1978 is amended to read:

8 \* Section 1. PURPOSE. The purpose of this Act is to insure that  
9 no person suffers denial or revocation of licensure for failure to  
10 procure insurance from the Medical Indemnity Corporation of Alaska as  
11 required by ch. 102 SLA 1976. This Act is for the further purpose of  
12 insuring that the coverage of occurrence policies issued by the Medical  
13 Indemnity Corporation of Alaska before the effective date of this Act  
14 continues to extend to claims arising out of occurrences covered by  
15 policies issued before the effective date of this Act, but that [(1) THE  
16 MEDICAL INDEMNITY CORPORATION OF ALASKA NEED NOT BE LIABLE ON AN OCCUR-  
17 RENCE BASIS FOR ANY CLAIMS ARISING UNDER POLICIES NEWLY ISSUED OR RENEWED  
18 AFTER THE EFFECTIVE DATE OF THIS ACT; (2)] persons who procured coverage  
19 from the Medical Indemnity Corporation of Alaska before the effective  
20 date of this Act neither be allowed to cancel the coverage procured nor  
21 evade the requirement of payment of premiums for that coverage [; AND  
22 (3) PERSONS WHO DID NOT PROCURE RETROACTIVE COVERAGE FROM THE MEDICAL  
23 INDEMNITY CORPORATION OF ALASKA BY JANUARY 1, 1977 ARE NOT ENTITLED TO,  
24 NOR MAY THE MEDICAL INDEMNITY CORPORATION OF ALASKA ISSUE, THAT COVER-  
25 AGE]. This Act is for the further purpose of assuring that the Medical  
26 Indemnity Corporation of Alaska remains a viable and competitive market  
27 for malpractice insurance. The purpose of the amendment made in sec. 22  
28 of this Act and of the amendments of the provisions of AS 8 in this Act  
29 is to assure that medical care is not denied to any person by virtue of

1 his failure or refusal to enter into an agreement with a health care  
2 provider in the medical, dental and related professions to submit to  
3 arbitration claims arising under health care or treatment provided.

4 \* Sec. 8. Section 21(b), ch. 177, SLA 1978 is amended to read:

5 (b) All policies issued by the Medical Indemnity Corporation of  
6 Alaska and in force on the effective date of this Act are terminated as  
7 of the first annual renewal of the in-force policy after the effective  
8 date of this Act. A person purchasing a policy for any term beginning  
9 after the effective date of this Act shall be issued a policy to cover  
10 only "covered claims" as defined in AS 21.88.900(17), added in sec. 20  
11 of this Act[, WHICH OCCUR AFTER THE EFFECTIVE DATE OF THIS ACT].  
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