

Introduced: 1/20/86  
Referred: Labor & Commerce,  
Community & Regional Affairs,  
Judiciary and Finance

1 IN THE HOUSE

BY SZYMANSKI

2 HOUSE BILL NO. 490

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to judgments against the state and  
7 political subdivisions; and providing for an effec-  
8 tive date."

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

10 \* Section 1. STATEMENT OF PURPOSE. It is the intent of the legislature  
11 in enacting AS 09.50.255 to authorize the entry of judgments in personal  
12 injury actions against the state or political subdivisions that provide for  
13 the payment of damages through periodic payments rather than lump-sum  
14 payments. By authorizing periodic payment judgments, it is the further  
15 intent of the legislature that the court will utilize these judgments to  
16 provide compensation sufficient to meet the needs of an injured plaintiff  
17 and those persons who are dependent on the plaintiff for whatever period is  
18 necessary while eliminating the potential windfall from a lump-sum recovery  
19 that was intended to provide for the care of an injured plaintiff over an  
20 extended period. It is also the intent of the legislature that by requir-  
21 ing damages to be structured in this manner, the state will achieve both  
22 adequate and secure compensation to the plaintiff and dependents of the  
23 plaintiff, as well as a significant reduction in the amount of personal  
24 injury judgments awarded against the state.

25 \* Sec. 2. AS 09.50 is amended by adding a new section to read:

26 Sec. 09.50.255. STRUCTURED JUDGMENTS. (a) Except for actions  
27 seeking compensation for disability or death of an employee under  
28 AS 23.30, in a suit for damages for personal injury against the state  
29 or a political subdivision of the state, in which the fact finder

1 decides an award of damages equal to or exceeding \$50,000 is to be  
2 made in favor of the plaintiff against the state or a political subdivi-  
3 sion of the state, the court shall render a final judgment ordering  
4 that the damages be paid in whole or in part by periodic payments  
5 rather than by lump sum payment.

6 (b) A judgment ordering the payment of damages by periodic  
7 payments shall specify the recipient of the payments, the dollar  
8 amount of the payments, the interval between payments, and the number  
9 of payments or the period of time over which payments shall be made.

10 (c) When a judgment rendered in accordance with the provisions  
11 of this section has become final, the judgment shall be submitted by  
12 the state to the office of risk management within the Department of  
13 Administration to obtain a periodic payment plan. A political  
14 subdivision of the state may submit a final judgment rendered in  
15 accordance with the provisions of this section to the office of risk  
16 management within the Department of Administration, to obtain a  
17 periodic payment plan.

18 (d) The commissioner of the Department of Administration shall  
19 adopt regulations setting out the procedures and methods of source  
20 selection, award, contract formation, and all other requirements and  
21 qualifications for acquisition of periodic payment plans by the state.  
22 The regulations shall be designed to

23 (1) obtain the lowest available payment price while achiev-  
24 ing the highest security, stability, and dependability in the periodic  
25 payment plan;

26 (2) establish qualifying criteria for acceptable plan  
27 providers;

28 (3) allow for a state-contracted firm or company to acquire  
29 a plan for the state from a provider in which the firm or company has

1 no proprietary interest;

2 (4) provide that all quotes for plans solicited by or  
3 offered to the state shall be retained as a public record;

4 (5) allow the purchase of reinsurance to insure the payment  
5 obligations of the periodic payment plan, provided that the plans  
6 shall be acquired so as to avoid constructive receipt of the corpus of  
7 the plan by the person entitled to benefits of the plan.

8 (e) Source selection methods and contract procedures specified  
9 by regulations adopted under this section are in lieu of and not in  
10 addition to any other law governing state procurement.

11 (f) In this section, "periodic payment plan" means a plan in  
12 which one adjudged liable for damages for personal injury, or one who  
13 compromises a personal injury action makes payment for damages by  
14 structured periodic payments rather than by lump sum.

15 \* Sec. 3. AS 09.50.270. is amended to read:

16 Sec. 09.50.270. PAYMENT OF JUDGMENT AGAINST THE STATE. An [NO]  
17 attachment or execution may not [SHALL] issue against the state. When  
18 a final judgment is rendered against the state in an action, the clerk  
19 of the court shall immediately transmit a certified copy of the  
20 judgment to the Department of Administration which shall either  
21 arrange payment of the judgment by periodic payment plan under  
22 AS 09.50.255, or approve payment of the judgment against the state if  
23 the amount of the judgment is less than \$50,000. If an insufficient  
24 [A SUFFICIENT] appropriation exists for payment, the department shall  
25 [OR] audit the amount and transmit a copy to the legislature with the  
26 recommendation that an appropriation be made for its payment.

27 \* Sec. 4. This Act takes effect January 1, 1987.  
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