

Introduced: 1/29/86
Referred: Labor & Commerce
and Judiciary

BY SUND, KOPONEN AND
GRUENBERG

1 IN THE HOUSE

2 HOUSE BILL NO. 522

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 unfair insurance claims settle-
7 ment practices; and providing for an effective date."

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

9 * Section 1. AS 21.36.125 is amended to read:

10 Sec. 21.36.125. UNFAIR CLAIM SETTLEMENT PRACTICES. A person
11 may not commit or engage in with such frequency as to indicate a
12 practice any of the following acts or practices:

13 (1) misrepresent a fact [FACTS] or policy provision [PRO-
14 VISIONS] relating to coverage of an insurance policy;

15 (2) fail to acknowledge and act promptly on a communication
16 [UPON COMMUNICATIONS] regarding a claim arising under an insurance
17 policy;

18 (3) fail to adopt and implement reasonable standards for
19 prompt investigation of claims;

20 (4) refuse to pay a claim without a reasonable investiga-
21 tion of all of the available information and an explanation of the
22 basis for denial of the claim or for an offer of compromise settle-
23 ment;

24 (5) fail to affirm or deny coverage of a claim [CLAIMS]
25 within a reasonable time of the completion of a proof-of-loss state-
26 ment [STATEMENTS];

27 (6) fail to attempt in good faith to make prompt and equi-
28 table settlement of a claim [CLAIMS] in which liability is reasonably
29 clear;

- 1 (7) compel an insured or claimant [INSUREDS] to litigate
2 for recovery of an amount [AMOUNTS] due under an insurance policy
3 [POLICIES] by offering substantially less than the amount [AMOUNTS]
4 ultimately recovered in an action [ACTIONS] brought by the insured or
5 claimant [THOSE INSUREDS];
- 6 (8) attempt to make an unreasonably low settlement by
7 reference to printed advertising matter accompanying or included in an
8 application;
- 9 (9) attempt to settle a claim on the basis of an applica-
10 tion that [WHICH] has been altered without the consent of the insured;
- 11 (10) make a claims payment without including a statement of
12 the coverage under which the payment is made;
- 13 (11) make known to an insured or claimant [INSUREDS OR
14 CLAIMANTS] a policy of appealing from an arbitration or court award
15 [AWARDS] in favor of an insured or claimant [INSUREDS OR CLAIMANTS]
16 for the purpose of compelling the insured or claimant [THEM] to accept
17 a settlement or compromise [SETTLEMENTS OR COMPROMISES] less than the
18 amount awarded [IN ARBITRATION];
- 19 (12) delay investigation or payment of a claim [CLAIMS] by
20 requiring submission of unnecessary or substantially repetitive claims
21 reports and proof-of-loss forms;
- 22 (13) fail to promptly settle a claim [CLAIMS] under one
23 portion of a policy for the purpose of influencing a settlement
24 [SETTLEMENTS] under another portion [OTHER PORTIONS] of the policy;
- 25 (14) fail to promptly provide a reasonable explanation of
26 the basis in the insurance policy in relation to the facts or applica-
27 ble law for denial of a claim or for the offer of a compromise settle-
28 ment; or
- 29 (15) offer a form of settlement or pay a judgment in a [ANY]

1 manner prohibited by AS 21.89.030.

2 * Sec. 2. AS 21.36.125 is amended by adding new subsections to read:

3 (b) A claimant or insured who is injured by an act or practice
4 listed in (a) of this section may bring an action in court to recover
5 damages for the injury against the person who commits or engages in
6 the act or practice; in this subsection one occurrence of an act or
7 practice listed in (a) of this section is sufficient to give the
8 claimant or insured the right to bring the action.

9 (c) In this section, "claimant" means a person who has been
10 injured by an insured.

11 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
12 10.070(c).