

HOUSE BILL NO. 501
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES FOSTER, Lincoln, G.Phillips

Introduced: 2/18/92

Referred: House Special Committee on Oil and Gas, Resources, Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to evidence of financial responsibility provided by persons who conduct
2 oil operations; and providing for an effective date."

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

4 * Section 1. AS 46.04.040(i) is amended to read:

5 (i) Financial responsibility under this section extends to a loss compensable under
6 AS 46.03.760(e) or 46.03.822 and an assessment under AS 46.03.758, 46.03.759, 46.03.760(a),
7 or AS 46.04.030(g). However, if financial responsibility is demonstrated by use of insurance
8 or evidence that a group of insureds has agreed to cover pollution risks of members of the
9 group, the maximum liability of the insurer or group of insureds is limited to the maximum
10 amount covered by the insurance policy or the agreement of the group of insureds, subject
11 to the limitations on restrictions normally associated with these arrangements such as when
12 there is evidence that an insurer has, in bad faith, failed to settle a claim or when attorney
13 fees and other costs of litigation are payable in addition to the face amount of a policy or
14 other agreement.

1 * **Sec. 2.** AS 46.04.040(l) is amended to read:

2 (l) Notwithstanding the requirements of (e) of this section, an [THE] applicant may, with
3 respect to crude oil operations, provide evidence of financial responsibility provided by an
4 insurer or other person who does not agree to be subject to direct action in state courts or to
5 appoint an agent for service of process if

6 (1) the department is satisfied that the insurance or other form of financial
7 responsibility covers judgments under the statutes listed in (i) [(e)] of this section, subject to the
8 limitation described in (i) of this section:

9 (2) the applicant provides proof of \$50,000,000, or the amount required by (a) -
10 (c) of this section, whichever is less, in insurance or other form of financial responsibility that
11 meets the requirements of (e) of this section; and

12 (3) the applicant provides a sworn statement or affidavit that insurance or other
13 form of financial responsibility that meets the requirements of (e) of this section is not available
14 in greater amounts.

15 * **Sec. 3.** AS 46.04.040 is amended by adding a new subsection to read:

16 (n) Notwithstanding the requirements of (e) of this section, an applicant may, with
17 respect to noncrude oil operations, provide evidence of financial responsibility provided by an
18 insurer or other person who does not agree to be subject to direct action in state courts or to
19 appoint an agent for service of process if

20 (1) the department is satisfied that the insurance or other form of financial
21 responsibility covers judgments under the statutes listed in (i) of this section, subject to the
22 limitation described in (i) of this section; and

23 (2) the applicant provides a sworn statement or affidavit that insurance or another
24 form of financial responsibility that meets the requirements of (e) of this section is not available.

25 * **Sec. 4.** AS 46.04.040(n), enacted by sec. 3 of this Act, is repealed June 1, 1994.

26 * **Sec. 5.** Section 32(d), ch. 191, SLA 1990, as added by sec. 3, ch. 9, SLA 1991, is repealed June 1,
27 1992.

28 * **Sec. 6.** Sections 1 - 3 of this Act are retroactive to June 1, 1991.

29 * **Sec. 7.** If this Act takes effect after June 1, 1992, sec. 5 of this Act is retroactive to June 1, 1992.

30 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).