

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HR 211

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Introduced: 1/14/76
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 553

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to risk management and loss prevention
7 in state government."

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

9 * Section 1. AS 44.21 is amended by adding a new section to read:

10 Sec. 44.21.060. RISK MANAGEMENT AND LOSS PREVENTION. (a) The
11 Department of Administration shall initiate and implement a risk
12 management and loss prevention program for all state departments,
13 agencies, boards and commissions for the purpose of reducing risks,
14 accidents and losses. All state departments, agencies, boards and
15 commissions shall render the necessary cooperation and assistance to
16 the Department of Administration in the initiation, implementation and
17 operation of the risk management and loss prevention program. Nothing
18 in this section relieves other agencies from their statutory res-
19 sponsibilities for safety and loss prevention enforcement and training.

20 (b) There is established a permanent revolving fund known as the
21 risk management fund in the Department of Administration for the
22 payment of insurance premiums, uninsured losses, deductibles, advance
23 payments of insured losses and other purposes considered proper by the
24 commissioner of administration.

25 (c) The Department of Administration is directed to allocate
26 among the agencies of the state the costs of risk management and loss
27 prevention and to charge agencies according to that allocation for
28 premiums for insurance and risk management programs. Funds so charged
29 and collected shall be deposited into the risk management fund.

1 (d) All money received by the state from litigation or settlement
2 of claims for damages relating to insured or uninsured losses of the
3 type paid by the risk management fund, and from return premiums, interest
4 and other returns from investments of the fund shall be deposited in
5 the fund.

6 (e) Money deposited in the risk management fund not required for
7 the purposes of the fund in a particular fiscal year is reappropriated
8 for the succeeding fiscal year.
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Original sponsor: Rules Committee by
request of the Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 553

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NINTH LEGISLATURE - SECOND SESSION

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(b) There is established a permanent revolving fund known as the risk management fund in the Department of Administration for the payment of insurance premiums, uninsured losses, deductibles, and advance payments of insured losses. The department shall report to the legislature twice annually all activities and balances of the fund.

(c) The Department of Administration is directed to allocate among the agencies of the state the costs of risk management and loss prevention and to charge agencies according to that allocation for premiums for insurance and risk management programs. Funds so charged and collected shall be deposited into the risk management fund.

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Referred: State Affairs and
Finance

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JAN 14 1976

NB 553

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to risk management and loss prevention. The Department of Administration has requested this measure to allow it to deal more effectively with the insurance coverage demanded by State programs and institutions.

The approach sought here would allow the State to assume increasingly higher "deductibles" on insurance coverage if the State's loss experience allows the accumulation of funds in the risk management fund established by the bill. Since higher deductibles result in less insurance risk put out to bid, the result will be a savings to the State.

The fund concept is an alternative to a program, also with higher deductibles, in which the State "insures itself" and recoups unexpectedly high losses (as disaster situations) out of general fund appropriations.

A result of the approach proposed by the Department of Administration will be the elimination of the need for individual agencies to absorb deductibles out of their own program funds; it also will allow the State to replace lost facilities before settlement of insured claims.

Sincerely,

Jay S. Hammond
Governor

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Sincerely,

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. _____
 Title: An Act relating to Risk Management and Loss Prevention in State government
 Requested by: Governor Jay S. Hammond Date: _____
 Return Date Requested: _____
 Agency: Department of Administration Program: Div. of Gen'l. Services & Supply

II. FISCAL DETAIL

Budget Request Unit(s) Affected: NONE

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P.T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

REVOLVING FUND

The use of a revolving fund in combination with insurance is not anticipated to require funding beyond the current funding for insurance requirements.

Changes in our insurance program resulting from use of the revolving fund are anticipated to provide some economies in premium which will be used to establish the fund. This program relies on its own economy for funding.

IV. ATTACHMENTS

V. DATE: 12-18-75 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)