

HB

50

HB 50

Tape No

Date

3

2/12

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2/12

1/23/73

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date _____

The Committee on Commerce has had HB 50

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:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	<u>[Signature]</u>
_____	recommends:	
_____	recommends:	
_____	recommends:	
_____	recommends:	

[Signature] Chairman

A M E N D M E N T

Offered in the HOUSE

By Commerce Committee

To: _____ HOUSE BILL NO. 59

_____ SENATE BILL NO. _____

AMENDMENT: Page 1 Line 12, 14

Line 12

After the word "at" delete the words "the legal rate" and insert the words "the rate of four percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District that prevailed on the date of the notice of the loss or the date of withdrawal, whichever is earlier."

Line 14

After the word "and" insert the words "and the date of withdrawal,"

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JAN VAN DORT
LAWRENCE T. FEENEY
CHARLES N. DRENNAN

February 19, 1975

The Honorable Bob Bradley
Chairman, House Commerce Committee
Pouch V
Juneau, Alaska 99811

Re: House Bill No. 50

Dear Mr. Chairman:

I am sorry that I did not have the opportunity to appear at the hearing that was held on this bill on February 12, 1975. The American Mutual Insurance Alliance is opposed to legislation such as this for several reasons.

First, Mr. Fink may believe that a bill such as this would gouge the insurance companies. However, all underwriting expenses, including interest, are merely passed on to the consumer in the form of higher premiums.

Second, in a garden variety automobile accident where the only loss is physical damage to the motor vehicle, it is certainly possible to settle the claim within 30 days. This is not the case when the situation involves a loss at sea, a major disaster such as the crash of the Alaska Airlines jet at Teardrop Lake, or personal injuries where a person may not be medically stable for quite some period of time. Often, it is extremely difficult if not completely impossible for an insurance company to put a value on the loss within 30 days from the date the loss occurs. A bill requiring interest on top of the amount of the settlement

Honorable Bob Bradley
Re: House Bill No. 50
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penalizes the person paying premiums because the insurer does a thorough investigative job.

Third, in personal injury actions, a portion of a judgment award or settlement represents compensation for future losses. It is patently unfair to require insurance companies to pay interest on the portion of the award representing future loss. If anything, an insurance company should be entitled to^a discount on that portion of the award for early payment.

Fourth, the Alaska Supreme Court has already held that a successful party is entitled to interest on the amount of his damages from the date the claim or cause of action arose. This and our famous Rule 82 attorney's fee provision are very much in the minds of insurance companies when they are dealing with injured claimants. It would be fair to say that a portion of each settlement would be labeled interest because of the effect that the Supreme Court holding has had on settlement negotiations.

I have not really thought about this in depth, but it would appear that the last sentence of the bill would tend to discourage insurance companies from raising earlier settlement offers.

I sincerely appreciate your consideration of my comments.

Very truly yours,

FAULKNER, BANFIELD, DOOGAN & HOLMES

By


Jan Van Dort

JVD/aw