

SB

407

"An Act relating to the Motor Vehicle Safety Responsibility Act; and providing for an effective date."

5/12/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 5/14/75

The Committee on JUDICIARY has had SB 407

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:

[Signature] _____
[Signature] _____
[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: No Rec

_____ recommends:

_____ recommends: _____

_____ recommends: _____

_____ recommends:

[Signature] Chairman

House Judiciary Committee
May 19, 1975

The meeting was called to order at 1:30 p.m. by Chairman Gardiner. All members were present except Mr. Parr.

SCR 15, 17, 19 Rape

Senator Chance briefly explained these resolutions which were then passed out of committee.

SB 182 arrest without warrant

Pat Wellington testified that if an officer does not witness a drunk driving, there is nothing on which he can make an arrest. The drunk in public and drunk on a highway statutes have been overturned by the courts. He was particularly concerned when there had been an accident but no witness.

Line 13: change reasonable to probable.
Line 14 and 15 omit: while under the influence

Several amendments were suggested to close a possible abuse the bill could create by limiting the bill to accidents in which there had been damage to life or property, or a moving violation. Mr. Brown suggested on line 16 add: and the person has been operating a vehicle which has been involved in an accident, or the person has been charged with another offense at a time during which he is alleged to have committed such violation. The amendment failed. Mr. Gardiner suggested on line 14: reasonable (immediately) prior to the arrest - as soon as practicable but in no event more . . . The committee determined to hold the bill to work on further amendment.

SB 407 Motor Vehicle Safety

Alan Compton stated that the bill was to bring the rate and coverage up to date. The present rates were set in 1966. Mr. Brown moved the bill out of committee.

SB 140 am Commission on Administration of Justice

This bill adds members representative of juvenile groups. Mr. Brown moved the bill out of committee.

SB 358 Trust Lands

Mr. Wallace and Senator Sackett testified that the AG had drafted this bill and had his approval. The following amendment was passed: end of (b) add: Such approval shall be by resolution and filed with the department. The bill was moved out of committee.

May 5, 1975

Honorable Robert H. Ziegler, Sr.
Chairman, Senate Judiciary Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

RE: SB 407 (Safety Responsibility Act)

Dear Mr. Chairman:

I note that the above bill, co-sponsored by you and Senator Croft, has been referred to your Committee for review. I have accumulated some resource material with respect to the bill, both in terms of its justification and questions concerning its affect on rates.

I have discussed the matter of increased coverage vis-a-vis premiums with an insurance broker dealing in "old line" companies and an insurance broker dealing in mutuals and, in addition, I've had discussions with Mr. Don Koch from the Alaska Department of Commerce, Division of Insurance.

The broker from the "old line" agency gave me figures for 15-30-5 and 25-50-10. These figures assume a normal driving record. The base rate for the former coverage would be \$62. For the latter, it would be \$68. Thus, the increase would be approximately 10%. He remarked that his agency of course always tries to sell policies higher than the minimum required under Financial Responsibility. Further, he said that of course the minimums would be increased if the record were poor, although the percentage increase between the 15-30-5 and the 25-50-10 would still be in approximately the same percentage.

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The broker selling insurance through mutual companies gave me different figures for different situations. For their lower risk carrier selling insurance for a pleasure vehicle only, the increase would be from \$19.80 to \$21.60. If the vehicle were driven to and from work, the increase would be from \$31 to \$33.50. For their high risk coverage, a pleasure vehicle would increase from \$30 to \$32.50. Under that same type coverage, a vehicle used to go to and from work would increase from \$45.50 to \$49. Again, a poor driving record would increase the base, but the percentage increase from the base at 15-30-5 to 25-50-10 would be about the same as the above.

Mr. Koch was able to give me an estimate of the increase in percentage under the assigned risk plan. His figures disclose that under an assigned risk plan, an increase from 15-30-5 to 25-50-10 would increase the bodily injury premium 15% and the property damage premium 3%. Since the bodily injury premium is about two-thirds of the cost, he estimates that the overall increase would be about 13%. As stated, this is with respect to assigned risk, which is of course the highest risk coverage.

Mr. Koch further advised that financial responsibility coverage is being increased generally throughout the country. He stated that during the late '50's and '60's, many states had financial responsibility coverage at 10-20-5. However, since the late '60's and into the early '70's, most of those states that he has records for have gone to either 15-30-5 or 20-40-10. He further stated that many Canadian provinces have higher minimum coverage, such as single limit 50, single limit 75, or variations thereof.

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From these figures, it would appear that while bodily injury coverage is being increased by 66-2/3% and property damage coverage by 100%, the total premium increase would, at a maximum, be 13% for assigned risk policies and 10% or less for non-assigned risk policies.

Mr. Koch also furnished me with some of his statistical data from rate filings filed by Allstate Insurance Company and by I.S.O., which is an insurance rating bureau handling rate filings for multiple insurance carriers. The I.S.O. data is from the period commencing 3/31/70 through 12/31/72. It only relates to claims settled at less than \$10,000 limits for bodily injury, but does not include total limits for property damage. The Allstate figures commence 12/31/71 through 9/30/74. Neither bodily injury nor property damage are limited to settlements of less than \$10,000. Thus, the I.S.O. figures would be somewhat distorted.

A phrase is used that is foreign to me. That is "line of best fit". As best I can describe that phrase, it relates to a simplification procedure for actuarial purposes in rate filings which in part projects trends. Presumably, if the projection of trends and other factors are based on correct assumptions, the "line of best fit" and the actual loss will be roughly equivalent. In any twelve-month period, an unusual experience may lead to some distortion between actual and "line of best fit".

The figures provided on both the I.S.O. filing and the Allstate Insurance Company filing include Alaska and countrywide figures.

In Alaska, the actual payment per claim for bodily injury during the two-year period from 9/30/72 through 9/30/74 increased from \$2,788 to \$5,112. The "line of best fit" for that period increased from \$2,953.57 to \$4,094.13. In both categories, Alaska is substantially higher than the countrywide figures.

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In regard to property damage from the Allstate filing for that same period, actual loss went from \$317 to \$430, while "line of best fit" went from \$341.30 to \$428.58. Again, Alaska figures are higher than countrywide figures and the percentage disparity between the two is becoming greater.

On the I.S.O. filing from the period from 12/31/70 to 12/31/72, the actual damage went from \$1,632 to \$1,496, while the "line of best fit" went from \$1,599.40 to \$1,847.72. Thus, while there was some decrease in the actual, there was a substantial increase in the "line of best fit" which takes into consideration the projection of trends. Property damage for that same period went from an actual of \$358 to \$393, while the "line of best fit" went from \$353.93 to \$368.01. Alaska is again higher than the countrywide calculation, particularly in the "line of best fit" in regard to bodily injury.

Using the year ending 12/31/72 for comparative purposes between the Allstate filing and the I.S.O. filing, there appears a relatively high degree of correlation between the property damage payments in both. However, the Allstate filing, which does not limit included figures to those below \$10,000, shows a much higher bodily injury payment.

These are of course average figures. Further, they are apparently figures per claim and not figures per policy. Thus, an accident involving multiple claims occurring during the year ending 9/30/74 would reflect a per claim actual payment of \$5,112. The trend disclosed by the figures is one of substantial increase in both bodily injury and property damage commencing 1973.

I do not know whether the premium figures and statistical data answer all of the questions that may be raised regarding the propriety of this bill. The present minimum coverage requirements were adopted a number of years ago, and if 15-30-5 made sense then,

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it would seem to logically follow that general cost-of-living increases and inflationary pressures would dictate an upward revision. It should also be remembered that persons required to comply with safety responsibility are persons who have already evidenced a potential for harm to others by virtue of having been involved in an accident "resulting in bodily injury to or death of a person or damage to the property of any one person exceeding \$200". AS 28.20.050(a)

I would be pleased to appear before your Committee if I may be of assistance.

Respectfully,

Allen T. Compton
Legislative Counsel
Alaska Bar Association

ATC/bt

cc: Keith E. Brown, Esquire
Mary F. LaFollette, Esquire

May 7, 1975

Honorable Robert H. Ziegler, Sr.
Chairman, Senate Judiciary Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

RE: SB 407 (Safety Responsibility Act)

Dear Mr. Chairman:

Subsequent to yesterday's hearing on the above bill, I have again conferred with Mr. Don Koch at the Division of Insurance. He advises me that the increased premium for uninsured motorist coverage would be at approximately the same percentage as the overall premium increase the bill would necessitate. Rounded off to the nearest dollar, it would be a \$1.00 increase in the premium.

He stated that the Division of Insurance had prepared several charts regarding the increase proposed by this legislation and they disclose that an increase to the 25-50-10 minimum would in practical effect reestablish the basic purchasing power of the 15-30-5 minimum when it was enacted in 1966. Thus, this legislation does in fact bring us abreast with current purchasing power.

If requested, Mr. Koch would advise your Committee that the Division of Insurance supports this bill. He of course could not do this voluntarily, but would respond to your inquiry.

Respectfully,

Allen T. Compton
Legislative Counsel
Alaska Bar Association

ATC/bt

cc: Keith E. Brown, Esquire
Mary F. LaFollette, Esquire

ALLSTATE INSURANCE COMPANY

ALASKA

Exhibit A
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AUTOMOBILE INSURANCE--VOLUNTARY PRIVATE PASSENGER CARS
DETERMINATION OF FACTORS TO ADJUST CALENDAR
ACCIDENT YEAR DATA FOR SUBSEQUENT CHANGE

BODILY INJURY
PAID FREQUENCY

ALASKA

COUNTRYWIDE *

YEAR ENDED	ACTUAL	LINE OF BEST FIT	ACTUAL	LINE OF BEST FIT
12/31/71	1.30	1.142	1.52	1.476
3/31/72	1.19	1.095	1.45	1.463
6/30/72	1.06	1.048	1.42	1.450
9/30/72	0.99	1.001	1.42	1.437
12/31/72	0.83	0.954	1.42	1.424
3/31/73	0.78	0.907	1.38	1.411
6/30/73	0.76	0.860	1.40	1.398
9/30/73	0.70	0.813	1.42	1.385
12/31/73	0.66	0.766	1.43	1.372
3/31/74	0.73	0.719	1.36	1.359
6/30/74	0.80	0.672	1.33	1.346
9/30/74	0.79	0.625	1.30	1.333

	ALASKA	COUNTRYWIDE *	COMBINED
AVERAGE ANNUAL CHANGE BASED ON LINE OF BEST FIT	-0.188	-0.052	
LAST POINT ON LINE OF BEST FIT	0.625	1.333	
STATE CREDIBILITY BASED ON 126 PAID CLAIMS IN YEAR ENDED 9/30/74	0.10	0.90	
AVERAGE ANNUAL PERCENT CHANGE BASED ON LINE OF BEST FIT	-30.1	-3.9	

ALLSTATE INSURANCE COMPANY

ALASKA

Exhibit A
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AUTOMOBILE INSURANCE--VOLUNTARY PRIVATE PASSENGER CARS
- DETERMINATION OF FACTORS TO ADJUST CALENDAR
ACCIDENT YEAR DATA FOR SUBSEQUENT CHANGE

BODILY INJURY
PAID SEVERITY

ALASKA

COUNTRYWIDE *

YEAR ENDED	ACTUAL	LINE OF BEST FIT	ACTUAL	LINE OF BEST FIT
12/31/71	3489	2525.86	1793	1710.82
3/31/72	3198	2668.43	1768	1741.08
6/30/72	2482	2811.00	1801	1771.34
9/30/72	2768	2953.57	1827	1801.00
12/31/72	2758	3096.14	1811	1831.86
3/31/73	2625	3238.71	1736	1862.12
6/30/73	2958	3361.28	1802	1892.38
9/30/73	2926	3523.85	1849	1922.64
12/31/73	3021	3666.42	1954	1952.90
3/31/74	4095	3808.99	1959	1983.16
6/30/74	4268	3951.56	2065	2013.42
9/30/74	5112	4094.13	2162	2043.68

	ALASKA	COUNTRYWIDE *	COMBINED
AVERAGE ANNUAL CHANGE BASED ON LINE OF BEST FIT	\$ 570.28	\$121.04	
LAST POINT ON LINE OF BEST FIT	4094.13	2043.68	
STATE CREDIBILITY BASED ON PAID CLAIMS IN YEAR ENDED 9/30/74	126	0.10	0.50
AVERAGE ANNUAL PERCENT CHANGE BASED ON LINE OF BEST FIT	13.9	5.9	6.7

ALASKA

AUTOMOBILE INSURANCE--VOLUNTARY PRIVATE PASSENGER CARS
DETERMINATION OF FACTORS TO ADJUST CALENDAR
ACCIDENT YEAR DATA FOR SUBSEQUENT CHANGE

PROPERTY DAMAGE
PAID FREQUENCY

ALASKA

COUNTRYWIDE *

YEAR ENDED	ACTUAL	LINE OF BEST FIT	ACTUAL	LINE OF BEST FIT
12/31/71	7.35'	6.863'	7.10'	7.143'
3/31/72	6.78'	6.794	7.01	7.092
6/30/72	6.49'	6.725	6.99	7.041
9/30/72	6.48'	6.656	6.97	6.990
12/31/72	6.35'	6.587	6.97	6.939
3/31/73	6.55'	6.518	6.94	6.888
6/30/73	6.47'	6.449	6.93	6.837
9/30/73	6.26'	6.380	6.94	6.786
12/31/73	6.36'	6.311	6.85	6.735
3/31/74	6.25'	6.242	6.68	6.684
6/30/74	6.15'	6.173	6.53	6.633
9/30/74	6.30'	6.104	6.43'	6.582'

ALASKA

COUNTRYWIDE *

COMBINE

AVERAGE ANNUAL CHANGE BASED ON LINE OF BEST FIT	-0.276	-0.204'	
LAST POINT ON LINE OF BEST FIT	6.104	6.582'	
STATE CREDIBILITY BASED ON 1001' PAID CLAIMS IN YEAR ENDED 9/30/74	0.30	0.70	
AVERAGE ANNUAL PERCENT CHANGE BASED ON LINE OF BEST FIT	-4.5	-3.1	-3.

ALASKA

AUTOMOBILE INSURANCE--VOLUNTARY PRIVATE PASSENGER CARS
DETERMINATION OF FACTORS TO ADJUST CALENDAR
ACCIDENT YEAR DATA FOR SUBSEQUENT CHANGE

PROPERTY DAMAGE
PAID SEVERITY

ALASKA

COUNTRYWIDE *

YEAR ENDED	ACTUAL	LINE OF BEST FIT	ACTUAL	LINE OF BEST FIT
12/31/71	330'	308.57	280'	275.42
3/31/72	327'	319.48	282	279.51
6/30/72	331'	330.39	283	283.60
9/30/72	317'	341.30	286	287.69
12/31/72	326'	352.21	289	291.78
3/31/73	355'	363.12	291	295.87
6/30/73	377'	374.03	298	299.96
9/30/73	396'	384.94	302	304.05
12/31/73	415'	395.85	310	308.14
3/31/74	406'	406.76	314	312.23
6/30/74	413'	417.67	317	316.32
9/30/74	430'	428.58	323	320.41

	ALASKA	COUNTRYWIDE *	COMBINED
AVERAGE ANNUAL CHANGE BASED ON LINE OF BEST FIT	\$ 43.64	\$ 16.36	
LAST POINT ON LINE OF BEST FIT	428.58	320.41	
STATE CREDIBILITY BASED ON 1001' PAID CLAIMS IN YEAR ENDED 9/30/74	0.30	0.70	
AVERAGE ANNUAL PERCENT CHANGE BASED ON LINE OF BEST FIT	10.2	5.1	6.6

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AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE INSURANCE
PRIVATE PASSENGER CARS
DETERMINATION OF FACTORS TO ADJUST
LOSS RATIOS FOR SUBSEQUENT CHANGE

AVERAGE PAID CLAIM COST DATA

ALL COMPANIES REPORTING

(1) YEAR ENDED	ALASKA				COUNTRYWIDE			
	BODILY INJURY (\$10,000 LIMIT)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (\$10,000 LIMIT)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(2) ACTUAL	(3) LINE OF BEST FIT	(4) ACTUAL	(5) LINE OF BEST FIT	(6) ACTUAL	(7) LINE OF BEST FIT	(8) ACTUAL	(9) LINE OF BEST FIT
3/31/70	\$1320	\$1506.28	\$343	\$ 348.65	\$1227	\$ 1221.04	\$262	\$ 265.69
6/30/70	1366	1537.32	360	350.41	1247	1240.82	268	270.17
9/30/70	1519	1568.36	363	352.17	1260	1260.60	274	274.65
12/31/70	1632	1599.40	358	353.93	1269	1280.38	279	279.13
3/31/71	1672	1630.44	343	355.69	1280	1300.16	285	283.61
6/30/71	1794	1661.48	352	357.45	1310	1319.94	291	288.09
9/30/71	1902	1692.52	360	359.21	1334	1339.72	296	292.57
12/31/71	2042	1723.56	360	360.97	1381	1359.50	301	297.05
3/31/72	1989	1754.60	359	362.73	1414	1379.28	306	301.53
6/30/72	1830	1785.64	346	364.49	1407	1399.06	306	306.01
9/30/72	1562	1816.68	373	366.25	1412	1418.84	307	310.49
12/31/72	1496	1847.72	383	368.01	1417	1438.62	309	314.97

	B-I.	P.D.
(10) AVERAGE ANNUAL DOLLAR CHANGE IN PAID CLAIM COSTS BASED UPON LINE OF BEST FIT:		
A) STATE	\$ +124.16	\$ + 7.04
B) COUNTRYWIDE	+ 79.12	+ 17.52
(11) AVERAGE POINT ON LINE OF BEST FIT:		
A) STATE	\$ 1677.00	\$ 358.33
B) COUNTRYWIDE	1329.83	290.33
(12) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS BASED UPON LINE OF BEST FIT (LINE(10)/LINE(11)):		
A) STATE	+ 7.4%	+ 2.0%
B) COUNTRYWIDE	+ 5.9	+ 6.2
(13) STATE CREDIBILITY:	0.15	0.35
(14) CREDIBILITY WEIGHTED AVERAGE ANNUAL CHANGE IN CLAIM COSTS (12A)X(13)+(12B)X(1.0-(13)):	+ 6.1%	+ 4.7%
	COMP.	COLLISION
(15) AVERAGE ANNUAL CHANGE IN PREMIUM REVENUE RESULTING FROM EFFECT OF AGE AND SYMBOL CLASSIFICATION:	+ 1.7%	+ 0.6%
(16) AVERAGE ANNUAL CHANGE IN PHYSICAL DAMAGE LOSS RATIOS		
$\frac{[(1.0 + N \times \text{LINE}(14) \text{ PROPERTY DAMAGE}) - 1.0]}{(1.0 + N \times \text{LINE}(15))} / N$	+ 2.8%	+ 3.8%

NOTE: N=NUMBER OF YEARS OF PROJECTION, 3-58 IN THIS REVISION.
* EXCLUDING DEL.,FLA.,ILL.,MASS.,ORE. AND P.R. FOR B.I.
AND FLA. AND MASS. FOR P.D.

AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS

DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGE
AVERAGE PAID CLAIM FREQUENCY DATA

ALL COMPANIES REPORTING

CLAIM FREQUENCIES PER 100 CARS

(1) YEAR ENDED	BODILY INJURY				PROPERTY DAMAGE			
	(2) STATEWIDE ACTUAL	(3) EXPNTL CURVE	(4) COUNTRYWIDE# ACTUAL	(5) EXPNTL CURVE	(6) STATEWIDE ACTUAL	(7) EXPNTL CURVE	(8) COUNTRYWIDE# ACTUAL	(9) EXPNTL CURVE
3-31-67	1.4978	1.3794	2.7386	2.7838	5.8214	5.6613	7.8428	7.9822
6-30-67	1.6139	1.3754	2.7459	2.7571	5.8740	5.6577	7.8937	7.9521
9-30-67	1.6167	1.3714	2.7265	2.7308	5.6944	5.6541	7.8020	7.9220
12-31-67	1.4980	1.3675	2.7003	2.7046	5.6193	5.6505	7.7988	7.8921
3-31-68	1.4250	1.3635	2.6881	2.6788	5.5871	5.6468	7.8067	7.8622
6-30-68	1.2191	1.3596	2.6347	2.6531	5.4413	5.6432	7.6706	7.8325
9-30-68	1.1869	1.3557	2.6266	2.6278	5.6397	5.6396	7.7704	7.8029
12-31-68	1.2501	1.3517	2.6056	2.6026	5.5957	5.6360	7.7739	7.7734
3-31-69	1.2278	1.3478	2.5544	2.5777	5.6075	5.6324	7.7159	7.7440
6-30-69	1.228.	1.3439	2.5424	2.5531	5.6924	5.6288	7.7760	7.7148
9-30-69	1.2818	1.3401	2.5127	2.5286	5.7102	5.6251	7.7370	7.6856
12-31-69	1.2550	1.3362	2.4920	2.5045	5.8300	5.6215	7.7818	7.6566
3-31-70	1.1897	1.3323	2.4736	2.4805	5.4718	5.6179	7.8707	7.6276
6-30-70	1.1826	1.3285	2.4712	2.4568	5.4330	5.6143	7.9361	7.5988
9-30-70	1.1259	1.3246	2.4655	2.4333	5.2751	5.6107	7.9092	7.5701
12-31-70	1.2002	1.3208	2.4734	2.4100	5.3109	5.6071	7.8165	7.5415
3-31-71	1.3427	1.3170	2.4785	2.3869	5.6308	5.6035	7.6783	7.5130
6-30-71	1.4536	1.3132	2.4432	2.3641	5.5722	5.5999	7.4923	7.4846
9-30-71	1.5349	1.3094	2.3928	2.3415	5.6499	5.5964	7.3509	7.4563
12-31-71	1.4998	1.3056	2.3351	2.3191	5.6261	5.5928	7.2813	7.4281
3-31-72	1.4541	1.3018	2.3165	2.2969	5.8787	5.5892	7.3815	7.4000
6-30-72	1.3797	1.2981	2.2270	2.2749	5.8809	5.5856	7.1422	7.3721
9-30-72	1.3295	1.2943	2.1791	2.2532	5.7026	5.5820	7.1404	7.3442
12-31-72	1.2150	1.2906	2.1310	2.2316	5.3888	5.5784	7.1455	7.3164

	B.I.	P.D.
(10) RATE OF CHANGE IN CLAIM FREQUENCIES FOR ANY 12 MONTH INTERVAL ON EXPONENTIAL LINE OF BEST FIT:		
A. STATE	-1.15%	- .26%
B. COUNTRYWIDE	-3.77	-1.50
(11) STATE CREDIBILITY:	0.15	0.35
(12) CREDIBILITY WEIGHTED AVERAGE ANNUAL CHANGE IN CLAIM FREQUENCY ((10A)X(11)+(10B)X(1.0-(11))):	-3.4%	-1.1%
(13) CREDIBILITY WEIGHTED AVERAGE ANNUAL CHANGE IN CLAIM COSTS (SEE SHEET 1, LINE(17)):	+ 6.1%	+ 4.7%
(14) AVERAGE ANNUAL CHANGE IN LIABILITY LOSS RATIOS ((1.0+N(12))X(1.0+N(13))-1.0)/N:	+ 1.9%	+ 3.4%

NOTE: N=NUMBER OF YEARS OF PROJECTION, 3.58 IN THIS REVISION.
EXCLUDING DEL.,FLA.,ILL.,MASS.,ORE. AND P.R. FOR B.I.
AND FLA. AND MASS. FOR P.D.

file on 407

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN & HOLMES

HERBERT L. FAULKNER (1882-1972)
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JAN VAN DORT
LAWRENCE T. FEENEY
CHARLES N. DRENNAN

May 22, 1975

The Honorable Terry Gardiner
Chairman, House Judiciary Committee
Pouch V
Juneau, Alaska 99811

Re: Senate Bill No. 407

Dear Representative Gardiner:

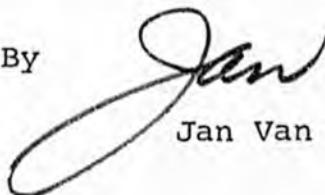
I notice that Senate Bill No. 407 which would raise the minimum liability limits under Alaska's Financial Responsibility Law from 15/30/5 to 25/50/10, has been referred to your committee.

I have been informed by the home office of the American Mutual Insurance Alliance that such a raise in the minimum liability limits will increase premiums which the policyholder must pay approximately 11%. The Alliance is not taking a position on this bill; we are only passing cost information along to you.

Very truly yours,

FAULKNER, BANFIELD, DOOGAN & HOLMES

By



Jan Van Dort

JVD/aw

cc: Don Koch - Division of Insurance

ALLEN T. COMPTON

ATTORNEY AT LAW

201 FRANKLIN STREET

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May 19, 1975

Honorable Terry Gardiner
Chairman, House Judiciary Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

RE: SB 407 (Safety Responsibility Law)

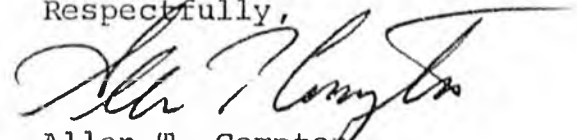
Dear Mr. Chairman:

Last Saturday your House Judiciary Committee held a hearing on the above bill. At that time reference was made to the position of the Division of Insurance, Department of Commerce, regarding the measure. Unfortunately, no one from that agency attended the hearing.

I have obtained from Senator Ziegler a copy of the memorandum from Mr. Don Koch, Rate Analyst for said agency, regarding the proposal. Although I realize your Committee has already taken action on the measure, I thought it might nonetheless be advisable for you and the Committee to at least have reference to the memorandum prior to House action.

Thank you for your consideration.

Respectfully,




Allen T. Compton

ATC/bt
Enclosure

STATE
of ALASKA**MEMORANDUM**DEPARTMENT OF COMMERCE
DIVISION OF INSURANCETO:
File

DATE : 5-7-75

FROM: Don Koch 
Rate Analyst

SUBJECT: SB-407

During our analysis of this legislation, we examined the purchasing power of the existing limits required by law. Our review determined that the proposed limits would be roughly equivalent to the purchasing power that the current limits had when passed in 1966. SB-407 is desirable legislation and we favor its passage.

STATE OF ALASKA
Inter-Department Route SlipTO:
MAIL STATION NUMBER _____DEPARTMENT STATE SENATEATTENTION SENATOR ZIEGLER

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

AS PER YOUR REQUEST

FROM:
MAIL STATION NUMBER 2800DEPARTMENT COMMERCE - INSURANCEBY DON KOCH DATE 5-7-75