

Original Sponsors: Fritz, Koponen,
Lindauer and Tischer

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 16 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to premium increases for automobile
7 insurance policies."

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

9 * Section 1. AS 21.36 is amended by adding a new section to read:

10 Sec. 21.36.400. PREMIUM INCREASES ON AUTOMOBILE INSURANCE POLI-
11 CLES. (a) An insurer may not increase the premium on an automobile
12 insurance policy unless the increase applies to all insureds of the
13 same class.

14 (b) An insurer may not increase the premium or add a surcharge
15 to an automobile insurance policy because of the issuance of a cita-
16 tion for a moving traffic violation unless the insured or another
17 person who resides in the insured's household and is covered by the
18 policy has been convicted of the violation.

19 (c) The director shall adopt regulations to determine circum-
20 stances under which an insurer may increase the premium or add a
21 surcharge to an automobile insurance policy.

22 (d) An insurer that increases the premium or adds a surcharge to
23 an automobile insurance policy shall give written notice of the in-
24 crease or surcharge at least 15 days before it takes effect, stating
25 the reason for the change and the right of appeal under AS 21.59.090.

26 (e) In this section "automobile insurance policy" means an
27 insurance policy that provides automobile liability coverage, unin-
28 sured motorist coverage, automobile medical payments coverage, or
29 automobile physical damage coverage, delivered or issued for delivery

1 in this state, insuring as the named insured one individual or a
2 husband and a wife residing in the same household, and under which the
3 insured vehicles are of the following types only:

4 (1) a motor vehicle of the private passenger or station
5 wagon type that is not used as a public or livery conveyance, and not
6 rented to others; or

7 (2) any other four-wheel motor vehicle with a load capacity
8 of 1,500 pounds or less that is not used in the occupation, profes-
9 sion, or business of the insured, not used as a public or livery
10 conveyance and not rented to others.
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The following individuals are expected to testify on SS
HB 16:

Staff of Representative Milo Fritz, prime sponsor

Don Koch, Division of Insurance, Department of Commerce
and Economic Development

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SSHB 16
 Title: Auto insurance premium increases
 Sponsor: Fritz
 Requestor: House L&C

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Public Prot.
 BRU, Program of Subprogram(s) Affected:
Division of Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Source)	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: ~~Attach a separate page for any Analysis~~

Prepared By: Kenneth C. Moore, Director
 Division: Insurance

Phone: 465-2515
 Date: 3/23/83

Approved by Commissioner: Richard A. Lyon
 Department: Commerce & Economic Development

Date: 3/25/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
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3/8/83

Alaska State Legislature

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House of Representatives

MILO FRITZ

TO: House Finance Committee Members

FROM: Milo Fritz, Prime Sponsor

DATE: April 18, 1983

RE: SSHB 16

I request that you amend SSHB 16 as follows:

Page 1, Paragraph b, Line 15. Please insert the word solely between the words policy and because.

The paragraph would then read as follows:

(b) An insurer may not increase the premium or add a surcharge to an automobile insurance policy solely because of the issuance of a citation for a moving traffic violation unless the insured or another person who resides in the insured's household and is covered by the policy has been convicted of the violation.

Rationale: It came to our attention that a literal interpretation of paragraph B, without the amendment, would not allow an increase in the premium without a citation and conviction. The intent of this paragraph is to insure that rates are not increased due to a citation, but no conviction. We do not want to create a situation where an insurance company is denied the right to raise a policy based on fault, due to a legal technicality.

Alaska State Legislature

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House of Representatives

MILO FRITZ

HOUSE BILL 16, AUTOMOBILE INSURANCE PREMIUM INCREASES

I INTRODUCED HB 16, AN ACT RELATING TO PREMIUM INCREASES FOR AUTOMOBILE INSURANCE POLICIES DUE TO A LARGE NUMBER OF COMPLAINTS BY MY CONSTITUENTS. THESE PEOPLE HAVE FELT THAT THEIR INSURANCE PREMIUMS WERE UNJUSTLY RAISED AND THAT THEY HAD NO PROCEDURE AVAILABLE TO APPEAL THE INSURER'S DECISION. THIS BILL SETS FORTH A PROCEDURE FOR AN APPEAL PROCESS BY WHICH THE GENERAL PUBLIC CAN HAVE JUSTICE SERVED. IT WILL NOT ALLOW INSURANCE COMPANIES TO RAISE THE INSURED'S PREMIUM UNLESS THEY ARE UNIFORM IN THEIR POLICY AND HAVE GIVEN THE INSURED AN OPPORTUNITY TO REFUTE THE INSURER'S CLAIM.

BULLETIN 73-5 FROM THE DEPARTMENT OF COMMERCE, DIVISION OF INSURANCE IS ADDITIONAL PROOF THAT THERE HAS BEEN A PROBLEM FOR SOME TIME. THE FACT IS THAT THIS BULLETIN AND THE PRESENT STATUTE, TITLE 21, WHICH GOVERNS INSURANCE, HAVE NOT TAKEN CARE OF THIS PROBLEM.

THERE HAS BEEN SOME CONCERN FROM THE INSURANCE INDUSTRY THAT HB 16 WOULD BE BURDENSOME ON THEM. I HOPE THAT THEY WILL PROPOSE ALTERNATIVES WHICH THE COMMITTEE CAN ACT UPON.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF COMMERCE

DIVISION OF INSURANCE / POUCH D — JUHEAU 99801

February 26, 1973

BULLETIN 73-5

TO: ALL INSURERS WRITING AUTOMOBILE INSURANCE FOR DELIVERY IN THE STATE OF ALASKA

RE: USE OF ACCIDENT INFORMATION APPEARING ON MOTOR VEHICLE RECORD ABSTRACTS ISSUED BY THE ALASKA DEPARTMENT OF PUBLIC SAFETY

An increasing number of complaints reveal that a substantial degree of abuse is occurring in connection with accident information appearing on individual motor vehicle record (MVR) "Abstracts issued by the Alaska Department of Public Safety." We have found that insurers are applying "Safe Driver Points" or rate surcharges for accidents shown on the abstract without first determining that such accidents are "At Fault" accidents.

Since the MVR abstract displays accidents without regard to fault, it is improper for an insurer to rely solely upon such an indication as justification for an additional charge. No insurer may blindly charge points or surcharge a risk for an accident appearing on the MVR abstract. In the same light, cancellations or non-renewals based on accident information appearing on the abstract will not be condoned unless supporting determination is made concerning the fault of the accident.

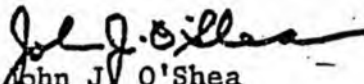
"Safe Driver Points" or rate surcharges may be charged for "At Fault" accidents involving injury to person or damage to property in excess of \$100 in which the insured or person covered under the policy is involved except accidents where:

1. The automobile was lawfully parked (An automobile rolling from a parked position need not be considered as lawfully parked, but may be considered as the operation of the last operator); or
2. Reimbursement by or on behalf of a person responsible for the accident has been made or a judgement against such persons exist; or

February 26, 1973

3. The insured or other operator residing in the same household was struck in the rear and has not been convicted of a moving traffic violation in connection with the accident; or
4. The other party was convicted of a moving traffic violation in connection with the accident and the insured was not; or
5. The insured or other operator residing in the same household was hit by a "Hit and Run" driver and same was reported to authorities within 24 hours; or
6. Damage is the result of contact with animals or fowl; or
7. Damage is limited to and caused by flying gravel, missiles or falling objects.

THIS BULLETIN IS EFFECTIVE IMMEDIATELY.


John J. O'Shea
Director

Sec. 21.39.090. Information to be furnished insureds: Hearings and appeals of insureds. Each rating organization and each insurer which makes its own rate shall, within a reasonable time after receiving written request and upon payment of the reasonable charge as it may make, furnish to an insured affected by a rate made by it, or to the authorized representative of the insured, all pertinent information concerning the rate. Each rating organization and each insurer which makes its own rates shall provide within this state reasonable means for a person aggrieved by the application of its rating system to be heard, in person or by his authorized representative, on his written request to review the manner in which the rating system has been applied in connection with the insurance afforded him. If the rating organization or insurer fails to grant or reject the request within 30 days after it is made, the applicant may proceed in the same manner as if his application had been rejected. A party affected by the action of the rating organization or the insurer on the request may, within 30 days after written notice of the action, appeal to the director, who, after a hearing held upon not less than 10 days' written notice to the appellant and to the rating organization or insurer, may affirm or reverse the action. (§ 1 ch 120 SLA 1966)

Sec. 21.36.400 LIMITATION ON SURCHARGES FOR AUTOMOBILE INSURANCE FOR ACCIDENTS OR VIOLATIONS.

(2) An insurer may not charge increased premium or surcharge a rate for automobile insurance based upon an automobile violation unless the insured or other operator residing in the same household has been convicted of that violation.

(b) An insurer may not charge increased premium or surcharge a rate for automobile insurance if;

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- (1) The automobile was lawfully parked except that an automobile rolling from a parked position may be considered as the operation of the last operator;
 - (2) Reimbursement by or on behalf of a person responsible for the accident has been made or a judgement against such persons exist;
 - (3) The insured or other operator residing in the same household was struck in the rear and has not been convicted of a moving traffic violation in connection with the accident;
 - (4) The other party was convicted of a moving traffic violation in connection with the accident;
 - (5) The insured or other person residing in the same household was hit by a hit and run driver and the accident was reported to the appropriate authorities within 24 hours;
 - (6) Damage is the result of contact with animals or fowl;
 - (7) Damage is limited to and caused by flying gravel, missiles or falling objects; or
 - (8) Loss is subject to coverage under comprehensive coverage.

~~... etc.~~