

HB

16

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

- (a) 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;
 - (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.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF COMMERCE

DIVISION OF INSURANCE / POUCH D — JUNEAU 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.

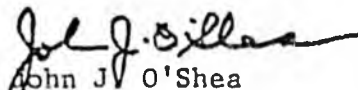
Since the MVR abstract displays accidents without regard to fault, it is improper for an insurer to rely solely upon such an indication as justification for an additional charge. No insurer may blindly charge points or surcharge a risk for an accident appearing on the MVR abstract. In the same light, 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 ratesurcharges 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

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

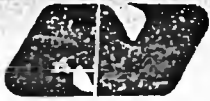
(2) An insurer may not charge increased premium or surcharge a rate for automobile insurance based upon an automobile violation unless the insured or other operator residing in the same household has been convicted of that violation.

(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.

~~Liability, etc.~~

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 S.L.A. 1966)



Alaska National INSURANCE COMPANY

A policy of service and protection

Wes Coyner
3111 Douglas Hwy
586-1931

f LEGISLATIVE POSITION PAPER

HOUSE BILL NO. 16 (Fritz)

PURPOSE

An Act relating to premium increases for automobile insurance policies.

BACKGROUND

This measure appears to address the problem of an insurance company increasing the rates for an individual insured. Perhaps it attempts to address the problem of a person who has been found to have too many violations, or traffic accidents, by an underwriter who then re-rates the policy in light of these new underwriting criteria.

The procedure established in the proposed Statute is very elaborate and unrealistic.

The sponsors of the legislation need to be aware of the following:

1. In personal lines automobile insurance all rates are approved by the Division of Insurance, and the rating plan together with all underwriting criteria are all on file with and approved by the Division. For example, if an insurance company has a policy of increasing premium for an insured who has three moving violations, that provision will be on file with the Division, and will have been approved.

If an insured is found to have three moving violations, then it is appropriate for the underwriter to re-rate the policy in accordance with terms of the approved filing.

So long as any change in premium is made in accordance with the rate filings on file with and approved by the Division, there is little for the insurance company and the insured to discuss other than the facts which give rise to the underwriting judgment, in other words, did in fact the person receive three moving violations?

2. There already exists a procedure in the Division of Insurance for a person who believes that the underwriting criteria, or re-rating, is not in accordance with the facts or the filing. The Division has a consumer complaints section located in Anchorage that investigates complaints filed with it by any policyholder who believes that they have been improperly charged a premium on their policy.

The Division has the capacity to investigate the consumer complaint to determine the propriety of the charges and to determine that the charges are in accordance with approved filings.

3. The procedure proposed calls for a meeting with a representative of the insurer to discuss the reasons for the increase.

The fact is that the two largest automobile insurance writers in the State, State Farm and Allstate, market insurance policies which are computer issued by facilities located in the Lower 48. I suspect there is no one who represents either of those insurers in the State of Alaska who could explain the rate, or change the rate, other than perhaps an informal explanation by one of their representative agents.

This is even more so with respect to the stock insurance companies which market their automobile insurance in the State but have no representatives in the State.

COMMENT

Since this measure is limited to private passenger automobile insurance, it does not directly affect this Company's book of business, but we do not wish to be precluded from entering the private passenger automobile insurance business in Alaska because of unnecessary burdens placed on underwriters by ill conceived Statutes.

Alaska State Legislature

Representative Milo Fritz
District 5
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Anchor Point, Alaska 99556
(907) 235-8366



White in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-4832

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
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 16 Date on Bill: 1/17/83
 Title: An Act relating to premium increases for automobile insurance policies
 Sponsor: Fritz
 Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital		0	0	0
Operating		0	0	0
Total		0	0	0

b. Revenues:

Revenue		0	0	0
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Kenneth C. Moore, Director Phone: 465-2515
 Division: Insurance Date: 3/9/83

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

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83