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COMMITTEE REPORT
SENATE

FURTHER:

Date April 2, 1957

Mr. President

The Committee on JUDICIARY considered Case No. 10000

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]
Chairman

[Signature]
Chairman recommendation

SENATE AMENDMENT

1

By Pettyjohn

To: ~~CS for SS~~ SENATE BILL No. _____

To: CS for SS (Fin) HOUSE BILL No. 16

PAGE: 1 LINE: 16

after "unless", delete "the insured
or another person who resides in the
insured's household and is covered
by the policy" and add
"the person changed"

SENATE AMENDMENT #2

BY Pettyjohn

To: _____ SENATE BILL No. _____

To: CS for SS (Fin) HOUSE BILL No. 16

PAGE: 1 LINE: 25

after "change", add "the
right to a hearing"

CALENDAR



ALASKA STATE LEGISLATURE - SENATE
COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
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OFFICIAL BUSINESS

TO: Senator Bill Ray, Chair
Senate Judiciary Committee

FROM: Senator Dick Eliason *Dick*

DATE: April 3, 1984

RE: CSSH 16 (Fin) - Relating to premium increases for automobile insurance policies

As you recall, the above-mentioned bill was returned to the Senate Judiciary Committee for further review. Don Koch, Division of Insurance, has prepared the attached analysis on three proposed amendments.

Please let me know if further information is required.

3/28/84

KCM

Senator Eliason has requested an analysis of several proposed amendments to CSSSHB 16(Fin). These are set forth below with the requested comment.

Proposed amendment #1.

Page 1, line 16. After "unless" delete "the insured or another person who resides in the insured's household and is covered by the policy" and add "the person charged".

We would urge that this amendment not be adopted. The effect of the change is to permit the insurer to charge a premium surcharge or increase the premium for the violations of a person who is not normally an insured under the policy. The extension of this provision to persons not living in the household will result in a hit or miss situation as far as charging the additional for the violation. The insurer will not have reasonable access to the name and drivers license number of an incidental driver. The logic behind allowing an insurer to make a charge of this kind is that it is a measure of the increased propensity of the driver with violations to have accidents. This logic does not readily extend to the incidental driver who is not a member of the household. That driver may never again produce a driving exposure under that particular policy. If that were true it would be unreasonable to charge for an exposure that does not exist under that policy.

Proposed amendment #2.

Page 1, line 18. After "been" delete "convicted" and add a word that covers the situation of an individual pleading guilty without trial or who merely pays a fine.

This situation is already handled by insurers in the way described. If clarity is still further desired, we would suggest that the language be left as it is with an additional sentence to subsection (b) on line 18 to read: "In this subsection, 'convicted' includes a plea of guilty without trial, and the uncontested payment of a fine for the charged violation."

Proposed amendment #3.

Page 1, line 25. After "right" delete "of appeal" and add "to a hearing and to appeal".

Under AS 21.39.090, an insured does not have an automatic right to a hearing before the insurer or its rating organization. The insurer has a "right" to reject or fail to grant a hearing. This is not unreasonable as some requests are going to be frivolous and should not be heard. Still the insured denied a hearing has a right to an appeal of that action before the director. The proposed amendment tends to suggest a right to a hearing before the insurer and that is not precisely the way AS 21.39.090 is structured. An insured is still entitled to "his day in court", so abuses by an insurer will be detected. An alternative change on line 25 would be to change the words "right of appeal" to read "rights".

