

**HOUSE
COMMITTEE REPORT**

(11)
Date referred: 3/21/86
(HESS waived 3/21)

FURTHER REFERRALS:

DATE: _____

The FINANCE Committee has considered HB 531

"An Act establishing the risk management collateral fund for the University of Alaska; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
 new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman

HOUSE
COMMITTEE REPORT

HESS

2/24

(7)
Date referred: 1/31/86

FURTHER REFERRALS: FINANCE

DATE: Feb 20 1986

The LABOR & COMMERCE Committee has considered HB 531

"An Act establishing the risk management collateral fund for the University of Alaska; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note *sep 90*
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Mike Davern

Mike De

Gregg Collins

White

Thomson

Medic

no Rec

Mike Davern
Chairman

Ford

Introduced: 1/31/86
Referred: Labor & Commerce,
Health, Education & Social
Services and Finance

BY DUNCAN, M.M. MILLER AND
LARSON

1 IN THE HOUSE

2 HOUSE BILL NO. 531

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the risk management collateral
7 fund for the University of Alaska; and providing for
8 an effective date."

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

10 * Section 1. AS 14.40 is amended by adding a new section to article 3
11 to read:

12 Sec. 14.40.455. UNIVERSITY RISK MANAGEMENT FUND. (a) There is
13 established in the general fund the University of Alaska risk manage-
14 ment fund. The fund consists of money appropriated by the legislature
15 for the purpose of providing a nonlapsing collateral fund for payment
16 of uninsured losses of the University of Alaska in excess of pre-
17 established loss assumption levels.

18 (b) The fund may be used only for the purposes of making pay-
19 ments as a result of

20 (1) civil suits;

21 (2) claims, damages, or losses to real and personal proper-
22 ty owned by or in the actual or constructive possession of the Univer-
23 sity of Alaska;

24 (3) losses of income from real and personal property; and

25 (4) expenses, attorney fees, and claims investigation costs
26 associated with claims or losses.

27 (c) The legislature may appropriate into the fund earnings
28 derived from temporary investment of collateral fund assets, recover-
29 ies or losses previously charged to the fund, and restoration of funds

1 utilized for specified claims. The amount of the fund may not exceed
2 the amount necessary and prudent based on independent actuarial deter-
3 minations. The University of Alaska may request that University of
4 Alaska funds be deposited into the risk management collateral fund
5 under AS 37.07.080(h).

6 (d) The Department of Administration and the University of
7 Alaska shall determine the loss assumption levels at the beginning of
8 each fiscal year for the purpose of assessing the risk management
9 collateral fund. The loss assumption levels shall be established at
10 the amount necessary and prudent based on independent actuarial
11 determinations.

12 (e) An annual report of the activity of the fund and loss as-
13 sumption levels shall be submitted by the Department of Administration
14 to the Office of Management and Budget and the Legislative Budget and
15 Audit Committee.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

CC
7/24 - 5/19/90

REQUEST Page 1 of 2
 Bill/Resolution No.: HB 531
 Title: Establishing Risk Management
Collateral Fund for University of
Alaska, ed.
 Sponsor: Duncan
 Requestor: _____
 Date of Request: _____

Revision Date: _____

FISCAL DETAIL
 Agency Affected: University of Alaska
 BRU: Statewide Programs and Services

 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL		2,500.0				
---------	--	---------	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		2,500.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached

Prepared by: Brian Rogers Phone: 907-474-7593
 Division: University of Alaska Date: 2/19/86

Approved by Commissioner: Brian Rogers for Sherman Carter Date: 2/19/86
 Agency: University of Alaska

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 531 Page 1 of 2

This bill establishes a Risk Management Collateral Fund in the general fund. The fund is to be used to pay for uninsured losses at the University of Alaska in excess of pre-established loss assumption levels. The loss assumption levels are to be determined annually by the Department of Administration and the University of Alaska based on independent actuarial assumptions.

Creation of a risk management collateral fund was recommended to the University by Corroon and Black Corporation, the State's risk management consultants. Their proposal considered the primary layer of general liability insurance, the \$4.7 million in coverage between \$300,000 and \$5 million. This coverage currently costs the University \$317,600 annually. Corroon and Black recommended an initial appropriation to the fund "in the range of \$2.5 - \$5.0 million." The University is requesting establishment of the fund at the lower end of this range. Also covered by the fund would be losses in other lines of insurance, or in areas not covered by insurance companies.

Coopers and Lybrand, certified public accountants, gave preliminary estimates to the University based on insurance industry statistics and estimates. The actuarial assumptions used for this fiscal note should be revised prior to the beginning of the fiscal year, but will have little effect on the size of the fund. Assuming that the risk management collateral fund provides coverage for claims of up to \$5 million, the estimated retained loss for fiscal year 1987 in general liability would be \$2,119.3. For auto liability, the estimated retained loss would be \$76.4. Retained losses for property insurance were not calculated by Coopers and Lybrand.

ALASKA STATE LEGISLATURE

14th Legislature SECOND Session

HOUSE BILL NO. 531..

ByDUNCAN, M.M..MILLER,.....
LARSON

"An Act establishing the risk management collateral fund for the University of Alaska; and providing for an effective date."

risk management collateral fund

Introduced in the House ...1/31..., 1986.

HISTORY IN THE HOUSE

1986

Jan 31

Read first time and referred to Committee on L&C, HESS AND FINANCE

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration
PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration
PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Introduced: 1/31/86
Referred: Labor & Commerce,
Health, Education & Social
Services and Finance

BY DUNCAN, M.M. MILLER AND
LARSON

1 IN THE HOUSE

2

HOUSE BILL NO. 531

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

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