

SCR

35

CHAIRMAN'S INFORMATION: SSSCR 35

1) BILL TITLE: "Relating to general liability and property insurance."

a) Introduced: V. Fischer

b) Co-sponsors:

2) INTENT: This resolution requests the Governor to investigate proposals for national insurance regulation, the establishment of multistate insurance pools for high risk markets, and the development of multistate insurance compacts.

Also requests the Division of Insurance to report to the Legislature by 1/15/87 on the availability and affordability of insurance in Alaska, market assistance plans for high risk markets, and resource and statutory changes necessary to increase affordability and availability of insurance.

N.B. See position paper from the Div of Insurance
FISCAL NOTE: 15.0 (needs a finance referral)

3) ADDITIONAL REFERRALS: Rules; needs a finance referral

4) PUBLIC HEARINGS:

a) Sponsor:

b) Public Witnesses:

5) BILL ACTION:

a) Hold in committee?

b) Assign to sub committee for further review?

c) Move from committee?

d) Close public hearings?

6) COMMITTEE ACTION?

a) amendments?

b) CS adoption?

Senator Vic Fischer

Alaska State Legislature • P.O. Box V • Juneau, Alaska 99811 • (907) 465-4954



TO: Interested Parties
FR: Senator Vic Fischer
RE: Sponsor Substitute to SSSCR 35; relating to general liability and property insurance.
DT: March 25, 1986

The sponsor substitute for SCR 35 introduced today adds provisions directed at broad insurance issues of state and national concern.

The resolution is a necessary complement to both the insurance bills being considered in the Senate and House.

SCR 35 combined with the Labor and Commerce bills provides a package of proposals covering some reforms of the legal system, rights of the consumer, roles and duties of Alaska's Division of Insurance, and operation of the insurance industry in Alaska.

The resolution directs the Governor to work with other states, the Council of State Governments and other national organizations, the federal administration, and Congress to investigate:

- * proposals for national regulation of the insurance industry
- * establishment of multi-state insurance pools for high-risk markets
- * development with other states of a multistate reinsurance compact

The resolution also directs the Division of Insurance to provide the next state legislature with a report on the status of liability and property insurance in Alaska as well as identify the Division's needs to help increase the availability of affordable insurance.

SSSCR 35: "Relating to general liability and property insurance."

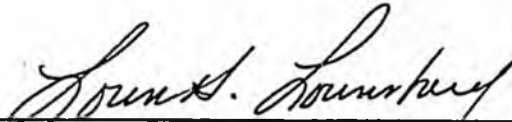
This resolution requests the Governor to work with others to investigate national regulation of insurance, multistate pools for high risk markets and multistate reinsurance compacts.

Although we feel that federal regulation of insurance will be to the detriment of Alaskans due to our small population and unique problems, we have no objection to working with any group to investigate any proposal which may positively affect market availability.

The resolution requires reports to the Legislature in three specific areas. The first uses the terms availability and affordability. Unless a clear definition of affordability is provided, the report would be meaningless. What is affordable to one person may be unaffordable to another. Reports on adequacy or excessiveness of rate relative to potential exposure is possible.

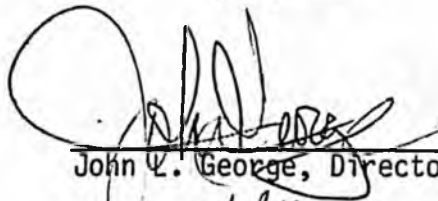
The resolution requires a report to the Legislature by the Division of Insurance on resource or statutory changes needed in order to increase availability and affordability of insurance. Although such a report could be written, subject to previous comments on affordability, it circumvents the procedures set up by the Executive Branch and poses a potential constitutional question over separation of powers by requiring an Executive Branch agency to make reports concerning policy issues directly to the Legislature rather than through the Governor. That problem would be avoided by reporting through the Governor.

Any meaningful study or coordination with national groups involves travel out of state and thus has a fiscal impact. We have prepared the minimum amount for any meaningful or serious activity. Anything less would be ineffective.



Loren A. Lounsbury, Commissioner
Department of Commerce & Economic
Development

Date: 4/9/86



John L. George, Director of Insurance

Date: 3/3/86

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**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: SSSCR 35
 Title: Relating to general liability and property insurance.

Agency Affected: Commerce & Economic Development
 BRU: Insurance

Sponsor: V. Fischer
 Requester: _____
 Date of Request: _____

Components: Public Protection

EXPENDITURES / REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | -0- | | | | |
| TRAVEL | | 12.0 | | | | |
| CONTRACTUAL | | 3.0 | | | | |
| SUPPLIES | | -0- | | | | |
| EQUIPMENT | | -0- | | | | |
| LAND & STRUCTURES | | -0- | | | | |
| GRANTS, CLAIMS | | -0- | | | | |
| MISCELLANEOUS | | -0- | | | | |
| TOTAL OPERATING | -0- | 15.0 | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
|---------|-----|-----|-----|-----|-----|-----|

| | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |
|---------|-----|-----|-----|-----|-----|-----|

FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|-----|------|-----|-----|-----|-----|
| GENERAL FUND | | 15.0 | | | | |
| FEDERAL FUNDS | | -0- | | | | |
| OTHER | | -0- | | | | |
| TOTAL | -0- | 15.0 | -0- | -0- | -0- | -0- |

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary.

Travel to meet with Conference of Insurance Legislators, Council of State Legislators, Federal Administration and other national groups. Contractual services are required to prepare and print report to the Legislature.

Prepared by: John L. George, Director
 Division: Division of Insurance

Phone: 465-2515
 Date: April 2, 1986

Approved by Commissioner: [Signature]
 Agency: Commerce and Economic Development

Date: April 2, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget