

**H C R**

**14**

# HOUSE COMMITTEE ON STATE AFFAIRS

## RECAP OF HCR 14

### Tort Reform Task Force

Received February 15, 1989  
by Reps. Ulmer, Navarre, and Menard

Heard April 18, 1989  
Heard May 4, 1989

Passed Out of Committee May 4, 1989  
2 Do Pass  
2 No Recommendation  
1 Do Not Pass

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### HCR 14: Tort Reform Task Force

- Item 1:** HCR 14 by Ulmer, Navarre and Menard
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and Letters of Support, May 4, 1989

HOUSE COMMITTEE REPORT

(7)  
Date Referred: February 15, 1989 FURTHER REFERRALS: LABOR & COMMERCE JUDICIARY  
Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS Committee considered: HCR 14

HOUSE CONCURRENT RESOLUTION NO. 14  
[TORT REFORM TASK FORCE]  
Relating to a Liability Insurance Task Force.

RECOMMENDS:

- replacing with \_\_\_\_\_  the same title
- the attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

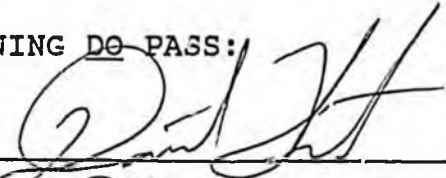
ATTACHES NEW FISCAL NOTE(S):

- fiscal impact LAA
- zero fiscal note
- zero with analysis

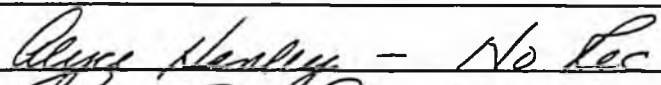
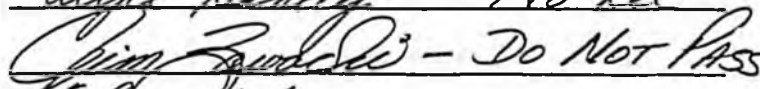
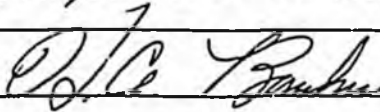

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

SIGNING DO PASS:

  
 \_\_\_\_\_  
 E. P. Maclean  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

 - No Rec  
 - Do Not Pass  
 (Resolutions once more pass  
 responsibility on to someone else)  
 NO REC  
 \_\_\_\_\_  
 \_\_\_\_\_  
  
 \_\_\_\_\_  
 Chairman's signature

Introduced: 2/15/89  
Referred: State Affairs,  
Labor & Commerce and Judiciary

Item 1  
6-0774A

1 IN THE HOUSE

BY ULMER, NAVARRE AND  
MENARD

2

HOUSE CONCURRENT RESOLUTION NO. 14

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to a Liability Insurance Task

6

Force.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the state and its political subdivisions, as well as many  
9 individuals in the private sector are faced with increasing insurance  
10 costs; and

11 WHEREAS tort reform involves civil procedure statutes, insurance  
12 statutes, case law developed by the courts over several centuries, many  
13 common-law doctrines, and practices of both the insurance industry and  
14 attorneys in the state; and

15 WHEREAS a comprehensive review of existing statutes, case law, insur-  
16 ance and legal practices, and the relationship between the cost of insur-  
17 ance and the civil justice system is needed in order to determine how the  
18 state may more effectively regulate insurance and provide civil justice;

19 BE IT RESOLVED by the Alaska State Legislature that a Liability Insur-  
20 ance Task Force is established to study state statutes, case law, practices  
21 of the insurance and legal fields, and the relationship between insurance  
22 costs and civil justice; and be it

23 FURTHER RESOLVED that the task force shall recommend to the legisla-  
24 ture any changes to the statutes appropriate and necessary for reducing  
25 insurance costs and improving civil justice; and be it

26 FURTHER RESOLVED that the persons who chair the Senate and House  
27 Judiciary Committees and Labor and Commerce Committees shall be members of  
28 the task force, and that the presiding officers of the Senate and House  
29 shall jointly appoint as members of the task force an appropriate number of

1 persons who are involved in tort reform issues, or who are involved in  
2 insurance or civil justice; and be it  
3 FURTHER RESOLVED that the terms of the task force members shall begin  
4 July 1, 1989, and that the task force shall expire January 31, 1990; and be  
5 it  
6 FURTHER RESOLVED that the task force shall submit a report of its  
7 findings and proposed legislation to the legislature by January 31, 1990;  
8 and be it  
9 FURTHER RESOLVED that the administrative and legal services of the  
10 Legislative Affairs Agency shall be made available to the task force.

FORUM - SEPARATE WHAT FROM STATE -  
ISSUANCE. RE. | PART TO C +

SPEAKERS OF HOUSE  
PRES OF SENATE  
DOCTORS / LAWYERS / PUBLIC  
FIND AREA WHERE THERE IS CONSENSUS

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Affect Agency Legislative Affairs Agency  
 Title: Relating to a Liability Insurance BRU: Legislative Operating Budget  
 Task Force: \_\_\_\_\_  
 Sponsor: Representative Ulmer Components Legislative Operating Budget  
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services		30.0				
Travel		18.9				
Contractual		3.5				
Supplies		0.0				
Equipment		0.0				
Land & Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	52.4	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund		52.4				
Federal Fund		0.0				
Other		0.0				
<b>TOTAL</b>	0.0	52.4	0.0	0.0	0.0	0.0

POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	1	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

HCR 14 establishes a Liability Insurance Task Force effective July 1, 1989 to January 31, 1990. The administrative and legal services of the Legislative Affairs Agency will be made available to the Task Force. In addition to this staff support, the following is requested to adequately support the Liability Insurance Task Force:

Prepared By: Pamela A. Stoops, Director *Pamela A. Stoops* Phone: 465-3850  
 Division: Administrative Services Date: 4/12/89

Approved By: Warren W. Endicott, Executive Director *Warren W. Endicott*  
 Agency: Legislative Affairs Agency Date: 4/12/89

DISTRIBUTION (BY PREPARER)  
 LEGISLATIVE FINANCE  
 LEGISLATIVE SPONSOR

REQUESTOR  
 OFFICE OF MANAGEMENT & BUDGET  
 AGENCY (IES)

CONTINUATION OF FISCAL NOTE: HCR 14

PERSONAL SERVICES

A staff member is requested for analytical work regarding the increasing insurance costs.

Research Analyst III - Range 18A		
\$3,129 x 7 months =	\$21,903	
\$21,903 x 37% benefits =	\$8,104	
	<u>\$30,007</u>	30.0

TRAVEL

It is anticipated there will be 4 meetings of the Task Force.

4 meetings x 9 members at 2 days each		
airfare - 4 meetings x 9 members = 36 airfares		
36 airfares x \$366 =	\$13,176	
per diem - 4 meetings x 9 members = 36		
36 x 2 days per diem = 72		
72 x \$80 =	\$5,760	
	<u>\$18,236</u>	18.9

CONTRACTUAL

Advertising - advertising in local newspapers		
for public notice of meetings =	\$3,500	
	<u>\$3,500</u>	3.5
		<u>52.4</u>

It is assumed that the cost of printing a report, supplies and equipment will be absorbed within the existing budgets of the agency and the Legislative Operating Budget.

# Alaska State Legislature

Representative Fran Ulmer



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

May 4, 1989

TO: Rep. Red Boucher, Chair  
House State Affairs Committee

FROM: Rep. *Fran Ulmer*

RE: HCR 14, Insurance Liability Task Force

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Attached you will find several letters of support for HCR 14 which establishes the Liability Insurance Task Force. Since comprehensive tort reform legislation will not be forthcoming this session, it is doubly important that the Task Force be established and allowed to work during the interim. I believe the entire subject of tort reform will benefit from the informed participation of the various interested parties.

FU/dl

ML JIA

Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200

Juneau, Alaska 99801

(907) 586-3222

FAX: (907) 463-5480

March 20, 1989

Representative Fran Ulmer  
Alaska State Legislature  
House of Representatives  
P.O. Box V  
Juneau, Alaska 99811

Re: Liability Insurance Task Force

Dear Representative Ulmer:

Thank you for your most refreshing letter of February 21. My first thought was, "Eureka the Millennium Falcon has arrived!!" Finally, a public servant who sees that we must look at the overall picture and that bandaied approaches simply won't work. As you so succinctly stated, a "balanced and logical" approach can help us correct the problem.

The base problem is not insurance rates per se, but the costs of loss. Rates are merely a way to arithmetically determine charges necessary to pay the costs of loss, administration and, of course, profit. Private insurance carriers are not eleemosynary institutions.

The problems stem from societies view of liability insurance as an entitlement. The courts predilection for making insurance law "Res judicata", statutes which place onerous responsibilities on various segments of the insuring public, and last but not least, a sick, mismanaged industry which has forgotten its primary mission is to provide insurance not become enmeshed in Ivan Boesky, Michael Milliken type financial machinations.

Insurance has been historically cyclical but the "down" cycles appear to be growing geometrically rather than arithmetically. I am enclosing an insurance industry survey of cycles which illustrates my point. The 1974-75 and 1984-86 cycles grew exponentially in comparison to prior cycles.

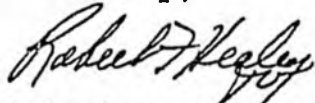
The causes are many and complex and I see your Resolution #14 as an excellent step to dealing with all facets of the problem. It would be refreshing to see the various parties as part of the

Representative Fran Ulmer  
March 20, 1989

Page two

solution rather than as contributors to the problem. I applaud you and Representatives Menard and Navarre. If I can be of assistance, please call me.

Sincerely,



Robert F. Healey, CPCU, ARM, ALCM  
Administrator

# Ketchikan General Hospital

3100 TONGASS AVE.  
KETCHIKAN, ALASKA 99901

March 7, 1989

Representative Fran Ulmer  
State of Alaska  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

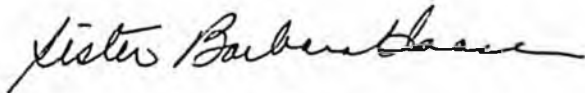
Dear Representative Ulmer:

We support HCR 14 to provide continued study of the need for additional Tort or insurance reform, and to encourage implementation of appropriate Risk Management programs. However, many of us in the State of Alaska, including small businesses, need Tort Reform now. We urge that you assist in passing HB 166 in 1989.

In our community we are desparately searching for OB/GYN physicians to handle obstetrics. These physicians would also assist in Wrangell, Petersburg and on Prince of Wales Island. We find that the insurance rate charged to these physicians is ridiculous. We find that instead, if people are not able to financially pay for or even find insurance, we will not be allowed to have them on our staff. We have been put under duress by our insurance agent that the hospital may not be the complete deep pocket for these physicians, but if these physicians cannot afford to have insurance we indeed have a problem in this State. Right now we have one of the highest levels of infant mortality in the United States. I find that abhorrent in a state where we put a great deal of emphasis on health and proper education of our children.

I urge your help in this matter.

Sincerely,



Sister Barbara Haase  
Administrator

ek

KGH

# JUNEAU MEDICAL SOCIETY

3260 Hospital Drive • Juneau, Alaska 99801 • (907) 586-2611

Lenart C. Ceder, M.D.  
President 1989

Robert L. Urata, M.D.  
President 1988

Eric G. Paulson, D.D.S.  
Secretary - Treas. 1989

Paul V. Rocereto, M.D.  
President Elect 1990

HCR 14

March 07, 1989

Honorable Fran Ulmer  
P.O. Box V  
Juneau, Alaska 99811

Dear Ms. Ulmer,

The Juneau Medical Society met tonight and discussed your proposed bill to create Liability Insurance Task Force. It was noted that there is a comprehensive liability insurance bill in the legislature, and that it has an excellent chance of passage, should it be brought before both houses of the legislature. Unfortunately it's currently captured in committee. We urge you to support this bill, and bring it before the legislature for a vote. It's obvious that the vast majority of Alaskans do support Tort Reform.

If the legislature is unable to accomplish this, during its current session, then it would be appropriate, and perhaps an inherent responsibility, for the Senate and House presiding officers who established a Task force for interim study, prior to next legislative session. At that time, your bill would be specifically appropriate.

Thank you again for your consideration.

Sincerely,



Len C. Ceder, M.D.

LCC:jmf