

HJR

84

# HOUSE COMMITTEE REPORT

(7)  
 Date Referred: April 21, 1992 FURTHER REFERRALS: Finance

Date of Committee Action: 4.28.92

The JUDICIARY Committee considered: HJR 84

HOUSE JOINT RESOLUTION NO. 84 CONFIRMATION OF INSURANCE DIRECTOR

Proposing an amendment to the Constitution of the State of Alaska relating to the duties, appointment, confirmation, and removal of the head of the agency that regulates the business of insurance.

- RECOMMENDATIONS:  the same title  
 be replaced with \_\_\_\_\_  a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact \_\_\_\_\_  fiscal note(s) elections (4.21.92)  
 zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING DO-PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Donch Duley</i>	✓	<i>Mike Miller</i>		✓	
<i>Edgar</i>	✗	<i>Mark Stanley</i>		✗	
<i>Bob Kennedy</i>	-	<i>Larry Martin</i>	✓		
		<i>Robert Post</i>		✓	

*Donch Duley*  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HJR 84

Revision Dates: \_\_\_\_\_  
 Title: Amendment to the Constitution Re: Voting  
Appointment, Confirmation and Removal of the Head of the  
Agency that Regulates the Business of Insurance.  
 Sponsors: HOUSE JUDICIARY COMMITTEE  
 Requestor: HOUSE LABOR & COMMERCE COMMITTEE

Department Affected: Office of the Governor-Elections  
 BRU: Division of Elections  
 Components: II-Primary and General Elections

COMPONENT SERIAL NO.

1	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	2.2*	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) \* This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.10, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.6.

Prepared by: LAUREN A. BISHOP, Principal Coordinator  
 Division: Elections

Phone: 465-4611  
 Date: 04/16/92

Approved by Commissioner: \_\_\_\_\_  
 Agency: Office of the Governor

Date: \_\_\_\_\_

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DAS, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 11/07/91  
 HJR84.FNB

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# Alaska State Legislature




## House of Representatives House Judiciary Committee

P. O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4990  
(907) 465-4712

### MEMORANDUM

To: Members of the House Judiciary Committee

From: Representative Dave Donley   
Chair, House Judiciary Committee

Re: HJR 84, A resolution relating to the confirmation of the  
Insurance Director

Date: April 27, 1992

The House Judiciary Committee introduced HJR 84 in recognition of the extensive powers given by statute to the Director of the Division of Insurance. Although Alaska's Constitution requires legislative confirmation of appointments to regulatory agencies, the founders of our constitution did not anticipate the types of powers given to the Director of Insurance and therefore did not specifically provide for legislative confirmation of this appointee.

The Director of the Division of Insurance has broad quasi-judicial and regulatory powers and statutory authority to operate independently of the Commissioner of Commerce and Economic Development. This appointee has significant impact on the lives of all Alaskans (15% of the average household budget is spent on insurance). As a result of the constitutional limitation on the legislature's involvement in the confirmation process, Alaskans are left without adequate safeguards against unqualified persons being appointed to fill this important policy-making position.

It is clear the the founders of our constitution believed confirmation authority was a critically important and appropriate tool to assure public accountability of appointees to public agencies. HJR 84 is an extension of that wisdom, and I urge your support for the measure.

DD/jmn

(7)

HOUSE COMMITTEE REPORT

Date Referred: March 27, 1992

FURTHER REFERRALS:

Judiciary  
Finance

Date of Committee Action: 4-16-92

The LABOR AND COMMERCE Committee considered:

HJR 84

HOUSE JOINT RESOLUTION NO. 84

CONFIRMATION OF INSURANCE DIRECTOR

Proposing an amendment to the Constitution of the State of Alaska relating to the duties, appointment, confirmation, and removal of the head of the agency that regulates the business of insurance.

RECOMMENDATIONS:  the same title  
be replaced with \_\_\_\_\_  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

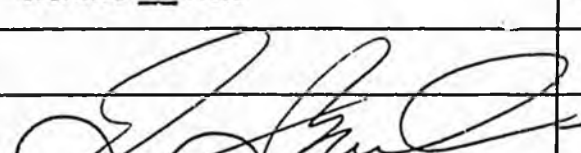
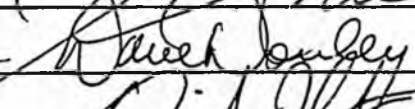
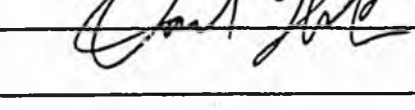
APPROVES PREVIOUS: (Dept/Date)

fiscal impact Division of Elections

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		Adair T. Taylor		X	
	✓				
	✓				

  
CHAIRMAN'S SIGNATURE

**Roller & Associates**  
Insurance Consultants

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1-800-759-8255  
PIN 5213217#

April 17, 1992

The Honorable Dave Donley  
State Representative  
State Capitol Building  
Juneau, Alaska

Re: Should the Insurance Director  
be confirmed by the Legislature

Dear Representative Donley:

You have requested my comments as a former insurance director on the advisability of having the legislature confirm the appointment of Alaska's insurance director. My response is an unequivocal yes.

The insurance commissioner is a far more powerful official than most people outside the insurance industry realize. Perhaps no other official has as much influence over a major industry. In Alaska, the industry writes nearly one billion dollars in premium annually. The insurance division is either the third or fourth largest revenue producing division in the state.

Strong regulation is imperative due to the unequal knowledge and bargaining power between consumers and insurance carriers. Moreover, strong regulation furthers a state's interest in increasing the availability and affordability of insurance. In my opinion it is far better that the risks and attendant losses we all experience in our lives be managed through private transactions rather than the state underwriting the losses.

At present, there is increasing criticism that, "[t]he small departments are ill-equipped to provide anything approaching effective regulation."

The Honorable Dave Donley  
April 17, 1992  
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The small states have reacted in various ways to strengthen the office of the commissioner to place that individual on a more equal footing with what is in truth and in fact one of the most powerful industries in the world. Twelve states provide that the insurance commissioner is an elected statewide official. Many of the states choosing this alternative are the smaller rural states, e.g. North Dakota, Montana, North Carolina, Louisiana, etc. In most of the remainder of the states the commissioner is a cabinet-level officer.

Alaska is one of the anomalous states. From a statutory basis, the division of insurance has departmental powers. For example, the division of insurance is the only division which can promulgate regulations -- a power reserved to the departments. For historical and administrative reasons, the division of insurance is under the Department of Commerce and Economic Development. Hence, Alaska has an insurance director and not a commissioner.

There is a de facto pecking order amongst insurance regulators. Elected insurance commissioners are at the top. Commissioners subject to confirmation are in the middle and appointed directors are on the bottom. I had a firsthand and painful experience in my struggle with an elected insurance commissioner when trying to assert Alaska's interests in the Pacific Marine receivership. It was not a fair fight and Alaska lost.

Lastly, it should be remembered that in the early days of statehood, it was not uncommon for the insurance director to contact an insurer which would purchase an entire state bond issue. Presently, insurance carriers have invested several billion dollars in Alaska governmental obligations. In times of declining revenue, the state may be called upon again to use the insurance director position for this purpose. It would be a wise and prudent thing to give that individual the appropriate mantle of authority, especially where he or she is expected to speak for the state.

By all means, the insurance director should be confirmed by the legislature. The title of commissioner should be added as well for the reasons stated above.

Thank you for the opportunity to address this issue.

Very truly yours,



Paul Roller

PR:jv