

SB

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CS FOR SENATE BILL NO. 15(JUD)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to civil actions; amending Rules 16.1, 26, 41, 49, 72.1, 79(b),
2 82(b), 95, and 100, Alaska Rules of Civil Procedure; amending Rules 1 and 4,
3 Alaska District Court Rules of Civil Procedure; amending Rule 511, Alaska Rules
4 of Appellate Procedure; and repealing Rule 72.1, Alaska Rules of Civil Procedure;
5 and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * Section 1. PURPOSE. It is the purpose of this Act to

8 (1) reduce the time and costs associated with civil litigation;

9 (2) improve access to justice for individuals and small businesses;

10 (3) provide for fair but not excessive compensation for persons injured through
11 the fault of others;

12 (4) increase the predictability of case outcomes to reduce inappropriate
13 litigation and settlement behavior; and

1 (5) collect information on the civil justice system and on the insurance industry
2 to inform the public policy debate on tort reform related issues.

3 * Sec. 2. AS 06.05.473(h) is amended to read:

4 (h) After the payment of all other claims, including interest at the rate of 10.5
5 percent a year [ESTABLISHED UNDER AS 09.30.070], the department shall pay
6 claims that are otherwise valid but that were not filed within the time prescribed.

7 * Sec. 3. AS 09.10.050 is repealed and reenacted to read:

8 **Sec. 09.10.050. Certain property actions to be brought in six years.** Unless
9 the action is commenced within six years, a person may not bring an action for waste
10 or trespass upon real property.

11 * Sec. 4. AS 09.10 is amended by adding a new section to read:

12 **Sec. 09.10.065. Contract actions to be brought in three years.** Unless an
13 action is commenced within three years, a person may not bring an action upon a
14 contract or liability, express or implied, excepting those described in AS 09.10.040 or
15 as otherwise provided by law.

16 * Sec. 5. AS 09.10.070(a) is amended to read:

17 (a) A person may not bring an action (1) for libel, slander, assault, battery,
18 seduction, false imprisonment, or for any injury to the person or rights of another not
19 arising on contract and not specifically provided otherwise; (2) for taking, detaining,
20 or injuring personal property, including an action for its specific recovery; (3)
21 upon a statute for a forfeiture or penalty to the state; or (4) [(3)] upon a liability
22 created by statute, other than a penalty or forfeiture; unless the action is commenced
23 within two years.

24 * Sec. 6. AS 09.17.010(c) is amended to read:

25 (c) The limit under (b) of this section does not apply to damages for severe
26 disfigurement or severe physical impairment.

27 * Sec. 7. AS 09.17.020 is repealed and reenacted to read:

28 **Sec. 09.17.020. Punitive damages.** (a) In an action in which a claim of
29 punitive damages is presented to the fact finder, the fact finder shall determine,
30 concurrent with all other issues presented, whether punitive damages shall be allowed
31 by using the standards set out in (b) of this section. If punitive damages are allowed,

1 a separate proceeding under (c) of this section shall be conducted before the same fact
2 finder to determine the amount of punitive damages to be awarded.

3 (b) The fact finder may make an award of punitive damages only if the
4 plaintiff proves by clear and convincing evidence that the defendant's conduct

5 (1) was outrageous;

6 (2) was the result of malicious or hostile feelings toward the plaintiff;

7 or

8 (3) evidenced reckless indifference to the rights or safety of others.

9 (c) At the separate proceeding to determine the amount of punitive damages
10 to be awarded, the fact finder may consider

11 (1) the likelihood at the time of the conduct that serious harm would
12 arise from the defendant's conduct;

13 (2) the degree of the defendant's awareness of the likelihood described
14 in (1) of this subsection;

15 (3) the amount of financial gain the defendant gained or expected to
16 gain as a result of the defendant's conduct;

17 (4) the duration of the conduct and any intentional concealment of the
18 conduct;

19 (5) the attitude and conduct of the defendant upon discovery of the
20 conduct;

21 (6) the financial condition of the defendant; and

22 (7) the total deterrence of other damages and punishment imposed on
23 the defendant as a result of the conduct, including compensatory and punitive damages
24 awards to persons in situations similar to those of the plaintiff and the severity of the
25 criminal penalties to which the defendant has been or may be subjected.

26 (d) At the conclusion of the separate proceeding under (c) of this section, the
27 fact finder shall determine the amount of punitive damages to be awarded, and the
28 court shall enter judgment for that amount.

29 (e) Unless that evidence is relevant to another issue in the case, discovery of
30 evidence that is relevant to the amount of punitive damages to be determined under
31 (c)(3) or (6) of this section may not be conducted until after the fact finder has

1 determined that an award of punitive damages is allowed under (a) and (b) of this
2 section. The court may issue orders as necessary, including directing the parties to
3 have the information relevant to the amount of punitive damages to be determined
4 under (c)(3) or (6) of this section available for production immediately at the close of
5 the initial trial in order to minimize the delay between the initial trial and the separate
6 proceeding to determine the amount of punitive damages.

7 (f) Except as provided in (g) or (h) of this section or otherwise provided by
8 law, an award of punitive damages may not exceed the greater of

9 (1) three times the amount of compensatory damages awarded to the
10 plaintiff in the action; or

11 (2) the sum of \$500,000.

12 (g) Except as provided in (h) of this section or otherwise provided by law, if
13 the fact finder finds that the conduct proven under (b) of this section was motivated
14 by financial gain, it may award an amount of punitive damages not to exceed the
15 greatest of

16 (1) the amount calculated under the limitation in (f) of this section;

17 (2) the average net annual income earned by the defendant for the five
18 years before the date the trial began; or

19 (3) two times the amount of financial gain that the defendant received
20 or expected to receive as a result of the defendant's misconduct.

21 (h) Notwithstanding (f) or (g) of this section and except as otherwise provided
22 by law, if the fact finder finds that the conduct proven under (b) of this section was
23 employment related, an award of punitive damages may not exceed

24 (1) the amount calculated under the limitations of (f) of this section if
25 the conduct of the employer affected only one employee; or

26 (2) the greater of the amounts calculated under the limitations of (f) or
27 (g) of this section if the employer engaged in a pattern or practice affecting more than
28 one employee.

29 (i) Punitive damages may not be awarded against a person that is immune by
30 law from an award of punitive damages.

31 (j) In this section, "employment related" includes conduct of hiring, firing,

1 transferring, promoting, demoting, or terminating an employee by an employer.

2 * Sec. 8. AS 09.17.900 is amended to read:

3 **Sec. 09.17.900. Definition.** In this chapter, "fault" includes acts or omissions
4 that are in any measure negligent, [OR] reckless, or intentional toward the person or
5 property of the actor or others, or that subject a person to strict tort liability. The term
6 also includes breach of warranty, unreasonable assumption of risk not constituting an
7 enforceable express consent, misuse of a product for which the defendant otherwise
8 would be liable, and unreasonable failure to avoid an injury or to mitigate damages.
9 Legal requirements of causal relation apply both to fault as the basis for liability and
10 to contributory fault.

11 * Sec. 9. AS 09.30.065 is amended to read:

12 **Sec. 09.30.065. Offers of judgment.** At any time more than 10 days before
13 the trial begins, either the party making a claim or the party defending against a claim
14 may serve upon the adverse party an offer to allow judgment to be entered in complete
15 satisfaction of the claim for the money or property or to the effect specified in the
16 offer, with costs then accrued. If within 10 days after the service of the offer the
17 adverse party serves written notice that the offer is accepted, either party may then file
18 the offer and notice of acceptance together with proof of service, and the clerk shall
19 enter judgment. An offer not accepted within 10 days is considered withdrawn, and
20 evidence of that offer is not admissible except in a proceeding to determine the form
21 of judgment after verdict. If the judgment finally entered on the claim as to which an
22 offer has been made under this section is not more favorable to the offeree than the
23 offer, the interest awarded under AS 09.30.070 and accrued up to the date judgment
24 is entered shall be adjusted as follows:

25 (1) if the offeree is the party making the claim, the interest rate shall
26 be adjusted as follows:

27 (A) if the offer was served no later than 30 days after both
28 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
29 Civil Procedure, the interest rate shall be reduced by five percent;

30 (B) if the offer was served more than 30 days after both
31 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of

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Civil Procedure, but more than 90 days before the trial began, the interest rate shall be reduced by three percent:

(C) if the offer was served 90 days or less but more than 10 days before the trial began, the interest rate shall be reduced by two percent; this subparagraph does apply if the offer is also subject to (A) of this paragraph [REduced BY FIVE PERCENT A YEAR];

(2) if the offeree is the party defending against the claim, the interest rate shall be adjusted as follows:

(A) if the offer was served no later than 30 days after both parties made the disclosures required by Rule 26(a)(1), Alaska Rules of Civil Procedure, the interest rate shall be increased by five percent:

(B) if the offer was served more than 30 days after both parties made the disclosures required by Rule 26(a)(1), Alaska Rules of Civil Procedure, but more than 90 days before the trial began, the interest rate shall be increased by three percent:

(C) if the offer was served 90 days or less but more than 10 days before the trial began, the interest rate shall be increased by two percent; this subparagraph does not apply if the offer is also subject to (A) of this paragraph [INCREASED BY FIVE PERCENT A YEAR].

* Sec. 10. AS 09.30.070(a) is amended to read:

(a) Notwithstanding AS 45.45.010, the [THE] rate of interest on judgments and decrees for the payment of money, including prejudgment interest, shall be determined in accordance with (c) of this section [IS 10.5 PERCENT A YEAR], except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

* Sec. 11. AS 09.30.070 is amended by adding a new subsection to read:

(c) Except as otherwise provided in (a) of this section, the rate of interest on judgments and decrees for the payment of money is the rate for a five-year constant maturity United States Treasury note published in the applicable Federal Reserve H.15

1 Statistical Release, plus one and one-half percent. This rate is the rate in effect as of
2 the first business day of the month during which prejudgment interest begins to accrue
3 on a claim under (b) of this section and remains constant with respect to the claim
4 until the judgment or decree is satisfied. This rate of interest shall be determined as
5 of the first business day of every month by the administrative director of the Alaska
6 Court System.

7 * **Sec. 12.** AS 09.43 is amended by adding a new article to read:

8 **Article 3. Alternative Dispute Resolution.**

9 **Sec. 09.43.310. Findings; purpose.** The legislature finds that providing a
10 formalized program of alternative dispute resolution procedures within the existing
11 civil litigation system can promote the timely and efficient resolution of many civil
12 disputes. The purpose of AS 09.43.310 - 09.43.390 is to provide for an initial pilot
13 program of alternative dispute resolution of certain civil cases filed in the superior
14 court on or after January 1, 1998.

15 **Sec. 09.43.320. Pilot program for alternative dispute resolution.** (a) The
16 supreme court shall provide for a pilot program under AS 09.43.310 - 09.43.390 for
17 the submission of civil cases filed in the superior court, Third Judicial District, to
18 alternative dispute resolution procedures. The program shall begin January 1, 1998,
19 and operate for at least five years.

20 (b) The following types of cases may not be included in the pilot program:

- 21 (1) divorce and dissolution;
22 (2) adoption, custody, support, visitation, and emancipation of children;
23 (3) children in need of aid cases under AS 47.10 or delinquent minors
24 cases under AS 47.12;
25 (4) domestic violence protective orders under AS 18.66.100 -
26 18.66.180;
27 (5) estate, guardianship, and trust cases filed under AS 13;
28 (6) cases when no answer to the complaint or petition is filed by any
29 party to the case with the court.

30 **Sec. 09.43.330. Structure of pilot program.** (a) The supreme court shall
31 provide criteria for the screening of covered cases under the program to determine if

1 the cases are appropriate for referral to alternative dispute resolution. The criteria shall
2 be constructed so that at least 50 percent of the estimated number of covered cases
3 filed in a calendar year are referred to alternative dispute resolution.

4 (b) The supreme court shall establish minimum qualifications for a person to
5 be listed to conduct alternative dispute resolution procedures under AS 09.43.310 -
6 09.43.390. The supreme court shall establish a list of persons determined to meet
7 those qualifications and the current schedule of fees charged by the person listed.

8 (c) For a case referred under the program, the parties may mutually agree to
9 select a person to conduct the alternative dispute resolution procedure regardless of
10 whether the person appears on the list established under (b) of this section or whether
11 the person meets the minimum qualifications to be selected for the list. If an
12 agreement cannot be reached, the trial court judge assigned the case shall appoint a
13 person from the list. A person selected or appointed under this subsection has judicial
14 immunity for conducting the alternative dispute procedure to the same extent as a
15 judge and shall abide by applicable rules of confidentiality related to alternative dispute
16 resolution procedures established by the supreme court.

17 (d) Fees and costs to conduct an alternative dispute resolution procedure under
18 AS 09.43.310 - 09.43.390 shall be shared equally among the parties to the case being
19 referred unless the court finds a party wholly or partially indigent and orders total or
20 partial payment at public expense. The supreme court shall establish guidelines for the
21 determination of total or partial indigency under the program. Fees and costs borne
22 at public expense under this subsection constitute a lien on any recovery in the case
23 by that party and shall be paid first from the recovery.

24 (e) The superior court shall establish standards for the timely referral to and
25 the conclusion of the alternative dispute resolution procedure required under this
26 program. The standards must include that the alternative dispute resolution procedure

27 (1) shall terminate no more than 100 days after the defendant's answer
28 is served unless the trial court grants a time extension in an exceptional case and for
29 good cause shown; and

30 (2) be limited to no more than 12 hours for the procedure unless the
31 parties mutually agree to a longer period.

1 **Sec. 09.43.340. Evaluation of pilot program.** (a) The Alaska Judicial
2 Council shall evaluate annually the efficacy of the pilot program. Among other
3 factors, the evaluation shall address the speed with which cases are resolved, the
4 satisfaction of the parties to the cases, the expenditures made by the parties to the
5 cases, and the expenditure of court resources.

6 (b) The council shall work with the court system to create a system for
7 efficient collection of information needed to evaluate the program. The council shall
8 report the results of its evaluation to the governor and legislature each year by
9 March 31.

10 **Sec. 09.43.390. Definitions.** In AS 09.43.310 - 09.43.390,

11 (1) "alternative dispute resolution procedure" includes mediation and
12 early neutral evaluation;

13 (2) "covered cases" means civil cases described in AS 09.43.320(a) and
14 not excluded from participation in the program by AS 09.43.320(b);

15 (3) "program" means the alternative dispute resolution pilot program
16 established in AS 09.43.320.

17 * **Sec. 13.** AS 09.50.280 is amended to read:

18 **Sec. 09.50.280. Judgment for plaintiff; punitive damages.** If judgment is
19 rendered for the plaintiff, it shall be for the legal amount found due from the state with
20 interest as provided under AS 09.30.070 [LEGAL INTEREST FROM THE DATE
21 IT BECAME DUE] and without punitive damages.

22 * **Sec. 14.** AS 09.55.440(a) is amended to read:

23 (a) Upon the filing of the declaration of taking and the deposit with the court
24 of the amount of the estimated compensation stated in the declaration, title to the estate
25 as specified in the declaration vests in the plaintiff, and that property is condemned
26 and taken for the use of the plaintiff, and the right to just compensation for it vests in
27 the persons entitled to it. The compensation shall be ascertained and awarded in the
28 proceeding and established by judgment. The judgment must include interest at the
29 rate of 10.5 percent a year [SET OUT IN AS 09.30.070] on the amount finally
30 awarded that [WHICH] exceeds the amount paid into court under the declaration of
31 taking. The interest runs from the date title vests to the date of payment of the

1 judgment.

2 * Sec. 15. AS 09.55.535 is repealed and reenacted to read:

3 Sec. 09.55.535. **Mandatory arbitration.** (a) A person who files an action for
4 personal injury, death, or property damage shall also submit the claim to the court for
5 arbitration unless the action is excluded under (b) of this section.

6 (b) A person is not required to comply with (a) of this section if the

7 (1) amount in controversy, excluding interest, costs, and attorney fees,
8 exceeds \$100,000;

9 (2) parties have, under a written agreement made before the accrual of
10 the action, agreed to submit the claim to arbitration; or

11 (3) action

12 (A) is a class action;

13 (B) seeks equitable or declaratory relief;

14 (C) concerns the title to real property;

15 (D) is a probate action;

16 (E) is an appeal from a court of limited jurisdiction;

17 (F) involves divorce or domestic relations;

18 (G) is an appeal from action by an administrative agency;

19 (H) is subject to the alternative dispute resolution procedure

20 under AS 09.43.320.

21 (c) When a claim is submitted as required by (a) of this section, the court shall
22 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim
23 shall interview the parties and examine all records or materials relating to the claim
24 and may compel the attendance of witnesses, interview the parties, or consult with
25 medical specialists.

26 (d) An arbitrator appointed under this section shall conduct a prehearing
27 settlement conference within 30 days after the appointment. The arbitrator shall
28 establish a period for discovery and a date for a hearing. The hearing date may not
29 be more than 120 days after the settlement conference.

30 (e) An arbitrator shall render a decision within 30 days after hearing a claim
31 under (d) of this section. The decision must contain findings of fact and conclusions

1 of law. The decision of the arbitrator may be rejected by a party.

2 (f) If the decision of the arbitrator is rejected by a party, the action may
3 proceed in the appropriate court. The arbitrator's decision is admissible in that action
4 to the extent allowed under the Alaska Rules of Evidence and may be used by a party
5 to support or oppose a claim of damages. If a party rejects the decision of the
6 arbitrator and litigates the action in court but is not the prevailing party in the action,
7 the court shall award actual costs and attorney fees to the opposing party.

8 (g) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)
9 apply to an arbitration under this section to the extent the provisions do not conflict
10 with the provisions of this section.

11 * Sec. 16. AS 09.65.210 is repealed and reenacted to read:

12 **Sec. 09.65.210. Damages resulting from the commission of a felony or**
13 **other conduct that would constitute a felony.** (a) Except as provided in (b) of this
14 section, a person who suffers personal injury or death may not recover damages for
15 the personal injury or death if the injury or death occurred while the person was

16 (1) engaged in the commission of a felony, and the person has been
17 convicted of the felony, including conviction based on a guilty plea or plea of nolo
18 contendere, and the felony substantially contributed to a personal injury or death;

19 (2) engaged in conduct that would constitute the commission of an
20 unclassified felony or a class A or class B felony for which the person was not
21 convicted and if the conduct

22 (A) substantially contributed to the injury or death; and

23 (B) is proven by the defendant in the civil trial by clear and
24 convincing evidence; or

25 (3) fleeing after the commission, by that person, of conduct that would
26 constitute an unclassified felony or a class A or class B felony, or being apprehended
27 for conduct that would constitute an unclassified felony or class A or class B felony
28 if

29 (A) the conduct during the flight or apprehension substantially
30 contributed to the injury or death; and

31 (B) the conduct that would constitute a felony is proven by the

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defendant in the civil trial by clear and convincing evidence.

(b) If the person is acquitted of all unclassified, class A, and class B felonies arising from the conduct, this section does not preclude the person from recovering damages for those injuries or death.

(c) This section does not affect a right of action under 42 U.S.C. 1983.

* **Sec. 17.** AS 09.68 is amended by adding a new section to read:

Sec. 09.68.130. Collection of settlement information. (a) Except as provided in (c) of this section, the Alaska Judicial Council shall collect and evaluate information relating to the compromise or other settlement of all civil litigation. The information, including the case name and file number, a general description of the claims being settled, the dollar amount of the settlement, to whom it is to be paid, and any nonmonetary terms, shall be collected on a form developed by the council for that purpose.

(b) The information received by the council under (a) of this section is confidential. This restriction does not prevent the disclosure of summaries and statistics in a manner that does not allow the identification of particular cases or parties.

(c) The requirements of (a) of this section do not apply to the following types of cases:

- (1) divorce and dissolution;
- (2) adoption, custody, support, visitation, and emancipation of children;
- (3) children in need of aid cases under AS 47.10 or delinquent minors cases under AS 47.12;
- (4) domestic violence protective orders under AS 18.66.100 - 18.66.180;
- (5) estate, guardianship, and trust cases filed under AS 13;
- (6) small claims under AS 22.15.040.

* **Sec. 18.** AS 21.06 is amended by adding a new section to read:

Sec. 21.06.087. Insurance report. (a) The director shall require reporting of and shall compile information necessary to evaluate

- (1) the effect of the measures enacted in this Act on the availability and

1 cost of insurance in the state; and

2 (2) the financial health and profitability of insurers doing business in
3 the state.

4 (b) Information described in (a) of this section shall be provided by all insurers
5 doing business in this state in the format specified by the director and must include
6 factual information stating premiums, claims, expenses, and an allocation of investment
7 profits or losses by line of business written in this state. Information shall be compiled
8 by the division in a way that protects the identity of individual insureds.

9 (c) The director shall adopt regulations to implement and interpret this section,
10 including requiring insurers doing business in the state to provide information
11 necessary for the division of insurance to carry out its responsibilities under (a) and
12 (b) of this section.

13 (d) Beginning June 1, 1999, the information compiled under (a) of this section
14 shall be reported to the governor and the legislature annually.

15 (e) The division may consult with the Alaska Judicial Council when
16 determining what information to require to be reported under (a) - (c) of this section
17 and when implementing the compilation required under (a) of this section.

18 * Sec. 19. AS 22.10.020(i) is amended to read:

19 (i) The superior court is the court of original jurisdiction over all causes of
20 action arising under the provisions of AS 18.80. A person who is injured or aggrieved
21 by an act, practice, or policy that [WHICH] is prohibited under AS 18.80 may apply
22 to the superior court for relief. The person aggrieved or injured may maintain an
23 action on behalf of that person or on behalf of a class consisting of all persons who
24 are aggrieved or injured by the act, practice, or policy giving rise to the action. In an
25 action brought under this subsection, the court may grant relief as to any act, practice,
26 or policy of the defendant that [WHICH] is prohibited by AS 18.80, regardless of
27 whether each act, practice, or policy, with respect to which relief is granted, directly
28 affects the plaintiff, so long as a class or members of a class of which the plaintiff is
29 a member are or may be aggrieved or injured by the act, practice, or policy. The court
30 may enjoin any act, practice, or policy that [WHICH] is illegal under AS 18.80 and
31 may, subject to AS 18.80.225, order any other relief, including the payment of money,

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that is appropriate.

* Sec. 20. AS 22.15.030(a) is amended to read:

(a) The district court has jurisdiction of civil cases, including foreign judgments filed under AS 09.30.200 and arbitration proceedings under AS 09.43.170, as follows:

(1) for the recovery of money or damages when the amount claimed exclusive of costs, interest, and attorney fees does not exceed \$100,000 [\$50,000];

(2) for the recovery of specific personal property [,] when the value of the property claimed and the damages for the detention do not exceed \$100,000 [\$50,000];

(3) for the recovery of a penalty or forfeiture, whether given by statute or arising out of contract, not exceeding \$100,000 [\$50,000];

(4) to give judgment without action upon the confession of the defendant for any of the cases specified in this section, except for a penalty or forfeiture imposed by statute;

(5) for establishing the fact of death or cause and manner of death of any person in the manner prescribed in AS 09.55.020 - 09.55.069;

(6) for the recovery of the possession of premises in the manner provided under AS 09.45.070 - 09.45.160 when the value of the arrears and damage to the property does not exceed \$100,000 [\$50,000];

(7) for the foreclosure of a lien when the amount in controversy does not exceed \$100,000 [\$50,000];

(8) for the recovery of money or damages in motor vehicle tort cases when the amount claimed exclusive of costs, interest, and attorney fees does not exceed \$100,000 [\$50,000];

(9) over civil actions for taking utility service and for damages to or interference with a utility line filed under AS 42.20.030;

(10) over cases involving protective orders for domestic violence under AS 18.66.100 - 18.66.180.

* Sec. 21. Rule 16.1(c), Alaska Rules of Civil Procedure, is amended to read:

(c) Motion to Set Trial and Certificate. Unless otherwise ordered by the

1 court, a [A] motion to set trial may not be filed until after the meeting of parties
2 under paragraph (n) of this rule has occurred and the scheduling order under
3 Rule 16(b) has been issued [105 DAYS AFTER SERVICE OF THE SUMMONS
4 AND COMPLAINT]. A party seeking to obtain a trial date must serve and file a
5 motion to set trial together with a certificate, signed by counsel, stating:

6 (1) That the issues in the case have actually been joined;

7 (2) That all parties have completed discovery or will have a reasonable
8 opportunity to do so within the next 60 days;

9 (3) That the procedure for listing witnesses and exhibits and providing
10 exhibit copies, as set forth in paragraph (d) of this rule has been completed;

11 (4) Whether trial by jury has been timely demanded;

12 (5) The estimated number of days for the trial, including estimates for
13 each party's case and for jury selection;

14 (6) The names, addresses and telephone numbers of all attorneys and
15 pro se parties who are responsible for the conduct of the litigation;

16 (7) Which, if any, statute or rule entitles the case to preference on the
17 trial calendar;

18 (8) That the parties have complied with paragraph (k) of this rule.

19 * Sec. 22. Rule 16.1(n), Alaska Rules of Civil Procedure, is repealed and reenacted to read:

20 (n) Meeting of Parties. Except when otherwise ordered, the parties shall, as
21 soon as practicable after the exchange of initial disclosures required under Rule
22 26(a)(1) and in any event at least 14 days before a scheduling conference is held or
23 a scheduling order is due under Rule 16(b), meet to discuss the nature and basis of
24 their claims and defenses and the possibilities for a prompt settlement or resolution of
25 the case and to develop a proposed discovery plan. The attorneys of record and all
26 unrepresented parties that have appeared in the case are jointly responsible for
27 arranging and being present or represented at the meeting, for attempting in good faith
28 to agree on the proposed discovery plan, and for submitting to the court within 10 days
29 after the meeting a written report outlining the proposed discovery plan. The proposed
30 discovery plan shall indicate the parties' views and proposals concerning

31 (1) what changes should be made in the timing or forms of subsequent

1 disclosures under the rules, including a statement as to when the disclosures required
2 under Rule 26(a) were made;

3 (2) the subjects on which discovery may be needed, when discovery
4 should be completed, and whether discovery should be conducted in phases or be
5 limited to or focused upon particular issues;

6 (3) what changes should be made in the limitations on discovery
7 imposed under these rules and what other limitations should be imposed;

8 (4) whether a scheduling conference is unnecessary;

9 (5) whether there will be dispositive or partially dispositive motions
10 filed in the case and whether other deadlines should be set aside pending resolution of
11 the dispositive or partially dispositive motions by the court; and

12 (6) any other orders that should be entered by the court under
13 Rule 16(b) and (c).

14 * **Sec. 23.** Rule 41(a), Alaska Rules of Civil Procedure, is amended by adding a new
15 paragraph to read:

16 (3) **Settlement Information.** If a voluntary dismissal under this rule is
17 the result of compromise or other settlement of the parties, the parties shall submit to
18 the Alaska Judicial Council the information required under AS 09.68.130. A notice
19 of dismissal made under (1)[a] of this subsection must be accompanied by a
20 certification signed by or on behalf of the plaintiff that the information required under
21 AS 09 68.130 has been submitted to the Alaska Judicial Council. A stipulation of
22 dismissal made under (1)[b] of this subsection must be accompanied by such a
23 certification signed by or on behalf of all parties who have appeared in the action.
24 The requirements of this paragraph do not apply to the types of cases listed in
25 AS 09.68.130(c).

26 * **Sec. 24.** Rule 68, Alaska Rules of Civil Procedure, is repealed and reenacted to read:

27 **Rule 68. Offer of Judgment.** (a) At any time more than 10 days before the
28 trial begins, either the party making a claim or the party defending against a claim may
29 serve upon the adverse party an offer to allow judgment to be entered in complete
30 satisfaction of the claim for the money or property or to the effect specified in the
31 offer, with costs then accrued. The offer may not be revoked in the 10-day period

1 following service of the offer. If, within 10 days after service of the offer, the adverse
2 party serves written notice that the offer is accepted, either party may then file the
3 offer and notice of acceptance together with proof of service, and the clerk shall enter
4 judgment. An offer not accepted within 10 days is considered withdrawn, and
5 evidence of the offer is not admissible except in a proceeding to determine costs. The
6 fact that an offer is made but not accepted does not preclude a subsequent offer.

7 (b) If the judgment finally rendered by the court is not more favorable to the
8 offeree than the offer, the prejudgment interest accrued up to the date judgment is
9 entered shall be adjusted as follows:

10 (1) if the offeree is the party making the claim, the interest rate will be
11 reduced by the amount specified in AS 09.30.065;

12 (2) if the offeree is the party defending against the claim, the interest
13 rate will be increased by the amount specified in AS 09.30.065.

14 (c) If the judgment finally rendered by the court is not more favorable to the
15 offeree than the offer, the court's award of attorney's fees under Rule 82 shall be
16 adjusted as follows:

17 (1) if the offeree is the party making the claim, the court shall adjust
18 its award of attorney's fees to the offeree as follows:

19 (A) if the offer was served no later than 30 days after both
20 parties made the disclosures required by Rule 26(a)(1), the attorney's fees
21 award shall be reduced by 50 percent;

22 (B) if the offer was served more than 30 days after both parties
23 made the disclosures required by Rule 26(a)(1) but more than 90 days before
24 the trial began, the attorney's fees award shall be reduced by 30 percent;

25 (C) if the offer was served 90 days or less but more than 10
26 days before the trial began, the attorney's fees award shall be reduced by 20
27 percent;

28 (2) if the offeree is the party defending against the claim, the court
29 shall adjust its award of attorney's fees to the offeror as follows:

30 (A) if the offer was served no later than 30 days after both
31 parties made the disclosures required by Rule 26(a)(1), the attorney's fees

1 award shall be increased by 50 percent;

2 (B) if the offer was served more than 30 days after both parties
3 made the disclosures required by Rule 26(a)(1) but more than 90 days before
4 the trial began, the attorney's fees award shall be increased by 30 percent;

5 (C) if the offer was served 90 days or less but more than 10
6 days before the trial began, the attorney's fees award shall be increased by 20
7 percent.

8 (d) When the liability of one party to another has been determined by verdict,
9 order, or judgment, but the amount or extent of the liability remains to be determined
10 by further proceedings, the party adjudged liable may make an offer of judgment,
11 which shall have the same effect as an offer made 90 days or less but more than 10
12 days before trial begins, if it is served not less than 10 days before the commencement
13 of hearings to determine the amount or extent of liability.

14 * Sec. 25. Rule 72.1(g), Alaska Rules of Civil Procedure, is amended to read:

15 (g) Discovery. Except by leave of court, no discovery may be conducted until
16 the report of the panel has been filed or until 60 days after selection of the panel [80
17 DAYS HAVE ELAPSED FROM THE DATE THE CASE IS AT ISSUE], whichever
18 is first to occur, unless discovery is further stayed for good cause by order of the court.

19 * Sec. 26. Rule 95(b), Alaska Rules of Civil Procedure, is amended to read:

20 (b) In addition to its authority under (a) of this rule and its power to punish
21 for contempt, a court may, after reasonable notice and an opportunity to show cause
22 to the contrary, and after hearing by the court, if requested, impose a fine not to
23 exceed \$10,000.00 [\$1,000.00] against any attorney who practices before it for failure
24 to comply with these rules or any rules promulgated by the supreme court.

25 * Sec. 27. Rule 1(a)(1), District Court Rules of Civil Procedure is amended to read:

26 (1) The procedure in civil actions and proceedings before district judges
27 and magistrates shall be governed by the rules governing the procedure in the superior
28 court to the extent that such rules are applicable. However, unless otherwise agreed
29 by all parties or permitted by order of the court in exceptional cases and for good
30 cause shown, discovery shall be limited to the disclosures required under Civil
31 Rule 26(a) and to the taking by each party of the deposition of one or more

1 opposing parties and of one additional person who is not a party.

2 * **Sec. 28.** Rule 4, District Court Rules of Civil Procedure, is amended by adding a new
3 subsection to read:

4 (b) Unless otherwise permitted by order of the court in exceptional cases and
5 for good cause shown, all parties shall file a memorandum to set the case for trial, as
6 set out in Civil Rule 40(b), no later than 180 days after service of the complaint on all
7 parties to the case. The parties shall submit a joint memorandum to set the case for
8 trial, which may state their separate positions if they do not agree concerning the
9 information or estimates to be provided in the memorandum. The court shall set the
10 trial to commence on a date not less than 30 and not more than 90 days after the filing
11 of the memorandum to set the case for trial, unless a continuance is granted by the
12 court under Civil Rule 40(e).

13 * **Sec. 29.** Rule 511, Alaska Rules of Appellate Procedure, is amended by adding a new
14 subsection to read:

15 (e) **Settlement Information.** If a dismissal under (a) or (b) of this rule is the
16 result of compromise or other settlement between the parties, the parties shall submit
17 to the Alaska Judicial Council the information required under AS 09.68.130. A
18 dismissal by agreement under (a) of this rule must be accompanied by a certification
19 signed by the attorneys of record for all parties that the information required under
20 AS 09.68.130 has been submitted to the Alaska Judicial Council. A dismissal by the
21 appellant or petitioner made under (b) of this rule must be accompanied by such a
22 certification signed by the appellant's or petitioner's attorney of record. The
23 requirements of this subsection do not apply to the types of cases listed in
24 AS 09.68.130(c).

25 * **Sec. 30.** AS 08.64.326(a)(12); AS 08.68.270(10); AS 09.55.536, 09.55.560(2), and
26 09.55.560(3) are repealed.

27 * **Sec. 31.** Rules 16.1(k)(4) and 72.1, Alaska Rules of Civil Procedure, are repealed.

28 * **Sec. 32.** AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of this
29 Act, have the effect of amending

30 (1) Rule 49, Alaska Rules of Civil Procedure, by requiring the jury to conduct
31 a separate proceeding for the determination of a punitive damages award after it has

1 determined that punitive damages are allowed in a case; and

2 (2) Rule 26(b) and (d), Alaska Rules of Civil Procedure, by affecting the
3 scope, limits, timing, and sequence of discovery allowed in a case.

4 * Sec. 33. AS 09.30.065, as amended by sec. 9 of this Act, has the effect of amending
5 Rule 68, Alaska Rules of Civil Procedure, by altering the manner in which interest under
6 AS 09.30.070 is adjusted under AS 09.30.065 when a judgment is not more favorable to the
7 offeree than the offer.

8 * Sec. 34. AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, has the effect of
9 amending Rule 100, Alaska Rules of Civil Procedure, by making the mediation process
10 mandatory for certain civil cases in the superior court, Third Judicial District, and by
11 expanding the scope of the rule to include other forms of alternative dispute resolution in
12 addition to mediation.

13 * Sec. 35. AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
14 Rule 79(b), Alaska Rule of Civil Procedure, by allowing the award of actual costs in certain
15 actions.

16 * Sec. 36. AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
17 Rule 82(b), Alaska Rule of Civil Procedure, by allowing the award of actual attorney fees in
18 certain actions.

19 * Sec. 37. APPLICABILITY. (a) Sections 1, 9, 15, 20 - 22, 24 - 28, 30, and 31 of this
20 Act apply to all civil actions filed on or after the effective date of those sections.

21 (b) Sections 3 - 8, 10, 11, 13, 16, and 19 of this Act apply to all causes of action
22 accruing on or after the effective date of those sections.

23 (c) Section 12 of this Act applies only to those civil actions covered by the pilot
24 program for alternative dispute resolution established under the provisions of AS 09.43.310 -
25 09.43.390, as enacted by sec. 11 of this Act, filed on or after January 1, 1998.

26 (d) Sections 17, 23, and 29 of this Act apply only to all voluntary dismissals of civil
27 actions filed with the state court on or after January 1, 1998.

28 (e) Section 18 of this Act applies to all insurers doing business in this state on or after
29 the effective date of that section.

30 * Sec. 38. SEVERABILITY. Under AS 01.10.030, if any provision of this Act or the
31 application of a provision of this Act to any person or circumstance is held invalid, the

1 remainder of this Act and the application to other persons shall not be affected.

2 * **Sec. 39.** REVISOR'S INSTRUCTION. Due to the addition of AS 09.43.310 - 09.43.390
3 in sec. 12 of this Act, in AS 21.89.100(d), the revisor of statutes shall substitute
4 "AS 09.43.010 - 09.43.220" for "AS 09.43."

5 * **Sec. 40.** (a) AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of
6 this Act, take effect only if sec. 32 of this Act receives the two-thirds majority vote of each
7 house required by art. IV, sec. 15, Constitution of the State of Alaska.

8 (b) AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, takes effect only if
9 sec. 34 of this Act receives the two-thirds majority vote of each house required by art. IV,
10 sec. 15, Constitution of the State of Alaska.

11 (c) The amendments or the repeal of the following court rules takes effect only if all
12 amendments and the repeal listed in this subsection receive the two-thirds majority vote of
13 each house required by art. IV, sec. 15, Constitution of the State of Alaska:

14 (1) Rule 16.1(c), Alaska Rules of Civil Procedure, as amended by sec. 21 of
15 this Act;

16 (2) Rule 16.1(n), Alaska Rules of Civil Procedure, as amended by sec. 22 of
17 this Act;

18 (3) Rule 16.1(k)(4), Alaska Rules of Civil Procedure, repealed by sec. 31 of
19 this Act.

20 (d) AS 09.68.130, as enacted by sec. 17 of this Act, takes effect only if secs. 23 and
21 29 both receive the two-thirds majority vote of each house required by art. IV, sec. 15,
22 Constitution of the State of Alaska.

23 * **Sec. 41.** Sections 17, 23, and 29 of this Act take effect January 1, 1998.

24 * **Sec. 42.** Except as provided in sec. 41 of this Act, this Act takes effect immediately
25 under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

Revision Date: <u>1/9/98</u>	Dept. Affected: <u>Department of Law</u>
Title: <u>... to civil actions; ... to motor vehicle liability insurance and bonds; amending ... Rules of Civil Procedure ...</u>	BRU: <u>Criminal Division/Civil Division</u>
Sponsor: <u>Senator Taylor</u>	Component: <u>Criminal Justice Litigation/Special Litigation, Environmental Law</u>
Requester: <u>Senate Finance Committee</u>	COMPONENT SERIAL NO. <u>2202/2213, 2092</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	92.8	92.8	92.8	92.8	92.8	92.8
TRAVEL	1.3	1.3	1.3	1.3	1.3	1.3
CONTRACTUAL	352.4	352.4	352.4	352.4	352.4	352.4
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	448.5	448.5	448.5	448.5	448.5	448.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF	183.2	183.2	183.2	183.2	183.2	183.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Intergovernmental Receipts	265.3	265.3	265.3	265.3	265.3	265.3
TOTAL	448.5	448.5	448.5	448.5	448.5	448.5

Estimate of any current year (FY98) cost: \$ 0.0

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS (Attach a separate page if necessary)

This bill amends Title 9, the Alaska Code of Civil Procedure; AS 18.80.225, relating to punitive damages for unlawful employment practices; AS 22.15.030(a), relating to the jurisdiction of the district court; AS 21.06, relating to the responsibilities of the Division of Insurance; AS 21.36, relating to insurance claim settlement practices; AS 28.22, relating to motor vehicle liability insurance; and a number of the Rules of Court to provide various changes intended to bring about reforms in the manner in which the state's civil justice system handles personal injury claims. The Judiciary Committee Substitute is intended to decrease the costs of resolving cases, discourage frivolous litigation, promote fair compensation for injured parties, and promote the predictability of outcomes in civil litigation.

Among the changes proposed in the bill are limits on punitive damages, clarification that people who intentionally hurt others will be held liable for their fair share of the harm, the establishment of an alternative dispute resolution project to facilitate resolution of cases without the expense of trial, streamlined district court

Prepared by: Joan M. Kasson *Joan M. Kasson*
Division: Attorney General's Office

Phone: 465-5370
Date: 1/9/98

Approved by Commissioner: Bruce M. Botelho, Attorney General
Agency: Department of Law

Date: 1/9/98

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ANALYSIS CONTINUATION:

procedures and changes in superior court procedures intended to decrease overall litigation expense, and changes in the interest rate on judgments and decrees and changes in court procedures designed to encourage early settlement and payment of damages.

CSSB 15 (JUD) would also require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions.

The Department of Law anticipates that some costs would be incurred for payment of the state's share of the alternative dispute resolution project, and those increased costs would probably be offset by savings due to the streamlining of court procedures. However, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$93/hr, or \$1,860). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,235 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's FY98 standard attorney cost schedule (\$93/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

ANALYSIS CONTINUATION:

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
CIVIL DIVISION				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,860	\$120,900	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		\$5,235	\$340,275	
Estimated potential savings	3	(\$25,000)	(\$75,000)	
			<u>\$265,275</u>	IAR
<u>Environmental Law</u>				
Department of Law attorney time	5	\$1,860	\$9,300	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		\$5,235	\$26,175	GF
CRIMINAL DIVISION				
<u>Criminal Justice Litigation/Legal Services (prisoner litigation cases)</u>				
Department of Law attorney time	30	\$1,860	\$55,800	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		\$5,235	\$157,050	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$448,500</u>	

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 15

Revision Date: _____ Dept. Affected: Department of Law
 Title: ... to punitive damages ... related to employ- BRU: Criminal Division/Civil Division
ment; ... to arbitration in a civil action; amending Rules 79(b) ... Component: Criminal Division
 Sponsor: Senator Taylor General Legal Services
 Requester: Senate Judiciary Committee COMPONENT SERIAL NO. 2085/2087

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	83.8	83.8	83.8	83.8	83.8	83.8
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	350.0	350.0	350.0	350.0	350.0	350.0
SUPPLIES	1.6	1.6	1.6	1.6	1.6	1.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	436.5	436.5	436.5	436.5	436.5	436.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	179.0	179.0	179.0	179.0	179.0	179.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	257.5	257.5	257.5	257.5	257.5	257.5
TOTAL	436.5	436.5	436.5	436.5	436.5	436.5

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 15 would require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions. The bill would also cap punitive damages for actions against an employer to recover damages for an unlawful employment practice prohibited by AS 18.80.220.

While the second change would have no impact on the Department of Law, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Prepared by: Joan M. Kasson *Joan M. Kasson*
 Division: Administrative/Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General *Bruce M. Botelho*
 Agency: Department of Law

Phone: 465-5370
 Date: 3/11/97
 Date: 3/11/97

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ANALYSIS CONTINUATION:

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$87/hr, or \$1,740). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,115 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's standard attorney cost schedule (\$87/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
GENERAL LEGAL SERVICES				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,740	\$113,100	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		<u>\$5,115</u>	<u>\$332,475</u>	
Estimated potential savings	3	(\$25,000)	<u>(\$75,000)</u>	
			<u>\$257,475</u>	IAR
<u>Other, non-tort, claims for damages</u>				
Department of Law attorney time	5	\$1,740	\$8,700	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		<u>\$5,115</u>	<u>\$25,575</u>	GF
CRIMINAL DIVISION				
<u>Prisoner litigation cases</u>				
Department of Law attorney time	30	\$1,740	\$52,200	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		<u>\$5,115</u>	<u>\$153,450</u>	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$436,500</u>	

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 15

Revision Date: _____ Dept. Affected: Alaska Court System
 Title: Mandatory Arbitration BRU: Trial Courts
 Component: _____
 Sponsor: Sen. Taylor
 Requestor: Senate Judiciary COMPONENT SERIAL NO. 768

Expenditures/Revenues /		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	464.4	464.4	464.4	464.4	464.4	464.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	464.4	464.4	464.4	464.4	464.4	464.4
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

Fund Source		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF	464.4	464.4	464.4	464.4	464.4	464.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	464.4	464.4	464.4	464.4	464.4	464.4

Estimate of any current year (FY 97) cost: None

Positions						
Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached fiscal analysis.

Prepared by: C. S. Christensen III, Staff Counsel
 Agency: Alaska Court System

Approved by: Stephanie J. Cole, Acting Administrative Director
 Agency: Alaska Court System

Phone: 264-8228
 Date: 03/12/97

Date: 03/12/97

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Alaska Court System
Fiscal Analysis
SB 15

Section 1 of SB 15 requires all tort claims of \$100,000 or less to be submitted to non-binding arbitration. A total of 1520 tort claims were filed in superior and district court in FY 96 (this note assumes that SB 15 will not apply to small claims cases). The Alaska Judicial Council estimates that 85% of those, or 1292, are for \$100,000 or less.

Arbitrators in Anchorage who are attorneys or former judges typically charge \$150 - \$175 per hour for their services. Although non-attorney arbitrators in Anchorage typically charge around \$100 per hour, there are few, if any, such arbitrators that work with tort cases. The American Arbitration Association, (which is the primary arbitration association and the one that most arbitrators are affiliated with) works with 81 arbitrators in Alaska. Of the 46 who are non-attorneys, none arbitrate tort cases. Because of the lack of non-attorney arbitrators available to handle tort cases, this note assumes that arbitration services will be provided by attorneys and retired judges. However, at some point non-attorneys will presumably be available to arbitrate tort cases and so this note has been figured based on the lower \$150 per hour rate even though it may average more than that initially.

The time required for most tort arbitration varies between 1 and 5 days. However, because the typical case can be handled in around 2 days, this note assumes 16 hours per case. At \$150 per hour, this results in an estimate of \$2400 per case. This note further assumes that there will be 2 litigants per case (2584 total) and that \$15 will be indigent (387).

Note that 95% of all tort cases already settle before trial, and thus arbitration will not appreciably reduce court costs for those cases. The cases that do go to trial are those in which after full discovery, the parties still can not agree on the value a jury will put on a claim. Those cases are unlikely to settle as a result of an arbitrator's opinion rendered early in the process. Thus this section will probably not reduce the state's costs of running the civil justice system.

Alaska Court System
Fiscal Analysis
SB 15

Contractual Services

Cost of mandatory arbitration for indigent parties. This fiscal note assumes that 1,292 cases fall within the \$100,000 limit of this legislation. With 2 litigants in each case, there are 2,584 litigants, of which 15% or 387 are assumed to be indigent. It is further assumed that each case will require 16 hours of arbitration at a cost of \$150 an hour. The total cost of each case is \$2,400 and the cost per indigent litigant is \$1,200.

\$464,400



ALASKA STATE HOUSE
OF REPRESENTATIVES

David S. Pree
Legislative Assistant
to
Representative Joe Ryan

Alaska State Capitol
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Fax: (907) 465-4588
1-800-922-3875
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716 W. 4th Ave.
Anchorage, AK 99501
(907) 258-8161

*at the request of
Glenn Clavay*

HOUSE BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY

Introduced:
Referred:

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to civil liability of certain nonprofit corporations; and providing
2 for an effective date."

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

4 * Section 1. AS 09.65 is amended by adding a new section to read:

5 **Sec. 09.65.168. Immunity of certain nonprofit corporations.** (a) A
6 nonprofit corporation is not liable for civil damages resulting from a negligent act or
7 omission if the civil damages arise out of injury to or death of a person who is in any
8 degree a beneficiary of the services or products provided by the nonprofit corporation
9 and the services or products are provided at no cost to the person.

10 (b) In this section,

11 (1) "negligent" includes all degrees of negligence;

12 (2) "nonprofit corporation" means a corporation organized exclusively
13 for religious, charitable, or educational purposes and incorporated under AS 10.20.

14 * Sec. 2. This Act applies to civil actions that accrue on or after the effective date of this

1 Act.

2 * Sec. 3. This Act takes effect July 1, 1997.

es. With spade support, he raises. Without support, he retreats to three no trump. So, what is four clubs? It cannot show five cards in the suit. North is being asked only about spades, not another suit. It is called

So, the right answer to the question is 12, not 13. If you finesse the spade queen, you lose when West has the singleton king.

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3 ♠	Pass	4 ♣	Pass
4 ♠	Pass	4 ♥	Pass
6 ♠	Pass	Pass	Pass

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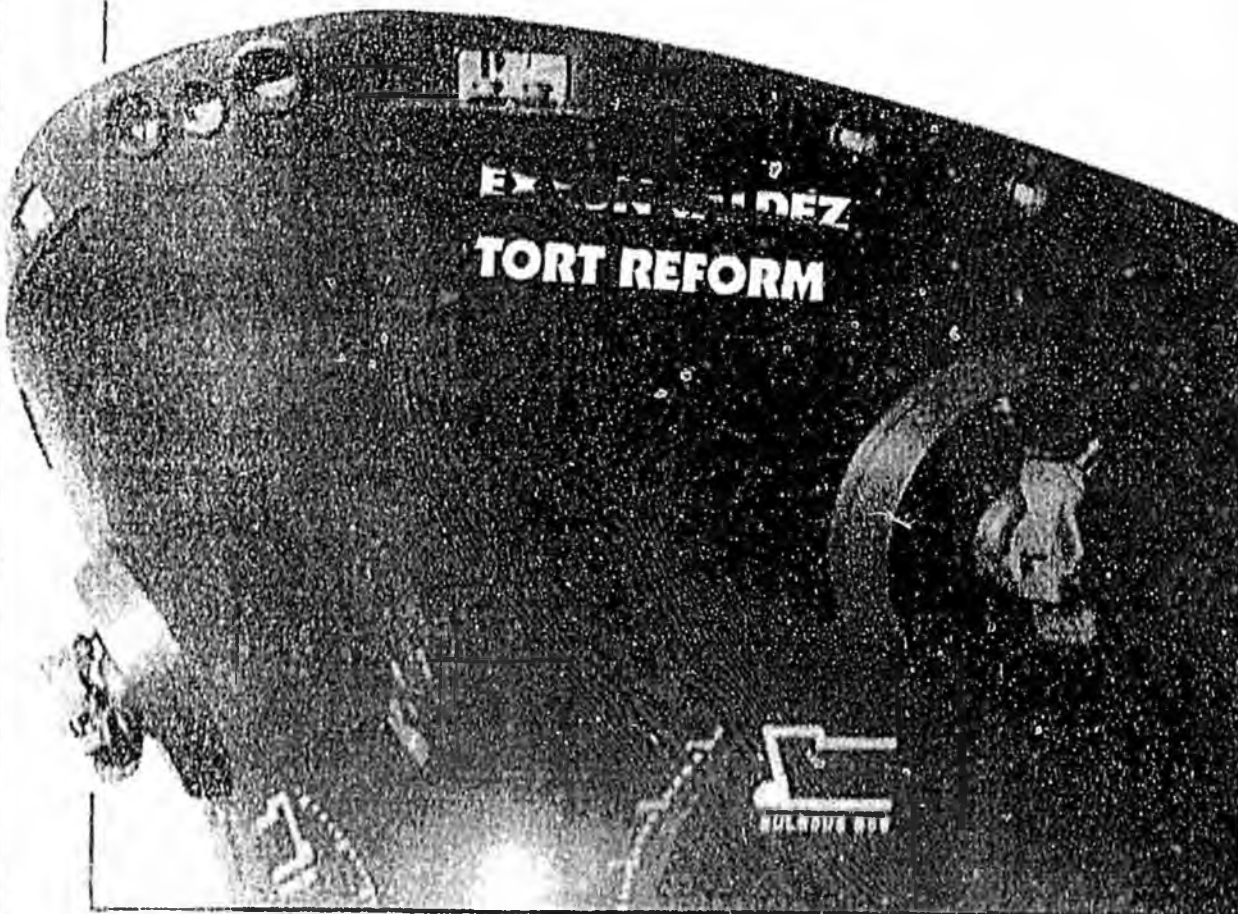
Open burnin

IT'S BAAACK.

A jury of Alaskans dealt out \$5 billion in penalties to the owners of the Exxon Valdez for the devastation caused by the '89 oil spill. After weighing evidence from both sides, the jury believed these stiff penalties to be just. Now the Exxon Valdez is ready to sail into Prince William Sound again, under a new name, and our state legislature is getting ready to launch Tort Reform again, under the same old name.

So-called Tort "Reform" turns the tide against the jury process when determining punitive damages. It could cap penalties at insignificant amounts if another big spill occurred. It could even lead to a reversal of the \$5 billion Exxon still owes and is currently appealing.

If you believe control over cases like this belongs with a jury of Alaskans rather than with big corporations and their insurance companies, call your legislator now. Because you don't get to vote on Tort Reform. Only the politicians do. And that vote may sail through Juneau very quickly.



CITIZENS FOR CIVIL JUSTICE, A COMMITTEE OF THE ALASKA ACTION TRUST
P.O. BOX 102323, ANCHORAGE, ALASKA 99510

FOI
Publish April 3, 6, 1997

Alaska State Legislature

Representative Brian S. Porter

HOUSE MAJORITY LEADER

MEMBER
HOUSE JUDICIARY COMMITTEE
HOUSE RULES COMMITTEE
HEALTH, EDUC. & SOCIAL SERVICES COMMITTEE
LEGISLATIVE COUNCIL JOINT COMMITTEE



DISTRICT 20

April 11, 1997

SESSION:
STATE CAPITOL, ROOM 216
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PHONE: (907) 465-4930
FAX: (907) 465-3834

INTERIM:
716 W. 4TH AVE., SUITE 360
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8197
FAX: (907) 258-5510

Robert Merle Cowan
Cowan Gerry & Aaronson
909 Cook Avenue
Kenai, Alaska 99611

Re: HB 58 Tort Reform

Dear Mr. Cowan:

I am in receipt of your letter dated April 9, 1997. For the record, while I appreciate your point of view, I cannot join in your conclusions.

I am in the process of having legal counsel take a thorough look at the Alaska Supreme Court decision in *Hughes v. Foster Wheeler Company*. In the meantime, I have tentatively concluded that the case simply does not stand for the proposition for which you cite it. While my reading is that of a layman, it is clear to me that the issue before the court had absolutely nothing to do with punitive damages. The issue squarely before the court was whether Rule 82 attorney fees and costs could be imposed when an admiralty case was dismissed on a basis of forum non conveniens, without ever getting to the merits of the admiralty claims. Additionally, it seems logical to me that only the federal courts will have the final say over the scope and applicability of federal admiralty law, rather than the Alaska Supreme Court. If I am advised by our counsel of any different reading, I will let you know.

As to the remaining assertions in your letter, I guess we must agree that we disagree over your other interpretations, including your reading of *Cummings v. Sea Lion Corporation*. In any event, our differences are probably meaningless, since HB 58 will likely be amended to clarify what the Alaska Supreme Court has already determined to be the standard for punitive damages.

Thank you for your interest,

Sincerely yours

Handwritten signature of Brian Porter in cursive.
Brian Porter

cc: Majority Legislators
cc: Governor's office

AB 250 Assembly Bill - INTRODUCED

http://www.leginfo.ca.gov/pub/bill...ab_250_bill_970211_introduced.html

BILL NUMBER: AB 250 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Kuehl

FEBRUARY 11, 1997

An act to amend Section 3333.2 of the Civil Code, relating to liability.

LEGISLATIVE COUNSEL'S DIGEST

AB 250, as introduced, Kuehl. Liability: health care providers. Under existing law, in an action for injury against a health care provider based on professional negligence, the injured plaintiff may not recover damages for noneconomic losses in excess of \$250,000.

This bill would provide that this limitation does not apply if the health care provider consumed alcohol or illegal drugs that impaired his or her ability to perform professional services causing injury to the plaintiff, the health care provider has had 3 or more disciplinary actions before the Medical Board of California or other licensing board, or has been subject to other specified disciplinary action, the health care provider committed sexual abuse or misconduct upon the plaintiff, the injury resulted from the health care provider's gross negligence, the negligence or misconduct of the health care provider caused death, or the injury was to a person under the age of 14 years.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local programs: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The people of the State of California recognize that health care practitioners play a vital part in protecting the health of its citizens. Nevertheless, studies indicate that a relatively small number of doctors are responsible for a disproportionately large share of injuries and death and that incompetent doctors are rarely disciplined or removed from practice.

SEC. 2. Section 3333.2 of the Civil Code is amended to read:

3333.2. (a) In any action for injury against a health care provider based on professional negligence, the injured plaintiff shall be entitled to recover noneconomic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damage.

(b) In no action shall the amount of damages for noneconomic losses exceed two hundred fifty thousand dollars (\$250,000).

(c) The protection of subdivision (b) shall not apply if the trier of fact finds one or more of the following:

(1) The health care provider consumed alcohol or illegal drugs that impaired, in whole or in part, his or her ability to perform professional services causing injury to the plaintiff.

(2) The health care provider has had three or more disciplinary actions before the Medical Board of California or other licensing board in which disciplinary action has been imposed, has had his or her license revoked or suspended in whole or in part, for conduct, acts, or omissions at issue in the action against the health care provider, or has had three or more adverse judgments against him or her in the past 10 years for actions arising out of professional negligence.

(3) The health care provider committed sexual abuse or misconduct upon the plaintiff.

(4) The injury resulted from the health care provider's gross negligence.


(5) The negligence or misconduct of the health care provider caused death.

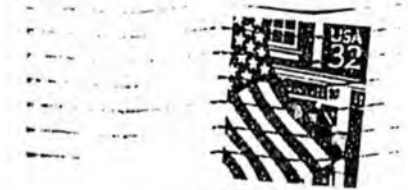
(6) The injury was to a person under the age of 14 years.

(d) For the purposes of this section:

(1) "Health care provider" means any person licensed or certified pursuant to Division 2 (commencing with Section 500) of the Business and Professions Code, or licensed pursuant to the Osteopathic Initiative Act, or the Chiropractic Initiative Act, or licensed pursuant to Chapter 2.5 (commencing with Section 1440) of Division 2 of the Health and Safety Code, and any clinic, health dispensary, or health facility, licensed pursuant to Division 2 (commencing with Section 1200) of the Health and Safety Code. "Health care provider" includes the legal representatives of a health care provider

(2) "Professional negligence" means a negligent act or omission to act by a health care provider in the rendering of professional services, which act or omission is the proximate cause of a personal injury ~~or wrongful death~~, provided that such ~~the~~ services are within the scope of services for which the provider is licensed and ~~which~~ are not within any restriction imposed by the licensing agency or licensed hospital.

 **Robert W. Nestel**
429 D Street #313
Anchorage, AK 99501-2300



Ms. RARIA TAYLOR
5192 CEDAR

RECEIVED
01 APR 1997

ANCHORAGE, AK 99501 1680

INFORMATION RELATED TO: SB 15 & HB 58

Distributed by Senate Judiciary

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 15, 1997

SUBJECT: Sectional Summary of CSSB 15(JUD).

TO: Senator Robin Taylor
Attn: Laura

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Purpose.

Section 2. Fixes the interest rate for state bank liquidation proceedings. This provision is required by amendment to the existing interest rate law contained in sec. 10.

Section 3. Requires that a civil action for waste or trespass upon real property be brought within six years.

Section 4. Requires that a civil action based on a contract, except for a judgment or sealed instrument, be brought within three years.

Section 5. Requires that an action for injury to personal property be brought with two years.

Section 6. Provides that the limit on damages for pain and suffering, or noneconomic damages does not apply to damages for severe disfigurement or severe physical impairment.

Section 7. Provides that punitive damages may only be awarded as provided under this section. Imposes a cap on punitive damages under subsections (f) and (g).

Section 8. Amends the definition of "fault" to include intentional acts or omissions.

Senator Robin Taylor

March 15, 1997

Page 2

Section 9. Establishes a formula for increasing or reducing the rate of interest applicable to a judgment by either two, three, or five percent, depending on whether an offer of judgment is accepted or rejected.

Section 10. Changes the rate of interest applicable to a judgment from a fixed rate of 10.5 percent to a floating rate determined under subsection (c) enacted in sec. 11.

Section 11. Establishes a method for determining the rate of interest to be paid on a judgment.

Section 12. Establishes an alternative dispute resolution pilot program for certain civil cases. Only certain cases filed in Anchorage are required to be mediated. Requires that the program operate for at least five years, under a structure set by the supreme court. Requires fees and costs be shared equally by the parties to the case. Requires the Alaska Judicial Council to annually evaluate the program.

Section 13. Provides that in a judgment entered against the state, the rate of interest is the floating rate established under AS 09.30.070.

Section 14. Provides that in eminent domain actions, the compensation awarded must include interest at a rate of 10.5 percent.

Section 15. Requires that certain civil actions must be arbitrated. Requires the court to appoint an arbitrator and establishes time lines for reaching a decision. Provides that the decision is admissible in the civil action and that a party that rejects the decision and loses in later civil litigation is liable for actual costs and attorney fees.

Section 16. Provides that a person who is injured or killed cannot recover civil damages, if the person was committing a felony, or was engaged in conduct that constitutes the commission of a felony and the conduct substantially contributed to the injury or death and is proved by clear and convincing evidence. Provides that the section does not apply if the person is acquitted.

Section 17. Requires that the Alaska Judicial Council collect and evaluate certain information regarding civil litigation.

Section 18. Limits the amount of punitive damages that can be recovered in an unlawful employment action.

Section 19. Requires the director of the division of insurance to evaluate the effect of the provisions of this Act and the financial health and profitability of insurers doing business in the state. Requires insurers to provide information to the state and provides for an annual report to the legislature and the governor.

Senator Robin Taylor

March 15, 1997

Page 3

Section 20. Establishes a private cause of action for a violation of the unfair trade practice provisions of AS 21.36.125, or of a trade practice or claim regulation adopted by the director. Requires notice be given to the insurer and to the director. Allows for the recovery of foreseeable damages, costs, attorney fees, and punitive damages.

Section 21. Limits the authority of the court to award punitive damages in employment cases.

Section 22. Increases the jurisdiction of the district court to claims that do not exceed \$100,000.

Section 23. Imposes a penalty on insurers who deny medical coverage under a motor vehicle insurance policy and later are determined to have wrongfully denied coverage.

Section 24. Requires that uninsured and underinsured motor vehicle insurance be excess coverage, payable even when other policy coverage is not exhausted.

Section 25. Amends civil rule 16.1(c) to prohibit filing of a motion to set trial until after the parties meet to discuss settlement required under sec. 26.

Section 26. Amends civil rule 16.1 to require a meeting of the parties to discuss settlement and to establish discovery guidelines.

Section 27. Amends civil rule 41(a) to require parties to a civil action to submit certain information required under AS 09.68.130.

Section 28. Repeals and reenacts civil rule 68, to provide a formula for increasing or decreasing the interest rate applicable to a judgment depending on an offer of judgment made in the case. The rule is changed to be consistent with sec. 9.

Section 29. Changes the limit the use of discovery in a medical malpractice action from 80 to 60 days.

Section 30. Increases the fine that can be imposed by a court against an attorney to \$10,000.

Section 31. Amends district court civil rule 1(a)(1) to limit the use of discovery.

Section 32. Amends district court civil rule 4 to require a maximum of 270 days before a case goes to trial.

Section 33. Amends appellate rule 511 to require parties to a civil action to submit certain information required under AS 09.68.130.

Section 34. Repealers.

Section 35. Repealers.

Section 36. Repealers.

Section 37. This section sets out the intent of the legislature to amend civil rules 49 and 26(b) and (d).

Section 38. This section sets out the intent of the legislature to amend civil rule 68.

Section 39. This section sets out the intent of the legislature to amend civil rule 100.

Section 40. This section sets out the intent of the legislature to amend civil rule 79(b).

Section 41. This section sets out the intent of the legislature to amend civil rule 82(b).

Section 42. This section sets out the intent of the legislature to amend civil rule 82(b).

Section 43. Applicability section.

Section 44. Severability clause.

Section 45. Instruction to the revisor of statutes regarding technical amendment.

Section 46. Effective date for court rule change sections.

Section 47. Effective date.

MFF:pl
97-069.plm

THERE IS GOOD TORT REFORM, AND BAD; KNOW THE DIFFERENCE

By JEFF BUSH

JUNEAU -- Remember when everyone, except maybe ice cream salesmen, thought all cholesterol was bad? And everyone, except a few trial lawyers, thought any tort reform was good? Well, we now know that some cholesterol is actually good for you. And while almost everyone, myself included, supports reform of our civil justice laws, some tort reform actually is bad for you.

Tort reform comes in many shapes and sizes. Let's look at a typical lawsuit. Say Vic is walking across the street when he's hit by a car driven by Sue. His legs are crushed in the accident. Fortunately, Vic has health insurance to pay the \$200,000 hospital bill, but he can no longer work as a home builder and will have to get a lower-paying job as a clerk for an insurance agency. He'll also have to learn to live in pain the rest of his life.

Vic hires one of those trial lawyers he sees on TV and agrees to pay the guy a third of any settlement. The lawyer files suit and the case winds its way through the endless process of depositions, motions and medical examinations. Five years later, the case goes to trial and the jury awards Vic \$750,000 -- \$200,000 for his medical expenses; \$150,000 for lost wages, since he now works for less, and \$400,000 to him and his family for pain and suffering. Meanwhile, Sue's insurance company has shelled out another \$250,000 to its \$200-an-hour attorney to defend the case.

Before Vic gets a penny, the trial lawyer deducts his third and all his expenses, such as thousands of pages of depositions at \$10 per page and medical experts at \$350 per hour. The money awarded for medical expenses is used to reimburse Vic's insurance carrier. Vic has been crippled for life, and if he's lucky, he and his family will get about \$200,000 in compensation. Almost 60 percent of the money paid by the insurance company has been eaten up by the "system."

The problem seems obvious; the solutions, however, are not.

Good Tort Reform tries to reduce that 60 percent figure. That was the approach taken by Gov. Tony Knowles' Task Force on Civil Justice Reform and included in the governor's tort reform bill. The bill includes a pilot project to require most cases to go to mediation or other alternative dispute resolution, rather than fester for years in the courts. Another proposal would require cases filed in District Court to go to trial within a year and reduce the amount of money spent on depositions and other legal mumbo-jumbo. A third proposal would encourage parties to settle cases early.

Bad Tort Reform doesn't reduce the 60 percent figure but instead puts limits on compensation. For instance, Rep. Brian Porter's tort reform bill, HB 58, places a "cap" on non-economic damages, which in this case would have reduced the jury's award by \$100,000. Guess whose share that comes out of? (Hint: Neither the lawyers nor the insurance company gives up much.)

Bad Tort Reform also lets a defendant point the finger at anyone. Sue could blame the state for failing to properly maintain the road, or her doctor for giving her medication that made her drowsy, or the Japanese maker of her car because something was wrong with the steering, or even the used car salesman she bought it from.

The courts currently deal with these kinds of claims by requiring the plaintiff to bring that carmaker or salesman into court so the judge and jury can weigh the evidence and decide the appropriate level of responsibility. But under Bad Tort Reform, the more people whom Sue and her lawyer can point a finger at, even if they are not around to defend themselves, the more money

Sue's insurance company gets to keep. And, of course, the less Vic gets.

Bad Tort Reform even allows some people who hurt others to walk away scot-free. Say Vic is parking his snowblower and his garage roof collapses on top of him. Whether Vic could recover anything from the builder would depend, under Porter's bill, on how old the garage was. If it was 7 years old, no problem; 8 years, tough luck, Vic.

So when someone tries to tell you that you should support some bill just because it's tort reform, ask if it's good tort reform or bad tort reform. You already do the same with cholesterol -- why else would anyone eat frozen yogurt instead of Ben and Jerry's?

Jeff Bush is Deputy Commissioner of Commerce & Economic Development. He was a member of Gov. Tony Knowles' Civil Justice Reform Task Force.

RECEIVED 10 2

LAW OFFICES OF
FRIEDMAN, RUBIN & WHITE

Richard H. Friedman
Jeffrey K. Rubin
Jeffrey A. Friedman
Michael N. White
Les Gara
James H. McComas, Of Counsel
H. Dee Taylor, Investigator

1227 West 9th Avenue, Second Floor
Anchorage, Alaska 99501
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Telefax: (907) 278-6449

To: Robin Taylor

From: Rick Friedman

Robin,

Thanks for introducing the "Task Force" bill. Needless to say, everyone up here is very grateful and willing to do anything to help you along.

I am enclosing a "closing argument" for punitive damages which has some concepts you may want to use if you end up debating this issue.

As always, let me (us) know what we can do.

Rick Friedman

LAW OFFICES OF
FRIEDMAN, RUBIN & WHITE

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Robin,

I don't know if this affidavit would be of any use to
you, but I thought it wouldn't hurt to send it on.

Richard

From: John C. McCarthy
Especially for: The Western Trial Lawyers Association
Sun Valley, Idaho,
Saturday, March 1, 1997
8:50 to 9:30 AM

A CLOSING ARGUMENT FOR PUNITIVE DAMAGES

Planning your closing argument in a punitive damage case starts with jury selection, if not with motions in limine.

I feel it is essential in voir dire to prepare the jury for its role in deciding whether or not to assess punitive damages and, if so, how much will be appropriate to do the job the law asks them to do - - punish the defendant. You may even have to duke it out with the trial judge before starting jury selection to make certain the deck is clear for you to question prospective jurors about their attitudes concerning punitives and their possible role in fixing them.

But in order for the plaintiff's attorney to do that he or she must understand what his or her role is and then get that message across in voir dire as part of the screening of jurors. Obviously, you want to try to select only those who are eager to play the right role, enthusiastically, fully and effectively.

So, here is the approach I use: THE COP ON THE BEAT. This is the message I try to convey to the judge and to the jurors. You have to use your own words that work for you and for the situation that you face. Each case is different.

Surprisingly, despite a national mood for tougher anti-crime legislation and tougher sentences for criminals, when it comes to corporate crime, we have little help from lawmakers, prosecutors or the courts. They leave it almost entirely up to jurors like those called to duty in this case and private attorneys like us.

For over 40 years as a private attorney I have been a cop on the beat trying to protect consumers, employees, insureds and other victims of corporate fraud and deceit. I am a private cop because there are no police to protect my neighbors. There never have been.

I am also their private prosecutor because there are no laws that any public attorney, district attorney or attorney general can enforce that will restore to my neighbors what has been taken from them as a result of corporate fraud or deceit in the (manufacture and marketing of defective and dangerous products) (bad faith denial of insurance benefits due a policyholder) (firing of good employees because they are too old, the wrong sex or race) etc. Adapt to your case.

My beat is the courtroom and my only weapon has been the law of punitive damages. And I am permitted to use it only when I can prove that the corporate defendant acted with full knowledge and malice and succeeded in unlawfully injuring my innocent neighbor. If I cannot prove my charge with clear and convincing evidence, I not only lose, I do not get paid.

The lawful purpose of punitive damages is to punish the guilty corporation, to discourage it from continuing to profit from cheating and injuring the public, and to send a public message to other like-minded corporations. Jail sentences serve the same purpose for individuals who commit the same acts. But a corporation cannot be sentenced to jail. It cannot be executed no matter how many lives, careers or fortunes it has unlawfully destroyed.

It is out of an historical sense of fairness that Americans are careful to fit the punishment to the crime. Eighty percent support the death penalty because they feel it is necessary to punish severely individuals who maliciously commit deadly crimes. Americans also feel strongly that the death penalty saves lives because it is a deterrent to such criminal conduct.

Therefore, when jurors find a corporation guilty of deliberately, unlawfully and maliciously causing death or injury or property loss to their consumer victims, they must be ready, willing, and able to impose appropriate punishment. And the only way the law provides for that is through fines fixed by jurors in the form of punitive damages.

If jurors refuse to do so, are not permitted to do so or are limited in the fines they can assess, doesn't that put an easily affordable price on corporate crime? Why should the wealthiest and most powerful corporations who commit the most reprehensible fraud be given the green light for open season on our fellow Americans?

The cop on the beat can do only so much. The prosecutor in the courtroom can do only so much. The judge can do only so much. If corporate crime is to be brought under control in America, it is up to ordinary Americans, sitting as jurors, to do it. And I will prove this is such a case.

One well-publicized report of a carefully considered jury's verdict assessing punitive damages does more to deter growing corporate crime against Americans than any politician's campaign promise ever could do.

KENNETH O. JARVI

101 East 9th Avenue, Suite 9B
 Anchorage, Alaska 99501-3677
 (907) 276-4271

March 20, 1997

Senator Robin Taylor
 Chair, Senate Judiciary Committee
 Alaska State Legislature
 State Senate
 State Capitol
 Juneau, Alaska 99801

Dear Senator Taylor:

I know you are aware that current Alaska Statute §09.17.010 puts a cap on non-economic damages for victims of personnel injury, but fairly recognizes that it does not apply to that small percentage of cases which involve severe physical impairment or disfigurement. By contrast, the current legislation being propounded by Representative Porter from Anchorage effectively obliterates the rights of severely injured persons for fair compensation. SS HB 58 creates a \$500,000 cap on non-economic damages and does not create an exception for severely injured persons. Simply stated, if a person's life is trashed because of someone's tort liability, \$500,000 for non-economic damages is inadequate.

The question with regard to this proposed legislation is really one of fairness. These catastrophic injury cases represent very few of all cases in the judicial system. These victims have had the quality of their lives changed in a significant way, and in a way which no one would willingly exchange places with them for any amount of money. Why should they be picked on? There is nothing unfair about having a paraplegic, hemiplegic, quadriplegic, or brain injured person fully compensated for their losses. With their life dramatically changed and frequently effectively destroyed, this compensation in these small minority of cases is really all the "system" has to offer.

I am a registered Independent and have been for my 30-plus years in Alaska, but I have closely followed Republican philosophy. I thought Republican philosophy meant less government interference with citizens exercise of their rights, not more. Why pick on these trauma induced crippled people by stripping them of the only justice that the system can offer?

Senator Robin Taylor
March 20, 1997
Page -2-

My experience in dealing with insurance companies is the less they have at risk, the more difficult they are to deal with and the more unreasonable they become. I would suggest that establishing caps that relate to catastrophic injuries will be a greater incentive for the insurance companies to contest cases of merit. When they have less at risk, they can afford to be contentious. Reduce the risk of exposure of these insurance companies and you will see more, not less, of these cases in court.

I note that the sponsor statement relating to SS HB 58 states that liability insurance is unavailable. This has to be a misstatement, whether unwittingly or intentional I don't know. But, clearly, the sponsor of SS HB 58 was a member of the Governor's Task Force and the Governor's Task Force concluded that no insurance crisis exists in Alaska at this time in terms of cost or availability (See Task Force Report at page 55).

Perhaps in the present context, it is too easy for truth to be a victim. It appears that severely injured trauma victims are easy prey. They have none of the powerful, well paid lobbyists that the insurance industry or the big business interests have. If the proponents of SS HB 58 are successful in their effort to effectively eliminate severely injured trauma victim's rights, then my question is what is the quid pro quo? I have heard or seen nothing from the insurance industry that it has committed itself to a reduction in rates. There is a good reason for this. It won't do so. Further, we all know why. When the trauma victim's rights are savagely stripped, this will simply create a windfall for the insurance companies. They will not change their premiums one wit. As a consequence, the insurance consumer will continue to pay as they have. The victims, those who became severely crippled, will give up substantial rights in exchange for nothing. The insurance consumer gets nothing more, but our friendly insurers sure do: substantially limited exposure for the same premium dollar. Since there is no insurance crisis in terms of availability or affordability, who benefits? Not the consumer, and certainly not the severely injured trauma victim.

What happened to the Republican philosophy of no new taxes? The treatment in the tort reform bill regarding punitive damages is to give 50% of any hard won recovery to the State. This is simply a tax on plaintiffs who have suffered substantial damages caused by outrageous conduct of a defendant, but who have had the guts and stamina to pursue a case against defendants who deserve what they get.

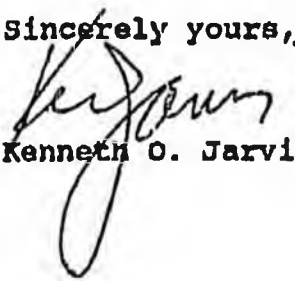
I know as a lawyer, you have a comprehension of how difficult it is to successfully pursue a punitive damage case. Punitive damages are so infrequently awarded that instead of putting a 50% tax on a plaintiff who has the guts and stamina to pursue such a case, the Legislature should do the opposite: create a incentive for the prosecution of such cases because it does

Senator Robin Taylor
March 20, 1997
Page -3-

effectively root out some genuinely bad actors who deserve what they get. At the very least, the Legislature should not create a disincentive to pursue these difficult cases. Under current law, the conduct of the defendant has to be outrageous and intentional or be outrageous and evidence a reckless disregard for the safety of other people. With this stiff criteria, juries almost never award punitive damages. When they do, the verdicts are reviewed by courts and then are frequently reduced.

If there was some benefit to be gained, maybe these draconian in-roads on the rights of severely injured people would make sense. If there is a quid pro quo, it is not obvious. All I would ask is that in the consideration of the proposed bill coming from the House that the Senate consider the unfairness of obliterating the severely injured victim's rights, that is what SS HB 58 proposes to do.

Sincerely yours,



Kenneth O. Jarvi

KOJ/mel/5119

AFFIDAVIT OF ROBERT BELLOTT

1
2 Robert Bellott, being first duly sworn, deposes and states
3 his belief is as follows:
4

5 1. I live in Anchorage, Alaska, and worked in Alaska as an
6 insurance agent for State Farm for over 20 years. I worked in
7 this capacity through August, 1996.

8 2. As an agent, I sold various forms of liability
9 insurance for businesses and other insureds. The types of
10 liability insurance I sold included personal and commercial
11 liability umbrella policies; automobile liability coverage;
12 general liability coverage; and package insurance policies that
13 included liability insurance components.
14

15 3. Liability insurance has become more costly since 1985,
16 and its cost has steadily risen. All forms of liability
17 insurance of which I am aware have risen almost every year, if
18 not every year, since 1985.
19

20 4. I have been informed that the Alaska legislature
21 enacted a tort reform measure in 1986. I am aware of no
22 reduction in the cost of liability insurance associated with
23 this measure.
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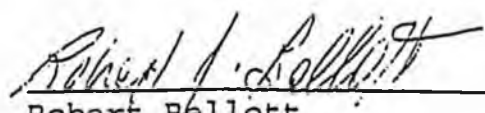
Law Offices of
FRIEDMAN, JIN & WHITE
1227 West 9th Avenue, Second Floor
Anchorage, Alaska 99501
(907) 258-0704

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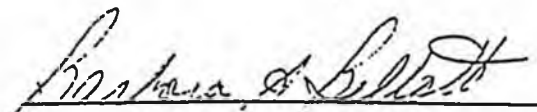
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Dated this 16th day of October, 1996.

FURTHER YOUR AFFIANT SAITH NAUGHT.


Robert Bellott

SUBSCRIBED AND SWORN to before me this 16th day of
October, 1996, at Anchorage, Alaska.


Notary Public in and for Alaska
My commission expires: 6/2/00

Law Offices of
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Anchorage, Alaska 99501
(907) 258-0704

Jeffrey Friedman
P.O. Box 111841
Anchorage, AK 99511-1841

jeffjan@alaska.net

January 25, 1997

Senator Sean Parnell
State Capitol
Juneau, AK 99801-1182

Sent by Fax to 465-2278

Dear Senator Parnell:

I am writing to you about the various tort reform bills before the Legislature this year. Since I am a lawyer, many people will say I am biased, and my opinion should be discounted. But I am also an owner of an office building in Anchorage, a small business owner, a husband, and a father. To say that lawyers can not be trusted to provide reasonable opinions on tort reform is no different than suggesting that each Legislator's vote is determined solely by what will garner the most campaign contributions. While that may occasionally be true, I'd like to think that most people, including Legislators and lawyers, are capable of putting the public interest ahead of any personal interests.

I know what it means to have to make a payroll each month, and I know how important it is to have affordable commercial and consumer insurance. None of the tort bills will have a major effect on my law practice's income. Similarly, none of these bills will lower my insurance premiums by more than a couple of dollars. What they will do, however, is make life much more difficult for victims harmed by the wrongful conduct of others.

For example, under the proposed Statute of Repose in HB 58, if my son's school roof should happen to collapse on his head because of a negligent design calculation, I won't be able to recover a dime for his medical expenses because the building is more than 8 years old. On top of that, the school district won't be able to recover any money to rebuild the school. Instead, the district will have to raise taxes to cover that cost.

Unfortunately, people make mistakes. Sometimes, those mistakes cause injury and property damage which someone has to pay for. Proponents of tort reform seem to think the victims should be required to pay this cost rather than the negligent tortfeasor. I believe the person causing the harm should pay this cost. That is the person in the best position to be careful to avoid the harm, is the person in the best position to include the cost of potential harm in the cost of his or her product, and is the person in the best position to purchase insurance to protect against this risk.

People talk about outrageous jury verdicts, and frivolous lawsuits. Despite this talk, they can point to very few examples here in Alaska. **Legislation ought to be based on facts, not rumor.** When you examine actual cases, you find that the claims and defenses raised are valid, and the jury's verdict is reasonable. In the very rare case when the verdict is excessive, the trial judge or appellate court is quick to reverse the result. No system of resolving disputes is perfect, but the current system works very well. Several of the proposed changes will make the system more expensive. Overall, the proposed changes will make the system less efficient, and shift the cost of injury away from the wrongdoer and on to the victim.

Of course, politics requires compromise. I have looked at the various bills being proposed. If some tort reform must pass, I urge you to do what you can to ensure it is SB 15. SB 15 in its present form is not perfect, but it is a reasonable compromise.

Sincerely,

Jeff Friedman

cc: Sen. Robin Taylor (by fax)

Edmond W. Burke
4003 Heritage Way
Missoula, Montana 59802
Tel. (406) 542-2720
Fax (406) 543-6996

RECEIVED APR

VIA FAX & FIRST CLASS MAIL

March 23, 1997

Sen. Robin Taylor
Alaska Senate
State Capitol, Room 30
Juneau, Alaska 99801-1182

Re: Exemplary Damage Awards, Proposed Legislation.

Dear Robin:

Although I now make my home in Montana, my interest in Alaska remains strong: I still have a daughter living there and, since moving here, I have become part of a small Anchorage law firm, Burke, Bauermeister and Brelsford.

I have been interested in the debate in Alaska concerning "tort reform," and my colleagues tell me that you are a leader in the fight against artificial caps on non-economic losses and punitive or exemplary damage awards. With this in mind, I am sending you suggested language for a bill intended to create a stir with regard to at least one of these issues: exemplary damages. (Needless to say, my suggested language would have to be put in proper legislative form, before it would be ready for submission as an actual bill; for the most part, however, I think the language could -- and probably should -- remain unchanged.)

Despite the shrill cry of those seeking to avoid exposure to the threat of exemplary damage, it is entirely clear that such damages serve a very useful purpose. Moreover, I see absolutely no reason for the Alaska Legislature to limit anyone's liability for the sort of wanton and malicious conduct required, under existing law, as the prerequisite for an award of exemplary damages. As former Justice Morrison of Montana once warned, in Owens v. Parker Drilling Co., 676 P.2d 162, 166 (Mont. 1984):

There are those who distrust the lay person's capacity for reasoned and dispassionate judgment. There are those who tolerate the juries but feel compelled to hold tight rein lest the wretched twelve break the bank. This judicial chauvinism will, if not checked, inevitably erode the jury process.


Sen. Taylor
Page 2

The bill which I am proposing may help preserve the right of an Alaska jury to award exemplary damages which are meaningful, by accomplishing two things: First, such a bill should clarify the main purpose in awarding exemplary damages -- protection of the public; such damages are wrongly, but all too often, seen only as an opportunity for greedy plaintiffs' lawyers and a financial "windfall" to the successful plaintiff. Second, such legislation will provide a direct benefit the people of Alaska, by requiring a share of any punitive damage award to be placed in the Permanent Fund Earnings Reserve Account, at no cost to the State and without destroying the only incentive there is for an individual plaintiff to undertake the added difficulty and personal financial risk necessary to obtain an award of exemplary damages.

If nothing else, the introduction of such a proposal in the present session might at least improve the quality of the debate concerning "tort reform." It would be quite interesting, for example, to hear some of your fellow-legislators' answers, when asked whether they oppose all or any part of the proposed bill and, if so, why.

I plan to call you later this week for an update on where things are headed in Juneau. Perhaps we can kick this and some of the other aspect of "tort reform" around then. Meanwhile, keep up the good fight; there's no doubt, you're on the side of the angels on this one.

Sincerely yours,



Edmond W. Burke

PROPOSED LEGISLATION

WHEREAS, it is in the best interest of the people of Alaska to hold accountable those guilty of malicious or wanton conduct, including acts intended to harm the person or interests of another, without lawful justification or excuse, and any act or omission involving gross negligence or reckless disregard for the safety or interests of another; and

WHEREAS, the compensatory damages which may be awarded to the plaintiff in a civil action may not exceed in amount that which is necessary to provide reasonable compensation for the plaintiff's injuries; and

WHEREAS, the defendant's conduct, in some cases, is sufficiently egregious to call for the award of exemplary damages as well, in order to punish the defendant and protect the public from similarly egregious conduct in the future; and

WHEREAS, in order to achieve these important public goals, every award of exemplary damages must be great enough to inflict upon the defendant just punishment for the particular act or omission supporting the award, and sufficient in amount to be likely to deter the defendant and others from engaging in similar conduct in the future; and

WHEREAS, the full and consistent realization of these important and necessary public goals is often hindered by the reluctance of some jurors and judges to award an individual plaintiff the amount necessary for their accomplishment;

NOW, THEREFORE, BE IT ENACTED:

A. **Exemplary Damages.** When appropriate, exemplary damages may be awarded against the defendant in a civil action.

1. Exemplary damages are appropriate when it is shown by clear and convincing evidence that a defendant is guilty of malicious or wanton conduct causing harm to the person or interests of another. Such conduct includes, but is not limited to, the following:

(a) Any act intended by the defendant to cause harm to the person or interests of another, provided such act is not one which has been declared justified or excused by the applicable law;

(b) Any act or omission on the part of the defendant amounting to gross negligence under the particular circumstances; and

(c) Any act or omission on the part of the defendant demonstrating reckless disregard for the personal safety and interests of another.

2. Awards of exemplary damages shall be based upon the egregiousness of the defendant's conduct, the importance of discouraging like conduct in the future and the defendant's wealth, and every such award shall be great enough to accomplish the following goals:

(a) The award must inflict just punishment upon the defendant, for the particular act or omission supporting the award, and

(b) The award must be great enough to be likely to deter the defendant and others from engaging in like conduct in the future.

B. Public Share of Exemplary Damage Awards; Deposit in the Alaska Permanent Fund Earnings Reserve. Exemplary damages awarded in a civil action belong, in part, to the principal intended beneficiary of every such award, the people of the State of Alaska. Such damages shall be divided and the State's share thereof administered as follows:

1. When exemplary damages are awarded in a civil action, the State and the party obtaining the award shall each be entitled to one-half (50%) the amount of the award remaining after deducting such person's full litigation costs and attorneys' fees;

2. The State's one-half (50%) share of the net proceeds of the exemplary damage award will be deposited, upon receipt, in the Alaska Permanent Fund Earnings Reserve Account, and administered according to the provisions of AS 37.13.145.

When Courts Become Political Battlegrounds

Alabama politics has been overwhelmed by an all-consuming fight over tort reform

By Dale Russakoff
Washington Post Staff Writer

The sacred Southern rituals of Saturday afternoon football and Sunday morning prayer are safe, for now, from the unholy wars of Alabama politics. The "skunk ad" is off the air, no longer incessantly interrupting touchdown drives with word that a candidate for Supreme Court Justice "stinks." The letters full of tawdry details from his 20-year-old divorce have stopped circulating in fundamentalist Christian churches across Alabama.

STATES

But this high-financed nastiness was no passing symptom of Campaign '96. Alabama politics has fallen into the grip of a national showdown between two of the country's most powerful interest groups, trial lawyers and business groups, whose money now overwhelms elections for once-obscure offices in this small state. The recent judicial campaign reached senatorial heights of more than \$5 million. Legislative races have approached \$500,000.

In Alabama, dubbed "Tort Hell" by *Forbes* magazine, both sides are struggling to control a court system in which populist-style plaintiffs' lawyers regularly win eye-popping civil damage awards by whipping up juries to "send a message" to Big Business. Among the more spectacular verdicts was \$150 million against General Motors Corp., won by a rural factory worker paralyzed in a car wreck. (It recently was settled in a postverdict conference for an undisclosed amount.)

According to consultants for both major parties, this struggle has come to dominate all politics in Alabama. They say this year's Supreme Court race, in which a Republican backed by the state Business Council unseated a Democrat backed by the state trial lawyers' group, marked the height, but by no means the limit, of the trend. Already, both sides are gearing up for 1998, when the terms of three justices, the governor and the lieutenant governor will expire.

"This is literally killing politics in Alabama," says political scientist Natalie Davis, who ran unsuccessfully for the U.S. Senate in the Democratic primary this year. "The trial lawyers and the Business Council control most of the money in politics. The trial lawyers pick the Democrat and the Business Council picks the Republican and it's all about your stand on tort reform."

"If you poll voters to see what they're concerned about," Davis says, "they'll say education, health care, jobs, seniors and crime. They never say tort reform. But the big money cares only about tort reform. Then the candidates go to the airwaves with all the garbage and incoherence they can dig up, and voters are turned off and they say: Government doesn't work for me."

Although Alabama is commonly viewed as behind the times, it may be the leading edge on this front. As Washington gives more power to states to regulate issues from the environment to banking to welfare, well-financed groups are pouring resources into political races in capitals from Albany, N.Y., to Sacramento, Calif., political analysts say.

In this year's Supreme Court contest, the



This attack ad was paid for by forces behind Alabama Supreme Court Justice Kenneth Ingram.

Republican, Harold See, is estimated to have raised more than \$3 million. He retained Virginia consultant John Deardouff, who says he was surprised to find that a state judicial race could command national strategists. The Democratic incumbent, Associate Justice Kenneth Ingram, with an estimated \$2 million—much of it from the Democratic Party—hired Hank Sheinkopf, a member of President Clinton's media team.

Exact fund-raising totals are unavailable because Alabama does not require final campaign finance reports until January, obscuring the vast sums that typically pour in during the final days, often from out of state. Moreover, there are no limits on individual or political action committee donations, resulting in huge contributions from wealthy trial lawyers as well as big companies.

THE STORY OF HOW TORT REFORM came to overwhelm Alabama politics dates to the early 1980s, when plaintiffs' lawyers began winning huge punitive damage verdicts, mostly against insurance firms for fraudulent practices by agents.

The plaintiffs' attorneys had a strong moral argument on their side. "Alabama has very weak regulatory bodies and so lawsuits are very important in setting standards for corporate conduct," Birmingham lawyer Sam Heldman says.

They also had political history on their side. Just as former governor George C. Wallace incited populist anger at big business through the 1970s, some of the most successful plaintiffs' lawyers came to specialize in stem-winding summations urging juries in low-income counties to punish greedy, out-of-state corporations by assessing huge punitive damages against them.

The state's premier trial lawyer is Jere Beasley, Wallace's former lieutenant governor, who has won his largest victories in desperately poor rural counties. Beasley, who represented the paraplegic plaintiff in the General

Motors case, was listed in *Forbes* among the top 20 highest-earning trial lawyers in the country, taking in \$6 million in 1994. He has tried many of his cases in his native Barbour County, before a judge who is his former law partner.

"They draw on the same school of thought the George Wallaces and the Huey Longs tapped into," says Gere White, a Birmingham lawyer who represents business. "It's us against them. It's the idea that the reason you're downrodden is these big Northern corporations are taking advantage of you. It's the civil equivalent of the O. J. Simpson verdict: payback time."

The issue quickly became political as increasingly wealthy trial lawyers raised large sums to help elect pro-plaintiff judicial candidates. Business PACs responded by raising even larger sums for legislative candidates committed to curbing punitive damage awards. Says one business lawyer: "You can't buy legislators here, but you can rent them. In 1986, business rented a lot of them."

The next year, the legislature passed a broad tort-reform package, including a \$250,000 ceiling on punitive damages. But the year after that, the trial lawyers roared back when the head of their state association, Ernest "Sunny" Hornsby, who had won a series of big-ticket fraud verdicts, was elected chief justice over a business-backed candidate. In the first full-dress battle between the interest groups, the two campaigns spent a then-record \$900,000.

THE HIGH COURT PROCEEDED TO strike down most of the major 1987 tort reform provisions as unconstitutional, unleashing another round of punitive damage verdicts, including a now-notorious \$4 million judgment against HAIW of North America for touching up a damaged car and selling it as new to an Alabama physician. The state Supreme Court cut the damages to \$2 million, which the U.S. Supreme Court then struck down as "grossly excessive," since the actual damages were

\$4,000. (The U.S. Supreme Court has since taken the extraordinary step of overruling four other damage awards in Alabama.)

Two years ago, business forces picked off Hornsby in an election so close it had to be decided by a federal court, which invalidated 2,000 absentee ballots that were not properly notarized or witnessed. The state high court, including justices who contributed to Hornsby's campaign, earlier had voted to count the ballots, which would have given Hornsby his victory margin.

The battle took an even nastier turn this year with Ingram, a Hornsby ally up for reelection, and See, a Chicago-trained law professor at the University of Alabama, as his business-backed challenger.

At one point, a "Committee for Family Values," which turned out to be financed by a number of trial lawyers, ran an ad saying See had a "secret" past, and had "abandoned his wife and two children, had a love affair... and fled Illinois for Alabama" 20 years earlier. See responded with an ad featuring his daughter from that marriage declaring that the attack had not "a shred of truth." His ex-wife also issued a statement denouncing the ad.

Another ad featured footage of a skunk falling into a picture of See, and the message: "Some things you can smell a mile away... Harold See doesn't think average Alabamians are smart enough to serve on juries." The words, "Slick Chicago Lawyer," were plastered over See's face.

Each side called the other a puppet; Ingram, of "rich, personal injury lawyers... trying to buy the Alabama Supreme Court," and See, of "giant insurance companies and big businesses" who want to deny Alabamians their "right to a trial by jury."

Beasley, whose firm raised \$37,500 for a pro-Ingram PAC in a single day, says he believes the final finance reports will show that tobacco and insurance giants bankrolled See. Indeed, an ad attacking the high court, sponsored by a group called Alabama Voters Against Lawsuit Abuse, featured a telephone number that rang at a national business-backed coalition based in California.

See's victory, with 53 percent of the vote, leaves the plaintiff-backed forces on the high court with a one-vote margin.

With three of the nine justices' terms up in 1998, along with those of the governor and lieutenant governor, civic leaders shudder to think how much mud and money will converge here in two years.

As a remedy, Alabama Bar Association President Warren Lightfoot is calling for an end to the election of judges—a practice in 20 states—in favor of merit appointments, with periodic votes to retain or dismiss them.

"Our courts will not be able to function if justices have to engage in this kind of campaigning," Lightfoot says.

But others say that both plaintiff and business forces oppose the effort, in part because the current system enriches them all.

Says one attorney in a corporate practice: "I've had people in my firm say, 'Sure this is terrible, but look at all this business they create.'"

Ex-Prosecutors and Deputies in Death Row Case Are Charged With Framing Defendant

By DON TERRY

WHEATON, Ill., Dec. 12 — In a sweeping and rare indictment, three former DuPage County assistant prosecutors and four sheriff's deputies were charged here today with conspiracy and obstruction of justice in the wrongful murder convictions of two young Hispanic men, who spent years on death row before being released from prison last year.

The two men were released after an investigator admitted he had lied in earlier testimony about important evidence in the case. Today's indictment charges that that evidence was fabricated.

The men were convicted in 1983 in the abduction, rape and murder of a 16-year-old girl.

Charging prosecutors for their conduct during criminal investigations or prosecutions is almost unheard of. No one interviewed, from

Alexandro Hernandez.

Defense lawyers had long contended that investigators fabricated the dream. Last year, during the third trial for Mr. Cruz, held after two previous convictions were overturned on appeal, a DuPage County judge ordered him acquitted after another sheriff's deputy said he had earlier testified falsely that other investigators had said Mr. Cruz had told them about the dream.

That officer, DuPage County Sheriff's Lieut. James T. Montesano, was one of those indicted today.

After Mr. Cruz's acquittal, a grand jury was convened to review the investigation and prosecution. A special prosecutor, William J. Kunkle Jr., was put in charge.

"In a free society there must always be a line between vigorous prosecution and official misconduct, between advocacy and unfairness, and between justice and injustice," Mr. Kunkle said in announcing the indictment late this afternoon. "This indictment charges that line was crossed by seven people."

In addition to Judge Kilander and Lieut. Montesano, the others indicted are sheriff's deputies Thomas E. Vosburgh, Dennis Kurzawa and Robert L. Winkler and former prosecutors Thomas L. Knight and Patrick J. King Jr. Mr. King is now an assistant United States Attorney in Chicago, and Mr. Knight is in private practice.

Even before today's announcement, word of the indictment had sparked a heated debate on what impact the charges will have. Joseph E. Birkett, the DuPage County State's Attorney, the local prosecutor, said the indictments will have a chilling effect on prosecutors everywhere.

"Charging prosecutors for conduct in the performance of their duties is unheard of," Mr. Birkett said. "If this type of allegation can be made, prosecutors will have to second guess everything they do. This is devastating to law enforcement."

Prosecuting prosecutors for official misconduct is difficult because there has to be almost overwhelming evidence that the prosecutors knowingly used false evidence or testimony, a violation of law and ethics that Professor Gross said was exceedingly rare. When it happens, he said, it is usually in high-profile cases like this, where there was enormous pressure



Three of those indicted yesterday in Illinois in the wrongful murder convictions of two men are, from left, Thomas L. Knight and Robert K. Kilander, former prosecutors, and Sheriff's Lieut. James T. Montesano.

to solve the case, and political futures were on the line.

Thomas Breen, a defense lawyer, who was a prosecutor for 18 years in neighboring Cook County, which includes Chicago, represents Mr. Cruz. Mr. Breen said the indictments should have no impact on the vast majority of honest prosecutors.

"But it should certainly chill the kind of conduct alleged in the indictment, which is perjury and obstruction of justice," he said. "I hope it freezes it solid. We're beginning to lose track of due process and the pursuit of truth in many cases. The Cruz case is absolutely one of them."

Mr. Breen insisted, as did the other defense lawyers who worked long to free Mr. Cruz, that because someone is indicted does not mean someone is guilty and cautioned against a rush to judgment. "Just ask Rolando about that," he said.

Terry Ekl, another former Cook County prosecutor, is representing Mr. Knight, who prosecuted the men at their first trial in 1983.

Mr. Ekl said that there was no basis to indict his client, and that Mr. Knight had testified twice before the grand jury in the case "because he has nothing to hide."

Mr. Ekl said Mr. Knight believed the police had been telling the truth

about the dream, and still believed them. "Now, we're making martyrs out of murderers and indicting prosecutors who were trying to protect the public," Mr. Ekl said. "If Tom Knight is prosecuted in this case, there probably isn't a prosecutor in the country who is safe."

"These guys did not do anything wrong," said Brian Telander, a lawyer for Mr. Vosburgh. "They have good hearts. They are good people, with families. All they wanted to do is the right thing. They didn't make up statements."

Mr. Cruz, who is 33, was 19 when he was convicted. He was sentenced to die after both of his first two trials. In setting Mr. Cruz free, the judge, Ronald Mehling, said the state's case against him was built on lies, mistakes and sloppy police work.

Lawrence Marshall, a law profes-

sor at Northwestern University and one of Mr. Cruz's lawyers, said he hoped the trials of the prosecutors and deputies will open "the public's eyes to the fact that the system is way far from perfect and that there is a grave risk of executing innocent people even when a police officer stands up and says 'I heard a confession.'"

Since 1994, five men, including Mr. Cruz, have been released from death row in Illinois because of lack of evidence or because of evidence of innocence. Since the mid-1970's, nearly 70 people have been released from death row nationwide.

"It is quite certain that some innocent people have been executed in the past," Professor Gross said. "It will happen again. We can't keep locking out forever as we did with Rolando Cruz."

Mr. Hernandez spent more than three years on death row before his conviction was overturned. He was convicted during a second trial and was sentenced to 80 years in prison. Last year, he, too, was freed.

The murder of the girl, Jeanine Nicarico horrified DuPage County, home to a string of well-off Chicago suburbs where the people vote Republican and play polo. She was home alone from school with the flu when someone kicked in the front door of her family's home in Naperville, Ill., and took her away. Her body was found 150 days later in a field.

"To this day," Mr. Birkett said, "it is probably one of the most shocking murders that has occurred here, and that will never change."

The trial of a third defendant, a 21-year-old white man, Stephen Buckley, ended in a hung jury. He was released in 1987, when the authorities decided not to pursue the case against him.

Another man, Brian Dugan, who has never been charged in the case, admitted in 1985, according to his lawyer, to being the girl's lone killer. DNA tests, which excluded Mr. Cruz and Mr. Hernandez as the source of semen found in the child, have implicated Mr. Dugan, who is serving a life sentence for the rapes and murders of a 7-year-old girl and a 27-year-old woman.

Mr. Dugan has refused to tell the authorities his story unless they promise not to seek his execution.

For years, several law-enforcement officials said Mr. Cruz and Mr. Hernandez were innocent. Mary Bridg Kenney, a lawyer in the Illinois Attorney General's office, who was in charge of fighting Mr. Cruz's appeals to save his life, resigned in 1992 in protest, saying the state was trying to kill an innocent man.

A rare case of law-enforcement officials being charged with fabricating evidence.

Legal scholars to former and current prosecutors, could recall a similar case anywhere in the country.

"It happens very, very infrequently," said Samuel R. Gross, a professor at the University of Michigan Law School. "Three former prosecutors. Wow. This is extraordinary."

One of the former prosecutors charged today in the 47-count indictment, Robert K. Kilander, is now a DuPage County judge.

The 1983 murder of the girl shocked this affluent county west of Chicago. Today's indictment is the latest legal twist in the case, which saw two innocent men sent to death row largely because sheriff's deputies testified that one of the men, Rolando Cruz, had told them about a dream he had about the killing, including details only the killer could have known. That testimony was the cornerstone of the prosecution's case against Mr. Cruz and the other man.

Menorahs Bloom From Act of Vandalism

By JENNIFER PRESTON

NEWTOWN TOWNSHIP, Pa., Dec. 12 — At 3 A.M. Sunday, Judith and Martin Markovitz were awakened by the sound of breaking glass. Vandals had walked across their front lawn and smashed in their living room window to destroy an electric menorah.



Tort-reform battle heats up in Juneau

Both sides on the issue appeal to human element

By NATALIE PHILLIPS
Daily News reporter

Christy Tengs Fowler is selling the family liquor store after 41 years of business. She said a frivolous lawsuit drove her to it.

Seven years ago, a 20-year-old used fake identification to buy wine coolers at the family's store in Haines. A couple of hours later, he crashed his pickup truck and died. His parents sued for more than \$100,000, but eventually settled out of court for \$37,500. Two years later, a passenger in the vehicle also sued, but his claim was dismissed.

"It was like blackmail," Fowler said. "It made me lose faith in the inherent goodness of mankind. It's still upsetting. Something has got to be done to stop these frivolous lawsuits. We need some protection."

Fowler is a poster child for the forces gathered in Juneau to push for changes to state laws that dictate who can sue whom, when they can sue and for how much.

Business owners, medical professionals and insurance industry leaders insist that

Please see Page B-3.
TORT REFORM



Christy Tengs Fowler, owner of The Alaska Liquor Store in Haines, stands in front of her store, which closed after she was sued twice.

Senate leader is confident Legislature will pass a bill

By RALPH THOMAS
Daily News Juneau Bureau

JUNEAU During a recent speech to state business leaders, Senate President Mike Miller made a promise: the Legislature will put another tort reform bill on Gov. Tony Knowles' desk this year.

But what Miller, R-North Pole, didn't say is what that bill will look like by the time it reaches the governor.

Much of its identity will be hammered out in the coming weeks in the Senate during a sort of tort-reform summit meeting between all of the

main players

Lawmakers recently waded back into the high stakes issue when the House went to work on a massive new bill aimed at limiting the number and size of civil damage claims and putting an end to so-called frivolous lawsuits.

The 25-page, 65-section measure, which was approved by the House last week, was put together by Republican Rep. Brian Porter of Anchorage, who has been leading the tort reform

Please see Page B-5.
LEGISLATURE

Anchorage Daily News

LEGISLATURE: Senator expects bill

PAGE 5
Continued from Page B-1

charge for the past four years.

Porter's bill includes many of the provisions suggested last fall by a governor's task force. But it also still includes some of the controversial sections that prompted Knowles to kill last year's legislation.

The battle now moves to the Senate, where, as in the House, a larger and stronger Republican-led majority clearly has the votes to quickly pass the bill. But what is not clear is whether the House and Senate will have the two-thirds vote needed to override another Knowles veto.

Senate Majority Leader Robin Taylor, a lawyer him-

self and longtime critic of tort reform, said Friday he hopes it doesn't come to that.

Taylor, R-Wrangell, who has a bill in the Senate that mirrors the governor's task force recommendations, is trying to work out a compromise between all sides.

The goal in the end, Taylor said, is to come up with a bill everyone can live with.

TORT REFORM

Continued from Page B-3

Doctors and medical professionals are winning four out of five cases brought against them, according to Dr. Rodman Wilson, who served on the governor's commission and who has long been an advocate of tort reform.

"There is no question that people are injured from medical care from time to time," he said. What needs fixing is the system. It's cumbersome, it costs both sides a great deal of money and it's a distraction, he said.

Limits on damages might streamline the system.

"It would serve the public well to get on with life, and that is what the tort reform efforts are generally about," Wilson said.

A MATTER OF FAIR COMPENSATION

Don Murray won't talk about that moment he took his life-changing fall: "I can't get keyed up about it, I'm prone to seizures."

But he will talk about Alaska's tort reform effort.

"If they are going to set a cap at \$500,000, they (should) just as well put it at zero," Murray said. "The case would never go to court and you could never get an attorney to take it."

That's not to say he couldn't still receive millions of dollars to cover his actual medical costs and loss of income. But it would mean his wife, who had to quit her job to care for him, would be limited in how much money she could collect for giving up her job and the dramatic change in her life.

"A \$500,000 total cap for him and his wife for noneconomic damages? Is that really fair compensation?" asks Murray's attorney, Christine Schleuss.

And if the reforms were in place at the time of Murray's case, he would have had less leverage to use during settlement negotiations. Murray will never walk

DRM: Old adversaries stick with old arguments as issue heats up

again. He has no control over his bodily functions. And he is constant pain, Schleuss said.

"And you are saying to a company that is huge and absolutely had the control to provide him with a safe work site that they owe him only \$500,000 for pain and suffering?" she asked.

What a lot of people don't realize is that capping liability amounts means the financial burden of long-term care will shift from businesses to taxpayers, Schleuss said.

Amid the debate are concerns among lawyers and fishermen that tort reform will upend the the \$5 billion

record verdict against Exxon three years ago.

It would, said Lloyd Miller, one of the attorneys who represented the fishermen and others in their lawsuit against the oil giant. Maritime cases often take into account the law of the state where the event occurs, he said.

Fishermen and other plaintiffs are "gravely concerned" that the latest wave of tort reform will gut the settlement, Miller said. If the state does set caps, Exxon might cite the legal change to the U.S. 9th Circuit Court of Appeals and argue that the people of Alaska object to large punitive damage verdicts.

Under two of the proposals coming out of Juneau, the verdict would have been far less. The proposed caps aren't "even a blip on (Exxon's) radar," he said.

In most cases, large punitive damage awards are overturned or settled out of court for lesser amounts, anyway, according to several national studies and a state study.

The \$2.9 million verdict against McDonald's for serv-

ing scalding hot coffee is a case in point.

The jury returned the verdict after learning that the company had received at least 700 reports of coffee burns and had settled claims arising from some of those injuries for more than \$500,000.

The company offered to pay the 81-year-old woman \$800 for her burns. A mediator suggested McDonald's settle for \$225,000. But Mc-

Donald's fought it.

The jurors decided the woman was partially to blame for the injury but came back with the large punitive damage award because they thought McDonald's had been reckless and malicious.

A judge later reduced the award to \$640,000. And rather than appeal, McDonald's and the woman settled out of court for an undisclosed sum.

Tort reform at a glance

	Current law	Porter's HB 58	Taylor's SB 15	Governor's SB 43	Alaska Chamber of Commerce ballot Initiative
Punitive Damages	No monetary cap	State gets 50 percent of all awards. Awards are limited to three times actual damages or \$300,000, whichever is greater. If the act was motivated by financial gain, the cap is four times damages or \$600,000.	Three times actual damages or \$500,000, whichever is greater. If the act was motivated by financial gain, cap is average net income over five years or twice the amount of financial gain resulting from the incident.	Three times actual damages or \$500,000, whichever is greater. If the act was motivated by financial gain, cap is average net income over five years or twice the amount of financial gain.	State gets 75 percent of all awards. Awards are limited to three times actual damages or \$300,000, whichever is greater.
Statute of repose	Allows 15 years to file a lawsuit	Eight years, unless the injury was caused by a hazardous waste, gross negligence, a defective product, or intentional act.			Eight years, unless injury was caused by hazardous substance, gross negligence or defective product
Health-care provider protections	A medical advisory panel reviews malpractice lawsuits and advises if the claims are legitimate.	Lawsuits over birth injuries must be filed before child is 8. Hospitals not liable for emergency room physicians on contract, as long as the physician carries \$500,000 in insurance and a notice is posted in the admitting area and published annually in the local newspaper.	Eliminates the medical advisory panel.		Lawsuits over birth injuries must be filed before child is 8. Hospitals not liable for contract employees, such as emergency room physicians, as long as they post a notice in the admitting area and publish it annually in the local newspaper.
Damages for pain and suffering	Cap of \$500,000 but no limit if someone is disfigured or severely impaired physically.	Capped at \$300,000 unless the victim is a paraplegic, quadriplegic, lost a limb, suffers permanent brain damage or severe third-degree burns. Then the cap is \$500,000.	Would add word "severe" to definition of disfigurement.	Would add word "severe" to definition of disfigurement.	Capped at \$300,000 unless the victim is a paraplegic, quadriplegic, lost a limb, has severe third-degree burns or suffers permanent brain damage. Then the cap is \$500,000.
Trial alternatives	Parties can go to an arbitrator, but the decision is nonbinding.	Creates a pilot alternative dispute-resolution program.	Creates alternative dispute-resolution program. Cases under \$100,000 must undergo non-binding arbitration.	Creates pilot alternative dispute-resolution program.	
Allocation of fault	Jury can assign fault only to parties named in the lawsuit.	Jury can assign a percentage of fault to a person or company not named in the lawsuit.			Jury can assign a percentage of fault to a person or company not named in the lawsuit
Reports & studies		State evaluates the effects of tort reform by collecting out-of-court settlement information, which will remain confidential, as well as information from insurance companies.	State evaluates the effects of tort reform by collecting out-of-court settlement information, which will remain confidential, as well as information from insurance companies.	State evaluates the effects of tort reform by collecting out-of-court settlement information, which will remain confidential, as well as information from insurance companies.	



The language Making sense of legal lingo

Tort - A wrongful act, in which one party hurts another. Tort laws allow the injured party to sue and collect money. It does not include criminal actions or breach of contract.

Tort reform - A nationwide movement driven by business owners, medical professionals and insurance companies to rewrite the civil laws governing who can sue, when they can sue and how much they can sue for after an injury.

Damages - Refers to the amount of money a person is claiming they lost or should be awarded as a result of another person injuring them.

Compensatory damages - The amount of money required to pay for the actual monetary losses that result from an injury, for example, lost earnings and medical bills.

Punitive damages - The amount of money a court or a jury decides a defendant should pay as a penalty for outrageous or reckless conduct. The punitive damage award is designed to punish and deter others.

Economic damages - The amount of money a person seeks for compensation to cover their actual losses, such as wages and future lost wages and medical bills.

Noneconomic damages - The amount of money a person seeks in compensation for changes in their life, for instance pain and suffering and loss of companionship.

Statute of limitations - A law that requires lawsuits to be filed within a specific period of time after a person has been injured. Once the statute of limitations has expired, a lawsuit cannot be filed.

Statute of repose - Cuts off the right of an injured person to file a lawsuit after a specified period of time, which is set by law. It is measured from the delivery of a product or completion of work. For example, the current statute of repose is 15 years. If a 10-year-old building collapsed under current law, a claim against the architect and construction company could be filed. If the building was 16 years old, under existing law, it would be too late to sue.

INFORMATION RELATED TO: SB 15 & HB 58

Distributed by Senate Judiciary at the request of:

Mr. Paul J. Sweet
P. O. Box 1562
Palmer, Alaska 99645

(P)

Tort Reform

With the proposed Tort Reform the State of Alaska will be in the business of waiting for one of its residents to be killed, maimed or injured in order to collect a portion of the victim's insurance.

The Governor's Tort Reform Task Force had 28 people testify. 18 were violently opposed, of the 10 remaining 7 represented insurance companies and 3 represented small businesses. Small business is under the assumption that once tort reform is passed their premiums will automatically go down. According to the insurance company's own testimony at committee meetings it was stated that there will be no reduction in premiums for 5-7 years.

Punitive damages seem to be the State's main contention for tort reform. If that is the case, get rid of punitive damages. The State of Washington does not allow punitive damages by order of the Washington Supreme Court. They do not have any caps, and seem to be functioning just fine. If the State of Alaska thinks that punitive damages are necessary, they can take the insurance company to court and whatever is received pass on to the victim. Therefore you have accomplished your purpose to penalize the company for unsafe products.

The new Tort Reform bill has \$300,000 caps on personal loss, I don't think its the state's job to determine the value of one person's life to their loved ones. Do not place caps on anything.

Since the early 80's 3500 cases have been filed. 95% of these were settled out of court for under \$100,000. You can bet they were on the low end of \$100,000. There are no statistics allowed listing what each victim received, there is no way to tell exactly what was paid because the courts are prevented from revealing the out of court settlements. The remaining 5% go to court, in other words 150 out of 3500. 1 in 20 of those court cases result in punitive damages. So only approximately 7 cases received punitive awards. It hardly seems worth the state's time to pursue punitive damages. All of the committee meetings and task force expenses probably cost more than the state could ever anticipate collect-

(2)

ing in punitive damages.

There were a few outlandish cases through the years which awarded astronomical punitive damages. For example, a bad paint job on a Mercedes Benz, the victim was awarded \$10,000,000, an amount significantly reduced by the judge.

The new Tort Reform contains incentives for quick settlements, under 30, 60, 90 day time limits. The incentives are directed to force lawyers to settle early, sometimes at the expense of their clients. If a victim wanted to continue on with the case and was counseled for early settlement, the victim would generally follow the advice of their lawyer. There seem to be too many variables for this portion of the bill to work properly. These incentives will also restrict lawyers from accepting cases on a contingency basis, which leaves victims without representation.

The new bill contains language of eliminating "deep pockets". I think that it is a shame to pick on the medical profession, especially those who work in emergency rooms. Only a specialized group of people can work in this field requiring quick decisions. I noticed that part of the requirements now is the posting of which doctors are working under contract and which are working for the hospital.

1. Most people who are admitted into emergency rooms are in no shape to look for bulletin boards.
2. If someone refuses a contract doctor's services is there always trauma hospital staff available to handle that emergency?
3. If not, why post the names on a bulletin board?
4. If trauma doctors are required to have \$500,000+ insurance policies the patient gets it in the neck again because this expense is reflected in their bill.

If this tort reform bill passes as indicated with contract doctors treated differently than in-house personnel, this type of institutional avoidance of responsibility will become widespread. For example, construction companies who now hire contractors will be able to hire contract workers and relieve the prime contractor of all responsibility. If we are going to eliminate "deep pockets" and "double-dipping" then maybe we ought to start with the legislature. I do not personally mind "double-dipping". If you've worked hard for a.

3

retirement you should be able to collect it while working a new job. The Valdez oil spill trial was trying to relieve the responsibility of the ship from Hazelwood because he happened to be in his cabin and not on deck. Since the beginning of time the ship's captain has always been responsible for the actions of his crew. This has always applied to prime contractors whether they are running a hospital or building a house. With the new legislation you cannot sue your personal insurance company if you have sued the doctor. Where does the state get the right to tell me how to deal with an insurance company that I pay premiums to for coverage?

Most of the Governor's Tort Reform Task Force recommendations were not accepted by the Tort Reform Committee. This brings me back to the question "Why do we have task forces of this nature?" This always results in a multiplication of expenses. The committee already in place is under no obligation to accept recommendations from the task force. Typically they don't. A more appropriate type of task force would be one dealing with building roads, schools, etc. where everyone is going in the same direction.

Mr. Tardiff, attorney for the State of Washington, works all tort cases. His telephone #1-360-753-6200, if you have questions, he would be a good source of information.

After checking with the election commission on campaign contributions I received numerous files and I noticed that some legislators could not afford to run their campaigns without corporate or insurance contributions. With the small percentage of donations received from the public some could not afford a cab ride across town. It makes one wonder where the loyalty lies, with corporate America or with their constituents.

I would like to publicly thank Senator Rick Halford for the help he gave me to produce the Sex-Offender Registration document. Without his help I would still be scratching my nose. I would also like to thank Litta Evans who set up the Sex-Offender Registration list by city, which makes it easier for the public to digest the information. It also allows for the addition of the names of those yet to comply with the statute. I found 35 names on the list of people who are now working for the state in a variety of positions, some

ALASKA STATE LEGISLATURE



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Sen. Mike Miller
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Sen. Johnny Ellis

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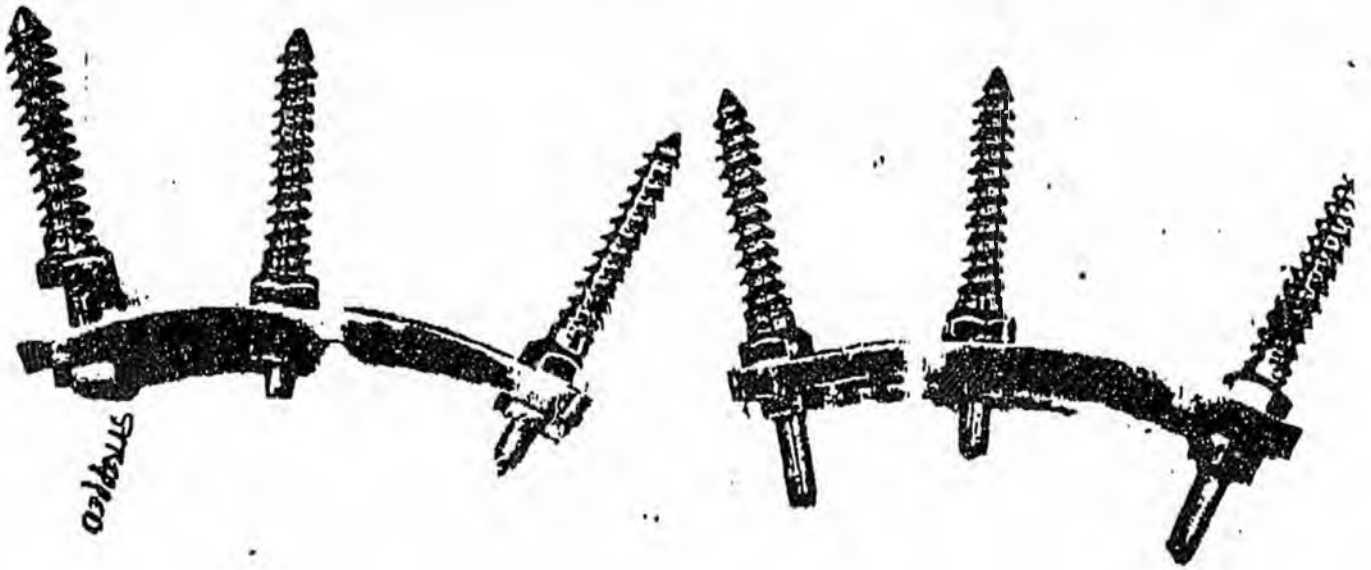
Senate Judiciary Committee

INFORMATION RELATED TO: HB 58

Distributed by Senate Judiciary at the Request of:

Mr. Don Patterson
P. O. Box 873483
Wasilla, Alaska 99687

907/373-6754
907/373-6759--Fax



ALL MAKE SHARP.

Here is a copy of the plates & screws that were installed in me, (un known to me). There is approx 300,000.00 persons across the U.S who were used as quarry pits and were not told - Alaska has a high percentage rate of persons per population killed.

I have much documentation and a movie from F.D.O. Commissioner David Kusler.

I have a list of approx 50 persons in Anchorage area now who are 100% disabled like myself. I have 1.6 mil documented loss.

No one have Bill # 58

Ph. 907-373-6754

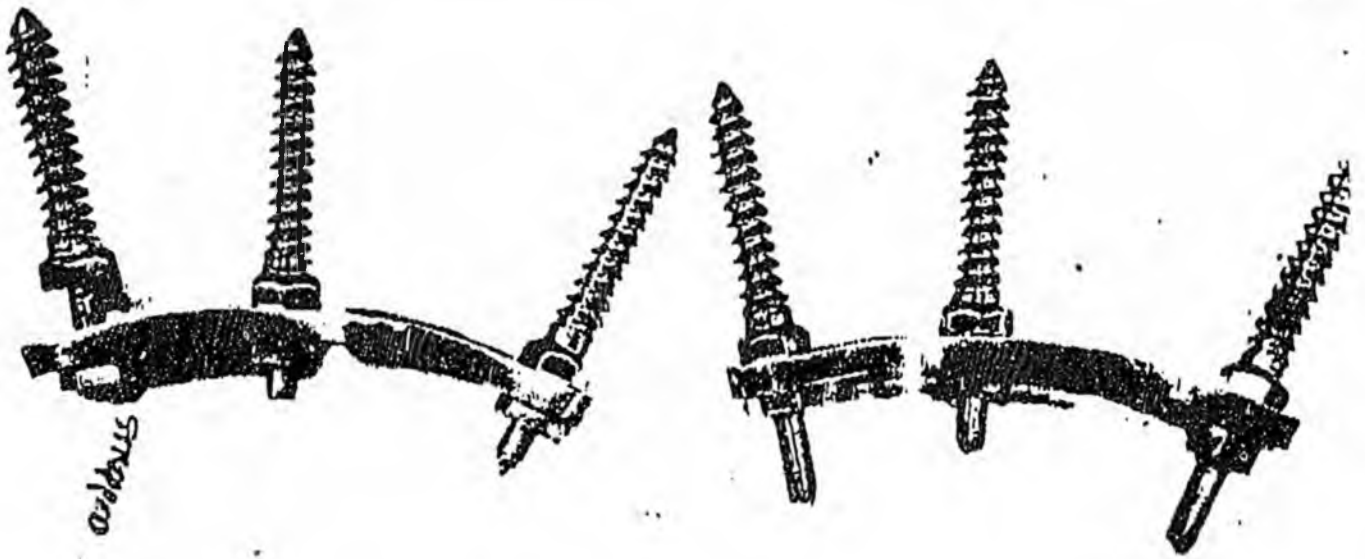
FAX 907-373-6759

Don Patterson

BT 873483

WASILLA, AK.

99687



ALL MAKE SHARP.

To have Chase
 6 pages additional

The one page marked
 Altri, of existing surgeon. Fromen Product
 see warning label - That is where
 they are putting these plates and screws -
 in the pedicles of vertebrae - with out
 any knowledge.

Den P
 373-6754
 373-6759 FAX

VSP BONE PLATES AND BONE SCREWS

VSP Implants, like any other temporary internal fixation devices, have a finite useful life. The patient's activity level has a significant impact on this useful life. Your patient must be informed that any activity increases the risk of loosening, bending, or breaking of the implant components. It is essential to instruct patients about restrictions to their activities in the postoperative period and to examine the patient post-operatively to evaluate the development of the fusion mass and the status of the implant components. Even if solid bone fusion occurs, implant components may nevertheless bend, break, or loosen. Therefore, the patient must be made aware that implant components may bend, break, or loosen even though restrictions in activity are followed.

Because of the limitations imposed by anatomic considerations and modern surgical materials, metallic implants cannot be made to last indefinitely. Their purpose is to provide temporary internal support while the fusion mass is consolidating. These types of implants are more likely to fail if no bone graft is used or if a pseudarthrosis develops. If the implants do break, the decision to remove them must be made by the physician who must consider the condition of the patient and the risks associated with the presence of the broken implant.

The surgeon may determine to remove these implants after bone fusion occurs. The possibility of a second surgical procedure must be discussed with the patient, and the risks associated with a second surgical procedure must also be discussed.

See the AcroMed Catalog and Price List for important warranty information.

DESCRIPTION

Bone Screws

The VSP Bone Screws are fabricated from stainless steel conforming to ASTM F1314, and are composed of two sections: a long cancellous section with an integral fixed lower nut, and a machine threaded section topped with an hexagonal drive head.

The screws and plates are adjusted utilizing a double nut locking system. The screw features an integral fixed lower nut that is machined directly from the same piece of metal stock.

Bone Plates

The VSP Bone Plates are fabricated from ASTM F138 implant grade stainless steel. The plates have nested slots and variable lengths to provide surgical latitude. The plates have between one to five slots, (44mm to 196mm length) with

their length increasing by half slot increments. Longer plates are available as special order items.

The slots, with their precisely machined tapered nests, offer the possibility of accurate yet variable screw placement. It is important that the plates be contoured to mirror or to create the desired anatomic curves.

Use the shortest plate possible for each procedure. Minimal plate length will reduce the possibility of plate interference with other bony structures.

Washers

To optimize proper plate/screw/bone alignment there are washers available in 3mm and 5mm heights. A tapered, or wedge-shaped, washer is available to fill nonsymmetric gaps. All washers have a chamfered inner hole for proper fit over the integral nut. All are manufactured from implant grade stainless steel.

Sterilization

Implants and instruments of the VSP system are supplied clean and not sterile. AORN recommended practices for in-hospital sterilization should be followed for all components.

Testing has shown the following RECOMMENDATIONS FOR STERILIZATION:

Cycle:	Vacuum
Temperature:	270°
Exposure Time:	6 min.

INDICATIONS

CAUTION: U.S.A. and Canadian Law restricts this device to sale by or on the order of a physician.

These devices are used for fixation of fractures of the proximal or distal end of long bones, such as: intracapsular, intertrochanteric, intercarpal, supracondylar, or condylar fractures of the femur; for fusion of a joint; or for surgical procedures that involve cutting a bone.

USAGE

A screw should never be bent during insertion, tightening of the top nut, or adjustment. If bending occurs, the screw must be replaced.

Plates should only be contoured with a plate contouring instrument. If the plate is not accurately contoured to fit flush with the bottom nut, tightening the top nut will bend the screw above the bottom nut and may result in early metal fatigue and possible screw failure.

In cases where a small mismatch between the plate and the bottom nut is unavoidable, a washer that is well shaped may be used to fill the gap between the bottom nut and the plate, thereby reducing or preventing screw bending.

If a divergent screw will not allow easy application of the plate it is better to remove it, and either insert an additional site or accept one less screw, than to use a force that might damage either the screw, the plate, or both.

POSTOPERATIVE MOBILIZATION

Because bone plates and bone screws are used in one of the most difficult problems requiring orthopedic patient handling for two to four months post-operatively, very important while the fusion mass matures and becomes able to share load with the implant.

Until x-rays confirm maturation of the fusion mass, internal immobilization (such as bracing or casting) is recommended.

Instructions to the patient to reduce stress on the area are an equally important part of the attempt to prevent occurrence of clinical problems that may accompany immobilization.

In younger patients, once the fusion mass has healed, implants may be removed to allow the fused bone to go to a better state of load transfer. This is, as with all procedures, left to the discretion of the operating surgeon.

CONTRAINDICATIONS

Disease conditions which have been shown to be and predictably managed without the use of internal fixation devices are relative contraindications to the use of these devices.

Active systemic infection or infection localized to the site of the proposed implantation are contraindications to implantation.

Severe osteoporosis may prevent adequate fixation and thus preclude the use of this or any other temporary internal fixation implant.

Any entity or condition that totally precludes the possibility of fusion, i.e., cancer, kidney dialysis, or osteopenia are relative contraindications. Other relative contraindications include obesity, certain degenerative diseases, and to body sensitivity. In addition, the patient's occupation, activity level or mental capacity may be relative contraindications to this surgery. Specifically, patients because of their occupation or lifestyle, or because of conditions such as mental illness, alcoholism or drug abuse.

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UDE



BOB HALLINEN / Anchorage Daily News

Don Patterson holds the screws that were removed from his spine.

Device designed to help only hurt

By LINDA WEIFORD
Daily News reporter

The steel hardware implanted in Don Patterson's lower back was supposed to relieve his pain.

But the backaches he suffered before surgery were nothing compared to the pain, tingling and paralysis he experienced afterward, he said.

It's time for someone to pay, Patterson said, and it appears he's about to get his wish.

Patterson, 53, twisted his vertebrae in 1989 while working as a longshoreman in Ketchikan. Unable to perform certain manual work, he flew to Seattle several

Please see Page C-2, BACK PAIN

*Anchorage Daily News
7 pages 6/99*



TO: 9074653922

There are tried and tested roads to becoming one, and I'm not talking about winning the lottery.

Instead, take a look at "The Millionaire Next Door: The Surprising Secrets of America's Wealthy" (Longstreet Press, Atlanta, Ga., 253 pages, \$22) by Thomas J. Stanley and William D. Danko.

These writers/academics have spent 20 years studying the wealthy in America and how they got that way. Their studies include interviews with more than 500 millionaires and surveys of thousands more.

Their research will surprise many who think of the wealthy as super-consumers out to flaunt their wealth.

"Usually, the wealthy individual is a businessman who has lived in the same town for all of his adult life," the authors

compulsive saver and investor. And he has made his money on his own."

Among the "secret" of the wealthy, Stanley and Danko found seven factors that created the wealth:

They live well below their means. They allocate their time, energy and money efficiently, in ways conducive to building wealth.

They believe financial independence is more important than displaying high social status.

Their parents did not provide economic outpatient care.

Their adult children are economically self-sufficient.

They are proficient in targeting market opportunities.

They choose the right occupation.

It's not easy work, the authors warn,

For example, in discussing what profession to go into, the authors list the top 20 high-income producing occupations.

Along with the doctors and lawyers are economics teachers, management analysts, astronomers and those managers in marketing, advertising and publications.

The bottom line, whether Stanley and Danko are discussing what car to buy or how to raise your child, is that their advice is to be frugal.

"Most people have it all wrong about wealth in America," they write. "Wealth is not the same as income. If you make a good name each year and you spend it all, you are not getting wealthier. You are just living high. Wealth is what you accumulate, not what you spend."

Miles said pitiful humor is that men use to maintain control of an argument.

"A lot of men use argument as a way of putting down humor. Moresay is accepted by ending an argument. It's a current emotion. Women aren't adversarial during a debate; a way of putting winning the point by making their she said. "If women don't want argument, how much less do they, iating another person?"

Miles said women's disadvantage to their lack of power and lo

"Women only seem to be in control. We've had 100 years of male of equal opportunity legislation,

BACK PAIN: Device that should have helped, merely hurt W.

Continued from Page C-1

months later where a doctor fastened a metal device to the sides of Patterson's spine.

The framework of plates, screws and nuts — called a pedicle screw — was to act as an internal scaffold to support Patterson's vertebrae. Over time, it was supposed to help fuse his bones together, resulting in less pain and more mobility to his back.

Instead, it left him with nerve damage, scar tissue and constant distress, he said.

"I had expected the operation to make me better," said

Patterson, now of Wasilla. "Instead, I lived with unbearable pain for seven years. I lost my job and my home."

Today the pedicle screw — and the company that marketed it — are the target of a class-action lawsuit brought by Patterson and several thousand more alleging the product was illegal and seriously harmed them.

But a \$100 million settlement could be reached as soon as this week.

AcroMed Corp., the Cleveland company that sells the pedicle screw, announced last month it would pay that amount to

sue the more than 300 lawsuits filed against it. Lawyers will bring their proposed agreement to a vote today, said patients' attorney Scot Levenstein, of Philadelphia, where cases nationwide are consolidated.

Patterson first heard of AcroMed in 1993 while watching a "20/20" news segment on television, he said. Seated in a chair with a brace across his lap, he was startled to learn the pedicle screw lodged to his vertebrae was illegal.

Though the device was twice rejected by the Food

and Drug Administration for use in the spine, AcroMed marketed it for that purpose anyway, according to the report. In turning down AcroMed's application, the FDA cited the risk that the screw could cause nerve damage and bone fractures.

"For the first time I finally understood what was wrong with me," he said.

Patterson turned to local doctors for help. But none of them wanted to touch him, he said. "They just didn't know enough about the screw to feel comfortable taking it out."

A Chicago back specialist removed the device from Patterson's spine last year. The tingling in his legs has disappeared and he no longer falls. But he still suffers pain from scarring left by the jagged ends of the metal rods, he said.

Patterson joined in the class-action suit against AcroMed last month. Two days later, the company agreed to settle.

AcroMed said in a statement it was settling the cases despite its belief that claims arising from these devices in spinal fusion surgeries were without

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 l my joint my home." I
 today the pedicle screw —
 l the company that mar-
 ed it — e the target of a
 ss-actio lawsuit brought
 Paterson and several
 usand are alleging the
 duct was illegal and seri-
 ously hurt them.
 but a \$1 million settle-
 it could be reached as
 as this week.
 AcroMed Corp., the
 veland company that
 sold the pedicle screw,
 owned last month it
 led pay that amount to

settle more than 3,000
 lawsuits filed against it.
 Lawyers will bring their
 proposed agreement to the
 table today, said patients'
 attorney Scot Levensten, of
 Philadelphia, where cases
 nationwide are consolidat-
 ed.
 Paterson first heard of
 AcroMed in 1993 while
 watching a 20/20 news seg-
 ment on television, he said.
 Seated in a chair with a cane
 across his leg, he was startled
 to learn the pedicle screw
 lodged in his vertebrae was
 illegal.
 Though the device was
 twice recalled by the Food

and Drug Administration
 for use in the spine, AcroMed marketed it for
 that purpose anyway,
 according to the report. In
 turning down AcroMed's
 application, the FDA cited
 the risk that the screw could
 cause severe damage and
 bone fractures.
 "For the first time I finally
 understood what was wrong
 with me," he said.
 Paterson turned to local
 doctors for help. "But none of
 them wanted to touch me," he
 said. "They just didn't know
 enough about the screw to
 feel comfortable taking it
 out."

A Chicago back specialist
 removed the device from
 Paterson's spine last year.
 The tinging in his legs has
 disappeared and he no longer
 falls. But he still suffers pain
 from scarring left by the
 jagged ends of the metal
 rods, he said.
 Paterson joined in the
 class-action suit against
 AcroMed last month. Two
 days after the company
 agreed to settle.
 AcroMed said in a state-
 ment it was settling the
 cases despite its belief "that
 claims arising from these
 devices in spinal fusion
 surgeries are without

merit. Thousands of other
 patients have had good
 results with the screw, the
 company said.
 In the past, AcroMed has
 denied it violated FDA rules,
 saying the agency gave it
 mixed messages on how to
 proceed with marketing the
 product.
 Paterson, forced to collect
 disability payments from the
 state, has another version of
 how the pedicle screw turned
 up in operating rooms across
 the country:
 "AcroMed abused a sys-
 tem that was designed to pro-
 tect the public. It was profit,
 plain and simple." q

11/6/97
 Rachel Daily

Illegal screws cause lifetime of pain

By CASEY RESSLER

Frontiersman reporter

Don Patterson has lived with excruciating back pain every day for the last seven years. And now he is committed to helping others with the system and the doctors who implanted illegal screws into their backs, which could have paralyzed them.

Patterson was injured in a ferry accident in Cetchikan in 1989. He had his back operated on a short time later and was fitted with two plates and six screws in his back but he was never told the screws had not been approved by the Federal Drug Administration.

In fact, he wasn't even told the screws were inserted into the pedicles of his spine.

"I went to Seattle and was told that I was having a simple fusion done," Patterson said. "Nobody even told me that I was having a bone graft done and screws inserted into my spine."

He lived with the tremendous pain for seven years, and

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Don Patterson

then he saw a startling segment on the television news program "20/20" in 1993 about screws that were being used illegally in spine surgery patients. Sure enough, he was a guinea pig.

The spine screws were rejected twice by the FDA for use in patients, but the inventor, Dr. Arthur Steffee of Cleveland, had a better idea. He changed the name to the screws and they were approved, paving the way for thousands of patients to be badly scared for life.

It is estimated that more than 300,000 Americans have been fitted with the screws and plates, and many complain of more severe pains or suffer paralysis as a result. The screws were supposed to re-

lieve some of Patterson's pain, but that didn't happen.

"It felt like someone was taking a screwdriver and driving it through my spine," Patterson said. "I will live the rest of my life like this because the screws were illegal."

The screws in Patterson's back were never filed down, so 13 millimeters of the metal screws were exposed, digging into his spine and causing extreme discomfort, he said. In other cases, the screws simply broke off and were left to roam in the spine.

There are several manufacturers of the screws, and recently one of them, Acromed, has been spending time in a federal courtroom as patients battle back. The medical giant settled out of court, and now

thousands of pain-stricken patients are recovering lost damages.

Patterson has collected thousands of research items in his Fairview Loop home, and he is trying to help out people who may be entitled to part of the settlement. He is in touch with lawyers on an almost daily basis, and he can help others who are suffering through a similar experience.

"I found out by accident that this had been done to me. It is time for people to know what doctors have done to them in the past," Patterson said. "Many people think that because they are doctors, they can be trusted, but that is not true."

For information about the screws, people may contact Patterson at 373-6754. He is more than willing to discuss the different manufacturers and the effects of the screws. He can also inform people where they can get help.

"I lived with it for seven years, and I don't want someone else to have to go through this," Patterson said. "There is help available to people who need it."



Don Patterson shows off the pain in his back for seven years. He got FDA-approved after seeing a p



Project seeks old Alaska

With only a year left of funding from a national grant, the Alaska Newspaper Project's two

"No Known Holdings" mark missing issues of a community's history



CASEY RESSLER/Frontierman

ows off the plates and screws that he had
ven years. He learned the screws were not
er seeing a program on 20/20.

aska newspapers

ings" mark
community's

"Our research has given us a
clear picture of what newspa-

LEGAL SERVICES


DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 15, 1997

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TO: Senator Robin Taylor
Att.: Laura
FROM: Michael F. Ford 
Legislative Counsel

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MFF:pl
97-069.plm

Harry Blanas
5616 S. Tahiti Loop
Anchorage, AK 99507

RECEIVED APR 7 1997

March 30, 1997

To: Representatives and Senators
of the State of Alaska
Juneau, AK 99802

Re: Tort Reform

Please take notice of the attached letter from a group of Alaskan citizens concerned about the results of the tort reform bill currently before the legislature.

In the year 1970 an appeal was taken to the Alaska Supreme Court by an insurer to an employer, challenging the extent of the Workers' Compensation Act in a work injury. After reviewing the pertinent law, in Searfus v. Northern Gas Co., 427 P.2d 966 (Alaska 1970,) the court concluded and held:

"The theory of compensation legislation is that the cost of all industrial accidents should be borne by the consumer as a part of the cost of the product."

In the law, the product is the insurance policy contract. The cost is the premiums an insurer charges an employer who in turn is charges the public for insurance the law requires.

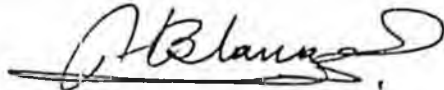
Based on this Supreme Court Decision, the Workers Compensation law worked somewhat for twenty years.

In the year 1989, the legislature reformed the law pressured by the insurance companies relentless lobbying, as now in this tort reform.

The Workers' Compensation law, after that reform, does not work and results in the unjust enrichment of the insurance companies, who continue to charge the public without performing as their contracts manifest and without recourse. This insurance industry swindle makes Al Capone look like a choir boy.

Please, do not fix what is not broken and can still work. If anything at all, the Workers Compensation Act must be restored as it was prior to the change in the eighties.

Sincerely yours,



Harry Blanas
Phone: 561-3399 Re: Tort Reform



Alaska Action Trust

P.O. Box 102323 • Anchorage, Alaska 99510
Office: 540 "L" Street, Suite 206 • Anchorage, AK 99501
(907) 258-4040 • FAX (907) 276-7185

WHY ALASKANS SHOULD WORK TO DEFEAT HB 58 -- TORT REFORM

There are a number of compelling reasons to work to defeat tort reform as proposed by HB 58, Representative Porter's bill. Some of those reasons include the following:

* In 1989, the Insurance Companies lobbied the Alaska Legislature for a more stringent Worker's Compensation Act. Their efforts paid off and new regulations governed Worker's Compensation. Because of the insurance company efforts, workers now have a narrow recovery in most injury cases, and the injured worker is grossly undercompensated.

* Due to the 1989 changes to the Worker's Compensation Act, injured alaskans are forced to accept whatever insurance companies offer.

* Due to the 1989 changes, injured alaskans have much more difficulty retaining attorneys who can afford to take a worker's compensation case. However, the insurance companies can still afford to compensate high priced legal counsel to defend insurance companies from having to pay claims.

* As a result of the 1989 Worker's Compensation Act changes,

- There has been no reduction in prices or services to consumers.

- There has been no reduction in insurance costs to employers.

Insurance companies have been systematically cutting off avenues for injured persons to receive compensation for injuries. Now that insurance companies have changed the Worker's Compensation Act, they are wanting to limit tort actions, hence cutting off one of the only avenues for injured alaskans to recover damages.

The Worker's Compensation legislation worked well until 1989 when the legislature reformed the Worker's Compensation Act. It has not worked well since. Don't let the legislature make the same mistake with tort reforms -- at least not the reforms proposed by Representative Porter in HB 58.

IF YOU THINK ALASKA
NEEDS TORT REFORM

READ ON



Sectional Analysis of HB 58 (Tort Reform)

The Governor's Advisory Task Force on Civil Justice Reform studied court statistics on cases in Alaska and heard from two nationally recognized experts on civil justice reform. Contrary to the stated need for HB 58, the Task Force found that there was no explosion in the number of tort cases filed, no evidence of high jury awards, and no evidence of significant numbers of frivolous lawsuits. The Task Force found no evidence of any crisis in insurance cost or availability, or that tort reform in Alaska would have any effect on insurance rates for Alaskans. The following explains why HB 58 neither helps Alaskans nor follows the recommendations of the Governor's Task Force.

Section 5: Reduces the ability of those injured by faulty design or construction to recover for their injury by prohibiting claims after eight years from completion of the construction, even if the negligent work is not discovered until after then. *The Governor's Task Force did not recommend any changes to the statute of repose.* This provision will prevent local governments, school districts and homeowners from recovering damages for faulty construction which is typically not discovered until a fire, roof collapse or other event occurs long after completion of the project.

Section 6: Gives only doctors and other health care professionals special protection when their negligence injures young children. This section requires malpractice actions affecting children under six years of age to be filed by the child's eighth birthday, even if the effect of the doctor's negligence can't be recognized because of the infant's age. No other person or professional is given this special protection. *The Governor's Task Force did not recommend any changes regarding when lawsuits must be filed for injuries to children.*

Section 8: This provision reduces the existing cap on non-economic damages. Section 8 not only limits the non-economic damages which can be recovered for all claims to \$300,000, in most situations, but also does not allow non-economic damages to exceed \$500,000, even when someone is quadriplegic and has suffered permanent brain damage. Current law at least allows the cap to be exceeded when injuries are serious. *The Governor's Task Force did not recommend reductions to the cap on non-economic damages because this only harms those who are most severely injured.*

Section 9: This section changes the current legal definition for punitive damages by eliminating reckless conduct as the basis for an award of punitive damages. This means that punitive damages cannot be assessed against a drunk driver and could not have been assessed against Exxon for the oil spill. *The Governor's Task Force did not recommend any changes in the definition of punitive damages.*

Section 10: Section 10 places an absolute cap on punitive damages regardless of the wealth of the wrongdoer or the nature of the wrongdoer's conduct. This section also requires 50% of punitive damages to be deposited to go to the state. This section only benefits large multi-national corporations, like Exxon, against whom a punitive damage award of \$600,000 would have no effect. *The proposal of the Governor's Task Force on punitive damages allowed for consideration of the financial gain of the defendant and did not recommend that punitive damages go to the state.*

Section 11: This section reduces all damages an injured person might receive by a federal income tax rate, *even though these damages are not taxed under state or federal law*. This unfair provision means that an injured person's recovery is automatically reduced 20%-30%. *No such proposal was made by the Governor's Task Force.*

Sections 12-14: Force an injured person to accept any damages which are awarded for past injury as installment payments to be paid over time in the future. This takes away the choice of injured Alaskans to decide for themselves whether periodic payments are fair, or meet their needs. *This proposal was rejected by the Governor's Task Force.*

Section 15: This section requires a jury to reduce the damages an injured person can receive by the amount of insurance payments the person has received for the injury, or might receive in the future. *The Governor's Task Force concluded that such a proposal would increase the cost of insurance and rejected the idea.* This provision in HB 58 will only make trials more time consuming and complicated.

Sections 16-19: These sections allow responsibility for injury to be allocated to a person or corporation which is not even brought into the lawsuit or into the courtroom. This means that someone at fault can shift blame to an "empty chair" without the jury ever hearing evidence to the contrary. *The Governor's Task Force rejected this proposal because innocent victims might be denied full recovery.* Section 19 even allows punitive damages to be allocated to someone who is not in the courtroom.

Section 21: This section forces injured persons to guess about the outcome of their case with near certainty at the risk of having to pay all the defendant's actual attorney's fees. This section and Section 16 encourages a negligent defendant to delay disclosing actors who may be at fault. *The changes to Section 21 are far harsher to victims than the recommendations about offers of judgment made by the Governor's Task Force.*

Other Sections make it more difficult for those injured to have experts testify on their behalf (Sec. 20); give special protection to hospitals (Sec. 35); limit attorney fee recoveries in punitive damage cases (Sec. 34); and make trials more complicated (Sec. 49). *None of these changes were recommended by the Governor's Task Force.*

HB 58 (tort reform legislation) does not protect individuals and you should not be misled to believe that it does. If what you have just read is unsettling to you, please contact your legislator and the governor and let them know that tort reform will limit access to the civil justice system and should not happen.

**Office of the Governor
P.O. Box 110001, Juneau, AK 99811-0001
☎ 465-4500
Fax: 465-3532**

*ADN 4/5/97

LETTERS TO THE DAILY NEWSPORTER BILL NEGATES LEGAL RIGHTS

Does Brian Porter really understand that his tort reform bill takes away legal rights?

He tells readers the legislative cap on pain and suffering still will be \$500,000 "in aggravated cases." But his bill only lists forms of paralysis and brain damage as "aggravated," not blindness, burns or anything else people would say was "aggravated." Other injuries get capped at \$300,000.

He tells readers that his bill will reduce "statutes of limitations and the statute of repose to a reasonable length in order to prevent assertion of stale or fraudulent claims." Does he understand that the statute of repose kills off legal claims even before the injury is discovered and sometimes before the injury happens? The only thing "stale" is the dangerous conduct that leads to the injury. The only thing "fraudulent" is legislative elimination of a legal claim before a victim knows she should bring it.

His bill will "prevent lawyers from running up exorbitant fees," but how? His bill will keep people from finding lawyers to take their cases.

Porter states the threat of "unlimited subjective damages" has "the in terrorem effect" of "extorting oversized settlements from partially at fault to totally innocent defendants." For Porter to conclude that availability of legal rights when a person is injured is the same thing as an in terrorem contract clause ruled unenforceable and against public policy (like one requiring celibacy as a condition of inheritance) suggests for Porter, "meaningful tort reform" should eliminate fundamental legal rights as against public policy.

- Steve Conn, executive director
Alaska Public Interest Research Group

*ADN 4/7/97

TORT REFORM AIDS CORPORATISM

Welcome to the brave new world of corporatism, compliments of corporate director Brian Porter and HB 58 (tort reform).

Those 50 words of the Seventh Amendment are dead and the malignancy is speeding to the others. HB 58 is right out of the pages of Adolf Hitler's "Mein Kampf" and Karl Marx's "Das Capital."

Our legal system is now privatized and our state CEO will sign it into law.

Corporatism now governs us. What happened to America?

-- Joseph T. Dugan
Anchorage

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Anchorage Daily News

SENATH -

Thought you might
find these interesting

Craig
Edwin Page

RECEIVED JAN 30 1997

GOVERNMENT & SOCIETY

When Courts Become Political Battlegrounds

Alabama politics has been overwhelmed by an all-consuming fight over tort reform

By Dale Russakoff
Washington Post Staff Writer

BIRMINGHAM

The sacred Southern rituals of Saturday afternoon football and Sunday morning prayer are safe, for now, from the unholy wars of Alabama politics. The "skunk ad" is off the air, no longer incessantly interrupting two-hour drives with word that a candidate for Supreme Court justice "stinks." The letters full of lawdry details from his 20-year-old divorce have stopped circulating in fundamentalist Christian churches across Alabama.

But this high-financed nastiness was no passing symptom of Campaign '96. Alabama politics has fallen into the grip of a national showdown between two of the country's most powerful interest groups, trial lawyers and business groups, whose money now overwhelms elections for once-obscure offices in this small state. The recent judicial campaign reached senatorial heights of more than \$5 million. Legislative races have approached \$500,000.

In Alabama, dubbed "Tort Hell" by Forbes magazine, both sides are struggling to control a court system in which populist-style plaintiffs' lawyers regularly win eye-popping civil damage awards by whipping up juries to "send a message" to Big Business. Among the more spectacular verdicts was \$150 million against General Motors Corp., won by a rural factory worker paralyzed in a car wreck. (It recently was settled in a post-verdict conference for an undisclosed amount.)

According to consultants for both major parties, this struggle has come to dominate all politics in Alabama. They say this year's Supreme Court race, in which a Republican backed by the state Business Council unseated a Democrat backed by the state trial lawyers' group, marked the height, but by no means the limit, of the trend. Already, both sides are gearing up for 1998, when the terms of three justices, the governor and the lieutenant governor will expire.

"This is literally killing politics in Alabama," says political scientist Natalie Davis, who ran unsuccessfully for the U.S. Senate in the Democratic primary this year. "The trial lawyers and the Business Council control most of the money in politics. The trial lawyers pick the Democrat and the Business Council picks the Republican and it's all about your stand on tort reform."

"If you poll voters to see what they're concerned about," Davis says, "they'll say education, health care, jobs, seniors and crime. They never say tort reform. But the big money cares only about tort reform. Then the candidates go on the airwaves with all the garbage and money they can dig up, and voters are turned off and they say: Government doesn't work for me."

Although Alabama is commonly viewed as behind the times, it may be the leading edge on this front. As Washington gives more power to states to regulate issues from the environment to banking to welfare, well-financed groups are pouring resources into political races in capitals from Albany, N.Y., to Sacramento, Calif., political analysts say.

In this year's Supreme Court contest, the



This attack ad was paid for by forces behind Alabama Supreme Court Justice Kenneth Ingram.

Republican, Harold See, is estimated to have raised more than \$3 million. He retained Virginia consultant John Deszourif, who says he was surprised to find that a state judicial race could command national strategists. The Democratic incumbent, Associate Justice Kenneth Ingram, with an estimated \$2 million—much of it from the Democratic Party—hired Hank Shinkopf, a member of President Clinton's media team.

Exact fund-raising totals are unavailable because Alabama does not require final campaign finance reports until January, obscuring the vast sums that typically pour in during the final days, often from out of state. Moreover, there are no limits on individual or political action committee donations, resulting in huge contributions from wealthy trial lawyers as well as big companies.

THE STORY OF HOW TORT REFORM came to overwhelm Alabama politics dates to the early 1980s, when plaintiffs' lawyers began winning huge punitive damage verdicts, mostly against insurance firms for fraudulent practices by agents.

The plaintiffs' attorneys had a strong moral argument on their side. "Alabama has very weak regulatory bodies and so lawsuits are very important in setting standards for corporate conduct," Birmingham lawyer Sam Heldman says.

They also had political history on their side. Just as former governor George C. Wallace incited populist anger at big business through the 1970s, some of the most successful plaintiffs' lawyers came to specialize in stem-winding summations urging juries in low-income counties to punish greedy, out-of-state corporations by assessing huge punitive damages against them.

The state's premier trial lawyer is Jere Beasley, Wallace's former lieutenant governor, who has won his largest victories in desperate poor rural counties. Beasley, who represented the paraplegic plaintiff in the General

Motors case, was listed in Forbes among the top 20 highest-earning trial lawyers in the country, taking in \$6 million in 1994. He has tried many of his cases in his native Barbour County, before a judge who is his former law partner.

"They draw on the same school of thought the George Wallaces and the Huey Longs tapped into," says Gere White, a Birmingham lawyer who represents business. "It's us against them. It's the idea that the reason you're downtrodden is these big Northern corporations are taking advantage of you. It's the civil equivalent of the O.J. Simpson verdict: payback time."

The issue quickly became political as increasingly wealthy trial lawyers raised large sums to help elect pro-plaintiff judicial candidates. Business PACs responded by raising even larger sums for legislative candidates committed to curbing punitive damage awards. Says one business lawyer: "You can't buy legislators here, but you can rent them. In 1986, business rented a lot of them."

The next year, the legislature passed a broad tort reform package, including a \$250,000 ceiling on punitive damages. But the year after that, the trial lawyers roared back when the head of their state association, Ernest "Sonny" Hornsby, who had won a series of big-ticket fraud verdicts, was elected chief justice over a business-backed candidate. In the first full-dress battle between the interest groups, the two campaigns spent a then record \$500,000.

THE HIGH COURT PROCEEDED to strike down most of the major 1987 tort reform provisions as unconstitutional, unleashing another round of punitive damage verdicts, including a now-notorious \$4 million judgment against BMW of North America for touching up a damaged car and selling it as new to an Alabama physician. The state Supreme Court cut the damages to \$2 million, which the U.S. Supreme Court then struck down as "grossly excessive," since the actual damages were

\$4,000. (The U.S. Supreme Court has since taken the extraordinary step of overruling four other damage awards in Alabama.)

Two years ago, business forces picked off Hornsby in an election so close it had to be decided by a federal court, which invalidated 2,000 absentee ballots that were not properly notarized or witnessed. The state high court, including justices who contributed to Hornsby's campaign, earlier had voted to count the ballots, which would have given Hornsby his victory margin.

The battle took an even nastier turn this year with Ingram, a Hornsby ally up for reelection, and See, a Chicago-trained law professor at the University of Alabama, as his business-backed challenger.

At one point, a "Committee for Family Values," which turned out to be financed by a number of trial lawyers, ran an ad saying See had a "secret" past, and had "abandoned his wife and two children, had a love affair... and fled Illinois for Alabama" 20 years earlier. See responded with an ad featuring his daughter from that marriage declaring that the attack had not "a shred of truth." His ex-wife also issued a statement denouncing the ad.

Another ad featured footage of a skunk falling into a picture of See, and the message: "Some things you can smell a mile away... Harold See doesn't think average Alabamians are smart enough to serve on juries." The words, "Slick Chicago Lawyer," were plastered over See's face.

Each side called the other a puppet; Ingram, of "rich, personal injury lawyers... trying to buy the Alabama Supreme Court," and See, of "giant insurance companies and big businesses" who want to deny Alabamians their "right to a trial by jury."

Beasley, whose firm raised \$37,500 for a pro-Ingram PAC in a single day, says he believes the final finance reports will show that tobacco and insurance giants bankrolled See. Indeed, an ad attacking the high court, sponsored by a group called Alabama Voters Against Lawsuit Abuse, featured a telephone number that rang at a national business-backed coalition based in California.

See's victory, with 53 percent of the vote, leaves the plaintiff-backed forces on the high court with a one-vote margin.

With three of the nine justices' terms up in 1998, along with those of the governor and lieutenant governor, civic leaders shudder to think how much mud and money will converge here in two years.

As a remedy, Alabama Bar Association President Warren Lightfoot is calling for an end to the election of judges—a practice in 20 states—in favor of merit appointments, with periodic votes to retain or dismiss them.

"Our courts will not be able to function if justices have to engage in this kind of campaigning," Lightfoot says.

But others say that both plaintiff and business forces oppose the effort, in part because the current system enriches them all.

Says one attorney in a corporate practice: "I've had people in my firm say, 'Sure this is terrible, but look at all this business they create.'"

Ex-Prosecutors and Deputies in Death Row Case Are Charged With Framing Defendant

By DON TERRY

WHEATON, Ill., Dec. 12 — In a sweeping and rare indictment, three former DuPage County assistant prosecutors and four sheriff's deputies were charged here today with conspiracy and obstruction of justice in the wrongful murder convictions of two young Hispanic men, who spent years on death row before being released from prison last year.

The two men were released after an investigator admitted he had lied in earlier testimony about important evidence in the case. Today's indictment charges that that evidence was fabricated.

The men were convicted in 1985 in the abduction, rape and murder of a 10-year-old girl.

Charging prosecutors for their conduct during criminal investigations or prosecutions is almost unheard of. No one interviewed, from

A rare case of law-enforcement officials being charged with fabricating evidence.

legal scholars to former and current prosecutors, could recall a similar case anywhere in the country.

"It happens very, very infrequently," said Samuel R. Gross, a professor at the University of Michigan Law School. "Three former prosecutors. Wow. This is extraordinary."

One of the former prosecutors charged today in the 47-count indictment, Robert K. Kilander, is now a DuPage County judge.

The 1983 murder of the girl shocked this affluent county west of Chicago. Today's indictment is the latest legal twist in the case, which saw two innocent men sent to death row largely because sheriff's deputies testified that one of the men, Rolando Cruz, had told them about a dream he had about the killing, including details only the killer could have known. That testimony was the cornerstone of the prosecution's case against Mr. Cruz and the other man,

Alexandro Hernandez.

Defense lawyers had long contended that investigators fabricated the dream. Last year, during the third trial for Mr. Cruz, held after two previous convictions were overturned on appeal, a DuPage County judge ordered him acquitted after another sheriff's deputy said he had earlier testified falsely that other investigators had said Mr. Cruz had told them about the dream.

That officer, DuPage County Sheriff's Lieut. James T. Montesano, was one of those indicted today.

After Mr. Cruz's acquittal, a grand jury was convened to review the investigation and prosecution. A special prosecutor, William J. Kunkle Jr., was put in charge.

"In a free society there must always be a line between vigorous prosecution and official misconduct, between advocacy and unfairness, and between justice and injustice," Mr. Kunkle said in announcing the indictment late this afternoon. "This indictment charges that line was crossed by seven people."

In addition to Judge Kilander and Lieut. Montesano, the others indicted are sheriff's deputies Thomas E. Vosburgh, Dennis Kurzawa and Robert L. Winkler and former prosecutors Thomas L. Knight and Patrick J. King Jr. Mr. King is now an assistant United States Attorney in Chicago, and Mr. Knight is in private practice.

Even before today's announcement, word of the indictment had sparked a heated debate on what impact the charges will have. Joseph E. Birkett, the DuPage County State's Attorney, the local prosecutor, said the indictments will have a chilling effect on prosecutors everywhere.

"Charging prosecutors for conduct in the performance of their duties is unheard of," Mr. Birkett said. "If this type of allegation can be made, prosecutors will have to second-guess everything they do. This is devastating to law enforcement."

Prosecuting prosecutors for official misconduct is difficult because there has to be almost overwhelming evidence that the prosecutors knowingly used false evidence or testimony, a violation of law and ethics that Professor Gross said was exceedingly rare. When it happens, he said, it is usually in high-profile cases like this, where there was enormous pressure



Three of those indicted yesterday in Illinois in the wrongful murder convictions of two men are, from left, Thomas L. Knight and Robert K. Kilander, former prosecutors, and Sheriff's Lieut. James T. Montesano.

to solve the case, and political futures were on the line.

Thomas Breen, a defense lawyer, who was a prosecutor for 10 years in neighboring Cook County, which includes Chicago, represents Mr. Cruz. Mr. Breen said the indictments should have no impact on the vast majority of honest prosecutors.

"But it should certainly chill the kind of conduct alleged in the indictment, which is perjury and obstruction of justice," he said. "I hope it freezes it solid. We're beginning to lose track of due process and the pursuit of truth in many cases. The Cruz case is absolutely one of them."

Mr. Breen insisted, as did the other defense lawyers who worked long to free Mr. Cruz, that because someone is indicted does not mean someone is guilty and cautioned against a rush to judgment. "Just ask Rolando about that," he said.

Terry Ekl, another former Cook County prosecutor, is representing Mr. Knight, who prosecuted the men at their first trial in 1985.

Mr. Ekl said that there was no basis to indict his client, and that Mr. Knight had testified twice before the grand jury in the case "because he has nothing to hide."

Mr. Ekl said Mr. Knight believed the police had been telling the truth

about the dream, and still believed them. "Now, we're making martyrs out of murderers and indicting prosecutors who were trying to protect the public," Mr. Ekl said. "If Tom Knight is prosecuted in this case, there probably isn't a prosecutor in the country who is safe."

"These guys did not do anything wrong," said Brian Telander, a lawyer for Mr. Vosburgh. "They have good hearts. They are good people, with families. All they wanted to do is the right thing. They didn't make up statements."

Mr. Cruz, who is 34, was 19 when he was convicted. He was sentenced to die after both of his first two trials. In setting Mr. Cruz free, the judge, Ronald Mehling, said the state's case against him was built on lies, mistakes and sloppy police work.

Lawrence Marshall, a law profes-

or at Northwestern University and one of Mr. Cruz's lawyers, said he hoped the trials of the prosecutors and deputies will open "the public's eyes to the fact that the system is way far from perfect and that there is a grave risk of executing innocent people even when a police officer stands up and says 'I heard a confession.'"

Since 1994, five men, including Mr. Cruz, have been released from death row in Illinois because of lack of evidence or because of evidence of innocence. Since the mid-1970's, nearly 70 people have been released from death row nationwide.

"It is quite certain that some innocent people have been executed in the past," Professor Gross said. "It will happen again. We can't keep locking out forever as we did with Rolando Cruz."

Mr. Hernandez spent more than three years on death row before his conviction was overturned. He was convicted during a second trial and was sentenced to 60 years in prison. Last year, he, too, was freed.

The murder of the girl, a nine-year-old Nicaraguan girl, horrified DuPage County, home to a string of well-off Chicago suburbs where the people vote Republican and play polo. She was home alone from school with the flu when someone kicked in the front door of her family's home in Naperville, Ill., and took her away. Her body was found two days later in a field.

"To this day," Mr. Birkett said, "it is probably one of the most shocking murders that has occurred here, and that will never change."

The trial of a third defendant, a 21-year-old white man, Stephen Buckley, ended in a hung jury. He was released in 1987, when the authorities decided not to pursue the case against him.

Another man, Brian Dugan, who has never been charged in the case, admitted in 1985, according to his lawyer, to being the girl's lone killer. DNA tests, which excluded Mr. Cruz and Mr. Hernandez as the source of semen found in the child, have implicated Mr. Dugan, who is serving a life sentence for the rapes and murders of a 7-year-old girl and a 27-year-old woman.

Mr. Dugan has refused to tell the authorities his story unless they promise not to seek his execution.

For years, several law-enforcement officials said Mr. Cruz and Mr. Hernandez were innocent. Mary Bridget Kenney, a lawyer in the Illinois Attorney General's office, who was in charge of fighting Mr. Cruz's appeals to save his life, resigned in 1992 in protest, saying the state was trying to kill an innocent man.

Menorahs Bloom From Act of Vandalism

By JENNIFER PRESTON

NEWTOWN TOWNSHIP, Pa., Dec. 12 — At 5 A.M. Sunday, Judith and Martin Markovitz were awakened by the sound of breaking glass. Vandals had walked across their front lawn and smashed in their living room window to destroy an electric menorah.




TONY KNOWLES
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

TO: Laura Chase
Senate Judiciary Committee

FROM: Shari Kochman 
Deputy Legislative Director

DATE: March 18, 1997

RE: SB15

This is to advise you that no fiscal note is necessary from the Department of Health and Social Services on SB 15 because the health statutes cited in the bill do not relate to any departmental functions.

A fiscal note is forthcoming from the Human Rights Commission which is housed within the Governor's Office.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CS SB15 (JUD)

Revision Date: _____
 Title: An Act relating to civil actions; relating to motor vehicle
 liability insurance and bonds; _____
 Sponsor: Taylor
 Requestor: _____

Department: Commerce and Economic Development
 BRU: Insurance
 Component: Insurance

COMPONENT SERIAL NO. 324

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill does not have a fiscal impact on the component.

Prepared by: Marianne K. Burke, Director *MKB*
 Division: Insurance
 Approved by Commissioner: William L. Hensley *W. Hensley*
 Agency: Commerce and Economic Development

Phone: 465-2515
 Date: March 14, 1997
 Date: 3-14-97

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

Revision Date: _____	Dept. Affected: <u>Department of Law</u>
Title: <u>... to civil actions; ...to motor vehicle liability insurance and bonds; amending ...Rules of Civil Procedure ...</u>	BRU: <u>Criminal Division/Civil Division</u>
Sponsor: <u>Senator Taylor</u>	Component: <u>Criminal Division</u>
Requester: <u>Senate Judiciary Committee</u>	General Legal Services
	COMPONENT SERIAL NO. <u>2085/2087</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	83.8	83.8	83.8	83.8	83.8	83.8
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	350.0	350.0	350.0	350.0	350.0	350.0
SUPPLIES	1.6	1.6	1.6	1.6	1.6	1.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	436.5	436.5	436.5	436.5	436.5	436.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	179.0	179.0	179.0	179.0	179.0	179.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	257.5	257.5	257.5	257.5	257.5	257.5
TOTAL	436.5	436.5	436.5	436.5	436.5	436.5

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends Title 9, the Alaska Code of Civil Procedure; AS 18.80.225, relating to punitive damages for unlawful employment practices; AS 22.15.030(a), relating to the jurisdiction of the district court; AS 21.06, relating to the responsibilities of the Division of Insurance; AS 21.36, relating to insurance claim settlement practices; AS 28.22, relating to motor vehicle liability insurance; and a number of the Rules of Court to provide various changes intended to bring about reforms in the manner in which the state's civil justice system handles personal injury claims. The Judiciary Committee Substitute is intended to decrease the costs of resolving cases, discourage frivolous litigation, promote fair compensation for injured parties, and promote the predictability of outcomes in civil litigation.

Among the changes proposed in the bill are limits on punitive damages, clarification that people who intentionally hurt others will be held liable for their fair share of the harm, the establishment of an alternative dispute resolution project to facilitate resolution of cases without the expense of trial, streamlined district court

Prepared by:	Joan M. Kasson	Phone: <u>465-5370</u>
Division:	Administrative Services Division	Date: <u>3/17/97</u>
Approved by Commissioner:	Bruce M. Botelho, Attorney General	Date: <u>3/17/97</u>
Agency:	Department of Law	

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ANALYSIS CONTINUATION:

procedures and changes in superior court procedures intended to decrease overall litigation expense, and changes in the interest rate on judgments and decrees and changes in court procedures designed to encourage early settlement and payment of damages.

CSSB 15 (JUD) would also require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions.

The Department of Law anticipates that some costs would be incurred for payment of the state's share of the alternative dispute resolution project, and those increased costs would probably be offset by savings due to the streamlining of court procedures. However, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$87/hr, or \$1,740). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,115 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's standard attorney cost schedule (\$87/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSSB 15 (JUD)

ANALYSIS CONTINUATION:

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
GENERAL LEGAL SERVICES				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,740	\$113,100	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		<u>\$5,115</u>	<u>\$332,475</u>	
Estimated potential savings	3	(\$25,000)	(\$75,000)	
			<u>\$257,475</u>	IAR
<u>Other, non-tort, claims for damages</u>				
Department of Law attorney time	5	\$1,740	\$8,700	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		<u>\$5,115</u>	<u>\$25,575</u>	GF
CRIMINAL DIVISION				
<u>Prisoner litigation cases</u>				
Department of Law attorney time	30	\$1,740	\$52,200	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		<u>\$5,115</u>	<u>\$153,450</u>	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$436,500</u>	

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/13/97

FURTHER: Finance

Date of 5-Day Notice: 3/6/97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3-13-97

Judiciary Committee considered SENATE BILL NO. 15

"An Act relating to punitive damages in a civil action for discrimination related to employment; relating to arbitration in a civil action; amending Rules 79(b) and 82(b), Alaska Rules of Civil Procedure, and repealing Rule 72.1, Alaska Rules of Civil Procedure; and providing for an effective date."

and recommends:

be replaced with CS SB 15 (JUD)

adopt previous CS _____

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:
 same title
 new title
 House Bill:
 same title
 technical title
 new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Mike Miller</i>	✓		
		<i>J. Ellis</i>	✓		
CHAIR: <i>Christi Taylor</i> ✓		CHAIR:			

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):*

1-SB
All the rest
to SB&CS

Date	Zero	Fiscal

Department	Date	Zero	Fiscal

APPR(*FN*
Forthcoming

*include fiscal notes accompanying Governor's bill

CS FOR SENATE BILL NO. 15(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to civil actions; amending Rules 16.1, 26, 41, 49, 72.1, 79(b),
2 82(b), 95, and 100, Alaska Rules of Civil Procedure; amending Rules 1 and 4,
3 Alaska District Court Rules of Civil Procedure; amending Rule 511, Alaska Rules
4 of Appellate Procedure; and repealing Rule 72.1, Alaska Rules of Civil Procedure;
5 and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * Section 1. **PURPOSE.** It is the purpose of this Act to

8 (1) reduce the time and costs associated with civil litigation;

9 (2) improve access to justice for individuals and small businesses;

10 (3) provide for fair but not excessive compensation for persons injured through
11 the fault of others;

12 (4) increase the predictability of case outcomes to reduce inappropriate
13 litigation and settlement behavior; and

1 (5) collect information on the civil justice system and on the insurance industry
2 to inform the public policy debate on tort reform related issues.

3 * Sec. 2. AS 06.05.473(h) is amended to read:

4 (h) After the payment of all other claims, including interest at the rate of 10.5
5 percent a year [ESTABLISHED UNDER AS 09.30.070], the department shall pay
6 claims that are otherwise valid but that were not filed within the time prescribed.

7 * Sec. 3. AS 09.10.050 is repealed and reenacted to read:

8 **Sec. 09.10.050. Certain property actions to be brought in six years.** Unless
9 the action is commenced within six years, a person may not bring an action for waste
10 or trespass upon real property.

11 * Sec. 4. AS 09.10 is amended by adding a new section to read:

12 **Sec. 09.10.065. Contract actions to be brought in three years.** Unless an
13 action is commenced within three years, a person may not bring an action upon a
14 contract or liability, express or implied, excepting those described in AS 09.10.040 or
15 as otherwise provided by law.

16 * Sec. 5. AS 09.10.070(a) is amended to read:

17 (a) A person may not bring an action (1) for libel, slander, assault, battery,
18 seduction, false imprisonment, or for any injury to the person or rights of another not
19 arising on contract and not specifically provided otherwise; (2) for taking, detaining,
20 or injuring personal property, including an action for its specific recovery; (3)
21 upon a statute for a forfeiture or penalty to the state; or (4) [(3)] upon a liability
22 created by statute, other than a penalty or forfeiture; unless the action is commenced
23 within two years.

24 * Sec. 6. AS 09.17.010(c) is amended to read:

25 (c) The limit under (b) of this section does not apply to damages for severe
26 disfigurement or severe physical impairment.

27 * Sec. 7. AS 09.17.020 is repealed and reenacted to read:

28 **Sec. 09.17.020. Punitive damages.** (a) In an action in which a claim of
29 punitive damages is presented to the fact finder, the fact finder shall determine,
30 concurrent with all other issues presented, whether punitive damages shall be allowed
31 by using the standards set out in (b) of this section. If punitive damages are allowed,

1 a separate proceeding under (c) of this section shall be conducted before the same fact
2 finder to determine the amount of punitive damages to be awarded.

3 (b) The fact finder may make an award of punitive damages only if the
4 plaintiff proves by clear and convincing evidence that the defendant's conduct

5 (1) was outrageous;

6 (2) was the result of malicious or hostile feelings toward the plaintiff;

7 or

8 (3) evidenced reckless indifference to the rights or safety of others.

9 (c) At the separate proceeding to determine the amount of punitive damages
10 to be awarded, the fact finder may consider

11 (1) the likelihood at the time of the conduct that serious harm would
12 arise from the defendant's conduct;

13 (2) the degree of the defendant's awareness of the likelihood described
14 in (1) of this subsection;

15 (3) the amount of financial gain the defendant gained or expected to
16 gain as a result of the defendant's conduct;

17 (4) the duration of the conduct and any intentional concealment of the
18 conduct;

19 (5) the attitude and conduct of the defendant upon discovery of the
20 conduct;

21 (6) the financial condition of the defendant; and

22 (7) the total deterrence of other damages and punishment imposed on
23 the defendant as a result of the conduct, including compensatory and punitive damages
24 awards to persons in situations similar to those of the plaintiff and the severity of the
25 criminal penalties to which the defendant has been or may be subjected.

26 (d) At the conclusion of the separate proceeding under (c) of this section, the
27 fact finder shall determine the amount of punitive damages to be awarded, and the
28 court shall enter judgment for that amount.

29 (e) Unless that evidence is relevant to another issue in the case, discovery of
30 evidence that is relevant to the amount of punitive damages to be determined under
31 (c)(3) or (6) of this section may not be conducted until after the fact finder has

1 determined that an award of punitive damages is allowed under (a) and (b) of this
2 section. The court may issue orders as necessary, including directing the parties to
3 have the information relevant to the amount of punitive damages to be determined
4 under (c)(3) or (6) of this section available for production immediately at the close of
5 the initial trial in order to minimize the delay between the initial trial and the separate
6 proceeding to determine the amount of punitive damages.

7 (f) Except as provided in (g) or (h) of this section or otherwise provided by
8 law, an award of punitive damages may not exceed the greater of

9 (1) three times the amount of compensatory damages awarded to the
10 plaintiff in the action; or

11 (2) the sum of \$500,000.

12 (g) Except as provided in (h) of this section or otherwise provided by law, if
13 the fact finder finds that the conduct proven under (b) of this section was motivated
14 by financial gain, it may award an amount of punitive damages not to exceed the
15 greatest of

16 (1) the amount calculated under the limitation in (f) of this section;

17 (2) the average net annual income earned by the defendant for the five
18 years before the date the trial began; or

19 (3) two times the amount of financial gain that the defendant received
20 or expected to receive as a result of the defendant's misconduct.

21 (h) Notwithstanding (f) or (g) of this section and except as otherwise provided
22 by law, if the fact finder finds that the conduct proven under (b) of this section was
23 employment related, an award of punitive damages may not exceed

24 (1) the amount calculated under the limitations of (f) of this section if
25 the conduct of the employer affected only one employee; or

26 (2) the greater of the amounts calculated under the limitations of (f) or
27 (g) of this section if the employer engaged in a pattern or practice affecting more than
28 one employee.

29 (i) Punitive damages may not be awarded against a person that is immune by
30 law from an award of punitive damages.

31 (j) In this section, "employment related" includes conduct of hiring, firing,

1 transferring, promoting, demoting, or terminating an employee by an employer.

2 * Sec. 8. AS 09.17.900 is amended to read:

3 Sec. 09.17.900. **Definition.** In this chapter, "fault" includes acts or omissions
4 that are in any measure negligent, [OR] reckless, or intentional toward the person or
5 property of the actor or others, or that subject a person to strict tort liability. The term
6 also includes breach of warranty, unreasonable assumption of risk not constituting an
7 enforceable express consent, misuse of a product for which the defendant otherwise
8 would be liable, and unreasonable failure to avoid an injury or to mitigate damages.
9 Legal requirements of causal relation apply both to fault as the basis for liability and
10 to contributory fault.

11 * Sec. 9. AS 09.30.065 is amended to read:

12 Sec. 09.30.065. **Offers of judgment.** At any time more than 10 days before
13 the trial begins, either the party making a claim or the party defending against a claim
14 may serve upon the adverse party an offer to allow judgment to be entered in complete
15 satisfaction of the claim for the money or property or to the effect specified in the
16 offer, with costs then accrued. If within 10 days after the service of the offer the
17 adverse party serves written notice that the offer is accepted, either party may then file
18 the offer and notice of acceptance together with proof of service, and the clerk shall
19 enter judgment. An offer not accepted within 10 days is considered withdrawn, and
20 evidence of that offer is not admissible except in a proceeding to determine the form
21 of judgment after verdict. If the judgment finally entered on the claim as to which an
22 offer has been made under this section is not more favorable to the offeree than the
23 offer, the interest awarded under AS 09.30.070 and accrued up to the date judgment
24 is entered shall be adjusted as follows:

25 (1) if the offeree is the party making the claim, the interest rate shall
26 be adjusted as follows:

27 (A) if the offer was served no later than 30 days after both
28 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
29 Civil Procedure, the interest rate shall be reduced by five percent:

30 (B) if the offer was served more than 30 days after both
31 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of

1 Civil Procedure, but more than 90 days before the trial began, the interest
2 rate shall be reduced by three percent;

3 (C) if the offer was served 90 days or less but more than 10
4 days before the trial began, the interest rate shall be reduced by two
5 percent [REDUCED BY FIVE PERCENT A YEAR];

6 (2) if the offeree is the party defending against the claim, the interest
7 rate shall be adjusted as follows:

8 (A) if the offer was served no later than 30 days after both
9 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
10 Civil Procedure, the interest rate shall be increased by five percent;

11 (B) if the offer was served more than 30 days after both
12 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
13 Civil Procedure, but more than 90 days before the trial began, the interest
14 rate shall be increased by three percent;

15 (C) if the offer was served 90 days or less but more than 10
16 days before the trial began, the interest rate shall be increased by two
17 percent [INCREASED BY FIVE PERCENT A YEAR].

18 * Sec. 10. AS 09.30.070(a) is amended to read:

19 (a) Notwithstanding AS 45.45.010, the [THE] rate of interest on judgments
20 and decrees for the payment of money, including prejudgment interest, shall be
21 determined in accordance with (c) of this section [IS 10.5 PERCENT A YEAR],
22 except that a judgment or decree founded on a contract in writing, providing for the
23 payment of interest until paid at a specified rate not exceeding the legal rate of interest
24 for that type of contract, bears interest at the rate specified in the contract if the
25 interest rate is set out in the judgment or decree.

26 * Sec. 11. AS 09.30.070 is amended by adding a new subsection to read:

27 (c) Except as otherwise provided in (a) of this section, the rate of interest on
28 judgments and decrees for the payment of money is the rate for a five-year constant
29 maturity United States Treasury note published in the applicable Federal Reserve H.15
30 Statistical Release, plus one and one-half percent. This rate is the rate in effect as of
31 the first business day of the month during which prejudgment interest begins to accrue

1 on a claim under (b) of this section and remains constant with respect to the claim
2 until the judgment or decree is satisfied. This rate of interest shall be determined as
3 of the first business day of every month by the administrative director of the Alaska
4 Court System.

5 * **Sec. 12.** AS 09.43 is amended by adding a new article to read:

6 **Article 3. Alternative Dispute Resolution.**

7 **Sec. 09.43.310. Findings; purpose.** The legislature finds that providing a
8 formalized program of alternative dispute resolution procedures within the existing
9 civil litigation system can promote the timely and efficient resolution of many civil
10 disputes. The purpose of AS 09.43.310 - 09.43.390 is to provide for an initial pilot
11 program of alternative dispute resolution of certain civil cases filed in the superior
12 court on or after January 1, 1998.

13 **Sec. 09.43.320. Pilot program for alternative dispute resolution.** (a) The
14 supreme court shall provide for a pilot program under AS 09.43.310 - 09.43.390 for
15 the submission of civil cases filed in the superior court, Third Judicial District, to
16 alternative dispute resolution procedures. The program shall begin January 1, 1998,
17 and operate for at least five years.

18 (b) The following types of cases may not be included in the pilot program:

- 19 (1) divorce and dissolution;
20 (2) adoption, custody, support, visitation, and emancipation of children;
21 (3) children in need of aid cases under AS 47.10 or delinquent minors
22 cases under AS 47.12;
23 (4) domestic violence protective orders under AS 18.66.100 -
24 18.66.180;
25 (5) estate, guardianship, and trust cases filed under AS 13;
26 (6) cases when no answer to the complaint or petition is filed by any
27 party to the case with the court.

28 **Sec. 09.43.330. Structure of pilot program.** (a) The supreme court shall
29 provide criteria for the screening of covered cases under the program to determine if
30 the cases are appropriate for referral to alternative dispute resolution. The criteria shall
31 be constructed so that at least 50 percent of the estimated number of covered cases

1 filed in a calendar year are referred to alternative dispute resolution.

2 (b) The supreme court shall establish minimum qualifications for a person to
3 be listed to conduct alternative dispute resolution procedures under AS 09.43.310 -
4 09.43.390. The supreme court shall establish a list of persons determined to meet
5 those qualifications and the current schedule of fees charged by the person listed.

6 (c) For a case referred under the program, the parties may mutually agree to
7 select a person to conduct the alternative dispute resolution procedure regardless of
8 whether the person appears on the list established under (b) of this section or whether
9 the person meets the minimum qualifications to be selected for the list. If an
10 agreement cannot be reached, the trial court judge assigned the case shall appoint a
11 person from the list. A person selected or appointed under this subsection has judicial
12 immunity for conducting the alternative dispute procedure to the same extent as a
13 judge and shall abide by applicable rules of confidentiality related to alternative dispute
14 resolution procedures established by the supreme court.

15 (d) Fees and costs to conduct an alternative dispute resolution procedure under
16 AS 09.43.310 - 09.43.390 shall be shared equally among the parties to the case being
17 referred unless the court finds a party wholly or partially indigent and orders total or
18 partial payment at public expense. The supreme court shall establish guidelines for the
19 determination of total or partial indigency under the program. Fees and costs borne
20 at public expense under this subsection constitute a lien on any recovery in the case
21 by that party and shall be paid first from the recovery.

22 (e) The superior court shall establish standards for the timely referral to and
23 the conclusion of the alternative dispute resolution procedure required under this
24 program. The standards must include that the alternative dispute resolution procedure

25 (1) shall terminate no more than 100 days after the defendant's answer
26 is served unless the trial court grants a time extension in an exceptional case and for
27 good cause shown; and

28 (2) be limited to no more than 12 hours for the procedure unless the
29 parties mutually agree to a longer period.

30 **Sec. 09.43.340. Evaluation of pilot program.** (a) The Alaska Judicial
31 Council shall evaluate annually the efficacy of the pilot program. Among other

1 factors, the evaluation shall address the speed with which cases are resolved, the
2 satisfaction of the parties to the cases, the expenditures made by the parties to the
3 cases, and the expenditure of court resources.

4 (b) The council shall work with the court system to create a system for
5 efficient collection of information needed to evaluate the program. The council shall
6 report the results of its evaluation to the governor and legislature each year by
7 March 31.

8 **Sec. 09.43.390. Definitions.** In AS 09.43.310 - 09.43.390,

9 (1) "alternative dispute resolution procedure" includes mediation and
10 early neutral evaluation;

11 (2) "covered cases" means civil cases described in AS 09.43.320(a) and
12 not excluded from participation in the program by AS 09.43.320(b);

13 (3) "program" means the alternative dispute resolution pilot program
14 established in AS 09.43.320.

15 * **Sec. 13.** AS 09.50.280 is amended to read:

16 **Sec. 09.50.280. Judgment fo: plaintiff; punitive damages.** If judgment is
17 rendered for the plaintiff, it shall be for the legal amount found due from the state with
18 interest as provided under AS 09.30.070 [LEGAL INTEREST FROM THE DATE
19 IT BECAME DUE] and without punitive damages.

20 * **Sec. 14.** AS 09.55.440(a) is amended to read:

21 (a) Upon the filing of the declaration of taking and the deposit with the court
22 of the amount of the estimated compensation stated in the declaration, title to the estate
23 as specified in the declaration vests in the plaintiff, and that property is condemned
24 and taken for the use of the plaintiff, and the right to just compensation for it vests in
25 the persons entitled to it. The compensation shall be ascertained and awarded in the
26 proceeding and established by judgment. The judgment must include interest at the
27 rate of 10.5 percent a year [SET OUT IN AS 09.30.070] on the amount finally
28 awarded that [WHICH] exceeds the amount paid into court under the declaration of
29 taking. The interest runs from the date title vests to the date of payment of the
30 judgment.

31 * **Sec. 15.** AS 09.55.535 is repealed and reenacted to read:

1 **Sec. 09.55.535. Mandatory arbitration.** (a) A person who files an action for
2 personal injury, death, or property damage shall also submit the claim to the court for
3 arbitration unless the action is excluded under (b) of this section.

4 (b) A person is not required to comply with (a) of this section if the
5 (1) amount in controversy, excluding interest, costs, and attorney fees,
6 exceeds \$100,000;

7 (2) parties have, under a written agreement made before the accrual of
8 the action, agreed to submit the claim to arbitration; or

9 (3) action

10 (A) is a class action;

11 (B) seeks equitable or declaratory relief;

12 (C) concerns the title to real property;

13 (D) is a probate action;

14 (E) is an appeal from a court of limited jurisdiction;

15 (F) involves divorce or domestic relations;

16 (G) is an appeal from action by an administrative agency;

17 (H) is subject to the alternative dispute resolution procedure

18 under AS 09.43.320.

19 (c) When a claim is submitted as required by (a) of this section, the court shall
20 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim
21 shall interview the parties and examine all records or materials relating to the claim
22 and may compel the attendance of witnesses, interview the parties, or consult with
23 medical specialists.

24 (d) An arbitrator appointed under this section shall conduct a prehearing
25 settlement conference within 30 days after the appointment. The arbitrator shall
26 establish a period for discovery and a date for a hearing. The hearing date may not
27 be more than 120 days after the settlement conference.

28 (e) An arbitrator shall render a decision within 30 days after hearing a claim
29 under (d) of this section. The decision must contain findings of fact and conclusions
30 of law. The decision of the arbitrator may be rejected by a party.

31 (f) If the decision of the arbitrator is rejected by a party, the action may

1 proceed in the appropriate court. The arbitrator's decision is admissible in that action
2 to the extent allowed under the Alaska Rules of Evidence and may be used by a party
3 to support or oppose a claim of damages. If a party rejects the decision of the
4 arbitrator and litigates the action in court but is not the prevailing party in the action,
5 the court shall award actual costs and attorney fees to the opposing party.

6 (g) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)
7 apply to an arbitration under this section to the extent the provisions do not conflict
8 with the provisions of this section.

9 * Sec. 16. AS 09.65.210 is repealed and reenacted to read:

10 **Sec. 09.65.210. Damages resulting from the commission of a felony or**
11 **other conduct that would constitute a felony.** (a) Except as provided in (b) of this
12 section, a person who suffers personal injury or death may not recover damages for
13 the personal injury or death if the injury or death occurred while the person was

14 (1) engaged in the commission of a felony, and the person has been
15 convicted of the felony, including conviction based on a guilty plea or plea of nolo
16 contendere, and the felony substantially contributed to a personal injury or death;

17 (2) engaged in conduct that would constitute the commission of an
18 unclassified felony or a class A or class B felony for which the person was not
19 convicted and if the conduct

20 (A) substantially contributed to the injury or death; and

21 (B) is proven by the defendant in the civil trial by clear and
22 convincing evidence; or

23 (3) fleeing after the commission, by that person, of conduct that would
24 constitute an unclassified felony or a class A or class B felony, or being apprehended
25 for conduct that would constitute an unclassified felony or class A or class B felony
26 if

27 (A) the conduct during the flight or apprehension substantially
28 contributed to the injury or death; and

29 (B) the conduct that would constitute a felony is proven by the
30 defendant in the civil trial by clear and convincing evidence.

31 (b) If the person is acquitted of all unclassified, class A, and class B felonies

1 arising from the conduct, this section does not preclude the person from recovering
2 damages for those injuries or death.

3 (c) This section does not affect a right of action under 42 U.S.C. 1983.

4 * **Sec. 17.** AS 09.68 is amended by adding a new section to read:

5 **Sec. 09.68.130. Collection of settlement information.** (a) Except as
6 provided in (c) of this section, the Alaska Judicial Council shall collect and evaluate
7 information relating to the compromise or other settlement of all civil litigation. The
8 information, including the case name and file number, a general description of the
9 claims being settled, the dollar amount of the settlement, to whom it is to be paid, and
10 any nonmonetary terms, shall be collected on a form developed by the council for that
11 purpose.

12 (b) The information received by the council under (a) of this section is
13 confidential. This restriction does not prevent the disclosure of summaries and
14 statistics in a manner that does not allow the identification of particular cases or
15 parties.

16 (c) The requirements of (a) of this section do not apply to the following types
17 of cases:

- 18 (1) divorce and dissolution;
19 (2) adoption, custody, support, visitation, and emancipation of children;
20 (3) children in need of aid cases under AS 47.10 or delinquent minors
21 cases under AS 47.12;
22 (4) domestic violence protective orders under AS 18.66.100 -
23 18.66.180;
24 (5) estate, guardianship, and trust cases filed under AS 13;
25 (6) small claims under AS 22.15.040.

26 * **Sec. 18.** AS 18.80 is amended by adding a new section to read:

27 **Sec. 18.80.225. Punitive damages for unlawful employment practices.** (a)
28 In an action against an employer to recover damages for an unlawful employment
29 practice prohibited by AS 18.80.220, the amount of punitive damages awarded by the
30 court or jury may not exceed

- 31 (1) \$50,000 if the employer has less than 101 employees;

- 1 (2) \$100,000 if the employer has more than 100 but less than 201
2 employees;
3 (3) \$200,000 if the employer has more than 200 but less than 501
4 employees;
5 (4) \$300,000 if the employer has more than 500 employees.

6 (b) This section may not be construed to allow an award of punitive damages
7 against the state.

8 (c) In this section, "employees" means persons employed in each of 20 or
9 more calendar weeks in the current or preceding calendar year.

10 * Sec. 19. AS 21.06 is amended by adding a new section to read:

11 **Sec. 21.06.087. Insurance report.** (a) The director shall require reporting of
12 and shall compile information necessary to evaluate

13 (1) the effect of the measures enacted in this Act on the availability and
14 cost of insurance in the state; and

15 (2) the financial health and profitability of insurers doing business in
16 the state.

17 (b) Information described in (a) of this section shall be provided by all insurers
18 doing business in this state in the format specified by the director and must include
19 factual information stating premiums, claims, expenses, and an allocation of investment
20 profits or losses by line of business written in this state. Information shall be compiled
21 by the division in a way that protects the identity of individual insureds.

22 (c) The director shall adopt regulations to implement and interpret this section,
23 including requiring insurers doing business in the state to provide information
24 necessary for the division of insurance to carry out its responsibilities under (a) and
25 (b) of this section.

26 (d) Beginning June 1, 1999, the information compiled under (a) of this section
27 shall be reported to the governor and the legislature annually.

28 (e) The division may consult with the Alaska Judicial Council when
29 determining what information to require to be reported under (a) - (c) of this section
30 and when implementing the compilation required under (a) of this section.

31 * Sec. 20. AS 22.10.020(i) is amended to read:

1 (i) The superior court is the court of original jurisdiction over all causes of
2 action arising under the provisions of AS 18.80. A person who is injured or aggrieved
3 by an act, practice, or policy that [WHICH] is prohibited under AS 18.80 may apply
4 to the superior court for relief. The person aggrieved or injured may maintain an
5 action on behalf of that person or on behalf of a class consisting of all persons who
6 are aggrieved or injured by the act, practice, or policy giving rise to the action. In an
7 action brought under this subsection, the court may grant relief as to any act, practice,
8 or policy of the defendant that [WHICH] is prohibited by AS 18.80, regardless of
9 whether each act, practice, or policy, with respect to which relief is granted, directly
10 affects the plaintiff, so long as a class or members of a class of which the plaintiff is
11 a member are or may be aggrieved or injured by the act, practice, or policy. The court
12 may enjoin any act, practice, or policy that [WHICH] is illegal under AS 18.80 and
13 may, subject to AS 18.80.225, order any other relief, including the payment of money,
14 that is appropriate.

15 * Sec. 21. AS 22.15.030(a) is amended to read:

16 (a) The district court has jurisdiction of civil cases, including foreign
17 judgments filed under AS 09.30.200 and arbitration proceedings under AS 09.43.170,
18 as follows:

19 (1) for the recovery of money or damages when the amount claimed
20 exclusive of costs, interest, and attorney fees does not exceed \$100,000 [\$50,000];

21 (2) for the recovery of specific personal property [,] when the value of
22 the property claimed and the damages for the detention do not exceed \$100,000
23 [\$50,000];

24 (3) for the recovery of a penalty or forfeiture, whether given by statute
25 or arising out of contract, not exceeding \$100,000 [\$50,000];

26 (4) to give judgment without action upon the confession of the
27 defendant for any of the cases specified in this section, except for a penalty or
28 forfeiture imposed by statute;

29 (5) for establishing the fact of death or cause and manner of death of
30 any person in the manner prescribed in AS 09.55.020 - 09.55.069;

31 (6) for the recovery of the possession of premises in the manner

1 provided under AS 09.45.070 - 09.45.160 when the value of the arrears and damage
2 to the property does not exceed \$100,000 [\$50,000];

3 (7) for the foreclosure of a lien when the amount in controversy does
4 not exceed \$100,000 [\$50,000];

5 (8) for the recovery of money or damages in motor vehicle tort cases
6 when the amount claimed exclusive of costs, interest, and attorney fees does not
7 exceed \$100,000 [\$50,000];

8 (9) over civil actions for taking utility service and for damages to or
9 interference with a utility line filed under AS 42.20.030;

10 (10) over cases involving protective orders for domestic violence under
11 AS 18.66.100 - 18.66.180.

12 * Sec. 22. Rule 16.1(c), Alaska Rules of Civil Procedure, is amended to read:

13 (c) **Motion to Set Trial and Certificate.** Unless otherwise ordered by the
14 court, a [A] motion to set trial may not be filed until after the meeting of parties
15 under paragraph (n) of this rule has occurred and the scheduling order under
16 Rule 16(b) has been issued [105 DAYS AFTER SERVICE OF THE SUMMONS
17 AND COMPLAINT]. A party seeking to obtain a trial date must serve and file a
18 motion to set trial together with a certificate, signed by counsel, stating:

19 (1) That the issues in the case have actually been joined;

20 (2) That all parties have completed discovery or will have a reasonable
21 opportunity to do so within the next 60 days;

22 (3) That the procedure for listing witnesses and exhibits and providing
23 exhibit copies, as set forth in paragraph (d) of this rule has been completed;

24 (4) Whether trial by jury has been timely demanded;

25 (5) The estimated number of days for the trial, including estimates for
26 each party's case and for jury selection;

27 (6) The names, addresses and telephone numbers of all attorneys and
28 pro se parties who are responsible for the conduct of the litigation;

29 (7) Which, if any, statute or rule entitles the case to preference on the
30 trial calendar;

31 (8) That the parties have complied with paragraph (k) of this rule.

1 * **Sec. 23.** Rule 16.1(n), Alaska Rules of Civil Procedure, is repealed and reenacted to read:

2 (n) **Meeting of Parties.** Except when otherwise ordered, the parties shall, as
3 soon as practicable after the exchange of initial disclosures required under Rule
4 26(a)(1) and in any event at least 14 days before a scheduling conference is held or
5 a scheduling order is due under Rule 16(b), meet to discuss the nature and basis of
6 their claims and defenses and the possibilities for a prompt settlement or resolution of
7 the case and to develop a proposed discovery plan. The attorneys of record and all
8 unrepresented parties that have appeared in the case are jointly responsible for
9 arranging and being present or represented at the meeting, for attempting in good faith
10 to agree on the proposed discovery plan, and for submitting to the court within 10 days
11 after the meeting a written report outlining the proposed discovery plan. The proposed
12 discovery plan shall indicate the parties' views and proposals concerning

13 (1) what changes should be made in the timing or forms of subsequent
14 disclosures under the rules, including a statement as to when the disclosures required
15 under Rule 26(a) were made;

16 (2) the subjects on which discovery may be needed, when discovery
17 should be completed, and whether discovery should be conducted in phases or be
18 limited to or focused upon particular issues;

19 (3) what changes should be made in the limitations on discovery
20 imposed under these rules and what other limitations should be imposed;

21 (4) whether a scheduling conference is unnecessary;

22 (5) whether there will be dispositive or partially dispositive motions
23 filed in the case and whether other deadlines should be set aside pending resolution of
24 the dispositive or partially dispositive motions by the court; and

25 (6) any other orders that should be entered by the court under
26 Rule 16(b) and (c).

27 * **Sec. 24.** Rule 41(a), Alaska Rules of Civil Procedure, is amended by adding a new
28 paragraph to read:

29 (3) **Settlement Information.** If a voluntary dismissal under this rule is
30 the result of compromise or other settlement of the parties, the parties shall submit to
31 the Alaska Judicial Council the information required under AS 09.68.130. A notice

1 of dismissal made under (1)[a] of this subsection must be accompanied by a
2 certification signed by or on behalf of the plaintiff that the information required under
3 AS 09.68.130 has been submitted to the Alaska Judicial Council. A stipulation of
4 dismissal made under (1)[b] of this subsection must be accompanied by such a
5 certification signed by or on behalf of all parties who have appeared in the action.
6 The requirements of this paragraph do not apply to the types of cases listed in
7 AS 09.68.130(c).

8 * Sec. 25. Rule 68, Alaska Rules of Civil Procedure, is repealed and reenacted to read:

9 **Rule 68. Offer of Judgment.** (a) At any time more than 10 days before the
10 trial begins, either the party making a claim or the party defending against a claim may
11 serve upon the adverse party an offer to allow judgment to be entered in complete
12 satisfaction of the claim for the money or property or to the effect specified in the
13 offer, with costs then accrued. The offer may not be revoked in the 10-day period
14 following service of the offer. If, within 10 days after service of the offer, the adverse
15 party serves written notice that the offer is accepted, either party may then file the
16 offer and notice of acceptance together with proof of service, and the clerk shall enter
17 judgment. An offer not accepted within 10 days is considered withdrawn, and
18 evidence of the offer is not admissible except in a proceeding to determine costs. The
19 fact that an offer is made but not accepted does not preclude a subsequent offer.

20 (b) If the judgment finally rendered by the court is not more favorable to the
21 offeree than the offer, the prejudgment interest accrued up to the date judgment is
22 entered shall be adjusted as follows:

23 (1) if the offeree is the party making the claim, the interest rate will be
24 reduced by the amount specified in AS 09.30.065;

25 (2) if the offeree is the party defending against the claim, the interest
26 rate will be increased by the amount specified in AS 09.30.065.

27 (c) If the judgment finally rendered by the court is not more favorable to the
28 offeree than the offer, the court's award of attorney's fees under Rule 82 shall be
29 adjusted as follows:

30 (1) if the offeree is the party making the claim, the court shall adjust
31 its award of attorney's fees to the offeree as follows:

1 (A) if the offer was served no later than 30 days after both
2 parties made the disclosures required by Rule 26(a)(1), the attorney's fees
3 award shall be reduced by 50 percent;

4 (B) if the offer was served more than 30 days after both parties
5 made the disclosures required by Rule 26(a)(1) but more than 90 days before
6 the trial began, the attorney's fees award shall be reduced by 30 percent;

7 (C) if the offer was served 90 days or less but more than 10
8 days before the trial began, the attorney's fees award shall be reduced by 20
9 percent;

10 (2) if the offeree is the party defending against the claim, the court
11 shall adjust its award of attorney's fees to the offeror as follows:

12 (A) if the offer was served no later than 30 days after both
13 parties made the disclosures required by Rule 26(a)(1), the attorney's fees
14 award shall be increased by 50 percent;

15 (B) if the offer was served more than 30 days after both parties
16 made the disclosures required by Rule 26(a)(1) but more than 90 days before
17 the trial began, the attorney's fees award shall be increased by 30 percent;

18 (C) if the offer was served 90 days or less but more than 10
19 days before the trial began, the attorney's fees award shall be increased by 20
20 percent.

21 (d) When the liability of one party to another has been determined by verdict,
22 order, or judgment, but the amount or extent of the liability remains to be determined
23 by further proceedings, the party adjudged liable may make an offer of judgment,
24 which shall have the same effect as an offer made 90 days or less but more than 10
25 days before trial begins, if it is served not less than 10 days before the commencement
26 of hearings to determine the amount or extent of liability.

27 * Sec. 26. Rule 72.1(g), Alaska Rules of Civil Procedure, is amended to read:

28 (g) Discovery. Except by leave of court, no discovery may be conducted until
29 the report of the panel has been filed or until 60 days after selection of the panel [80
30 DAYS HAVE ELAPSED FROM THE DATE THE CASE IS AT ISSUE], whichever
31 is first to occur, unless discovery is further stayed for good cause by order of the court.

1 * Sec. 27. Rule 95(b), Alaska Rules of Civil Procedure, is amended to read:

2 (b) In addition to its authority under (a) of this rule and its power to punish
3 for contempt, a court may, after reasonable notice and an opportunity to show cause
4 to the contrary, and after hearing by the court, if requested, impose a fine not to
5 exceed \$10,000.00 [\$1,000.00] against any attorney who practices before it for failure
6 to comply with these rules or any rules promulgated by the supreme court.

7 * Sec. 28. Rule 1(a)(1), District Court Rules of Civil Procedure is amended to read:

8 (1) The procedure in civil actions and proceedings before district judges
9 and magistrates shall be governed by the rules governing the procedure in the superior
10 court to the extent that such rules are applicable. However, unless otherwise agreed
11 by all parties or permitted by order of the court in exceptional cases and for good
12 cause shown, discovery shall be limited to the disclosures required under Civil
13 Rule 26(a) and to the taking by each party of the deposition of one or more
14 opposing parties and of one additional person who is not a party.

15 * Sec. 29. Rule 4, District Court Rules of Civil Procedure, is amended by adding a new
16 subsection to read:

17 (b) Unless otherwise permitted by order of the court in exceptional cases and
18 for good cause shown, all parties shall file a memorandum to set the case for trial, as
19 set out in Civil Rule 40(b), no later than 180 days after service of the complaint on all
20 parties to the case. The parties shall submit a joint memorandum to set the case for
21 trial, which may state their separate positions if they do not agree concerning the
22 information or estimates to be provided in the memorandum. The court shall set the
23 trial to commence on a date not less than 30 and not more than 90 days after the filing
24 of the memorandum to set the case for trial, unless a continuance is granted by the
25 court under Civil Rule 40(e).

26 * Sec. 30. Rule 511, Alaska Rules of Appellate Procedure, is amended by adding a new
27 subsection to read:

28 (e) **Settlement Information.** If a dismissal under (a) or (b) of this rule is the
29 result of compromise or other settlement between the parties, the parties shall submit
30 to the Alaska Judicial Council the information required under AS 09.68.130. A
31 dismissal by agreement under (a) of this rule must be accompanied by a certification

1 signed by the attorneys of record for all parties that the information required under
2 AS 09.68.130 has been submitted to the Alaska Judicial Council. A dismissal by the
3 appellant or petitioner made under (b) of this rule must be accompanied by such a
4 certification signed by the appellant's or petitioner's attorney of record. The
5 requirements of this subsection do not apply to the types of cases listed in
6 AS 09.68.130(c).

7 * **Sec. 31.** AS 08.64.326(a)(12); AS 08.68.270(10); AS 09.55.536, 09.55.560(2), and
8 09.55.560(3) are repealed.

9 * **Sec. 32.** Rules 16.1(k)(4) and 72.1, Alaska Rules of Civil Procedure, are repealed.

10 * **Sec. 33.** AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of this
11 Act, have the effect of amending

12 (1) Rule 49, Alaska Rules of Civil Procedure, by requiring the jury to conduct
13 a separate proceeding for the determination of a punitive damages award after it has
14 determined that punitive damages are allowed in a case; and

15 (2) Rule 26(b) and (d), Alaska Rules of Civil Procedure, by affecting the
16 scope, limits, timing, and sequence of discovery allowed in a case.

17 * **Sec. 34.** AS 09.30.065, as amended by sec. 9 of this Act, has the effect of amending
18 Rule 68, Alaska Rules of Civil Procedure, by altering the manner in which interest under
19 AS 09.30.070 is adjusted under AS 09.30.065 when a judgment is not more favorable to the
20 offeree than the offer.

21 * **Sec. 35.** AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, has the effect of
22 amending Rule 100, Alaska Rules of Civil Procedure, by making the mediation process
23 mandatory for certain civil cases in the superior court, Third Judicial District, and by
24 expanding the scope of the rule to include other forms of alternative dispute resolution in
25 addition to mediation.

26 * **Sec. 36.** AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
27 Rule 79(b), Alaska Rule of Civil Procedure, by allowing the award of actual costs in certain
28 actions.

29 * **Sec. 37.** AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
30 Rule 82(b), Alaska Rule of Civil Procedure, by allowing the award of actual attorney fees in
31 certain actions.

1 * **Sec. 38. APPLICABILITY.** (a) Sections 1, 9, 15, 21 - 23, 25 - 29, 31, and 32 of this
2 Act apply to all civil actions filed on or after the effective date of those sections.

3 (b) Sections 3 - 8, 10, 11, 13, 16, 18, and 20 of this Act apply to all causes of action
4 accruing on or after the effective date of those sections.

5 (c) Section 12 of this Act applies only to those civil actions covered by the pilot
6 program for alternative dispute resolution established under the provisions of AS 09.43.310 -
7 09.43.390, as enacted by sec. 11 of this Act, filed on or after January 1, 1998.

8 (d) Sections 17, 24, and 30 of this Act apply only to all voluntary dismissals of civil
9 actions filed with the state court on or after January 1, 1998.

10 (e) Section 19 of this Act applies to all insurers doing business in this state on or after
11 the effective date of that section.

12 * **Sec. 39. SEVERABILITY.** Under AS 01.10.030, if any provision of this Act or the
13 application of a provision of this Act to any person or circumstance is held invalid, the
14 remainder of this Act and the application to other persons shall not be affected.

15 * **Sec. 40. REVISOR'S INSTRUCTION.** Due to the addition of AS 09.43.310 - 09.43.390
16 in sec. 12 of this Act, in AS 21.89.100(d), the revisor of statutes shall substitute "AS
17 09.43.010 - 09.43.220" for "AS 09.43."

18 * **Sec. 41.** (a) AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of
19 this Act, take effect only if sec. 33 of this Act receives the two-thirds majority vote of each
20 house required by art. IV, sec. 15, Constitution of the State of Alaska.

21 (b) AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, takes effect only if
22 sec. 35 of this Act receives the two-thirds majority vote of each house required by art. IV,
23 sec. 15, Constitution of the State of Alaska.

24 (c) The amendments or the repeal of the following court rules takes effect only if all
25 amendments and the repeal listed in this subsection receive the two-thirds majority vote of
26 each house required by art. IV, sec. 15, Constitution of the State of Alaska:

27 (1) Rule 16.1(c), Alaska Rules of Civil Procedure, as amended by sec. 22 of
28 this Act;

29 (2) Rule 16.1(n), Alaska Rules of Civil Procedure, as amended by sec. 23 of
30 this Act;

31 (3) Rule 16.1(k)(4), Alaska Rules of Civil Procedure, repealed by sec. 32 of

1 this Act.

2 (d) AS 09.68.130, as enacted by sec. 17 of this Act, takes effect only if secs. 24 and
3 30 both receive the two-thirds majority vote of each house required by art. IV, sec. 15,
4 Constitution of the State of Alaska.

5 * Sec. 42. Sections 24 and 30 of this Act take effect January 1, 1998.

6 * Sec. 43. Except as provided in sec. 42 of this Act, this Act takes effect immediately
7 under AS 01.10.070(c).

CS FOR SENATE BILL NO. 15(JUD)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to civil actions; amending Rules 16.1, 26, 41, 49, 72.1, 79(b),
2 82(b), 95, and 100, Alaska Rules of Civil Procedure; amending Rules 1 and 4,
3 Alaska District Court Rules of Civil Procedure; amending Rule 511, Alaska Rules
4 of Appellate Procedure; and repealing Rule 72.1, Alaska Rules of Civil Procedure;
5 and providing for an effective date."

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

- 7 * Section 1. PURPOSE. It is the purpose of this Act to
- 8 (1) reduce the time and costs associated with civil litigation;
- 9 (2) improve access to justice for individuals and small businesses;
- 10 (3) provide for fair but not excessive compensation for persons injured through
- 11 the fault of others;
- 12 (4) increase the predictability of case outcomes to reduce inappropriate
- 13 litigation and settlement behavior; and

1 (5) collect information on the civil justice system and on the insurance industry
2 to inform the public policy debate on tort reform related issues.

3 * Sec. 2. AS 06.05.473(h) is amended to read:

4 (h) After the payment of all other claims, including interest at the rate of 10.5
5 percent a year [ESTABLISHED UNDER AS 09.30.070], the department shall pay
6 claims that are otherwise valid but that were not filed within the time prescribed.

7 * Sec. 3. AS 09.10.050 is repealed and reenacted to read:

8 **Sec. 09.10.050. Certain property actions to be brought in six years.** Unless
9 the action is commenced within six years, a person may not bring an action for waste
10 or trespass upon real property.

11 * Sec. 4. AS 09.10 is amended by adding a new section to read:

12 **Sec. 09.10.065. Contract actions to be brought in three years.** Unless an
13 action is commenced within three years, a person may not bring an action upon a
14 contract or liability, express or implied, excepting those described in AS 09.10.040 or
15 as otherwise provided by law.

16 * Sec. 5. AS 09.10.070(a) is amended to read:

17 (a) A person may not bring an action (1) for libel, slander, assault, battery,
18 seduction, false imprisonment, or for any injury to the person or rights of another not
19 arising on contract and not specifically provided otherwise; (2) for taking, detaining,
20 or injuring personal property, including an action for its specific recovery; (3)
21 upon a statute for a forfeiture or penalty to the state; or (4) [(3)] upon a liability
22 created by statute, other than a penalty or forfeiture; unless the action is commenced
23 within two years.

24 * Sec. 6. AS 09.17.010(c) is amended to read:

25 (c) The limit under (b) of this section does not apply to damages for severe
26 disfigurement or severe physical impairment.

27 * Sec. 7. AS 09.17.020 is repealed and reenacted to read:

28 **Sec. 09.17.020. Punitive damages.** (a) In an action in which a claim of
29 punitive damages is presented to the fact finder, the fact finder shall determine,
30 concurrent with all other issues presented, whether punitive damages shall be allowed
31 by using the standards set out in (b) of this section. If punitive damages are allowed,

1 a separate proceeding under (c) of this section shall be conducted before the same fact
2 finder to determine the amount of punitive damages to be awarded.

3 (b) The fact finder may make an award of punitive damages only if the
4 plaintiff proves by clear and convincing evidence that the defendant's conduct

5 (1) was outrageous;

6 (2) was the result of malicious or hostile feelings toward the plaintiff;

7 or

8 (3) evidenced reckless indifference to the rights or safety of others.

9 (c) At the separate proceeding to determine the amount of punitive damages
10 to be awarded, the fact finder may consider

11 (1) the likelihood at the time of the conduct that serious harm would
12 arise from the defendant's conduct;

13 (2) the degree of the defendant's awareness of the likelihood described
14 in (1) of this subsection;

15 (3) the amount of financial gain the defendant gained or expected to
16 gain as a result of the defendant's conduct;

17 (4) the duration of the conduct and any intentional concealment of the
18 conduct;

19 (5) the attitude and conduct of the defendant upon discovery of the
20 conduct;

21 (6) the financial condition of the defendant; and

22 (7) the total deterrence of other damages and punishment imposed on
23 the defendant as a result of the conduct, including compensatory and punitive damages
24 awards to persons in situations similar to those of the plaintiff and the severity of the
25 criminal penalties to which the defendant has been or may be subjected.

26 (d) At the conclusion of the separate proceeding under (c) of this section, the
27 fact finder shall determine the amount of punitive damages to be awarded, and the
28 court shall enter judgment for that amount.

29 (e) Unless that evidence is relevant to another issue in the case, discovery of
30 evidence that is relevant to the amount of punitive damages to be determined under
31 (c)(3) or (6) of this section may not be conducted until after the fact finder has

1 determined that an award of punitive damages is allowed under (a) and (b) of this
2 section. The court may issue orders as necessary, including directing the parties to
3 have the information relevant to the amount of punitive damages to be determined
4 under (c)(3) or (6) of this section available for production immediately at the close of
5 the initial trial in order to minimize the delay between the initial trial and the separate
6 proceeding to determine the amount of punitive damages.

7 (f) Except as provided in (g) or (h) of this section or otherwise provided by
8 law, an award of punitive damages may not exceed the greater of

9 (1) three times the amount of compensatory damages awarded to the
10 plaintiff in the action; or

11 (2) the sum of \$500,000.

12 (g) Except as provided in (h) of this section or otherwise provided by law, if
13 the fact finder finds that the conduct proven under (b) of this section was motivated
14 by financial gain, it may award an amount of punitive damages not to exceed the
15 greatest of

16 (1) the amount calculated under the limitation in (f) of this section;

17 (2) the average net annual income earned by the defendant for the five
18 years before the date the trial began; or

19 (3) two times the amount of financial gain that the defendant received
20 or expected to receive as a result of the defendant's misconduct.

21 (h) Notwithstanding (f) or (g) of this section and except as otherwise provided
22 by law, if the fact finder finds that the conduct proven under (b) of this section was
23 employment related, an award of punitive damages may not exceed

24 (1) the amount calculated under the limitations of (f) of this section if
25 the conduct of the employer affected only one employee; or

26 (2) the greater of the amounts calculated under the limitations of (f) or
27 (g) of this section if the employer engaged in a pattern or practice affecting more than
28 one employee.

29 (i) Punitive damages may not be awarded against a person that is immune by
30 law from an award of punitive damages.

31 (j) In this section, "employment related" includes conduct of hiring, firing,

1 transferring, promoting, demoting, or terminating an employee by an employer.

2 * Sec. 8. AS 09.17.900 is amended to read:

3 Sec. 09.17.900. **Definition.** In this chapter, "fault" includes acts or omissions
4 that are in any measure negligent, [OR] reckless, or intentional toward the person or
5 property of the actor or others, or that subject a person to strict tort liability. The term
6 also includes breach of warranty, unreasonable assumption of risk not constituting an
7 enforceable express consent, misuse of a product for which the defendant otherwise
8 would be liable, and unreasonable failure to avoid an injury or to mitigate damages.
9 Legal requirements of causal relation apply both to fault as the basis for liability and
10 to contributory fault.

11 * Sec. 9. AS 09.30.065 is amended to read:

12 Sec. 09.30.065. **Offers of judgment.** At any time more than 10 days before
13 the trial begins, either the party making a claim or the party defending against a claim
14 may serve upon the adverse party an offer to allow judgment to be entered in complete
15 satisfaction of the claim for the money or property or to the effect specified in the
16 offer, with costs then accrued. If within 10 days after the service of the offer the
17 adverse party serves written notice that the offer is accepted, either party may then file
18 the offer and notice of acceptance together with proof of service, and the clerk shall
19 enter judgment. An offer not accepted within 10 days is considered withdrawn, and
20 evidence of that offer is not admissible except in a proceeding to determine the form
21 of judgment after verdict. If the judgment finally entered on the claim as to which an
22 offer has been made under this section is not more favorable to the offeree than the
23 offer, the interest awarded under AS 09.30.070 and accrued up to the date judgment
24 is entered shall be adjusted as follows:

25 (1) if the offeree is the party making the claim, the interest rate shall
26 be adjusted as follows:

27 (A) if the offer was served no later than 30 days after both
28 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
29 Civil Procedure, the interest rate shall be reduced by five percent;

30 (B) if the offer was served more than 30 days after both
31 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of

1 Civil Procedure, but more than 90 days before the trial began, the interest
2 rate shall be reduced by three percent;

3 (C) if the offer was served 90 days or less but more than 10
4 days before the trial began, the interest rate shall be reduced by two
5 percent; this subparagraph does apply if the offer is also subject to (A) of
6 this paragraph [REduced BY FIVE PERCENT A YEAR];

7 (2) if the offeree is the party defending against the claim, the interest
8 rate shall be adjusted as follows:

9 (A) if the offer was served no later than 30 days after both
10 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
11 Civil Procedure, the interest rate shall be increased by five percent;

12 (B) if the offer was served more than 30 days after both
13 parties made the disclosures required by Rule 26(a)(1), Alaska Rules of
14 Civil Procedure, but more than 90 days before the trial began, the interest
15 rate shall be increased by three percent;

16 (C) if the offer was served 90 days or less but more than 10
17 days before the trial began, the interest rate shall be increased by two
18 percent; this subparagraph does not apply if the offer is also subject to (A)
19 of this paragraph [INCREASED BY FIVE PERCENT A YEAR].

20 * Sec. 10. AS 09.30.070(a) is amended to read:

21 (a) Notwithstanding AS 45.45.010, the [THE] rate of interest on judgments
22 and decrees for the payment of money, including prejudgment interest, shall be
23 determined in accordance with (c) of this section [IS 10.5 PERCENT A YEAR],
24 except that a judgment or decree founded on a contract in writing, providing for the
25 payment of interest until paid at a specified rate not exceeding the legal rate of interest
26 for that type of contract, bears interest at the rate specified in the contract if the
27 interest rate is set out in the judgment or decree.

28 * Sec. 11. AS 09.30.070 is amended by adding a new subsection to read:

29 (c) Except as otherwise provided in (a) of this section, the rate of interest on
30 judgments and decrees for the payment of money is the rate for a five-year constant
31 maturity United States Treasury note published in the applicable Federal Reserve H.15

1 Statistical Release, plus one and one-half percent. This rate is the rate in effect as of
2 the first business day of the month during which prejudgment interest begins to accrue
3 on a claim under (b) of this section and remains constant with respect to the claim
4 until the judgment or decree is satisfied. This rate of interest shall be determined as
5 of the first business day of every month by the administrative director of the Alaska
6 Court System.

7 * Sec. 12. AS 09.43 is amended by adding a new article to read:

8 **Article 3. Alternative Dispute Resolution.**

9 **Sec. 09.43.310. Findings; purpose.** The legislature finds that providing a
10 formalized program of alternative dispute resolution procedures within the existing
11 civil litigation system can promote the timely and efficient resolution of many civil
12 disputes. The purpose of AS 09.43.310 - 09.43.390 is to provide for an initial pilot
13 program of alternative dispute resolution of certain civil cases filed in the superior
14 court on or after January 1, 1998.

15 **Sec. 09.43.320. Pilot program for alternative dispute resolution.** (a) The
16 supreme court shall provide for a pilot program under AS 09.43.310 - 09.43.390 for
17 the submission of civil cases filed in the superior court, Third Judicial District, to
18 alternative dispute resolution procedures. The program shall begin January 1, 1998,
19 and operate for at least five years.

20 (b) The following types of cases may not be included in the pilot program:

- 21 (1) divorce and dissolution;
22 (2) adoption, custody, support, visitation, and emancipation of children;
23 (3) children in need of aid cases under AS 47.10 or delinquent minors
24 cases under AS 47.12;
25 (4) domestic violence protective orders under AS 18.66.100 -
26 18.66.180;
27 (5) estate, guardianship, and trust cases filed under AS 13;
28 (6) cases when no answer to the complaint or petition is filed by any
29 party to the case with the court.

30 **Sec. 09.43.330. Structure of pilot program.** (a) The supreme court shall
31 provide criteria for the screening of covered cases under the program to determine if

1 the cases are appropriate for referral to alternative dispute resolution. The criteria shall
2 be constructed so that at least 50 percent of the estimated number of covered cases
3 filed in a calendar year are referred to alternative dispute resolution.

4 (b) The supreme court shall establish minimum qualifications for a person to
5 be listed to conduct alternative dispute resolution procedures under AS 09.43.310 -
6 09.43.390. The supreme court shall establish a list of persons determined to meet
7 those qualifications and the current schedule of fees charged by the person listed.

8 (c) For a case referred under the program, the parties may mutually agree to
9 select a person to conduct the alternative dispute resolution procedure regardless of
10 whether the person appears on the list established under (b) of this section or whether
11 the person meets the minimum qualifications to be selected for the list. If an
12 agreement cannot be reached, the trial court judge assigned the case shall appoint a
13 person from the list. A person selected or appointed under this subsection has judicial
14 immunity for conducting the alternative dispute procedure to the same extent as a
15 judge and shall abide by applicable rules of confidentiality related to alternative dispute
16 resolution procedures established by the supreme court.

17 (d) Fees and costs to conduct an alternative dispute resolution procedure under
18 AS 09.43.310 - 09.43.390 shall be shared equally among the parties to the case being
19 referred unless the court finds a party wholly or partially indigent and orders total or
20 partial payment at public expense. The supreme court shall establish guidelines for the
21 determination of total or partial indigency under the program. Fees and costs borne
22 at public expense under this subsection constitute a lien on any recovery in the case
23 by that party and shall be paid first from the recovery.

24 (e) The superior court shall establish standards for the timely referral to and
25 the conclusion of the alternative dispute resolution procedure required under this
26 program. The standards must include that the alternative dispute resolution procedure

27 (1) shall terminate no more than 100 days after the defendant's answer
28 is served unless the trial court grants a time extension in an exceptional case and for
29 good cause shown; and

30 (2) be limited to no more than 12 hours for the procedure unless the
31 parties mutually agree to a longer period.

1 **Sec. 09.43.340. Evaluation of pilot program.** (a) The Alaska Judicial
2 Council shall evaluate annually the efficacy of the pilot program. Among other
3 factors, the evaluation shall address the speed with which cases are resolved, the
4 satisfaction of the parties to the cases, the expenditures made by the parties to the
5 cases, and the expenditure of court resources.

6 (b) The council shall work with the court system to create a system for
7 efficient collection of information needed to evaluate the program. The council shall
8 report the results of its evaluation to the governor and legislature each year by
9 March 31.

10 **Sec. 09.43.390. Definitions.** In AS 09.43.310 - 09.43.390,

11 (1) "alternative dispute resolution procedure" includes mediation and
12 early neutral evaluation;

13 (2) "covered cases" means civil cases described in AS 09.43.320(a) and
14 not excluded from participation in the program by AS 09.43.320(b);

15 (3) "program" means the alternative dispute resolution pilot program
16 established in AS 09.43.320.

17 * **Sec. 13.** AS 09.50.280 is amended to read:

18 **Sec. 09.50.280. Judgment for plaintiff; punitive damages.** If judgment is
19 rendered for the plaintiff, it shall be for the legal amount found due from the state with
20 interest as provided under AS 09.30.070 [LEGAL INTEREST FROM THE DATE
21 IT BECAME DUE] and without punitive damages.

22 * **Sec. 14.** AS 09.55.440(a) is amended to read:

23 (a) Upon the filing of the declaration of taking and the deposit with the court
24 of the amount of the estimated compensation stated in the declaration, title to the estate
25 as specified in the declaration vests in the plaintiff, and that property is condemned
26 and taken for the use of the plaintiff, and the right to just compensation for it vests in
27 the persons entitled to it. The compensation shall be ascertained and awarded in the
28 proceeding and established by judgment. The judgment must include interest at the
29 rate of 10.5 percent a year [SET OUT IN AS 09.30.070] on the amount finally
30 awarded that [WHICH] exceeds the amount paid into court under the declaration of
31 taking. The interest runs from the date title vests to the date of payment of the

1 judgment.

2 * Sec. 15. AS 09.55.535 is repealed and reenacted to read:

3 Sec. 09.55.535. **Mandatory arbitration.** (a) A person who files an action for
4 personal injury, death, or property damage shall also submit the claim to the court for
5 arbitration unless the action is excluded under (b) of this section.

6 (b) A person is not required to comply with (a) of this section if the

7 (1) amount in controversy, excluding interest, costs, and attorney fees,
8 exceeds \$100,000;

9 (2) parties have, under a written agreement made before the accrual of
10 the action, agreed to submit the claim to arbitration; or

11 (3) action

12 (A) is a class action;

13 (B) seeks equitable or declaratory relief;

14 (C) concerns the title to real property;

15 (D) is a probate action;

16 (E) is an appeal from a court of limited jurisdiction;

17 (F) involves divorce or domestic relations;

18 (G) is an appeal from action by an administrative agency;

19 (H) is subject to the alternative dispute resolution procedure
20 under AS 09.43.320.

21 (c) When a claim is submitted as required by (a) of this section, the court shall
22 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim
23 shall interview the parties and examine all records or materials relating to the claim
24 and may compel the attendance of witnesses, interview the parties, or consult with
25 medical specialists.

26 (d) An arbitrator appointed under this section shall conduct a prehearing
27 settlement conference within 30 days after the appointment. The arbitrator shall
28 establish a period for discovery and a date for a hearing. The hearing date may not
29 be more than 120 days after the settlement conference.

30 (e) An arbitrator shall render a decision within 30 days after hearing a claim
31 under (d) of this section. The decision must contain findings of fact and conclusions

1 of law. The decision of the arbitrator may be rejected by a party.

2 (f) If the decision of the arbitrator is rejected by a party, the action may
3 proceed in the appropriate court. The arbitrator's decision is admissible in that action
4 to the extent allowed under the Alaska Rules of Evidence and may be used by a party
5 to support or oppose a claim of damages. If a party rejects the decision of the
6 arbitrator and litigates the action in court but is not the prevailing party in the action,
7 the court shall award actual costs and attorney fees to the opposing party.

8 (g) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)
9 apply to an arbitration under this section to the extent the provisions do not conflict
10 with the provisions of this section.

11 * Sec. 16. AS 09.65.210 is repealed and reenacted to read:

12 **Sec. 09.65.210. Damages resulting from the commission of a felony or**
13 **other conduct that would constitute a felony.** (a) Except as provided in (b) of this
14 section, a person who suffers personal injury or death may not recover damages for
15 the personal injury or death if the injury or death occurred while the person was

16 (1) engaged in the commission of a felony, and the person has been
17 convicted of the felony, including conviction based on a guilty plea or plea of nolo
18 contendere, and the felony substantially contributed to a personal injury or death;

19 (2) engaged in conduct that would constitute the commission of an
20 unclassified felony or a class A or class B felony for which the person was not
21 convicted and if the conduct

22 (A) substantially contributed to the injury or death; and

23 (B) is proven by the defendant in the civil trial by clear and
24 convincing evidence; or

25 (3) fleeing after the commission, by that person, of conduct that would
26 constitute an unclassified felony or a class A or class B felony, or being apprehended
27 for conduct that would constitute an unclassified felony or class A or class B felony
28 if

29 (A) the conduct during the flight or apprehension substantially
30 contributed to the injury or death; and

31 (B) the conduct that would constitute a felony is proven by the

1 defendant in the civil trial by clear and convincing evidence.

2 (b) If the person is acquitted of all unclassified, class A, and class B felonies
3 arising from the conduct, this section does not preclude the person from recovering
4 damages for those injuries or death.

5 (c) This section does not affect a right of action under 42 U.S.C. 1983.

6 * Sec. 17. AS 09.68 is amended by adding a new section to read:

7 **Sec. 09.68.130. Collection of settlement information.** (a) Except as
8 provided in (c) of this section, the Alaska Judicial Council shall collect and evaluate
9 information relating to the compromise or other settlement of all civil litigation. The
10 information, including the case name and file number, a general description of the
11 claims being settled, the dollar amount of the settlement, to whom it is to be paid, and
12 any nonmonetary terms, shall be collected on a form developed by the council for that
13 purpose.

14 (b) The information received by the council under (a) of this section is
15 confidential. This restriction does not prevent the disclosure of summaries and
16 statistics in a manner that does not allow the identification of particular cases or
17 parties.

18 (c) The requirements of (a) of this section do not apply to the following types
19 of cases:

20 (1) divorce and dissolution;

21 (2) adoption, custody, support, visitation, and emancipation of children;

22 (3) children in need of aid cases under AS 47.10 or delinquent minors
23 cases under AS 47.12;

24 (4) domestic violence protective orders under AS 18.66.100 -
25 18.66.180;

26 (5) estate, guardianship, and trust cases filed under AS 13;

27 (6) small claims under AS 22.15.040.

28 * Sec. 18. AS 21.06 is amended by adding a new section to read:

29 **Sec. 21.06.087. Insurance report.** (a) The director shall require reporting of
30 and shall compile information necessary to evaluate

31 (1) the effect of the measures enacted in this Act on the availability and

1 cost of insurance in the state; and

2 (2) the financial health and profitability of insurers doing business in
3 the state.

4 (b) Information described in (a) of this section shall be provided by all insurers
5 doing business in this state in the format specified by the director and must include
6 factual information stating premiums, claims, expenses, and an allocation of investment
7 profits or losses by line of business written in this state. Information shall be compiled
8 by the division in a way that protects the identity of individual insureds.

9 (c) The director shall adopt regulations to implement and interpret this section,
10 including requiring insurers doing business in the state to provide information
11 necessary for the division of insurance to carry out its responsibilities under (a) and
12 (b) of this section.

13 (d) Beginning June 1, 1999, the information compiled under (a) of this section
14 shall be reported to the governor and the legislature annually.

15 (e) The division may consult with the Alaska Judicial Council when
16 determining what information to require to be reported under (a) - (c) of this section
17 and when implementing the compilation required under (a) of this section.

18 * Sec. 19. AS 22.10.020(i) is amended to read:

19 (i) The superior court is the court of original jurisdiction over all causes of
20 action arising under the provisions of AS 18.80. A person who is injured or aggrieved
21 by an act, practice, or policy that [WHICH] is prohibited under AS 18.80 may apply
22 to the superior court for relief. The person aggrieved or injured may maintain an
23 action on behalf of that person or on behalf of a class consisting of all persons who
24 are aggrieved or injured by the act, practice, or policy giving rise to the action. In an
25 action brought under this subsection, the court may grant relief as to any act, practice,
26 or policy of the defendant that [WHICH] is prohibited by AS 18.80, regardless of
27 whether each act, practice, or policy, with respect to which relief is granted, directly
28 affects the plaintiff, so long as a class or members of a class of which the plaintiff is
29 a member are or may be aggrieved or injured by the act, practice, or policy. The court
30 may enjoin any act, practice, or policy that [WHICH] is illegal under AS 18.80 and
31 may, subject to AS 18.80.225, order any other relief, including the payment of money,

1 that is appropriate.

2 * Sec. 20. AS 22.15.030(a) is amended to read:

3 (a) The district court has jurisdiction of civil cases, including foreign
4 judgments filed under AS 09.30.200 and arbitration proceedings under AS 09.43.170,
5 as follows:

6 (1) for the recovery of money or damages when the amount claimed
7 exclusive of costs, interest, and attorney fees does not exceed \$100,000 [\$50,000];

8 (2) for the recovery of specific personal property [,] when the value of
9 the property claimed and the damages for the detention do not exceed \$100,000
10 [\$50,000];

11 (3) for the recovery of a penalty or forfeiture, whether given by statute
12 or arising out of contract, not exceeding \$100,000 [\$50,000];

13 (4) to give judgment without action upon the confession of the
14 defendant for any of the cases specified in this section, except for a penalty or
15 forfeiture imposed by statute;

16 (5) for establishing the fact of death or cause and manner of death of
17 any person in the manner prescribed in AS 09.55.020 - 09.55.069;

18 (6) for the recovery of the possession of premises in the manner
19 provided under AS 09.45.070 - 09.45.160 when the value of the arrears and damage
20 to the property does not exceed \$100,000 [\$50,000];

21 (7) for the foreclosure of a lien when the amount in controversy does
22 not exceed \$100,000 [\$50,000];

23 (8) for the recovery of money or damages in motor vehicle tort cases
24 when the amount claimed exclusive of costs, interest, and attorney fees does not
25 exceed \$100,000 [\$50,000];

26 (9) over civil actions for taking utility service and for damages to or
27 interference with a utility line filed under AS 42.20.030;

28 (10) over cases involving protective orders for domestic violence under
29 AS 18.66.100 - 18.66.180.

30 * Sec. 21. Rule 16.1(c), Alaska Rules of Civil Procedure, is amended to read:

31 (c) Motion to Set Trial and Certificate. Unless otherwise ordered by the

1 court, a [A] motion to set trial may not be filed until after the meeting of parties
2 under paragraph (n) of this rule has occurred and the scheduling order under
3 Rule 16(b) has been issued [105 DAYS AFTER SERVICE OF THE SUMMONS
4 AND COMPLAINT]. A party seeking to obtain a trial date must serve and file a
5 motion to set trial together with a certificate, signed by counsel, stating:

- 6 (1) That the issues in the case have actually been joined;
- 7 (2) That all parties have completed discovery or will have a reasonable
8 opportunity to do so within the next 60 days;
- 9 (3) That the procedure for listing witnesses and exhibits and providing
10 exhibit copies, as set forth in paragraph (d) of this rule has been completed;
- 11 (4) Whether trial by jury has been timely demanded;
- 12 (5) The estimated number of days for the trial, including estimates for
13 each party's case and for jury selection;
- 14 (6) The names, addresses and telephone numbers of all attorneys and
15 pro se parties who are responsible for the conduct of the litigation;
- 16 (7) Which, if any, statute or rule entitles the case to preference on the
17 trial calendar;
- 18 (8) That the parties have complied with paragraph (k) of this rule.

19 * Sec. 22. Rule 16.1(n), Alaska Rules of Civil Procedure, is repealed and reenacted to read:

20 (n) Meeting of Parties. Except when otherwise ordered, the parties shall, as
21 soon as practicable after the exchange of initial disclosures required under Rule
22 26(a)(1) and in any event at least 14 days before a scheduling conference is held or
23 a scheduling order is due under Rule 16(b), meet to discuss the nature and basis of
24 their claims and defenses and the possibilities for a prompt settlement or resolution of
25 the case and to develop a proposed discovery plan. The attorneys of record and all
26 unrepresented parties that have appeared in the case are jointly responsible for
27 arranging and being present or represented at the meeting, for attempting in good faith
28 to agree on the proposed discovery plan, and for submitting to the court within 10 days
29 after the meeting a written report outlining the proposed discovery plan. The proposed
30 discovery plan shall indicate the parties' views and proposals concerning

- 31 (1) what changes should be made in the timing or forms of subsequent

1 disclosures under the rules, including a statement as to when the disclosures required
2 under Rule 26(a) were made;

3 (2) the subjects on which discovery may be needed, when discovery
4 should be completed, and whether discovery should be conducted in phases or be
5 limited to or focused upon particular issues;

6 (3) what changes should be made in the limitations on discovery
7 imposed under these rules and what other limitations should be imposed;

8 (4) whether a scheduling conference is unnecessary;

9 (5) whether there will be dispositive or partially dispositive motions
10 filed in the case and whether other deadlines should be set aside pending resolution of
11 the dispositive or partially dispositive motions by the court; and

12 (6) any other orders that should be entered by the court under
13 Rule 16(b) and (c).

14 * Sec. 23. Rule 41(a), Alaska Rules of Civil Procedure, is amended by adding a new
15 paragraph to read:

16 (3) Settlement Information. If a voluntary dismissal under this rule is
17 the result of compromise or other settlement of the parties, the parties shall submit to
18 the Alaska Judicial Council the information required under AS 09.68.130. A notice
19 of dismissal made under (1)[a] of this subsection must be accompanied by a
20 certification signed by or on behalf of the plaintiff that the information required under
21 AS 09.68.130 has been submitted to the Alaska Judicial Council. A stipulation of
22 dismissal made under (1)[b] of this subsection must be accompanied by such a
23 certification signed by or on behalf of all parties who have appeared in the action.
24 The requirements of this paragraph do not apply to the types of cases listed in
25 AS 09.68.130(c).

26 * Sec. 24. Rule 68, Alaska Rules of Civil Procedure, is repealed and reenacted to read:

27 **Rule 68. Offer of Judgment.** (a) At any time more than 10 days before the
28 trial begins, either the party making a claim or the party defending against a claim may
29 serve upon the adverse party an offer to allow judgment to be entered in complete
30 satisfaction of the claim for the money or property or to the effect specified in the
31 offer, with costs then accrued. The offer may not be revoked in the 10-day period

1 following service of the offer. If, within 10 days after service of the offer, the adverse
2 party serves written notice that the offer is accepted, either party may then file the
3 offer and notice of acceptance together with proof of service, and the clerk shall enter
4 judgment. An offer not accepted within 10 days is considered withdrawn, and
5 evidence of the offer is not admissible except in a proceeding to determine costs. The
6 fact that an offer is made but not accepted does not preclude a subsequent offer.

7 (b) If the judgment finally rendered by the court is not more favorable to the
8 offeree than the offer, the prejudgment interest accrued up to the date judgment is
9 entered shall be adjusted as follows:

10 (1) if the offeree is the party making the claim, the interest rate will be
11 reduced by the amount specified in AS 09.30.065;

12 (2) if the offeree is the party defending against the claim, the interest
13 rate will be increased by the amount specified in AS 09.30.065.

14 (c) If the judgment finally rendered by the court is not more favorable to the
15 offeree than the offer, the court's award of attorney's fees under Rule 82 shall be
16 adjusted as follows:

17 (1) if the offeree is the party making the claim, the court shall adjust
18 its award of attorney's fees to the offeree as follows:

19 (A) if the offer was served no later than 30 days after both
20 parties made the disclosures required by Rule 26(a)(1), the attorney's fees
21 award shall be reduced by 50 percent;

22 (B) if the offer was served more than 30 days after both parties
23 made the disclosures required by Rule 26(a)(1) but more than 90 days before
24 the trial began, the attorney's fees award shall be reduced by 30 percent;

25 (C) if the offer was served 90 days or less but more than 10
26 days before the trial began, the attorney's fees award shall be reduced by 20
27 percent;

28 (2) if the offeree is the party defending against the claim, the court
29 shall adjust its award of attorney's fees to the offeror as follows:

30 (A) if the offer was served no later than 30 days after both
31 parties made the disclosures required by Rule 26(a)(1), the attorney's fees

1 award shall be increased by 50 percent;

2 (B) if the offer was served more than 30 days after both parties
3 made the disclosures required by Rule 26(a)(1) but more than 90 days before
4 the trial began, the attorney's fees award shall be increased by 30 percent;

5 (C) if the offer was served 90 days or less but more than 10
6 days before the trial began, the attorney's fees award shall be increased by 20
7 percent.

8 (d) When the liability of one party to another has been determined by verdict,
9 order, or judgment, but the amount or extent of the liability remains to be determined
10 by further proceedings, the party adjudged liable may make an offer of judgment,
11 which shall have the same effect as an offer made 90 days or less but more than 10
12 days before trial begins, if it is served not less than 10 days before the commencement
13 of hearings to determine the amount or extent of liability.

14 * Sec. 25. Rule 72.1(g), Alaska Rules of Civil Procedure, is amended to read:

15 (g) Discovery. Except by leave of court, no discovery may be conducted until
16 the report of the panel has been filed or until 60 days after selection of the panel [80
17 DAYS HAVE ELAPSED FROM THE DATE THE CASE IS AT ISSUE], whichever
18 is first to occur, unless discovery is further stayed for good cause by order of the court.

19 * Sec. 26. Rule 95(b), Alaska Rules of Civil Procedure, is amended to read:

20 (b) In addition to its authority under (a) of this rule and its power to punish
21 for contempt, a court may, after reasonable notice and an opportunity to show cause
22 to the contrary, and after hearing by the court, if requested, impose a fine not to
23 exceed \$10,000.00 [\$1,000.00] against any attorney who practices before it for failure
24 to comply with these rules or any rules promulgated by the supreme court.

25 * Sec. 27. Rule 1(a)(1), District Court Rules of Civil Procedure is amended to read:

26 (1) The procedure in civil actions and proceedings before district judges
27 and magistrates shall be governed by the rules governing the procedure in the superior
28 court to the extent that such rules are applicable. However, unless otherwise agreed
29 by all parties or permitted by order of the court in exceptional cases and for good
30 cause shown, discovery shall be limited to the disclosures required under Civil
31 Rule 26(a) and to the taking by each party of the deposition of one or more

1 opposing parties and of one additional person who is not a party.

2 * Sec. 28. Rule 4, District Court Rules of Civil Procedure, is amended by adding a new
3 subsection to read:

4 (b) Unless otherwise permitted by order of the court in exceptional cases and
5 for good cause shown, all parties shall file a memorandum to set the case for trial, as
6 set out in Civil Rule 40(b), no later than 180 days after service of the complaint on all
7 parties to the case. The parties shall submit a joint memorandum to set the case for
8 trial, which may state their separate positions if they do not agree concerning the
9 information or estimates to be provided in the memorandum. The court shall set the
10 trial to commence on a date not less than 30 and not more than 90 days after the filing
11 of the memorandum to set the case for trial, unless a continuance is granted by the
12 court under Civil Rule 40(e).

13 * Sec. 29. Rule 511, Alaska Rules of Appellate Procedure, is amended by adding a new
14 subsection to read:

15 (e) **Settlement Information.** If a dismissal under (a) or (b) of this rule is the
16 result of compromise or other settlement between the parties, the parties shall submit
17 to the Alaska Judicial Council the information required under AS 09.68.130. A
18 dismissal by agreement under (a) of this rule must be accompanied by a certification
19 signed by the attorneys of record for all parties that the information required under
20 AS 09.68.130 has been submitted to the Alaska Judicial Council. A dismissal by the
21 appellant or petitioner made under (b) of this rule must be accompanied by such a
22 certification signed by the appellant's or petitioner's attorney of record. The
23 requirements of this subsection do not apply to the types of cases listed in
24 AS 09.68.130(c).

25 * Sec. 30. AS 08.64.326(a)(12); AS 08.68.270(10); AS 09.55.536, 09.55.560(2), and
26 09.55.560(3) are repealed.

27 * Sec. 31. Rules 16.1(k)(4) and 72.1, Alaska Rules of Civil Procedure, are repealed.

28 * Sec. 32. AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of this
29 Act, have the effect of amending

30 (1) Rule 49, Alaska Rules of Civil Procedure, by requiring the jury to conduct
31 a separate proceeding for the determination of a punitive damages award after it has

1 determined that punitive damages are allowed in a case; and

2 (2) Rule 26(b) and (d), Alaska Rules of Civil Procedure, by affecting the
3 scope, limits, timing, and sequence of discovery allowed in a case.

4 * Sec. 33. AS 09.30.065, as amended by sec. 9 of this Act, has the effect of amending
5 Rule 68, Alaska Rules of Civil Procedure, by altering the manner in which interest under
6 AS 09.30.070 is adjusted under AS 09.30.065 when a judgment is not more favorable to the
7 offeree than the offer.

8 * Sec. 34. AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, has the effect of
9 amending Rule 100, Alaska Rules of Civil Procedure, by making the mediation process
10 mandatory for certain civil cases in the superior court, Third Judicial District, and by
11 expanding the scope of the rule to include other forms of alternative dispute resolution in
12 addition to mediation.

13 * Sec. 35. AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
14 Rule 79(b), Alaska Rule of Civil Procedure, by allowing the award of actual costs in certain
15 actions.

16 * Sec. 36. AS 09.55.535(f), as enacted in sec. 15 of this Act, has the effect of amending
17 Rule 82(b), Alaska Rule of Civil Procedure, by allowing the award of actual attorney fees in
18 certain actions.

19 * Sec. 37. APPLICABILITY. (a) Sections 1, 9, 15, 20 - 22, 24 - 28, 30, and 31 of this
20 Act apply to all civil actions filed on or after the effective date of those sections.

21 (b) Sections 3 - 8, 10, 11, 13, 16, and 19 of this Act apply to all causes of action
22 accruing on or after the effective date of those sections.

23 (c) Section 12 of this Act applies only to those civil actions covered by the pilot
24 program for alternative dispute resolution established under the provisions of AS 09.43.310 -
25 09.43.390, as enacted by sec. 11 of this Act, filed on or after January 1, 1998.

26 (d) Sections 17, 23, and 29 of this Act apply only to all voluntary dismissals of civil
27 actions filed with the state court on or after January 1, 1998.

28 (e) Section 18 of this Act applies to all insurers doing business in this state on or after
29 the effective date of that section.

30 * Sec. 38. SEVERABILITY. Under AS 01.10.030, if any provision of this Act or the
31 application of a provision of this Act to any person or circumstance is held invalid, the

1 remainder of this Act and the application to other persons shall not be affected.

2 * Sec. 39. REVISOR'S INSTRUCTION. Due to the addition of AS 09.43.310 - 09.43.390
3 in sec. 12 of this Act, in AS 21.89.100(d), the revisor of statutes shall substitute
4 "AS 09.43.010 - 09.43.220" for "AS 09.43."

5 * Sec. 40. (a) AS 09.17.020(a), (c), (d), and (e), as repealed and reenacted by sec. 7 of
6 this Act, take effect only if sec. 32 of this Act receives the two-thirds majority vote of each
7 house required by art. IV, sec. 15, Constitution of the State of Alaska.

8 (b) AS 09.43.310 - 09.43.390, as enacted by sec. 12 of this Act, takes effect only if
9 sec. 34 of this Act receives the two-thirds majority vote of each house required by art. IV,
10 sec. 15, Constitution of the State of Alaska.

11 (c) The amendments or the repeal of the following court rules takes effect only if all
12 amendments and the repeal listed in this subsection receive the two-thirds majority vote of
13 each house required by art. IV, sec. 15, Constitution of the State of Alaska:

14 (1) Rule 16.1(c), Alaska Rules of Civil Procedure, as amended by sec. 21 of
15 this Act;

16 (2) Rule 16.1(n), Alaska Rules of Civil Procedure, as amended by sec. 22 of
17 this Act;

18 (3) Rule 16.1(k)(4), Alaska Rules of Civil Procedure, repealed by sec. 31 of
19 this Act.

20 (d) AS 09.68.130, as enacted by sec. 17 of this Act, takes effect only if secs. 23 and
21 29 both receive the two-thirds majority vote of each house required by art. IV, sec. 15,
22 Constitution of the State of Alaska.

23 * Sec. 41. Sections 17, 23, and 29 of this Act take effect January 1, 1998.

24 * Sec. 42. Except as provided in sec. 41 of this Act, this Act takes effect immediately
25 under AS 01.10.070(c).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 12, 1997

SUBJECT: Civil actions - (CSSB 15(JUD))

TO: Senator Robin Taylor
Attn: Laura

FROM: Michael F. Ford *M.F.*
Legislative Counsel

The amendments you requested are attached. As to amendments B.1, B.3, B.4, B.5, and B.6 there exists a constitutional problem. Specifically, the inclusion of these amendments would violate Article II, section 13, of the Alaska Constitution, which requires that each bill be confined to one subject. These amendments are an effort to change provisions of law relating to insurance and interest rates applicable to contracts and loans. It has consistently been the position of our office that "civil actions" constitutes a subject that does not include insurance or interest rates applicable to contracts and loans. Given the time constraints, we have not amended other sections of law affected by amendment B.6. Those sections should be reviewed before amendment B.6 is adopted by the committee.

Please contact me if you have further questions.

MFF:jdr
97-169.jdr

Attachments

AMENDMENT

OFFERED IN THE SENATE

TO: Draft CSSB 15(JUD) ("B" Version, Dated 3/11/97)

1 Page 1, line 1, following "actions;":

2 Insert "relating to uninsured and underinsured motor vehicle insurance and bonds;"

3 Page 14, following line 29:

4 Insert a new bill section to read:

5 **** Sec. 21.** AS 28.22.201(a) is amended to read:

6 'a) The uninsured and underinsured motorists coverage required under this
7 chapter

8 (1) ~~applies~~ [DOES NOT APPLY] to bodily injury, sickness, disease, or
9 death of an insured or damage to or destruction of property of an insured even if
10 [UNTIL] the limits of liability bonds and policies that apply have not been used up by
11 payments or judgments or settlements; however, the insurer shall, in each instance,
12 receive a credit against the insured's total damages for amounts actually received
13 by the insured for covered claims from other sources, including liability bonds,
14 other insurance policies, judgments, or settlements;

15 (2) must be a single combined coverage; and

16 (3) may be rejected by the insured in writing; if the insured has rejected
17 uninsured or underinsured coverage, the coverage may not be included in a
18 supplemental, renewal, or replacement policy unless the insured subsequently requests
19 uninsured or underinsured coverage in writing."

20 Page 19, following line 26:

21 Insert a new bill section to read:

22 **** Sec. 32.** AS 28.20.445(c), 28.20.445(h); AS 28.22.211; and AS 28.40.100(a)(22) are
23 repealed."

1 Page 20, line 19:

2 Delete "20 - 22, 24 - 28, 30, and 31"

3 Insert "20, 22, 23, 25 - 29, 31, and 33"

4 Page 20, line 26:

5 Delete "23, and 29"

6 Insert "24, and 30"

7 Page 21, line 6:

8 Delete "sec. 32"

9 Insert "sec. 34"

10 Page 21, line 9:

11 Delete "sec. 34"

12 Insert "sec. 36"

13 Page 21, line 14:

14 Delete "sec. 21"

15 Insert "sec. 22"

16 Page 21, line 16:

17 Delete "sec. 22"

18 Insert "sec. 23"

19 Page 21, line 18:

20 Delete "sec. 31"

21 Insert "sec. 33"

22 Page 21, lines 20 - 21:

23 Delete "secs. 23 and 29"

24 Insert "secs. 24 and 30"

1 Page 21, line 23:

2 Delete "23, and 29"

3 Insert "24, and 30"

4 Page 21, line 24:

5 Delete "sec. 41"

6 Insert "sec. 43"

A M E N D M E N T

OFFERED IN THE SENATE

TO: Draft CSSB 15(JUD) ("B" Version)

1 Page 13, following line 17:

2 Insert a new bill section to read:

3 **"* Sec. 19.** AS 21.36 is amended by adding a new section to read:

4 **Sec. 21.36.128. Civil action for claim settlement practices.** (a) A person
5 who alleges a violation of AS 21.36.125 or a violation of a trade practice or claim
6 settlement regulation adopted by the director may bring a civil action for damages.
7 Notwithstanding any other provision of law, a person bringing an action under this
8 section may not be required to prove that the violation occurred with a frequency that
9 indicates a general business practice.

10 (b) Before filing a civil action under (a) of this section, the person filing the
11 action shall give at least 60 days written notice to the person who committed the
12 violation. Notice required under this subsection must include

13 (1) a copy of the statute or regulation that the person is claimed to
14 have violated;

15 (2) the facts and circumstances giving rise to the violation;

16 (3) the name of any individual involved in the violation;

17 (4) reference to any policy that is relevant to the violation; this
18 paragraph does not apply if the person bringing the civil action is a third party
19 claimant unless the insurer has provided the person bringing the civil action with a
20 copy of the policy; and

21 (5) a statement that the notice is given in compliance with this
22 subsection.

23 (c) If, within 60 days after notice required under (b) of this section is received
24 by the insurer, the insurer pays the damages claimed by the person bringing the action
25 or corrects the settlement practice giving rise to the action, a person may not bring

1 an action under (a) of this section.

2 (d) If an insurer receives a notice described under (b) of this section or settles
3 an alleged violation as provided under (c) of this section, the insurer shall provide a
4 copy of the notice to the director or notify the director of the settlement within 30
5 days after receiving the notice or settling the matter.

6 (e) Upon mailing or delivering the notice required under (b) of this section,
7 the applicable time limit for commencing an action under (a) of this section shall be
8 tolled for 65 days.

9 (f) If the person filing an action under (a) of this section is a prevailing party,
10 the person may recover

11 (1) costs and reasonable attorney fees; and

12 (2) damages that are foreseeable as a result of the violation, including
13 damages in excess of applicable insurance policy limits.

14 (g) Notwithstanding any other provision of law, a person filing an action
15 under (a) of this section may recover punitive damages if the act or omission giving
16 rise to the violation is

17 (1) wilful, wanton, or malicious; or

18 (2) in reckless disregard of the rights of the person filing the civil
19 action.

20 (h) The rights provided under this section are in addition to other rights
21 provided by law."

22 Renumber the following bill sections accordingly.

23 Page 20, line 19:

24 Delete "20 - 22, 24 - 28, 30, and 31"

25 Insert "21 - 23, 25 - 29, 31, and 32"

26 Page 20, line 21:

27 Delete "and 19"

28 Insert "19, and 20"

1 Page 20, line 26:

2 Delete "23, and 29"

3 Insert "24, and 30"

4 Page 21, line 6:

5 Delete "sec. 32"

6 Insert "sec. 33"

7 Page 21, line 9:

8 Delete "sec. 34"

9 Insert "sec. 35"

10 Page 21, line 14:

11 Delete "sec. 21"

12 Insert "sec. 22"

13 Page 21, line 16:

14 Delete "sec. 22"

15 Insert "sec. 23"

16 Page 21, line 18:

17 Delete "sec. 31"

18 Insert "sec. 32"

19 Page 21, lines 20 - 21:

20 Delete "secs. 23 and 29"

21 Insert "secs. 24 and 30"

22 Page 21, line 23:

23 Delete "23, and 29"

24 Insert "24, and 30"

- 1 Page 21, line 24:
- 2 Delete "sec. 41"
- 3 Insert "sec. 42"

A M E N D M E N T

OFFERED IN THE SENATE

TO: Draft CSSB 15(JUD) ("B" Version)

1 Page 1, line 1, following "actions;":

2 Insert "relating to motor vehicle liability insurance;"

3 Page 14, following line 29:

4 Insert a new bill section to read:

5 **"* Sec. 21.** AS 28.22 is amended by adding a new section to read:

6 **Sec. 28.22.150. Required medical payment policy provision.** (a) If the
7 insurance carrier denies coverage for a claim for medical treatment by the insured
8 under a motor vehicle liability policy that contains medical coverage and the claim
9 is later determined to be covered under the policy, the insurance carrier shall pay the
10 insured's

11 (1) actual costs, plus interest from the date the claim is received by the
12 insurer; and

13 (2) actual attorney fees or an amount equal to 50 percent of the
14 disputed claim, whichever is greater; actual attorney fees awarded under this
15 paragraph may not exceed \$250 per hour of work performed."

16 Renumber the following bill sections accordingly.

17 Page 20, following line 18:

18 Insert a new bill section to read:

19 **"* Sec. 38.** AS 28.22.150(2), enacted by sec. 21 of this Act, amends Rule 82(b), Alaska
20 Rules of Civil Procedure, by providing for attorney fee awards in certain cases that may differ
21 from those awarded under Rule 82(b)."

- 1 Renumber the following bill sections accordingly.

- 2 Page 20, line 19:
 - 3 Delete "20 - 22, 24 - 28, 30, and 31"
 - 4 Insert "20, 22, 23, 25 - 29, 31, and 32"

- 5 Page 20, line 21:
 - 6 Delete "and 19"
 - 7 Insert "19, and 21"

- 8 Page 20, line 26:
 - 9 Delete "23, and 29"
 - 10 Insert "24, and 30"

- 11 Page 21, line 6:
 - 12 Delete "sec. 32"
 - 13 Insert "sec. 33"

- 14 Page 21, line 9:
 - 15 Delete "sec. 34"
 - 16 Insert "sec. 35"

- 17 Page 21, line 14:
 - 18 Delete "sec. 21"
 - 19 Insert "sec. 22"

- 20 Page 21, line 16:
 - 21 Delete "sec. 22"
 - 22 Insert "sec. 23"

- 23 Page 21, line 18:
 - 24 Delete "sec. 31"

- 1 Insert "sec. 32"

- 2 Page 21, lines 20 - 21:
- 3 Delete "secs. 23 and 29"
- 4 Insert "secs. 24 and 30"

- 5 Page 21, line 23:
- 6 Delete "23, and 29"
- 7 Insert "24, and 30"

- 8 Page 21, line 24:
- 9 Delete "sec. 41"
- 10 Insert "sec. 43"

AMENDMENT

OFFERED IN THE SENATE

TO: Draft CSSB 15(JUD) ("B" Version)

1 Page 1, line 1, following "actions;":

2 Insert "relating to workers' compensation insurance;"

3 Page 14, following line 29:

4 Insert new bill sections to read:

5 **"* Sec. 21.** AS 23.30.015(e) is amended to read:

6 (e) **Except for actual costs and attorney fees, an employer shall distribute**
7 **to the employee all amounts recovered under a third-party assignment if a violation**
8 **of an applicable provision of law or contractual provision relating to employee**
9 **safety was a substantial factor in causing the employee's injury for which**
10 **compensation was paid. In all other cases an [AN] amount recovered by the employer**
11 **under an assignment, whether by action or compromise, shall be distributed as follows:**

12 (1) the employer shall retain an amount equal to

13 (A) the expenses incurred by the employer in respect to the action
14 or compromise, including a reasonable attorney fee determined by the board;15 (B) the cost of all benefits actually furnished by the employer
16 under this chapter;17 (C) all amounts paid as compensation and second-injury fund
18 payments;19 (D) the present value of all amounts payable later as
20 compensation (present value to be computed from a schedule prepared by the
21 board), and the present value of the cost of all benefits to be furnished later under
22 AS 23.30.095 (as estimated by the board), the amounts so computed and
23 estimated to be retained by the employer as a trust fund to pay compensation and
24 the cost of benefits as they become due and to pay any finally remaining excess

1 sum to the person entitled to compensation or to the representative; and

2 (2) the employer shall pay any excess to the person entitled to
3 compensation or to the representative of that person.

4 * Sec. 22. AS 23.30.015(g) is amended to read:

5 (g) All amounts recovered by an employee or a representative of an
6 employee from a third party shall be retained by the employee if a violation of an
7 applicable provision of law or contractual provision relating to employee safety was
8 a substantial factor in causing the employee's injury for which compensation was
9 paid. In all other cases, if [IF] the employee or the employee's representative recovers
10 damages from the third person, the employee or representative shall promptly pay to the
11 employer the total amounts paid by the employer under ~~(e)(1)(A) - (C)~~ [(e)(1)(A), (B),
12 AND (C)] of this section, insofar as the recovery is sufficient after deducting all
13 litigation costs and expenses. Any excess recovery by the employee or representative
14 shall be credited against any amount payable by the employer thereafter."

15 Renumber the following bill sections accordingly.

16 Page 20, line 19:

17 Delete "20 - 22, 24 - 28, 30, and 31"

18 Insert "20, 23, 24, 26 - 30, 32, and 33"

19 Page 20, line 21:

20 Delete "and 19"

21 Insert "19, 21, and 22"

22 Page 20, line 26:

23 Delete "23, and 29"

24 Insert "25, and 31"

25 Page 21, line 6:

26 Delete "sec. 32"

27 Insert "sec. 34"

1 Page 21, line 9:

2 Delete "sec. 34"

3 Insert "sec. 36"

4 Page 21, line 14:

5 Delete "sec. 21"

6 Insert "sec. 23"

7 Page 21, line 16:

8 Delete "sec. 22"

9 Insert "sec. 24"

10 Page 21, line 18:

11 Delete "sec. 31"

12 Insert "sec. 33"

13 Page 21, lines 20 - 21:

14 Delete "secs. 23 and 29"

15 Insert "secs. 25 and 31"

16 Page 21, line 23:

17 Delete "23, and 29"

18 Insert "25, and 31"

19 Page 21, line 24:

20 Delete "sec. 41"

21 Insert "sec. 43"

AMENDMENT

OFFERED IN THE SENATE

TO: Draft CSSB 15(JUD) ("B" Version)

1 Page 1, line 1, following "actions;":

2 Insert "relating to insurance premium rates;"

3 Page 13, following line 17:

4 Insert a new bill section to read:

5 **"* Sec. 19.** AS 21.39.040 is amended by adding new subsections to read:

6 (l) Notwithstanding the other provisions of this section, a rate filing that imposes
7 a higher premium rate may not take effect until after the director conducts a public
8 hearing on the proposed rate increase. The director shall provide notice of the hearing
9 required under this subsection by publication in at least one newspaper of general
10 circulation and by publication in the periodical published by the Alaska Bar Association.
11 Notice must be published at least 60 days prior to the scheduled hearing, must contain
12 the date, place, and time of the hearing, and shall summarize the rate filing request. The
13 director may require the insurer filing the rate increase to pay the costs of conducting the
14 hearing.

15 (m) Upon request, the director shall allow a person to intervene in the rate
16 review process. The director may order discovery as allowed under Alaska Rules of
17 Civil Procedure. A hearing required under (l) of this section may not occur until
18 discovery is complete.

19 (n) The director shall disapprove a rate filing that imposes a higher premium rate
20 if the director determines that the rate filing is not in the public interest. The burden of
21 proof that a rate filing is in the public interest rests with the insurer who files the rate.
22 If the rate filing results in the insurer earning a rate of return that equals or exceeds the
23 prejudgment interest rate under AS 09.30.070(a), the rate filing shall be presumed not
24 to be in the public interest.

1 (o) A person who intervenes in a rate proceeding under (m) of this section shall
2 be considered a public interest litigant. If the intervenor is successful in opposing the
3 rate increase, the intervenor shall receive actual reasonable attorney fees and costs
4 incurred in the rate proceeding from the insurer. If the insurer is granted the rate
5 increase and the director determines that the efforts of the intervenor were in good faith,
6 not frivolous, or substantially advanced the public interest, the intervenor shall receive
7 actual reasonable attorney fees and costs incurred in the rate proceeding."

8 Renumber the following bill sections accordingly.

9 Page 20, following line 18:

10 Insert a new bill section to read:

11 "* Sec. 38. REQUIRED INSURANCE RATE REDUCTION. Except for wet marine
12 insurance rates, all insurance rates filed with the division of insurance shall be reduced by 10
13 percent from those filed on January 1, 1997."

14 Renumber the following bill sections accordingly.

15 Page 20, line 19:

16 Delete "20 - 22, 24 - 28, 30, and 31"

17 Insert "21 - 23, 25 - 29, 31, and 32"

18 Page 20, line 21:

19 Delete "19"

20 Insert "20"

21 Page 20, line 26:

22 Delete "23, and 29"

23 Insert "24, and 30"

24 Page 21, line 6:

25 Delete "sec. 32"

- 1 Insert "sec. 33"

- 2 Page 21, line 9:
- 3 Delete "sec. 34"
- 4 Insert "sec. 35"

- 5 Page 21, line 14:
- 6 Delete "sec. 21"
- 7 Insert "sec. 22"

- 8 Page 21, line 16:
- 9 Delete "sec. 22"
- 10 Insert "sec. 23"

- 11 Page 21, line 18:
- 12 Delete "sec. 31"
- 13 Insert "sec. 32"

- 14 Page 22, lines 20 - 21:
- 15 Delete "secs. 23 and 29"
- 16 Insert "secs. 24 and 30"

- 17 Page 21, line 23:
- 18 Delete "23, and 29"
- 19 Insert "24, and 30"

- 20 Page 21, line 24:
- 21 Delete "sec. 41"
- 22 Insert "sec. 43"

AMENDMENT

OFFERED IN THE HOUSE

TO: CSSB 15(JUD) ("B" Version, Dated 3/11/97)

1 Page 1, line 1, following "actions;":

2 Insert "relating to interest in a contract or loan;"

3 Page 14, following line 29:

4 Insert a new bill section to read:

5 "* Sec. 21. AS 45.45.010(b) is amended to read:

6 (b) Interest may not be charged by express agreement of the parties in a contract
7 or loan commitment that is more than five percentage points above the annual rate
8 charged member banks for advances by the 12th Federal Reserve District on the day on
9 which the contract or loan commitment is made. A contract or loan commitment in
10 which the principal amount exceeds \$250,000 [\$25,000] is exempt from the limitation
11 of this subsection."

12 Renumber the following bill sections accordingly.

13 Page 20, line 19:

14 Delete "20 - 22, 24 - 28, 30, and 31"

15 Insert "20, 22, 23, 25 - 29, 31, and 32"

16 Page 20, line 26:

17 Delete "23, and 29"

18 Insert "24, and 30"

19 Page 21, line 6:

20 Delete "32"

- 1 Insert "33"

- 2 Page 21, line 9:
- 3 Delete "34"
- 4 Insert "35"

- 5 Page 21, line 14:
- 6 Delete "21"
- 7 Insert "22"

- 8 Page 21, line 16:
- 9 Delete "22"
- 10 Insert "23"

- 11 Page 21, line 18:
- 12 Delete "31"
- 13 Insert "32"

- 14 Page 21, lines 20 - 21:
- 15 Delete "secs. 23 and 29"
- 16 Insert "secs. 24 and 30"

- 17 Page 21, line 23:
- 18 Delete "23, and 29"
- 19 Insert "24, and 30"

- 20 Page 21, line 24:
- 21 Delete "41"
- 22 Insert "42"

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 15(JUD) ("B" Version, Dated 3/11/97)

1 Page 12, following line 27:

2 Insert a new bill section to read:

3 **** Sec. 18.** AS 18.80 is amended by adding a new section to read:

4 **Sec. 18.80.225. Punitive damages for unlawful employment practices.** (a)

5 In an action against an employer to recover damages for an unlawful employment
6 practice prohibited by AS 18.80.220, the amount of punitive damages awarded by the
7 court or jury may not exceed

8 (1) \$50,000 if the employer has less than 101 employees;

9 (2) \$100,000 if the employer has more than 100 but less than 201
10 employees;

11 (3) \$200,000 if the employer has more than 200 but less than 501
12 employees;

13 (4) \$300,000 if the employer has more than 500 employees.

14 (b) This section may not be construed to allow an award of punitive damages
15 against the state.

16 (c) In this section, "employees" means persons employed in each of 20 or
17 more calendar weeks in the current or preceding calendar year."

18 Renumber the following bill sections accordingly.

19 Page 20, line 19:

20 Delete "20 - 22, 24 - 28, 30, and 31"

21 Insert "21 - 23, 25 - 29, 31, and 32"

22 Page 20, line 21:

- 1 Delete "and 19"
- 2 Insert "18, and 20"

- 3 Page 20, line 26:
- 4 Delete "23, and 29"
- 5 Insert "24, and 30"

- 6 Page 20, line 28:
- 7 Delete "18"
- 8 Insert "19"

- 9 Page 21, line 6:
- 10 Delete "32"
- 11 Insert "33"

- 12 Page 21, line 9:
- 13 Delete "34"
- 14 Insert "35"

- 15 Page 21, line 14:
- 16 Delete "21"
- 17 Insert "22"

- 18 Page 21, line 16:
- 19 Delete "22"
- 20 Insert "23"

- 21 Page 21, line 18:
- 22 Delete "31"
- 23 Insert "32"

- 24 Page 21, lines 20 - 21:

1 Delete "secs. 23 and 29"

2 Insert "secs. 24 and 30"

3 Page 21, line 23:

4 Delete "23, and 29"

5 Insert "24, and 30"

6 Page 21, line 24:

7 Delete "41"

8 Insert "42"

ALASKA STATE LEGISLATURE



Sen. Robin Taylor, Chair
Sen. Drue Pearce, Vice Chair
Sen. Mike Miller
Sen. Sean Pamell
Sen. Johnny Ellis

State Capitol
Juneau, AK 99801-1182
(907) 465-3717
Fax: (907) 465-3922

Senate Judiciary Committee

SPONSOR STATEMENT for CSSB15 (JUD)

This bill addresses the widely held public perception that there are imbalances in the civil justice system. In 1996 an Advisory Task Force on Civil Justice Reform composed of a diverse group of Alaskans representing business, the judiciary, and the public studied available data and made recommendations. This bill embodies those recommendations and includes:

- structured caps on punitive damages
- clarification of liability for intentional acts
- shorter statutes of limitation
- an alternative dispute resolution process
- market rate of interest on judgments and provisions to encourage offers of judgment
- increased fines for litigation misconduct by attorneys
- collection of more detailed information on insurance premiums

The proposed Judiciary Committee substitute for SB 15 addresses these perceived problems. Additionally, CSSB 15 (JUD) addresses real problems with insurance industry claims practices and returns to the public some small measure of benefit in exchange for the rights that have been given up through changes in Alaska law during the last decade. Some of those changes would:

- make certain that Alaskans have access to all the insurance coverage for which they have paid
- make sure that hyper-technical insurance exclusions are not used to force needless litigation while depriving Alaskans of insurance protection for which they have paid
- provide Alaskan insurance consumers with an affordable dispute resolution process where their claims for medical payments are wrongfully denied
- make insurance companies accountable when they wrongfully deny claims
- make employers accountable when their failure to follow safety practices cause injury
- roll back insurance rates
- reduce interest rates chargeable by lending institutions

This bill gives Alaskans something in return for the rights that have been taken in recent years. It strikes a better balance than other legislative proposals between the interests of the individual and the perceived need to foster economic development through changes in the civil justice system.



OFFICE OF THE ATTORNEY GENERAL

BRUCE M. BOTELHO, ATTORNEY GENERAL

Joe - I decided maybe
this would be an
easier way for you to
have this info - You can
see there weren't many
close votes and that
when propositions didn't
get out of committee
those decisions were unanimous
also -
Crystal

450 Dimond Courthouse
P.O. Box 110300, Juneau, Alaska 99811-0300
907-465-2133; 907-465-2075 (fax)

Table of Contents

Executive Summary	1
Chapter 1 Task Force Process	5
Chapter 2 Previous Alaska Tort Reform Efforts	9
Chapter 3 Research and Public Comment	13
Chapter 4 Proposals Adopted by Task Force	19
Purpose of Proposed Legislation	20
<i>15-2</i> Structured Caps on Punitive Damages	21
<i>14-3</i> Further Limitation on Noneconomic Damages	25
<i>Noobj.</i> Market Rate of Interest on Judgments	27
<i>Noobj.</i> Shorter Statutes of Limitation	29
<i>Noobj.</i> Alternative Dispute Resolution Program	31
<i>Noobj.</i> Improved Superior Court Fast-Track Procedures	35
<i>Noobj.</i> Streamlined District Court Procedures and Higher Jurisdictional Limits	37
<i>Noobj.</i> Provisions to Encourage Offers of Judgment	40
<i>Noobj.</i> Medical Advisory Panel Improvements	44
<i>Noobj.</i> Access to the Medical Advisory Panel for State Health Care Providers	46
<i>14-2-2</i> Increased Fines for Litigation Misconduct by Lawyers	47
<i>16-1</i> Restrictions on Suits for Injuries Suffered During a Felony	49
<i>Noobj.</i> Clarification of Liability for Intentional Acts	51
<i>Noobj.</i> Settlement Information	52
<i>17-1</i> Collection of More-Detailed Insurance Information	55
Miscellaneous Provisions, Including Effective Dates	57
<i>Noobj.</i> Wrongful Discharge - Warrants Further Inquiry	59

Governor's Advisory Task Force on Civil Justice Reform

Chapter 5	Proposals Rejected by Task Force	61
10-7	Statutes of Repose	62
8-9	Allocation of Fault	63
8-5-1	Alcohol- and Drug-Impaired Plaintiffs	64
Chapter 6	Proposals Rejected in Committee	67
<i>unan. to not report out</i>	Setting Standards for Qualifications of Expert Witnesses	68
<i>unan. to not report out</i>	Imposing a Sliding Scale for Contingency Fees	68
<i>not rept'd out</i>	Converting Claims Against State Employees to Claims Against the State	69
<i>unan. to not report out</i>	Changes Relating to Collateral Benefits	69
<i>unan. to not report out</i>	Changes Relating to Periodic Payments	70
<i>Committee withdraw from TF consideration</i>	Hospital Liability for Contractors	70
Chapter 7	Considerations for the Future	73
Appendix A	Summary of Public Comment - Statewide Call-in and Community Forums	75
Appendix B	Court System Data	97
Appendix C	Report from Alaska Judicial Council	105
Appendix D	A Chronology of Tort Reform Efforts in Alaska, 1967-1996 ..	121
Appendix E	Tort Law Vocabulary	131

LAW OFFICES

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ANCHORAGE, ALASKA 99501

FAX (907) 274-8201

March 7, 1997

Senator Robin L. Taylor
State Capitol
Juneau, AK 99801-1182

Re: Various Tort and Insurance Law Reforms

Dear Senator Taylor:

Please give me a call after you have had a chance to review this material. I enclose draft legislation that would:

- 1) clarify that UM/UIM coverage is excess and stackable thus eliminating ambiguity in prior legislative enactments and eliminating a case currently pending before the State Supreme Court,
- 2) alter the trigger of UIM coverage to eliminate needless and wasteful law suits to obtain every nickel of third party benefits while giving first party carriers every nickel of credit that they are entitled to,
- 3) provide medical pay coverage claimants with a fighting chance to litigate valid grievances,
- 4) establish a statutory bad faith claims handling cause of action,
- 5) eliminate the carrier/employer's worker's compensation lien where the employer's violation of safety regulations substantially contributed to plaintiff's injury,
- 6) roll back rates, and
- 7) alter the usury statute.

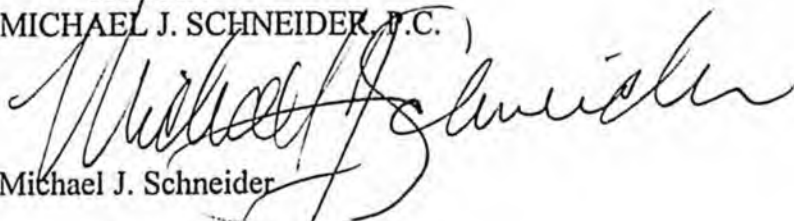
I am express mailing a computer disk to you with my drafts upon it (deleted language has been crossed through. That was done manually. The cross-outs will thus not appear on the disk).

Senator Robin L. Taylor
March 7, 1997
Page 2

Please call me once you have had a chance to look at these proposals. Best regards.

Very truly yours,

LAW OFFICES
MICHAEL J. SCHNEIDER, P.C.



Michael J. Schneider

Enclosures

cc: Jan Bouch w/enclosures
Kent Dawson w/ enclosures

[CLARIFICATION THAT UM/UIM COVERAGE IS EXCESS AND STACKABLE]

Sec. _____ AS 28.20.445 (h) is repealed.

Sec. _____ AS 28.22.211 is repealed.

Sec. _____ AS 28.40.100 (a)(22) is repealed.

PURPOSE

Clarify existing law that underinsured and uninsured motorist coverage, while not intended to provide a claimant with a windfall or double recovery, is truly excess to any other form or type of available compensation. An underinsured or uninsured motorist carrier, while entitled to a credit against claimant's total damages for any amounts recovered under any other applicable coverage or by way of payment directly from the uninsured or underinsured driver, is not entitled to a reduction in its stated UM/UIM limit for such payments. This clarification should resolve pending litigation over this topic before the Supreme Court of the State of Alaska and expedite the resolution of countless pending claims.

Sec. _____ AS 28.20.445 (c) is amended to delete the following language:

~~(c) If a person is entitled to uninsured or underinsured motorist coverage under more than one coverage when two or more vehicles are insured under one policy, the maximum amount payable may not exceed the highest limit of any one coverage under the policy. If a person is entitled as a named insured to uninsured or underinsured motorist coverage under more than one motor vehicle policy issued by the same insurer, the maximum amount payable may be limited to the highest limit of any one coverage under the policies.~~

PURPOSE

By deleting the language above, claimants get access to all of the UM/UIM insurance they have paid premiums for.

Purpose

[ALTER TRIGGER OF UIM COVERAGE]

Sec. _____ AS 28.22.201 (a)(1) is amended to read:

(1) ~~does not apply~~ applies to bodily injury, sickness, disease, or death of an insured or damage to or destruction of property of an insured ~~until whether or not~~ the limits of liability bonds and policies that apply have been used up by payments or judgments or settlements, provided however that the insurer shall, in each instance, receive a credit against claimant's total damages for the full amount of the limits of applicable liability bonds and policies that apply as well as any payments, judgments, or settlements actually received by the claimant.

PURPOSE

Currently, UM/UIM carriers force the court system and the public treasury to bear the burden of insulating those carriers from exposure because of the current wording of AS 28.22.201 (a)(1). The following hypothetical illustrates the problem.

Plaintiff has a triable case for damages well in excess of defendant's nominal policy limit of \$50,000.00. Plaintiff's case will be expensive to put on, potentially risky, and will consume many days of court resources as well as impose the burden of a jury trial on the jurors selected for the case.

Before trial plaintiff is offered \$60,000.00, however the computation is based on a \$45,000.00 principal amount plus addition of applicable interest and Rule 82 attorneys fees. Even though plaintiff is offered over \$60,000.00 and even though plaintiff wishes to accept this offer plaintiff cannot do so because the current statute would allow plaintiff's UIM carrier to argue that the full extent of the underlying liability policy has not been exhausted (as it would be if the base calculation were \$50,000.00 plus interest and Rule 82 attorneys fees). Thus, in a situation where both the defendant liability carrier and plaintiff wish to settle the case, and where plaintiff would gladly provide his UIM carrier, to whom a premium has been paid for this risk, with full credit for all possible recoveries against the liability policy (in this hypothetical, that may be \$65 or \$70,000.00 depending on the facts), everyone goes to war at great risk and expense. The proposed amendment would give the UIM carrier everything it is entitled to (full credit, whether received by plaintiff or otherwise, for the limits plus add-ons related to underlying liability policies) while putting plaintiff to his proof in the subsequent UIM claim.

There are approximately 17 states at this time that do not require that plaintiff litigate to a judgment equal to or exceeding the defendant's liability policy before triggering underinsured motorist coverage. Alaska's current statutory scheme should be changed to avoid this wasteful procedure and join the growing number of states taking this approach to this problem.

purpose 2

[FAIRNESS IN MPC DISPUTE RESOLUTION/COVERAGES NOT TO BE OFFSET
WHERE SEPARATE PREMIUMS ARE PAID]

Sec. _____ AS 28.22 is amended by adding a new section to read:

Sec. 28.22.150. Medical payments coverage requirements.

(a) Where an automobile liability policy also provides medical payments coverage, that coverage shall be interpreted as obligating the insurer, upon denial of a medical payment coverage claim, to pay the medical payment coverage claimant's (1) actual costs, plus interest thereon at the statutory rate, (2) actual attorneys fees, not to exceed \$250.00 per hour, or fees equal to 50% of the disputed amount awarded to the claimant, whichever is greater, as well as (3) all arbitration and/or court costs related to the proceeding where plaintiff is determined to be the prevailing party in the face of the denial. "Prevailing party" as used herein shall be defined as under Rule 82 of the Alaska Rules of Civil Procedure.

(b) Where a separate premium is paid for medical payments coverage, payments under that coverage shall not be offset or deducted from the limits of uninsured or underinsured motorist coverage otherwise available to the claimant.

PURPOSE

(a) Major auto carriers are denying medical payment claims at an alarming frequency and without justification. These claims, though devastating to the consumer, are too small to litigate and/or involve sums owed to health care providers. Consumers cannot pay an attorney by the hour to fight wrongful denials. A successful challenge (assuming a 1/3 contingency fee) only solves 2/3 of the consumer's problem! This provision makes the industry put its money where its mouth is.

(b) It is the intent of this subsection that, where claimant's injuries and damages equal or exceed the combined total of otherwise available medical payments coverage and uninsured or underinsured motorist coverage, the sum of the limits of those coverages be available to the claimant. This is fair because claimant has paid for the separate coverages with separate premiums.

purpose 1

[CIVIL REMEDIES FOR BAD FAITH CLAIMS

purpose 3

Sec. _____ AS 21.36 is amended to add a new section

Sec. 21.36.126. Civil Remedy (a) Any person may bring a civil action against an insurer with which such person is damaged by conduct described in AS 21.36.125 and/or 3AAC 26.010 et seq. Notwithstanding the provisions of AS 21.36.125 and/or 3AAC 26.010 et seq. to the contrary, a person pursuing a remedy under this section need not prove that the complained of act or omission was committed or performed with such frequency as to indicate a general business practice.

(b) As a condition precedent to bringing an action under this section, the insurer must have been given 60 days written notice of the violation. The notice shall state with specificity the following information:

- (1) The specific language of the statute or regulations which the insurer allegedly violated.
- (2) The facts and circumstances giving rise to the violation.
- (3) The name of any individual involved in the violation.
- (4) Reference to specific policy language that is relevant to the violation, if any. If the person bringing the civil action is a third party claimant, he shall not be required to reference the specific policy language if the insurer has not provided a copy of the policy to the third party claimant pursuant to written request.
- (5) A statement that the notice is given in order to perfect the right to pursue the civil remedy authorized by this section.

(c) No action shall lie if, within 60 days after filing notice, the damages are paid or the circumstances giving rise to the violation are corrected.

(d) An insured that is the recipient of a notice filed pursuant to this section shall report each such notice to the director division of insurance, within 30 days of receipt of the notice and shall, within 30 days of the disposition of any claim related to the notice, report that disposition to the director.

(e) Any applicable statute of limitations for an action under this section shall be tolled for a period of 65 days by the mailing of the notice required by this section.

(f) Upon adverse adjudication at trial or upon appeal, the insurer shall be liable for damages, together with court costs and reasonable attorney's fees incurred by the plaintiff. The damages recoverable pursuant to this section shall include those damages which are a reasonably foreseeable result of a specified violation of the above statute and/or regulations and/or this section by the insurer and may include an award or judgment in an amount that exceeds the policy limits.

(g) No punitive damages shall be awarded under this section unless the acts giving rise to the violation are:

(1) willful, wanton, or malicious; or

(2) in reckless disregard of the rights of the complaining party.

(h) The civil remedy specified in this section is in addition to other remedies and does not preempt any other remedy or cause of action provided for pursuant to any other statute or pursuant to the common law of this state. To the extent that it is argued that Hillman v. Nationwide Mutual Fire Ins. Co., 758 P.2d 1248 (Alaska 1988); State Farm Insurance Company v. Weiford, 831 P.2d 1264 (Alaska 1992); O.K. Lumber v. Providence Washington Ins., 759 P.2d 523 (Alaska 1988); and/or Alaska Pacific Assur. Co. v. Collins, 794 P.2d 936 (Alaska 1990) are inconsistent with this section, this section shall control.

**[ELIMINATION OF WORKER'S COMPENSATION CARRIER'S LIEN
WHERE VIOLATION OF SAFETY STATUTE OR REGULATION
HELPED CAUSE INJURY]**

Sec. _____ AS 23.30.015 (e) and (g) is amended to read

purpose 4

(e) Where the violation of an applicable safety statute, regulation, or contractual safety provision was a substantial factor in bringing about the employee's injury for which compensation was paid, all amounts recovered by the employer under an assignment or compromise, whether by action or compromise, shall be distributed to the employee. In all other cases, all amounts recovered by the employer under an assignment, whether by action or compromise, shall be distributed as follows:

(1) The employer shall retain an amount equal to

(A) the expenses incurred by the employer in respect to the action or compromise;

(B) the cost of all benefits actually furnished by the employer under this chapter;

(C) all amounts paid as compensation in second-injury fund payment;

(D) the present value of all amounts payable later as compensation (present value to be computed from a schedule prepared by the board), and the present value of the cost of all benefits to be furnished later under AS 23.30.095 (as estimated by the board), the amount so computed and estimated to be retained by the employer as a trust fund to pay compensation and the cost of benefits as they come due and to pay any finally remaining excess sum to the person entitled to compensation or to the representative;
and

(2) The employer shall pay any excess to the person entitled to compensation or to the representative of that person.

* * *

(g) Where the violation of an applicable safety statute, regulation, or contractual safety provision was a substantial factor in bringing about the employee's injury for which compensation was paid, all amounts recovered by the employee or the employee's representative shall be retained by the employee. In all other cases, if the employee or the employee's representative recovers damages from the third person, the employee or representative shall promptly pay to the

employer the total amounts paid by the employer under (e)(1)(A), (B), and (C) of this section, insofar as the recovery is sufficient after deducting all litigation costs and expenses. Any excess recovery by the employee or representative shall be credited against any amount payable by the employer thereafter.

PURPOSE

Under current law an employer can contribute substantially to plaintiff's injury through failure to follow safety statutes, regulations, or contractual safety provisions. This weakens plaintiff's claim against a third party and makes plaintiff's litigation more difficult. The carrier/employer never pays for this extra burden nor helps fund plaintiff's litigation. Plaintiff takes all the risk. The employer/carrier pays no burden for violation of safety rules while demanding that plaintiff's recovery, weakened by the employer's own conduct, be distributed first to the employer/carrier. This provision would change that by denying the employer/carrier the ability to recover its worker's comp lien where its own conduct was a substantial factor in causing plaintiff's injury.

purpose 5

[INSURANCE RATE ROLL BACK]

Sec. _____ AS _____._____ is amended to add a new section to read:

Sec. _____. **Insurance rates to be rolled back.** (a) With the exception of wet marine insurance, all policies issued or renewed in Alaska after January 1, 1998 shall reflect a 10% reduction in premiums charged per unit of coverage.

(b) No rate or premium increase will be allowed for a policy sold in the State of Alaska after January 1, 1998 without application to the director, division of insurance, Department of Commerce and Economic Development.

(c) Before any rate increase may be approved the director shall conduct a hearing, the date, time and place of which shall be noticed in the Alaska Bar Rag and in at least one other newspaper of general circulation within the state no less than 60 days before commencement of the hearing. In addition the notice shall summarize the particulars of the requested rate increase. At the director's discretion, costs associated with this procedure may be charged to the carrier requesting the rate or premium increase.

(d) Upon application of any interested person or entity to intervene in these proceedings, the director shall allow such intervention. The director may order discovery and shall allow any interested person or entity, once having intervened in the proceeding, discovery as to issues relevant to the proceeding and consistent with the definition and scope of discover as set forth in the Alaska Rules of Civil Procedure. No hearing shall take place until the requesting carrier has fully complied with discovery requests submitted to it by the director and any other party or parties to the proceeding.

(e) The carrier shall have the burden of proving that its requested rate increase is more likely than not in the public interest under all the circumstances. In the event that the rate of return to be enjoyed by the carrier in the face of the requested rate increase equals or exceeds the prejudgment interest rate on personal injury claims as then defined by statute, the rate increase shall be rebuttably presumed to be against the public interest.

(f) Interveners shall be deemed public interest litigants. To the extent they successfully oppose requested rate increases they shall be awarded full reasonable costs and attorney fees to be paid by the requesting carrier. In the event that interveners are unsuccessful in opposing rate increases, they shall be awarded full reasonable costs and attorneys fees where the director determines that their efforts in opposing the rate increase were taken in good faith, were not frivolous, or substantially advanced the public interest.

PURPOSE

The insurance industry has milked the "tort reform" mythology to derive tremendous benefits as a result of changes in the civil justice system over the last decade. The public has reaped no benefit. This modest decrease in rates devolves some small benefit on the public in exchange for the rights that the public has lost and the cost that the public pays for these changes in the law.

Chapter 45. Trade Practices.

3/7/97

Article

- 1. Interest (§§ 45.45.010 — 45.45.070)
- 2. Collection of Advance Interest (§§ 45.45.080, 45.45.090)
- 3. Merchandise (§§ 45.45.100 — 45.45.110)
- 4. Funerals (§ 45.45.120)
- 5. Regulation of Motor Vehicle Repairs (§§ 45.45.130 — 45.45.240)
- 6. Motor Vehicle Warranties (§§ 45.45.300 — 45.45.360)
- 7. Used Vehicle Sales in Emission Inspection Areas (§ 45.45.400)
- 8. Copyright Royalties and Licensing (§§ 45.45.500 — 45.45.590)
- 9. Miscellaneous Provisions (§§ 45.45.900, 45.45.910)

Sen. Taylor -

Please call

Mike @ 277-9306

re this proposal

— M

Article 1. Interest.

Section

- 10. Legal rate of interest
- 20. Higher rate of interest prohibited
- 30. Action for recovery of double amount of usurious interest paid
- 40. Usurious rate as working forfeiture of entire interest

Section

- 50. Recovery by assignee of usurious contract of amount paid
- 60. Contract not usurious because of agreement to pay taxes
- 70. Enforcement of contracts entered into under AS 45.45.060

Sec. 45.45.010. Legal rate of interest. (a) The rate of interest in the state is 10.5 percent a year and no more on money after it is due except as provided in (b) of this section.

(b) Interest may not be charged by express agreement of the parties in a contract or loan commitment that is more than five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District on the day on which the contract or loan commitment is made. A contract or loan commitment in which the principal amount exceeds \$25,000 is exempt from the limitation of this subsection.

(c) [Repealed, § 3 ch 84 SLA 1973.]

(d) [Repealed, § 2 ch 94 SLA 1981.]

(e) [Repealed, § 4 ch 146 SLA 1974.]

\$25,000

(f) A bank, credit union, savings and loan institution, pension fund, insurance company or mortgage company may not require or accept any percent of ownership or profits above its interest rate. This subsection does not apply to a loan if the principal amount of the loan is \$1,000,000 or more and the term of the loan is five years or more.

(g) Loan contracts and commitments covering one- to four-family dwellings may be prepaid without penalty, except federally insured loans that require a prepayment penalty.

(h) If the limitations on interest rates provided for in this section are inconsistent with the provisions of any other statute covering maximum interest, service charges or discount rates then the provisions of the other statute prevail. (§ 25-1-1 ACLA 1949; am § 20 ch 143 SLA 1968; am § 2 ch 69 SLA 1969; am §§ 1, 2 ch 94 SLA 1969; am §§ 1, 2 ch 239 SLA 1970; am §§ 1 — 3 ch 84 SLA 1973; am §§ 1 — 4 ch 146 SLA 1974; am § 1 ch 110 SLA 1976; am § 1 ch 159 SLA 1976; am § 2 ch 107 SLA 1980; am §§ 1, 2 ch 94 SLA 1981; am § 1 ch 56 SLA 1982)

Cross references. — For maximum rates of interest applicable to: bank credit cards, see AS 06.05.209; credit unions, see AS 06.45.060; judgments, see AS 09.30.070.

84, SLA 1973 (FCCS HCSSB 37), see 1973 Senate Journal Supplement 16, pp. 1 and 2, following p. 766 of the 1973 Senate Journal.

Law Offices of
DONNA C. WILLARD
124 E. 7th Avenue
Anchorage, Alaska 99501
(907)278-3641
FAX (907) 278-0449

FACSIMILE TRANSMITTAL SHEET

PLEASE DELIVER THE DOCUMENTS WHICH FOLLOW TO:

NAME: Senator Robin Taylor
FIRM: _____
FAX NUMBER: (907) 465-3922
RE: CS For Senate Bill No. 15

DATE: 3-11-97
NUMBER OF PAGES INCLUDING COVER SHEET: 4
DOCUMENT BEING TRANSMITTED: Inputs for Bill

COMMENTS: _____

IF ALL PAGES ARE NOT RECEIVED OR IF ANY PROBLEMS WITH TRANSMISSION, CALL BACK PAUL AT (907)278-3641.

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MEMORANDUM

TO: SENATOR ROBIN TAYLOR

FROM: DONNA C. WILLARD

DATED: MARCH 11, 1997

SUBJECT: CS FOR SENATE BILL NO. 15

VIA FAX
(907) 465-3922

I have had only a brief opportunity to consider the bill and did not receive the Schneider amendments so my comments may be somewhat "off the cuff." In addition, I suspect you and I have philosophical differences on the subject. In any event, here goes.

1. Foundation For Submission of Punitive Damages: One of the cardinal rules in the punitive damages area, more honored in the breach, is that the trial judge is supposed to take a hard look before the issue is ever submitted to the jury. I have found, however, that it simply does not happen. Is there any way this requirement could be added in?
2. Interest Rate: To maintain the legal rate of interest at 10.5% is simply outrageous when one considers what money is earning in this day and age. It is my belief that the rate should be changed in a manner which would tie it to prime. This issue arises in numerous different sections.
3. Section 09.17.020: I strongly disagree with the mandatory language which provides that the issue of punitives be decided "concurrent with all other issues." There are a number of excellent reasons why bifurcation should be required, not the least of which is the effect which the evidence relating to punitive damages has on the compensatory award.

Subsection (c) (7) with respect to the financial condition of the defendant needs some limitation. What has happened in the O.J. Simpson trial is really terrifying for those of us who represent businesses. Who has ever heard of projecting into the future the amount of money which a person or entity might make and then adding it to a financial statement and allowing it to be considered in making such an award?

ROBIN TAYLOR
March 11, 1997
Page 2

Subsection (d), I suspect, will not pass constitutional muster. Seems to me it is interfering with the trial court's ability to grant judgment n.o.v., not to mention to consider a motion for remittitur.

Subsection (e) seems less than clear to me. I simply do not understand how it will work in practical effect to bar discovery on the issue of punitives until after a decision has been made to award such damages. What kind of delay is this going to cause vis a vis a trial? Also, you have a typo. I believe it should read "Unless the evidence" rather than "Unless [that] evidence...."

My unalterable habit of editing is kicking in but it seems to me that subsection (g) should substitute determines for finds. Same comment re subsection (h).

It appears to me that there may be an inherent conflict between the language of subsection (h) and proposed Section 18.80.225 which, by the way, I love. Both address unlawful employment practices but subsection (h) in no manner recognizes nor delineates what employment practices it addresses as opposed to those which might be the subject of AS 18.80 litigation. While "employment practices" is defined as the "conduct of hiring, firing, transferring, promoting, demoting or terminating," in subsection (j)? which should be [b] with the one above [a], it could be equally well applied to the practices targeted in the human rights act.

4. Section 11 (AS 09.30.070(c)): I may be dull this morning but what is its purpose? Subsection (a) of the statute already provides for an interest rate on judgments and decrees so in what circumstances would this provision be applicable?
5. Alternative Dispute Resolution: I have real problems with both the pilot program referenced in Section 09.43.320 and the mandatory arbitration suggested in AS 09.55.535. Having just been through an arbitration for VECO utilizing the AAA, the system has severe deficiencies, not the least of which is the failure to require arbitrators to follow the law and the total lack of any explanation for the basis of an award. This bill incorporates those deficiencies because, at least in the mandatory section, the Uniform Arbitration Act is incorporated. Moreover, I do not believe that whoever is championing this notion has any idea of the expense which is being visited upon the litigants. God knows, the

ROBIN TAYLOR
March 11, 1997
Page 3

system is expensive enough already without layering on yet another significant level of costs.

Is the pilot program supposed to be limited to cases under \$100,000 as is the mandatory arbitration section? It does not say. However, this limitation merely reinforces my observation with respect to cost. People can barely afford an attorney to pursue a \$50,000 case. If they also have to pay arbitration costs, economics dictate that there will be a lot of people barred from the courthouse. Given the grave concern nationwide for the closing of the courthouse doors to people in the middle income bracket, I believe this notion is fool hardy to say the least.

I would further suspect that there are constitutional problems with the mandatory provision. What about the right to trial by jury?

6. AS 09.68.130: This section relating to the Judicial Council collecting and evaluating information with respect to the compromise and settlement of litigation raises at least two inquiries. First, how is such a requisite going to be enforced? WELL, FORGET THAT ONE--I FOUND IT IN THE PROPOSED AMENDMENT TO CIVIL RULE 41(a). Second, what about confidentiality provisions in settlement agreements?
7. AS 22.15.030(a): I disagree with raising the district court's jurisdictional limits. My experience has been that most appointees simply are not qualified to handle major litigation. Moreover, at the \$100,000 level, one can very well be looking at complex litigation. Moreover, when read in tandem with the proposed amendment to Rule 1(a)(1) of the District Rules [Section 28], what is being developed is a system of trial by ambush in a large case. Seems to me this is in direct conflict with the new discovery rules, the whole purpose of which was to get all the information out in the open.

Well, this is the best that I could do, given the time frame. I hope that I have provided some assistance.

Would be happy to speak with you about my comments. Will be working at home for the next two days--have a couple of Supreme Court briefs due next week.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 15

Revision Date: _____ Dept. Affected: Department of Law
 Title: " . . . to punitive damages . . . related to employ- BRU: Criminal Division/Civil Division
ment; . . . to arbitration in a civil action; amending Rules 79(b) . . ." Component: Criminal Division
 Sponsor: Senator Taylor General Legal Services
 Requester: Senate Judiciary Committee COMPONENT SERIAL NO. 2085/2087

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	83.8	83.8	83.8	83.8	83.8	83.8
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	350.0	350.0	350.0	350.0	350.0	350.0
SUPPLIES	1.6	1.6	1.6	1.6	1.6	1.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	436.5	436.5	436.5	436.5	436.5	436.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	179.0	179.0	179.0	179.0	179.0	179.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	257.5	257.5	257.5	257.5	257.5	257.5
TOTAL	436.5	436.5	436.5	436.5	436.5	436.5

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 15 would require mandatory arbitration for all personal injury, death, or property damage cases where the amount of controversy is \$100,000 or less, with certain limited exceptions. The bill would also cap punitive damages for actions against an employer to recover damages for an unlawful employment practice prohibited by AS 18.80.220.

While the second change would have no impact on the Department of Law, the requirement for mandatory arbitration would cause new costs. The department anticipates that approximately 100 cases per year would require mandatory arbitration: 65 tort claims, 30 prisoner litigation cases, and 5 cases in other categories, primarily environmental claims. This estimate is based on the number of cases the department currently has where claims for damages are \$100,000 or less. If future plaintiffs claim damages greater than \$100,000, they could avoid the effect of the bill and the number of cases going to mandatory arbitration could be less.

Prepared by: Joan M. Kasson *Joan M. Kasson*
 Division: Administrative/Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General *Bruce M. Botelho*
 Agency: Department of Law

Phone: 465-5370
 Date: 3/11/97
 Date: 3/11/97

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ANALYSIS CONTINUATION:

Each case going to arbitration would require, on average, approximately 20 hours of attorney time specifically to prepare for and attend the arbitration hearing, in addition to the time ordinarily spent preparing the case (20 hours @ \$87/hr, or \$1,740). In addition, witness fees and costs could be expected to be approximately \$1,500 per case. The bill does not specify who would pay the cost of arbitration, and our estimate of costs assumes the state would be required to pay one-half of the arbitrator's fee, estimated at \$150/hr for 25 hours. These cost estimates of \$5,115 per case are conservative. Medical cases, for example, could be expected to involve considerably more in-house attorney time and increased costs for expert witnesses.

The estimated cost for mandatory arbitration would be offset by any savings from cases settling at the arbitration level, and not proceeding to trial. As a practical matter, very few of these types of cases go to trial. Most are either won or lost on motion practice, or settled prior to trial. An average of three tort cases, where the amount in controversy is \$100,000 or less, actually proceed to trial each year, and if all are assumed to be settled at the arbitration level, a potential savings of \$75,000 is possible (\$25,000 per case). This potential savings is reflected in our cost estimate.

The cost estimate is based on the department's standard attorney cost schedule (\$87/hour) and includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses. Witness and arbitrator costs are included separately.

	<u># cases</u>	<u>cost/case</u>	<u>total</u>	
GENERAL LEGAL SERVICES				
<u>Special Litigation (torts)</u>				
Department of Law attorney time	65	\$1,740	\$113,100	
Witness costs/fees		\$1,500	\$97,500	
Arbitrator cost/fees		\$1,875	\$121,875	
Total		\$5,115	\$332,475	
Estimated potential savings	3	(\$25,000)	(\$75,000)	
			\$257,475	IAR
<u>Other, non-tort, claims for damages</u>				
Department of Law attorney time	5	\$1,740	\$8,700	
Witness costs/fees		\$1,500	\$7,500	
Arbitrator cost/fees		\$1,875	\$9,375	
Total		\$5,115	\$25,575	GF
CRIMINAL DIVISION				
<u>Prisoner litigation cases</u>				
Department of Law attorney time	30	\$1,740	\$52,200	
Witness costs/fees		\$1,500	\$45,000	
Arbitrator cost/fees		\$1,875	\$56,250	
Total		\$5,115	\$153,450	GF
TOTAL DEPARTMENT OF LAW	<u>100</u>		<u>\$436,500</u>	

William F. Jennings
Dorothy F. Jennings

Sincerely,

I am in favor of that reform. I think there are people out there looking for ways money and some of them will take advantage of any situation. Be it if decision and other business has to pay or hesitant to announce that the act is passed on to the people of Alaska.

Sincerely,

Subject: SB43

Jennings AK 99801-1152

State Capital

State Judiciary Committee

16250 Old Glenn
Chugiak AK 99567
January 27, 1997

RECEIVED MAR

3 1997

cc:Mail for: Senator Taylor

Subject: <none>

From: baker@Alaska.NET (Grant C. Baker) at CC2MHS1 2/4/97 9:09 PM

bcc: Senator Robin Taylor at JNU_CAPITOL

To: AKMAIL1.Alaska@AKMAIL1.Alaska at CC2MHS1

Grant C. Baker
P.O. Box 240986
Anchorage, Alaska 99524

February 4, 1997

RE: Support for SB43 and HB60 (increasing fines against attorneys that violate court rules)

To the 1997 Alaska Legislature:

It is my understanding that part of tort reform (SB43 and HB60) calls for an increase in fines that can be levied against attorneys for violation of court rules. This letter is one of strong support for increasing these fines.

For the past three years, I have been in a legal battle with the University of Alaska (UA) administration and its hired attorneys. The case was recently decided in my favor by the Alaska Superior Court on January 2, 1997. The Court REVERSED UA's action and determined UA had breached its contract. Now, the Court's record shows what the faculty and students knew before this went to court; UA administration was wrong. Unfortunately, UA administration is easily swayed by attorneys that are willing and able to abuse the legal system to cover up its wrong doing.

The documents from this case show UA attorneys falsified, fabricated, concealed, and altered evidence. The Superior Court on September 14, 1995 found that the UA administration and their hired attorneys:

"failed to follow any of the rules in preparing the record."

Consequently, the Court threw out the entire record submitted by UA administration and UA attorneys.

UA attorneys also withheld the transcript of the university hearing while stating they had complied with court rules for submitting the transcript. The hearing had found in my favor on all issues. Incredible as it may seem, after being caught, the excuse UA attorneys used for the deception was that they thought UA administration had destroyed the hearing tapes. Thus, the deception was justified.

The Court ordered UA attorneys to submit the transcript with:

"the recognition that the record will not be complete until the transcript is prepared"

But when they submitted the transcript to the Court, it was illegible. UA attorneys then attempted to prevent the transcript from being corrected. Finally, after about eight months of delay by UA attorneys, the Superior Court approved our corrections over their continued objections on March 4,

1996. The Court concurred with us and found that our corrections were:

"necessary and appropriate to correct known and factual errors in the official transcript submitted by UAF"

The above described documents barely scratch the surface. There are many more documented instances of obstruction of evidence and violations of court rules by UA attorneys hired by UA administration.

Among the many common reasons that breed corruption, the problems in this case stem in part from current limits on fines being too low. The current limits pose no threat or deterrent to attorneys inclined to profit by abusing the legal system. This is reflected by the sanctions imposed by the Court have not stopped UA administration or its attorneys from continuing to obstruct evidence and proceedings.

>From my review of SB43 (Sec.26) and HB60 (Sec.26), both propose an increase in the fines for violation of civil procedure court rules from \$1000 to \$10,000 [CR 95(b)]. I think that this is an excellent start. Although, I believe an even greater increase is justified and may be needed to turn the current tide of abuse.

The damage done to an innocent party due to an opposing attorney's obstruction of evidence can easily far outweigh a \$10,000 fine. Thus, it becomes a financially viable option for an attorney to choose to violate court rules for personal gain. But, as I mentioned above, the increase to \$10,000 is certainly a welcomed move in the right direction and I support it.

** However, I do not see anything in the proposed bills that increases the fines for violation of appellate procedure rules. In particular, Alaska Rule of Appellant Procedure AR 510(c), which seems to be analogous to CR 95(b) for civil procedure, is restricted to \$500 with no proposed increase. I strongly suggest that the AR 510 fines be increased to \$10,000 as well. In fact, there is as great, or greater need to put more bite into the appellant procedure fines. The procedure is strongly dependent upon good faith actions of attorneys to make material documents available to the court because discovery methods are not available as there are with civil proceedings. My case is a perfect example of the nose thumbing done by attorneys to the courts due to the inadequate \$500 fine limit.

I want to make it clear that this is not an anti-University letter. In fact, the exact opposite is true. It is an attempt to help the University by stopping UA administration and hired UA attorneys from dumping a needless burden on the backs of the rest of the University. They have chosen to abuse the legal system for their personal gain at the University's and the public expense. Doing nothing would certainly allow the abuses to continue and would further damage the University. There is a need, and a duty, to act.

If anyone investigates this case there is sure to be contrary stories created by UA administration and UA attorneys. It is hard to fight such overwhelming numbers especially since shaping public perception is their profession. But, I have faith that common sense can and should prevail. Hence I suggest that this case be viewed with the following in mind.

If claims by UA administration and UA attorneys were true, then they would not have concealed, altered, falsified, fabricated, and withheld evidence so severely that their entire record had to be thrown out by the Alaska Superior Court.

Apathy and inaction can be analogous to ignoring a cancer. It allows the

problem to grow and can make things get worse and worse. Thus, I urge all of you to do what is necessary to prevent the abuse of the legal system by attorneys such as that which has occurred in this case. The courts need effective tools to enforce court rules. Increased fines are needed before they will have any real impact against attorneys that have chosen to blatantly violate court rules, and indulge in other abuses of the legal system, for their personal gain. Thus, I support the proposed increases in fines described by SB43 and HB60 to CR 95(b) and recommend that the same increases be made to AR 510.

If you would like to discuss the above, I can be contacted at the numbers listed below. Thank you for your time and attention.

Respectfully submitted,

Dr. Grant C. Baker
Tele: (907) 786-1056 (wk)
(907) 563-2640 (hm)
E-mail: baker@alaska.net
Case No. 4FA-94-469-CV

cc: 1997 Alaska legislature
enclosures: Copy to follow via regular mail.

RECEIVED FEB 12 1997

Grant C. Baker
P.O. Box 240986
Anchorage, Alaska 99524

February 4, 1997

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The documents from this case show UA attorneys falsified, fabricated, concealed, and altered evidence. See Ex.84, Ex.85-89, and Ex.90. The Superior Court on September 14, 1995 found that the UA administration and their hired attorneys (See Ex.84):

"failed to follow any of the rules in preparing the record."

Consequently, the Court threw out the entire record submitted by UA administration and UA attorneys. UA attorneys also withheld the transcript of the university hearing while stating they had complied with court rules for submitting the transcript. The hearing had found in my favor on all issues. See Ex.17-19. Incredible as it may seem, after being caught, the excuse UA attorneys used to justify the deception was that they thought UA administration had destroyed the hearing tapes.

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From my review of SB43 (Sec.26) and HB60 (Sec.26), both propose an increase in the fines for violation of civil procedure court rules from \$1000 to \$10,000 [CR 95(b)]. I think that this is an excellent start. Although, I believe an even greater increase is justified and may be needed to turn the current tide of abuse.

The damage done to an innocent party due to an opposing attorney's obstruction of evidence can easily far outweigh a \$10,000 fine. Thus, it becomes a financially viable option for an attorney to choose to violate court rules for personal gain. But, as I mentioned above, the increase to \$10,000 is certainly a welcomed move in the right direction and I support it.

** However, I do not see anything in the proposed bills that increases the fines for violation of appellate procedure rules. In particular, Alaska Rule of Appellant Procedure AR 510(c), which seems to be analogous to CR 95(b) for civil procedure, is restricted to \$500 with no proposed increase. I strongly suggest that the AR 510 fines be increased to \$10,000 as well. In fact, there is as great, or greater need to put more bite into the appellant procedure fines. The procedure is strongly dependent upon good faith actions of attorneys to make material documents available to the court because discovery methods are not available as there are with civil proceedings. My case is a perfect example of the nose thumbing done by attorneys to the courts due to the inadequate \$500 fine limit.

I want to make it clear that this is not an anti-University letter. In fact, the exact opposite is true. It is an attempt to help the University by stopping UA administration and hired UA attorneys from dumping a needless burden on the backs of the rest of the University. They have chosen to abuse the legal system for their personal gain at the University's and the public expense. Doing nothing would certainly allow the abuses to continue and would further damage the University. There is a need, and a duty, to act.

If anyone investigates this case there is sure to be contrary stories created by UA administration and UA attorneys. It is hard to fight such overwhelming numbers especially since shaping public


perception is their profession. But, I have faith that common sense can and should prevail. Hence I suggest that this case be viewed with the following in mind.

If claims by UA administration and UA attorneys were true, then they would not have concealed, altered, falsified, fabricated, and withheld evidence so severely that their entire record had to be thrown out by the Alaska Superior Court.

Doing nothing will allow the problem to grow and make things get worse and worse. Thus, I urge all of you to do what is necessary to prevent the abuse of the legal system by attorneys such as that which has occurred in this case. The courts need effective tools to enforce court rules. Increased fines are needed before they will have any real impact against attorneys that have chosen to blatantly violate court rules, and indulge in other abuses of the legal system, for their personal gain. Thus, I support the proposed increases in fines described by SB43 and HB60 to CR 95(b) and recommend that the same increases be made to AR 510.

If you would like to discuss the above, I can be contacted at the numbers listed below. Thank you for your time and attention.

Respectfully submitted,



Dr. Grant C. Baker

Tele:

(907) 786-1056 (wk)

(907) 563-2640 (hm)

E-mail: baker@alaska.net

Case No. 4FA-94-469-CV

cc: 1997 Alaska legislature
enclosures

UNIVERSITY OF ALASKA FAIRBANKS

97



Accounting & Business Operations
First Floor Signers' Hall • Fairbanks, Alaska • 99775-0380
Telephone • (907) 474-7551

MEMORANDUM

December 13, 1993

To: Chancellor Wadlow

From: Tim Bauer, Chair ^{LTB}
UAF Grievance Council

CONFIDENTIAL

ITEM AND ISSUE

Findings from grievance hearing - Grant Baker

BACKGROUND AND SUMMARY

A hearing panel was convened and heard the matter of Grant Baker's grievances dated October 25, 1993 and November 10, 1993. In Dr. Baker's October request for a hearing he alleged that his non-retention on June 29, 1993 was not valid as it was in conflict with Regents Policy 04.04.04.C.1.c.

Dr Baker's November request for a hearing asserts that Dean Williams' 1991 and 1992 evaluations of his (Dr. Baker's) performance were not consistent with "documented facts" such as student evaluations and the evaluations from his Department Head. Dr. Baker makes the point that these evaluations would present a detriment to his efforts to seek employment elsewhere. He also alleged that these inconsistent evaluations contributed to his being selected as one of the 3 non-tenured faculty members who were non-retained.

On November 10, 1993 Interim Provost Reichardt indicated that his attempts to informally resolve the situation had proved to be unproductive. In retrospect it appears that this letter was referring to the first (October) request for a hearing. Because of the interrelationship of these issues and the fact that Dr. Baker's second (November) grievance included documentation of his appeal of "inaccurate evaluations" to Interim Provost Reichardt, the grievance council met to consider both requests for a hearing.

At that meeting, the council found that there was a reasonable likelihood of a grievable act in the matter of the timeliness of Dr. Baker's notice of non-retention. The council was divided as to the question of evaluations and Dr. Baker's assertions that these predated his non-retention and adversely affected future employment opportunities. The council decided that we would also include these in the hearing leaving the burden of proof on Dr. Baker to show a correlation to his non-retention and future employment.

The hearing was held on December 10, 1993. On the basis of the testimony of the parties, witnesses and documents submitted, the hearing panel deliberated and came to the following conclusions:

Ex. 17

IN THE MATTER OF THE TIMELINESS OF NOTIFICATION OF NON-RETENTION:

It was clear to the hearing panel that although UAF procedures provide for non-retention notice "not later than June 30 in the year preceding the expiration of an academic year appointment after two or more years of uninterrupted service ...", Regents Policy 04.04.04.C.1.c. sets this deadline for notification at "Twelve months prior to the expiration of an appointment...".

The panel was made aware of the fact that the Board of Regents was not only aware of UAF procedures, but in fact approved the UAF policies in August 1989. However, it was the decision of the hearing panel that the Board of Regents Policy takes pre-eminence over UAF Policy when there is a conflict.

Therefore, the panel finds in favor of Dr. Baker and recommends his retention for at least another academic year.

IN THE MATTER OF EVALUATIONS IN REGARD TO NON-RETENTION:

UAF regulation Section III (E) provides for consultation with the tenured faculty prior to a decision by the dean to not renew a faculty member's appointment. Based on the evidence presented, we could find no documentation that this step was ever taken by the Dean. Although, the Dean did discuss the possibility of non-tenured reductions with the department heads, it would appear that consultation with the tenured faculty was not performed as required by UAF regulation.

In view of the fact that the panel has already recommended that Dr. Baker's appointment be renewed for at least another academic year, the panel recommends that the Dean consult with tenured faculty before any additional non-retention of non-tenured faculty.

IN THE MATTER OF EVALUATIONS AND THEIR EFFECT ON FUTURE EMPLOYMENT OPPORTUNITIES:

Dr. Baker alleged that his evaluations by the Dean indicated a teaching effectiveness that was not reflective of similar evaluations by students and his department head. He also produced a letter from UAF Personnel Services which indicated that prospective employers often request and are provided information from an employee's personnel file including work performance history.

The hearing panel agrees that Dean Williams' 1991 and 1992 evaluations are not consistent with other indicators of Dr. Baker's teaching effectiveness, and concentrate almost exclusively on negative aspects of Dr. Baker's performance. Dr. Baker has asked that his evaluations be corrected. However, since evaluations are a subjective judgement, "correction" by the Dean might still not be acceptable to Dr. Baker, and could result in a new grievance request.

Therefore, the hearing panel recommends that the 1991 and 1992 performance appraisals prepared by the Dean be removed from Dr.

Baker's personnel file to eliminate any negative effect on his future employment opportunities.

In addition, it was clear to the hearing panel that the Dean was acting from data and advise that he believed was appropriate for the non-retention of a non-tenured faculty member with two or more years of university service. To prevent future conflicts of this nature, the hearing panel also recommends that you seek revision to Regents Policy 04.04.04.C.1.c to allow campuses discretion to set a shorter timeframe.

ACTION REQUESTED

For your information.

cc: Grant Baker
Frank Williams
Darlett Powell, Grievance Council Member
Loren Johnston, Grievance Council Member
Harikumar Thiagarajan, Grievance Council Member
Sheri Schuyler, Grievance Council Member
Jacob Joseph, Grievance Council Member
Deb Watson, Grievance Council Member
Gary Copus, Hearing Panel Member
Bill Kauffman
Jeanne Freeman
Patty Kastelic

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FOURTH JUDICIAL DISTRICT AT FAIRBANKS

FILED
SEP 18 1995

GRANT C. BAKER,

Appellant,

vs.

UNIVERSITY OF ALASKA-FAIRBANKS,
et al,

Appellee,

Filed in the Trial Courts
STATE OF ALASKA, FOURTH DISTRICT

SEP 14 1995

Clerk of the Trial Courts
By _____ Deputy

Case No. 4FA-94-469 Civil

ORDER

Based upon the objections submitted by Appellant to the agency record prepared and filed by the Appellees in this matter and the court's review of the record, as well as the objections and the Appellees response to the objections, the court determines that the objections are meritorious; accordingly

IT IS HEREBY ORDERED that the court accepts as the alternative record submitted by Appellant which shall be used as the official record in this appeal; and ^{the record} prepared by the university is to be returned to them.

IT IS HEREBY FURTHER ORDERED that the bill for \$1,882.50 submitted by Appellees for the preparation of the record which was filed on August 12, 1995 is unreasonable and shall not be paid ^{particularly in light of the fact that the} or, alternatively, is reduced to \$ ^{university failed to follow any of the rules in preparing the record.}

Dated: September 13, 1995
Mary E. Greene
Mary E. Greene
Superior Court Judge

I certify that on 9/14/95
copies of this form were sent to
CLERK: [Signature]

Jerman
Jane Powell

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9-5-95

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FOURTH JUDICIAL DISTRICT AT FAIRBANKS

GRANT C. BAKER,

Appellant.

vs.

UNIVERSITY OF ALASKA-FAIRBANKS,
et al,

Appellee.

Case No. 4FA-94-169 Civil

OBJECTIONS TO AGENCY RECORD

COMES NOW Grant Baker, Appellant, by and through his attorneys, Jermain, Dunnagan & Owens, P.C., pursuant to Rule 210(i) of the Alaska Rules of Appellate Procedure and the Court's order entered at the hearing before the Court on August 3, 1995 concerning issues of the proper record on appeal, who submits the following objections to the record assembled by Appellee's counsel and transmitted to the Court on July 12, 1995:

1. In the transmittal of agency record filed with the Court on July 12, 1995 and signed by Appellee's counsel, the Appellees certify that the agency record submitted to the Court is in compliance with Rule 604(b)(1)(B)(ii) and (iii) of the Alaska Rules of Appellate Procedure. However, the agency record assembled and submitted by counsel for Appellees does not consist of copies of the original papers and exhibits filed with the administrative agency, but appears to be an assemblage of documents

Ex . 85

taken from a variety of sources other than the original documents submitted to Interim Provost Paul Reichardt prior to his decision on January 31, 1994 (hereafter "decision"). A comparison of the record assembled by Appellee's counsel with the alternative record submitted by Appellant reveals that at least 44 documents are missing from the agency record and that 18 of these documents were either addressed to or copied to Dr. Reichardt and pertained to the decision.

2. Volume I of the agency record is the deposition of Ron Johnson, including all exhibits to the deposition, which was taken on June 16, 1994, almost five months after the decision.

3. Volume II of the agency record is the deposition of Grant Baker, including all exhibits to the deposition, which was taken on May 22, 1995, almost 16 months after the decision (and six days after the Court entered its order on May 16, 1995 converting this civil action to an administrative appeal).

4. Volume III of the agency record includes a 20-page document in a sealed envelope which purports to be the Accreditation Board for Engineering and Technology, Inc. (ABET) report dated August 28, 1991; however, there is nothing to indicate whether and, if so, how this report was utilized in reaching the decision.

5. The following documents in Volume IV are improperly included in the agency record for the following reasons:

a) The affidavit of Paul Reichardt (pp. 000001-000010) dated June 29, 1995, signed almost 17 months after the decision (and more than one month after the Court entered its order on May 16, 1995 converting this civil action to an administrative appeal).

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b) pp. 000016-000024 is not a copy of the original document submitted by Appellant to Dr. Reichardt, but a copy obtained from the Chancellor's office (and two cover letters dated December 16, 1993 and December 21, 1993 have been removed).

c) pp. 000025-000066 is not a copy of the original document submitted by Appellant, but a copy provided to Appellee's counsel during Appellant's deposition on May 22, 1995.

d) pp. 000067-000086 are not copies of original documents submitted by Appointment, but are copies provided to Appellee's counsel by Appellant during his deposition on May 22, 1995.

e) p. 000088 did not exist at the time of the decision.

f) pp. 000092-000098 are an affidavit of Linda M. Armstrong with attached exhibits which was prepared and signed on June 20, 1995, almost 17 months after the decision and one month after the Court entered its order on May 16, 1995 converting this case from a civil matter to an administrative appeal.

g) pp. 000099-000100 is not a copy of an original document, but one which appears to have been faxed to, received by and obtained from the UA General Counsel.

h) pp. 000180-000181 is not a copy of an original document, but appears to be a copy of a document previously used as "Ex. 9" from some deposition or proceeding in the civil matter.

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i) pp. 000182-000184 are not copies of original documents, but are copies provided to Appellee's counsel by Appellant during his deposition on May 22, 1995.

j) pp. 000217-000223 did not exist at the time of the decision.

k) pp. 000225-000226 did not exist at the time of the decision.

l) pp. 000227-000265 is a completed 1993 faculty evaluation report that did not exist at the time of the decision.

m) pp. 000319-000326 appear to be draft copies of UAF Policies and Procedures, but there is no indication of any approval by the UA Board of Regents.

n) pp. 000335-000381 appear to be the 1989 edition of the UAF Policies and Regulations, rather than the 1993 reprinted version.

o) pp. 000382-000395 appears to be a document from the UAF archives but of unknown origin and with no indication concerning whether and, if so, how it was utilized in reaching the decision.

p) p. 000418 pertains to an individual other than Appellant.

6. The following documents have not been included as part of the agency record assembled by counsel for the Appellee:

a) A transcript of the Grievance Council hearing of Appellant's grievance on December 10, 1993.

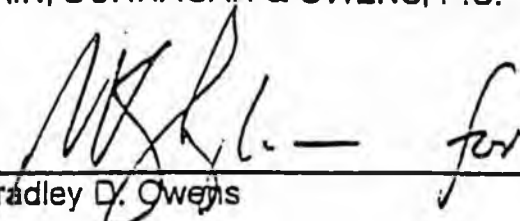
b) Copies of any notes or records of the interviews held by

Dr. Reichardt with Dean Williams, all SOE department heads and John Zarling.

Dated at Anchorage, Alaska this 14th day of August, 1995.

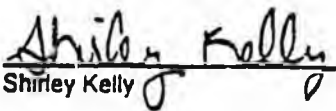
JERMAIN, DUNNAGAN & OWENS, P.C.

By


Bradley D. Owens

I hereby certify that on the 14th day
of August 1995 a true and correct copy of
the foregoing was mailed to:

Ann S. Brown, Esq.
Lane Powell Spears Lubersky
250 Cushman, Ste 4-H
Fairbanks, AK 99701


Shirley Kelly

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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FOURTH JUDICIAL DISTRICT AT FAIRBANKS

OCT 5 1995

GRANT C. BAKER,

Appellant,

vs.

UNIVERSITY OF ALASKA-FAIRBANKS,
et al.

Appellees.

Filed in the Trial Courts
STATE OF ALASKA, FOURTH DISTRICT

OCT - 5 1995

Clerk of the Trial Courts
By _____ Deputy

Case No. 4FA-94-469 Civil

ORDER DIRECTING UAF TO PREPARE AND FILE TRANSCRIPT

The court having considered the motion filed by Baker in this matter, hereby orders UAF to prepare and file a transcript of the December 1993 grievance hearing within 5 days ^{the distribution of} of this Order, with a copy to Baker and without cost to Baker.*

Further, the Clerk shall enter a new briefing schedule of the recognition
DATED at Anchorage, Alaska this 4 day of Oct, 1995.

Mary E. Greene
MARY E. GREENE
SUPERIOR COURT JUDGE

If the Univ. prevails on appeal, it may apply to recover this as a "cost."

I hereby certify that on the 20 day of September 1995 a true and correct copy of the foregoing was mailed to:

Ann S. Brown, Esq.
Lane Powell Spears Lubersky
250 Cushman, Ste 4-H
Fairbanks, AK 99701

Shirley Kelly

I certify that on 10-5-95 copies of this form were sent to
CLERK: KSH J DYC
J P S O C

Ex. 90

ANCHORAGE, ALASKA 98503
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that the clerk will not be obligated until the transcript is prepared

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

FOURTH JUDICIAL DISTRICT AT FAIRBANKS

FILED in the Trial Courts
State of Alaska, Fourth District

GRANT C. BAKER,

Appellant,

vs.

UNIVERSITY OF ALASKA-FAIRBANKS,
et al,

Appellees,



MAR 5 1996

Clerk, Trial Courts

By _____ Deputy

MAR 08 1996

Case No. 4FA-94-469 Civil

ORDER

The Appellees, having moved this court to strike Appendix B and Grant Baker's affidavit in support of Appendix B, from the Appellant's opening brief; and the court having considered the opposition submitted by Baker thereto and being fully advised in the premises finds the corrections made by Baker in Appendix B are not contested as inaccurate by UAF and it is proper to supplement the transcript with these corrections; that the corrections submitted by Baker in Appendix B to his brief are necessary and appropriate to correct known factual errors in the official transcript submitted by UAF; accordingly,

IT IS ORDERED that Appellees' Motion to Strike is DENIED and that Appendix B, and Grant Baker's affidavit in support of Appendix B, shall remain part of Baker's brief for consideration by this court.

Ex. 97

IT IS FURTHER ORDERED that Baker shall file and serve his reply brief within 20 days after the date of the Clerk's certificate of distribution of this order.

Dated at Anchorage, Alaska this 4 day of March 1996.

Mary E. Greene
MARY E. GREENE
SUPERIOR COURT JUDGE

I certify that a copy of the foregoing was distributed via:
MAIL
 U.S. Postal Svc Jermain, D/O (Owens)
 Other _____
HAND DELIVERY
 Courier Svc Ann Brown
 Pick Up Bin _____
 Fax _____
 Other _____
By: CL Date: 3/5/96
Clerk

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ORDER

Ex. 98

Page