

HB

158

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
710 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

SPONSOR STATEMENT

HOUSE BILL 158

NOTICE OF INSURANCE CANCELLATION TO ELDERLY

House Bill 158 would accomplish two things: permit the Division of Insurance to gather more in-depth statistical information regarding health insurance policies and mandate a different notice system for personal insurance policyholders over age 67.

One section of the bill deals with notices of cancellation on personal insurance policies. An 83-year old constituent thought he was insured and had paid his premium. He was in an accident, went to file a claim and was told that he didn't have coverage. He is out \$80,000. This constituent was carrying for an invalid spouse, dealing with finding a new live-in caregiver, and does not remember receiving any premium notices from his insurance company. Currently, written notices are sent by first class mail and thus there is no proof that the intended recipient received the mail.

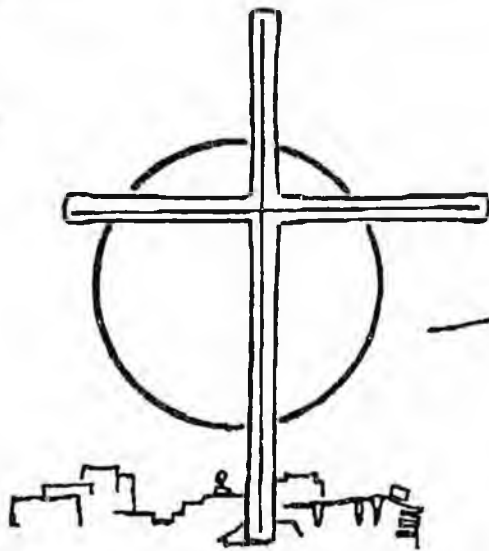
This legislation would leave the current system in place for Alaskans under age 67. If an Alaskan is 67 or over, the legislation offers additional time for notices thus giving our older Alaskans more time to respond to a notice of cancellation. Under the legislation, three notices are required, similar to the current system; however, the last notice must be sent by certified mail instead of first-class mail. This extra step will let a recipient know that there is something extra important in this mailing regarding insurance coverage. The legislation covers "personal insurance" which does not include annuity contracts, life insurance, and health insurance or title insurance.

Another section of the legislation addresses a question that many in the Legislature have been struggling with for years: How many Alaskans are covered by individual and group health insurance policies? This bill permits the Division to gather such information in connection with the preparation of the Director's annual report. As the Legislature deals with many health insurance related issues, it is important to know how many Alaskans will be impacted by our decisions. We are particularly concerned about the impact on non-ERISA plans which are covered by legislative mandates and ERISA plans which are exempt from legislative mandates. There are many guesstimates floating around but nothing concrete. This provision should not put an undue burden on the health insurance industry as each company should already know how many individual or group health policies they write in Alaska and how many people are covered by those policies.

Your support of this legislation would be appreciated.

ED1:03/24/99

APR 07 1999



CENTRAL LUTHERAN CHURCH

1420 CORDOVA STREET, ANCHORAGE, ALASKA 99501-5231
TELEPHONE (907) 277-1622 FAX (907) 272-6235

April 7, 1999

Representative Norman Rokeberg
Alaska State Legislature Fax # 1-907-465-2040

Dear Norm:

I am pleased to write a letter of support for House Bill #158. As you know, I have worked with an elderly couple from Central Lutheran, who did not renew their car insurance. He had money to pay for the insurance. He remembers getting the first notice but thought he had paid it since he could not find the billing later. He does not remember getting any other notices. He had an accident and paid \$25,000.00 to settle the claim.

We do not know how they missed the mail. They had a care giver who has confessed to taking advantage of their finances for over \$40,000.00. It is possible that she threw the mail away. It is one thing for an insurance company to have proof that a letter was mailed, it is another for the party to get the mail. Having a certified letter would force someone at the address to sign for the letter.

I believe that a change in the Alaska State law is in order, especially for the elderly. Lines 26-30 in House Bill #158 cover that subject very well. Many states require that a registered letter or in some states a certified letter be sent prior to cancellation. Alaska's law requires only that the company show proof that the letter was put in the mail. A letter can be mailed but that does not mean that it arrived at the address.

If I can be of any further help, please contact me.

Sincerely, *Ronald D. Martinson*

Ronald D. Martinson
RONALD D. MARTINSON
(907) 338-2481

FREDERICK (FRITZ) P. LAMPE
(907) 333-5597



April 7, 1999

The Honorable Norman Rokeberg
Chair, House Labor and Commerce Committee
State Capitol, Room 17
Juneau, Alaska 98011-1182
Facsimile: (907) 465-2040

House Bill 158
Alliance Position: OPPOSE

Dear Chairman Rokeberg:

I am writing to express the opposition of the members of the Alliance of American Insurers to H.B. 158, which is scheduled to be heard before the House Labor and Commerce Committee on April 7, 1999. The Alliance is a national property and casualty trade association of almost 300 members across the country.

House Bill 158, Sec. 2(2), adds a new mandate on insurers to give three written notices of policy cancellation to policyholders over 67 years old. Current law does not distinguish between age groups and cancellation only requires one notice. This bill would require insurers to track all personal lines insureds by age. Homeowner policies, for example, make no reference to the age of the insured, as that is irrelevant.

House Bill 158 would not only add new costs, it would require carriers to contact all insureds to obtain policyholder age. Many will refuse from past experience in other states.

We therefore urge your "NO" vote on H.B. 158.

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter Gorman".

Peter Gorman
Associate Vice President and Regional Manager

Copies to Members of the House Labor and Commerce Committee

APR 01 1999

**WASILLA AREA SENIORS, INC.
BOARD OF DIRECTORS**

RESOLUTION 99-01

A resolution of the Board of Directors of Wasilla Area Seniors, Inc. supporting the passage of HB 158 concerning notice of cancellation of insurance to seniors, and allowing the State to gather more information about health insurance policies issued in the State;

WHEREAS, Wasilla Area Seniors, Inc., an Alaska non-profit corporation, own and operate the Floyd D. Smith Senior Center, also known as Wasilla Senior Center, is a senior service provider and is aware of problems seniors encounter, and;

WHEREAS, Wasilla Area Seniors, Inc. is located in an area that is experiencing the most rapid growth of seniors in the State, and;

WHEREAS, Wasilla Area Seniors, Inc. recognizes the need for adequate personal insurance for the elderly, and;

WHEREAS, Wasilla Area Seniors, Inc. also recognizes the need for ample notice to seniors on issues concerning this insurance, and clear concise communication on these matters;

NOW THEREFORE: LET IT BE RESOLVED, that the Board of Directors of Wasilla Area Seniors, Inc. hereby supports the passage of HB 158 .

PASSED this 1st day of April 1999 at a regular meeting of the Board of Directors.

Elmer Feltz Date: April 1, 1999
Elmer Feltz, President, Board of Directors

ATTEST:
Jane A. Robinette Date: 4/1/99
Jane Robinette, Secretary, Board of Directors

AGENET

Resolution in Support of HB158

An act relating to the annual report of the Director of the Division of Insurance and to Notice of Cancellation of Personal Insurance

Whereas the senior citizen population of Alaska is rapidly growing, as part of a national trend of increased longevity due to better nutrition, health care, and increased standards of living; and

Whereas the number of older Alaskans age 65+ is projected to grow from 22,095 in 1990 to 80,927 by 2015; and

Whereas the availability of and maintenance of adequate personal insurance is crucial to protect the elderly and their possessions; and

Whereas the elderly are often not alert to notices which they receive in the mail, unless the importance of the items is clearly identified; and

Whereas HB158 will mandate a different system for notifying policyholders over age 67 of cancellation of personal insurance policies; and

Whereas HB158 will provide the means for the Division of Insurance to gather more in-depth statistical information regarding health insurance policies issued in the State of Alaska in order to provide important information for the State Legislature as it addresses health insurance issues;

Now therefore the Alaska Geriatric Exchange NETWORK (AGENET) strongly encourages the Twenty-First Alaska Legislature to pass HB158.

Adopted this 29th day of March, 1999.

Douglas McCoy
President, AGENET
Executive Director
Nome Community Center, Inc.
XYZ Senior Center/Munaqsri Senior Services
P.O. Box 98, Nome, AK 99762
907-443-5259

AGENET is a thirty member organization of providers of senior services throughout the State of Alaska linking more than 70 agencies that provide community-based elderly services in order to support one another and promote efforts to meet the needs of the growing senior population.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 158

Revision Date/Time (Note if correction) _____ Dept. Affected Commerce & Economic Development
 Title An Act relating to the annual report of the director BRU Insurance
of Insurance and to the notice of cancellation of personal insurance Component Insurance'
 Sponsor Rokeburg
 Requester _____ Component Serial No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by Marianna K. Burke, Director Phone 465-2215
 Division Insurance Date/Time 4/6/99 2:32 PM
 Approved by Commissioner Deborah B. Sedwick Date 4.6.99
 Agency Commerce & Economic Development

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TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
718 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

SECTIONAL ANALYSIS HOUSE BILL 158

AN ACT RELATING TO THE ANNUAL REPORT OF THE DIRECTOR OF THE DIVISION OF INSURANCE AND TO NOTICE OF CANCELLATION OF PERSONAL INSURANCE

Prepared by Rep. Norman Rokeberg

- Section 1:** Adds to AS 21.06.100 concerning the Director [of Insurance] annual report. Permits gathering of statistical information regarding health insurance, including the number of individual and group policies sold in Alaska.
- Section 2:** Adds a new subsection (2) to AS 1.36.220(a) concerning cancellation of a personal insurance policy (e.g., automobile, homeowners) if that notice is to an Alaska 67 years or older.

ED1:03/24/99

Sec. 21.36.220. Notice of cancellation.

(a) An insurer may not exercise its right to cancel a personal insurance policy unless a written notice of cancellation is mailed to the named insured as required by AS 21.36.260 at least 30 days before the effective date of cancellation. However, if cancellation is for nonpayment of premium, the notice shall be mailed to the named insured as required by AS 21.36.260 at least 20 days before the effective date of cancellation. If cancellation is for a reason described in AS 21.36.210(a)(2) or (f)(2) or (3), the notice shall be mailed to the named insured as required by AS 21.36.260 at least 10 days before the effective date of cancellation.

(b) An insurer may not exercise its right to cancel a policy of business or commercial insurance unless a written notice of cancellation is mailed to the named insured as required by AS 21.36.260 and to the agent or broker of record at least 60 days before the effective date of cancellation. However, if cancellation is for nonpayment of premium, or for failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium, the notice shall be mailed to the named insured as required by AS 21.36.260 and to the agent or broker of record at least 20 days before the effective date of cancellation. If cancellation is (1) for conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against, or (2) for discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy, the notice shall be mailed to the named insured as required by AS 21.36.260 and to the agent or broker of record at least 10 days before the effective date of cancellation.

(c) If an insurer cancels a policy under this section, it shall return or credit any unearned premium to the agent or broker of record or directly to the insured or premium finance company, if applicable, before the effective date of cancellation, except that

(1) an unearned premium shall be returned or credited within 45 days after notice of cancellation is given, if cancellation is for

(A) nonpayment of premium, including nonpayment of additional premiums, calculated in accordance with the current rating manual of the insurer, justified by a physical change in the insured property, a change in its occupancy or use, or a change in payroll, receipts, values, or other exposure units;

(B) conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;

(C) discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy;

(D) failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium;

(E) a reason described in AS 21.36.210(a)(2);

(2) the insurer shall perform or waive the audit before the effective date of the cancellation and return or credit any estimated unearned premium before the effective date of cancellation if the policy is subject to audit and is cancelled for a reason other than those described in (1)(A) - (D) of this subsection.

(d) The division may require an insurer to perform an audit that the insurer has elected to waive under (c) of this section.

(e) A notice of cancellation of insurance required to be given under this section must include or be accompanied by a statement of the reason for the cancellation.

History -

(Sec. 1 ch 28 SLA 1970; am Sec. 35, 36 ch 29 SLA 1987; am Sec. 143 ch 67 SLA 1992)

Amendment Notes -

The 1992 amendment, effective July 1, 1992, substituted "45 days" for "30 days" in the introductory language in paragraph (c)(1).

Editors Notes -

Section 49, ch. 29, SLA 1987 provides that the 1987 amendments to this section apply to insurance policies entered into or renewed on or after August 28, 1987.

Collateral Refs -

What constitutes waiver by insured or insured's agent of required notice of cancellation of insurance policy. 86 ALR4th 886.

Sec. 21.36.210. Limits on cancellation.

(a) An insurer may not exercise its right to cancel a policy of personal automobile insurance except for the following reasons:

(1) nonpayment of premium; or

(2) the driver's license or motor vehicle registration of either the named insured or of an operator who resides in the same household as the named insured or who customarily operates a motor vehicle insured under the policy has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the 180 days immediately preceding its effective date; this paragraph does not apply to revocation as described under AS 21.89.027.

(b) During the policy period, a modification of automobile physical damage coverage, except coverage for loss caused by collision, whereby provision is made for the application of a deductible amount not exceeding \$100 is not a cancellation of the coverage or of the policy.

(c) [Repealed, Sec. 47 ch 29 SLA 1987].

(d) This section does not apply to

(1) the failure to renew a policy, except as to coverage in force for less than 12 months;

(2) a policy that has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer, unless it is a renewal policy.

(e) [Repealed, Sec. 47 ch 29 SLA 1987].

(f) An insurer may not exercise its right to cancel a policy of personal insurance other than personal automobile insurance, except for the following reasons:

(1) nonpayment of premiums, including nonpayment of additional premiums, calculated in accordance with the current rating manual of the insurer, justified by a physical change in the insured property or a change in its occupancy or use;

(2) conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;

(3) discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy;

(4) discovery of a grossly negligent act or omission by the insured that substantially increases the hazards insured against; or

(5) physical changes in the insured property that result in the property becoming uninsurable.

History -

(Sec. 1 ch 28 SLA 1970; am Sec. 1 ch 13 SLA 1972; am Sec. 32 - 34, 47 ch 29 SLA 1987; am Sec. 1 ch 67 SLA 1998)

Amendment Notes -

The 1998 amendment, effective September 1, 1998, added "; this paragraph does not apply to revocation as described under AS 21.89.027" at the end of paragraph (a)(2).

Editors Notes -

Section 49, ch. 29, SLA 1987 provides that the 1987 amendments to this section apply to insurance policies entered into or renewed on or after August 28, 1987.

History Reports -

For report on ch. 28, SLA 1970 (HCSSB 311), see 1970 House Journal, p. 428.

Sec. 21.36.260. Proof and method of mailing notice.

If a notice is required from an insurer under this chapter, the insurer shall

- (1) mail the notice by first class mail to the last known address of the insured; and
- (2) obtain a certificate of mailing from the U.S. Postal Service.

History -

(Sec. 1 ch 28 SLA 1970; am Sec. 41 ch 29 SLA 1987)

Editors Notes -

Section 49, ch. 29, SLA 1987 provides that the 1987 amendment to this section applies to insurance policies entered into or renewed on or after August 28, 1987.

Sec. 21.36.310. Definitions.

In AS 21.36.210 - 21.36.310,

(1) "business or commercial insurance" means insurance other than personal insurance, reinsurance, life insurance, health insurance, fidelity and surety insurance, title insurance, or an annuity contract;

(2) "nonpayment of premium" means failure of the named insured to discharge when due any obligations of the named insured in connection with the payment of premium on a policy, or any installment of the premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit;

(3) "personal automobile insurance" means insurance not related to business or commercial activities, covering automobile liability, uninsured or underinsured motorists, automobile medical payments, or automobile physical damage, that is delivered or issued for delivery in this state, and under which the insured vehicles are of the following types only:

(A) a motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance, nor rented to others; or

(B) any other four-wheel motor vehicle with a load capacity of 1,500 pounds or less that is not used in the occupation, profession, or business of the insured, nor used as a public or livery conveyance, nor rented to others;

(4) "personal insurance"

(A) means personal automobile insurance, or insurance covering

(i) loss of or damage to real property that is used predominantly for residential purposes and that does not consist of more than four dwelling units;

(ii) loss of or damage to personal property, including personal effects, household furniture, fixtures, and equipment located in not more than four dwelling units; or

(iii) legal liability of natural persons for loss of, damage to, or injury to persons or property if the insurance does not cover liability arising from or in connection with business or commercial activities;

(B) does not include an annuity contract or a policy of life insurance, health insurance, or title insurance;

(5) "renewal" or "renew" means

(A) the issuance and delivery of an insurance policy at the end of the policy period, that replaces a policy previously issued and delivered by the same insurer;

(B) the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term; or

(C) the extension of the term of a policy beyond its policy period or term under a provision for extending the policy by payment of a continuation premium.

History -

(Sec. 1 ch 28 SLA 1970; am Sec. 3 ch 13 SLA 1972; am Sec. 42 ch 29 SLA 1987; am Sec. 145 ch 67 SLA 1992; am Sec. 34 ch 56 SLA 1996)

Amendment Notes -

The 1992 amendment, effective July 1, 1992, deleted "wet marine and transportation insurance as defined in AS 21.34.900" from the list of exclusions in paragraph (1).

The 1996 amendment, effective September 9, 1996, substituted "health" for "disability" in paragraph (1) and in subparagraph (4)(B).

Editors Notes -

Section 49, ch. 29, SLA 1987 provides that the 1987 amendment to this section applies to

insurance policies entered into or renewed on or after August 28, 1987.

Sec. 21.89.027. Motor vehicle insurance following driver's license revocation.

(a) Notwithstanding AS 21.36.210, an insurer offering insurance in this state may not (1) refuse to issue or renew motor vehicle liability insurance coverage; (2) cancel an existing policy of motor vehicle liability insurance; (3) deny a covered claim; or (4) increase the premium on a motor vehicle liability insurance policy if the refusal, cancellation, denial, or increase results only from the fact that the person's driver's license was revoked under AS 28.15.183 or 28.15.185 for possession or consumption of alcohol in a situation where the person was not driving and was in violation of AS 04.16.050 or a municipal ordinance with substantially similar elements.

(b) The provisions of (a) of this section may not prevent an insurer from underwriting or rating based upon loss experience in the same manner as it would for a person who has not had the person's driver's license revoked under AS 28.15.183 or 28.15.185.

History -

(Sec. 2 ch 67 SLA 1998)

Effective Date Notes -

Section 2, ch. 67, SLA 1998, which enacted this section, took effect on September 1, 1998.

Editors Notes -

Section 3, ch. 67, SLA 1998 provides that this section applies to a policy of insurance that is entered into or renewed on or after September 1, 1998.

Fax Cover Sheet FOR REP. N. Rokeberg

MAR 31 1999

To:	
Name:	Douglas McCoy
Organization:	Agnet, Inc.
Voice:	
Fax:	907-486-4503

X COVER TO: REP: NORMAN Rokeberg - *see questions below & reply from Doug*

From:	
Name:	Brenda Stamblock Admin Assist
Organization:	Homes Senior Citizens Inc.
Voice:	
Fax:	907-235-3739
E-Mail:	

Date:	3-31-99
Pages:	2 - includes cover sheet

Note: Hi Doug, I spoke to Fred Lau, Administrator for HSC, Inc about questions I had pertaining to this bill. Fred has asked me to ask you the questions and perhaps you could answer them for me.

- 1) What is the definition of "personal insurance"???
- 2) Why would "personal insurance" be the only thing we would look at, it specifically does NOT include, annuity contracts, life insurance and Health Insurance? I feel that the Life Insurance and Health Insurance is also vital to this bill and should be included. My reason for this suggestions is that we have many seniors who have early dementia, have mini-strokes, or who totally ignore their mail and end up throwing it in the trash.
- 3) I feel that this bill should also include that it be "mandatory" that all insurance companies must also notify an alternate person who has been listed on the policies to be notified that the insurance premiums are due. This way the alternate person listed can do the follow up to make sure the premiums are paid on ANY insurance policy that the elderly may have coverage under. All insurance companies should request an updated alternate once a year at time of renewal.

Let me or Fred know what you think. Thanks much for your attention to this.

**facsimile
TRANSMITTAL**

to: Brenda Steinblock, Homer Senior Citizens
fax #: 907-235-3739
re: HB158
date: March 31, 1999
pages: 2, including this cover sheet.

MAR 31 1999

Brenda,

Thank you for your interest in the Insurance bill and your good questions. From what I can gather of the bill, the section of the state law has to deal with personal insurance policies which are automobile and homeowner insurance policies. I don't know if such items as health insurance, life insurance, etc. come under some other statute or regulation. I would suggest that you call Representative Rokeberg's office and ask.

Your concern regarding seniors who ignore their mail and throw it away is exactly the reason that the Representative is wanting to require that there be three notices of cancellation and that the third be by certified mail to make sure that the senior has received it. I personally think that your idea of an alternate contact person would be a good idea (or at least that individuals could request and name an alternate to receive such information). There may be reasons why such a thing would not be legal... the right of individual privacy, persons acting as "conservators" who are not so designated legally, etc... but it probably is an issue that should be raised.

Again, let Norman Rokeberg or his office know of your questions and concerns.

Doug McCoy

From the desk of...

Douglas McCoy
Executive Director
Nome Community Center, Inc.
P.O. Box 88
Nome, AK 99762

907-443-5250
Fax: 907-443-2990