

HB

379

<TARGET><BILL>HB 379</BILL><SUBJECT>HB
379</SUBJECT><COMM>HFSH30</COMM></TARGET>

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature / Ketchikan, Saxman, Wrangell, Hydaburg, Metlakatla, Hyder, Loring and Meyers Chuck

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**Sponsor Statement
House Bill 379**

An Act Relating to Claims Against Protection and Indemnity Insurance Policies of Vessel Owners

In 2010, the Legislature amended the Fishermen's Fund statute to allow a vessel owner to receive 50% of the owner's Protection & Indemnity insurance deductible from the fund in cases where an injured crewmember made a claim against the Fund and against the P&I policy. The intent of this amendment was to encourage vessel owners to obtain P&I insurance to fully cover crewmember's medical expenses in the event of an injury, and to reduce the financial burden on the State.

HB 379 will allow an owner to fully recover the P&I deductible from the Fund up to an amount of \$5,000. This would provide further financial incentive for vessel owners to obtain P&I insurance to fully cover crewmembers in the event of an injury or illness at sea.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 379
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB379-DOLWD-FF-03-02-18
Title: COMM FISHERMEN'S FUND:VESSEL OWNER
CLAIMS
Sponsor: ORTIZ
Requester: (H) Fisheries

Department: Department of Labor and Workforce Development
Appropriation: Workers' Compensation
Allocation: Fishermen's Fund
OMB Component Number: 343

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	18.9		18.9	18.9	18.9	18.9	18.9	18.9
Miscellaneous								
Total Operating	18.9	0.0	18.9	18.9	18.9	18.9	18.9	18.9

Fund Source (Operating Only)

1032 Fish Fund (DGF)	18.9		18.9	18.9	18.9	18.9	18.9	18.9
Total	18.9	0.0	18.9	18.9	18.9	18.9	18.9	18.9

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Marie Marx, Director	Phone: (907)465-6060
Division: Workers' Compensation	Date: 03/02/2018
Approved By: Greg Cashen, Acting Commissioner	Date: 03/02/18
Agency: Department of Labor and Workforce Development	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. HB 379

Analysis

Current law, AS 23.35.145, provides that if a fisherman files a claim against both the Fishermen's Fund and the vessel owner's protection and indemnity (P&I) insurance policy, the vessel owner may be reimbursed the lower of 1) 50% of the P&I insurance policy deductible or 2) \$5,000.

This legislation will allow a vessel owner to be reimbursed the lower of 1) 100% of the P&I insurance policy deductible or 2) \$5,000.

Over the past four fiscal years, there has been an average of seven vessel owner claims approved per year, with an average reimbursement of \$2,300 per claim. Increased fund liability reflected in this fiscal note assumes an average of \$5,000 per claim, for a total liability increase estimated to be \$18,900 per fiscal year. There is sufficient revenue in the fund to cover the increased liability.



UNITED FISHERMEN OF ALASKA

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March 4, 2018

Representative Dan Ortiz
Alaska House of Representatives
State Capitol Room 513
Juneau, Alaska 99801

Re: Support of Fishermen's Fund Legislation: HB 379

Dear Representative Ortiz,

First, thank you for attending our recent membership meeting. We appreciate your time reviewing legislation important to our members, including HB 379.

UFA respectfully submits the following letter in support of HB 379 – “An Act relating to claims against protection and indemnity insurance policies of vessel owners.”

HB 379 amends AS § 23.35.145, which allows a commercial fishing owner/employer to recover from the Fishermen's Fund (“Fund”) fifty percent (50%) of the owner's protection and indemnity insurance deductible in cases where an injured crewmember files a claim for benefits with the Fund and the owner's insurance. If enacted into law, HB 379 would allow a vessel owner to recover the full amount of the insurance deductible, or an amount not to exceed \$5,000.

HB 379 provides an additional incentive to commercial fishing vessel owners to obtain protection and indemnity insurance to fully cover a crewmember's medical expenses in the event of an injury sustained while in the service of the vessel instead of relying on the Fund, which is meant to be the payee of last resort.

Thank you for your consideration and your interest in issues affecting the commercial fishing industry in Alaska.

Kind Regards,

Jerry McCune
President

Frances H. Leach
Executive Director

CC: Rep. Louise Stutes: Chair, House Fisheries Committee



Southeast Alaska Fishermen's Alliance

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March 5, 2018

Representative Dan Ortiz
Alaska House of Representatives
State Capitol, Room 513
Juneau, AK 99801

RE: HB 379 – SUPPORT for Fishermen's Fund Legislation

Dear Representative Ortiz,

Southeast Alaska Fishermen's Alliance (SEAFA) is a membership-based association representing our 330+ members involved in the salmon, crab, shrimp and longline fisheries primarily in Southeast Alaska. In addition, SEAFA has successfully owned and operated a vessel insurance pool (Southeast Alaska Fishermen's Alliance Reserve) for 205 of our members.

SEAFA supports HB 379 which would allow a vessel owner to receive 100% of the owner's Protection and Indemnity (P&I) insurance deductible up to \$5,000 whichever is less from the Fishermen's Fund. This legislation provides an incentive for the commercial fisherman vessel owner to fully insure their crewmembers in the event of an injury or illness at sea.

Sincerely,

Kathy Hansen
Executive Director



PSVOA

PURSE SEINE VESSEL OWNERS' ASSOCIATION

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February 26, 2018

Representative Dan Ortiz
Alaska House of Representatives
State Capitol Room 513
Juneau AK, 99801

Re : Fishermen's Fund Legislation: HB 379

Dear Representative Ortiz:

On behalf of the Purse Seine Vessel Owners Association ("PSVOA"), I am writing to express our strong support for HB 379.

PSVOA is the largest fishing association on the West Coast representing small boat owners operating in a wide spectrum of fisheries, including state and federally managed fisheries in Alaska and the West Coast. By far, the most common fishery among PSVOA members is the Alaska salmon seine fishery.

PSVOA strongly supports HB 379, which amends AS § 23.35.145. Current law limits the amount of the benefit received by a commercial fishing vessel owner from the Fund to fifty percent (50%) of the owner's insurance deductible in cases where an injured crewmember files a claim for benefits with the Fund. HB 379 increases the owner's benefit to the full amount of the insurance deductible. HB 379 will provide additional financial incentive for vessel owners to obtain insurance to fully cover crewmembers in the event of an injury or illness at sea.

Thank you for sponsoring HB 379.

Very truly yours,

/s/ Robert Kehoe

Robert Kehoe, Executive Director