

ALASKA LEGISLATURE

COMMITTEE

1690

SJ

SB 287

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SB 289

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH - STATE CAPITOL
JUNEAU, ALASKA 99801
907-465-3311

MEMORANDUM

March 11, 1981

SUBJECT: Motor vehicle insurance
(Work Order No. 12-0964)

TO: Senator Mike Colletta

FROM: Richard A. Bradley **B**
Legislative Counsel

You have requested a sectional analysis of Work Order No. 12-0419. Subsequently, on March 5th and at my suggestion, Dick Swain identified a number of issues presented by the draft legislation. This memorandum responds to the latter request.

(1) Is the operation of a motor vehicle on the highways of the state a "privilege" or a "right"?

Older cases developed a large system of distinctions as they explored the differences between a right and a privilege. More recently, the distinctions have essentially disappeared: A citizen has the right to be fairly treated, whether the matter in question is a right or privilege. To that extent, the use of "privilege" was essentially rhetorical.

(2) Does the requirement that the policy insure the person named and "every other person (using the motor vehicle with express or implied permission)" potentially raise insurance rates?

The best answer to this question must necessarily come from someone more familiar with insurance rates and rate setting than I pretend to be. But recognize that the result does not seem unexpected under present law. See, for example the recent Alaska Supreme Court case of Johnson v. United States Fid. and Guaranty Co., 601 P.2d 260. The case construed AS 28.20.010 and AS 28.20.440(b)(2).

Senator Mike Colletta

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(3) The rates for minimum coverage are essentially arbitrary; they are derived from existing law. See, AS 28.-20.440.

And note that the section you are presently asking about is essentially identical to AS 28.20.440; while I recall making some changes, particularly at the end (adding another subsection), the section is otherwise not very different and that result was intentional.

(4) The references to workers' compensation law were derived from AS 28.20.440, as suggested above, the source for new sec. 28.10.012. I can offer nothing particular as part of my "intent" other than my judgment that the matters covered in AS 28.20.440 appeared to be carefully worked out and reasonable.

As I review your question, it seems that the answer must be that the policy of this section, both in AS 28.20.440 (present law) or in AS 28.10.012 (proposed law) has to be that the focus of the section is protection of the third parties, the innocent bystanders to an accident involving the motor vehicle. In this context, there is no legislative policy in a safety responsibility act that mandates the maintenance of motor vehicle insurance covering "damage to property owned by, rented by, in charge of, or transported by the insured". He is not the focus of the section.

And the bill retains the locus of a safety responsibility act, even if different mechanisms are used to achieve the result.

(5) Your question concerns statements or acts by the insured that might "void the policy". As I understand your point, I suggest that the time frame of the comment or violation of the policy does not seem significant under the present formulation. The liability policy can, of course, be canceled but only prospectively; no alteration of the policy relationships retroactive to a time before the accident is legally permissible.

The policy of the law is to protect the third party and thus real or imagined conspiracies between the defendant insurance company and the defendant insured should not be able to void the policy and thus cause injury to the victim.

March 11, 1981

(6) This question concerns the logic of the provision that "excess or additional coverage" held by an insured is not subject to the mandates of the section. Again, I can only observe that it seems generally consistent with the policy that arises from AS 28.20.440; that is the source of the provision.

(7) Your question goes to the procedure for maintaining coverage in effect. The policy suggested is certainly reasonable but I suspect that the industry may respond that its burden is only to insure against losses and there probably is not a strong policy of involving the carriers in the notice mechanism [with the possibilities for litigation against carriers if their notice was in some way ineffectively or negligently delivered]. My own instinct would be against it and I do not believe myself particularly a friend of that industry.

(8) Your suggestion regarding notice to the department "unless another policy . . . has been submitted" is interesting. This subsection, as noted, is new. I suggest that the word "early" or "premature" be added before "termination" on line 21. Alternatively, the first few sentences might read:

(1) The insurance carrier shall provide notice to the department if it terminates a policy issued under (a) of this section before the termination date stated in the policy. If the person whose coverage is terminated fails to provide the department . . .

If the latter amendment is added, then I think the problem is resolved. The logic of this kind of law is that policy periods will be congruent with motor vehicle registration periods.

If I can assist further, please advise.

RAB:ljb



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
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(907) 465-3991

February 13, 1981

MEMORANDUM

TO: Representative Charles Anderson
FROM: Betty Bar^{EB}on, Issues Analyst
RE: Auto Insurance
Research Request No. 81-16

As a component of your request on liability insurance for motor vehicles, you have asked that we compile proposed legislation, introduced in past legislative sessions, that is pertinent to the subject. An additional request made by your office for information regarding Hawaii's statutory provisions on compulsory liability insurance is addressed in a separate memorandum.

For this project, we have collected bills introduced from the Ninth Legislature, convening in 1975, through the current session of the Twelfth Legislature. These bills are attached to this memorandum; a listing of their titles, sponsors, and final status follows:

NINTH LEGISLATURE

<u>Number</u>	<u>Abbreviated Title</u>	<u>Sponsor</u>	<u>Final Status</u>
HB 38	Motor Vehicle Insurance	Urion	In (H) Judiciary
HB 44	Motor Vehicle Insurance	Swanson	In (H) Commerce
SB 657	Motor Vehicle Insurance	Croft	In (H) Commerce

TENTH LEGISLATURE

<u>Number</u>	<u>Abbreviated Title</u>	<u>Sponsor</u>	<u>Final Status</u>
HB 217	Motor Safety Responsibility Act	Urion	In (H) Commerce
HB 594	Motor Vehicle Insurance	Commerce	In (H) Judiciary

<u>Number</u>	<u>Abbreviated Title</u>	<u>Sponsor</u>	<u>Final Status</u>
HB 614	Motor Vehicle Insurance Policies	Rules	In (H) Commerce

ELEVENTH LEGISLATURE

<u>Number</u>	<u>Abbreviated Title</u>	<u>Sponsor</u>	<u>Final Status</u>
HB 402	Re/Motor Vehicle Insurance, E.D.	McKinnon	In (H) Commerce
SB 274	Re/Motor Vehicle Safety Responsibility Act, E.D.	Commerce	In (S) Commerce
SB 280	Re/Motor Vehicle Insurance	Commerce	In (S) Commerce
SB 460	Authorizing Municipalities to Establish Requirements for Motor Vehicle Security Deposits	Bradley	In (S) Judiciary
SB 461	Tax Credit for Auto Insurance Premiums	Bradley & Stimson	In (S) State Affairs
SB 542	Financial Responsibility Regarding Motor Vehicles	Commerce	In (S) Judiciary

TWELFTH LEGISLATURE

<u>Number</u>	<u>Abbreviated Title</u>	<u>Sponsor</u>	<u>Final Status</u>
SB 70	Authorizing Municipalities to Establish Requirements for Motor Vehicle Security Deposits	Stimson & Bradley	In (S) Community & Regional Affairs

As you will note, SB 70, cosponsored by Senators Stimson and Bradley, is the only bill which has been introduced this session thus far related to the financial responsibilities of owners and operators of motor vehicles. A similar bill, SB 460, sponsored by Senator Bradley, was introduced in the Eleventh Legislature. If we can provide you with additional information regarding the enclosed materials, please do not hesitate to contact us.

ment of Public Safety and maintained for a period of three years from the date of modification. The modification shall not become effective until such proof is furnished to the Department together with a certified order of the court setting forth the modification.

(e) An appeal may be taken by any interested party from the order of the district court to the Supreme Court of the State of Oklahoma.

(f) It shall be the duty of the county attorney in the county where said application is filed to represent the Department of Public Safety in the proceedings under the statute upon request from the Department of Public Safety. (Laws 1961, p. 366, § 7-505.)

47:7-506. License or registration reinstatement fee

Whenever a license or a registration is suspended or revoked and the filing of proof of financial responsibility is made a prerequisite to reinstatement of such license or registration, or both, or the issuance of a new license or registration, or both, no such license and registration shall be reinstated or a new license or registration issued unless the licensee or registrant, in addition to complying with the other provisions of this chapter, pays to the Department a fee of Twenty-five Dollars (\$25.00). Only one such fee for each accident shall be paid by any one person irrespective of the number of licenses and registrations to be reinstated or issued to one person. The fees paid pursuant to this section shall be expendable receipts to be used only by the Department toward the cost of administering the provisions of this chapter. (Laws 1965, c. 187, § 11.)

Article VI

*Compulsory Liability
Insurance*

47:7-601. Limits of liability requirement

Every owner of a motor vehicle registered in this state, other than a licensed used car dealer, shall, at all times, maintain in

force with respect to such vehicle security for the payment of loss resulting from the liability imposed by law for bodily injury, death and property damage sustained by any person arising out of the ownership, maintenance, operation or use of the vehicle. As used herein, "security" means:

1. A policy or bond meeting the requirements of Section 7-204 of this title;

2. A deposit of cash or securities having the equivalency of limits required under Section 7-204 of this title as acceptable limits for a policy or bond; or

3. Self-insurance, pursuant to the provisions of Section 7-503 of this title, having the equivalency of limits required under Section 7-204 of this title as acceptable limits for a policy or bond. (Laws 1976, c. 176, § 1.)

47:7-602. Certification of existence of security—Exemption

Every person registering a motor vehicle in this state, except a licensed used car dealer, shall, at the time of registration of such vehicle, certify the existence of security with respect to such vehicle on a form prescribed by the Department. Provided that motor carriers required by the Oklahoma Corporation Commission, or any other entity, to maintain liability insurance are hereby exempt from this act. (Laws 1976, c. 176, § 2.)

47:7-603. Verification of security

A. From its own records, the Department shall verify the existence of security made in the form of a deposit or of self-insurance for which a certification has been made.

B. The Department may, either at the time of registration or at other intervals thereafter as it may determine, forward copies of certifications to insurance companies and surety companies, as the case may be, for verification of the security certified to in policies or bonds issued by such companies. The companies thereafter and not later than thirty (30) days fol-

lowing receipt of such copies shall cause to be filed with the Department a written record of those certifications as respects which no policy or bond is applicable. (Laws 1976, c. 176, § 3.)

47:7-604. Notice—Cancellation of insurance policies or bonds

As respects policies or bonds to which the cancellation or termination provisions of Sections 7-325 and 7-327 of this title have no application, companies shall be required to furnish copies of any notices of cancellation of such policies or bonds to the Department at the same time such notices are sent to the named insured. (Laws 1976, c. 176, § 4.)

47:7-605. Suspension of license and registration

Every owner of a motor vehicle registered in this state who operates the vehicle or permits it to be operated in this state when he knows or should have known that he has failed to maintain security as required under Section 1 of this act shall be subject to suspension of license and registrations in accordance with the provisions of Section 7-206 of this title and such suspension shall remain in effect until the requirements of Section 7-212 of this title have been met. (Laws 1976, c. 176, § 5.)

47:7-606. Failure to maintain security—Penalty

An owner of a motor vehicle with respect to which security is required under Section 1 of this act who fails to maintain such security shall, in addition to any other penalties which may be applicable, be subject to a fine of One Hundred Dollars (\$100.00). (Laws 1976, c. 176, § 6.)

Excerpts Dealing with Compulsory
From

**AUTOMOBILE INSURANCE
REGULATION**

A Report to the
Joint Legislative Automobile Liability Insurance
Study Committee

Senator Edward E. Saleeby, Chairman

December, 1979

John W. Hall, Chairman
Insurance Department
Georgia State University
Atlanta, Georgia 30303

Another important area where cost might be controlled, especially for the economically disadvantaged, relates to compulsory liability insurance.

COMPULSORY LIABILITY INSURANCE AND FINANCIAL RESPONSIBILITY LAWS. - Compulsory liability insurance has been opposed traditionally by the private insurance business. As early as 1919, legislative proposals were made in Massachusetts requiring compulsory liability insurance. This feeling spread widely, and by 1925 one half the state legislatures introduced bills. Massachusetts enacted a compulsory law, to take effect at the beginning of 1926, the first state to do so. But the approach proved unpopular - both with legislators and insurers - and it was not until 1956 and 1957 that compulsory systems were established in New York and North Carolina.

In the meantime, other states were evolving a more limited form of compulsion - the financial responsibility law. Such a law has been enacted in one form or another in every jurisdiction of the United States and every province of Canada. The principal reason for the failure of the early compulsory movement was the financial responsibility law. In December, 1928, on the assumption that it was sounder strategy to be for a program than against one, the American Automobile Association, in cooperation with insurance and other interests, released its first model financial responsibility bill as a part of a general safety program. The Uniform Vehicle Code adopted by the National Conference on Street and Highway Safety in 1924 included the same principals. The current Uniform Motor Vehicle Code includes a financial responsibility law. For years, insurers fathered and supported the financial responsibility law concept as an alternative to something that they regarded as much worse - compulsory liability insurance.

Today twenty-four states have compulsory liability insurance, and in almost every instance, it was passed as a part of a no fault package, as was the case in South Carolina. The great bulk of the insurance industry supported automobile no fault, and compulsory liability insurance was a part of a politically feasible no fault package. (The so called "no fault" laws were really nothing more than a modified compulsory liability insurance statute.)

The enactment of compulsory liability insurance statutes was not in the best interest of the consumer nor supportive of today's concepts of social philosophy, and it certainly has been a disaster from the viewpoint of insurers. It is very likely that the continuation of compulsory liability insurance will have grave long run repercussions for the viability of the tort law system.

Compulsory liability insurance was adopted on the theory that persons who drive automobiles should fund, at least at a minimum level, their potential legal responsibilities growing out of the use of those automobiles. "The person who is legally responsible should also be financially responsible for his wrongs." During the early years, the automobile was not a necessity for transportation for, prior to the development of urban sprawl, there were other viable means of traveling from home to job and to visit with friends. At the same time, the cost of an automobile insurance policy was relatively nominal for we had not seen the tort law and medical care/income replacement expense explosion. During the early years the automobile was a much easier vehicle to repair and people did not drive so rapidly.

Persons who possess significant assets and income earning potential have a great need for liability insurance, and their financial condition gives them a greater ability to purchase this insurance although they may think it expensive.

As a practical matter, the economically disadvantaged have less real need for liability insurance to protect their own interests. As a practical matter, these persons tend to be judgment proof. In any event, they tend to be unaware of the benefits which a liability policy provides. They perceive the liability insurance policy as taking care of other people. They must pay a high premium for insurance which provides benefits for others as a condition precedent to having the right to drive. Because of their economic status, most often they are unable to purchase insurance to provide for their own injuries, and those of their families, in accidents where they are at fault. The compulsory liability insurance system forces these people to pay high premiums relative to their income for benefits for others when they cannot themselves afford adequate benefits to cover their own losses. Often their own losses fall upon some system of charity care (medicaid) which must be funded by others with a consequent loss of self respect by the economically disadvantaged.

From the viewpoint of the more affluent, because of their affluence, they must carry relatively high liability insurance limits for the benefit of themselves under the tort law system, and others. At the same time, many many persons purchase the minimum limits which are totally unsatisfactory from the viewpoint of almost everyone. (The minimum financial responsibility limits in South Carolina are totally inadequate at today's inflated prices, but to raise them would only compound the problem of the economically disadvantaged.)

We have an expensive system by which the poor must take care of all other drivers on a very inadequate basis, and the more well-to-do must take care of all other drivers on a more adequate basis, even though it is likely that they are not being taken care of adequately. Although I am far from wealthy, I carry very adequate automobile limits to take care of you.

What are you doing for me? For these reasons, it appears morally and socially wrong to require liability insurance on a compulsory basis as a condition precedent to enjoying the privilege of automobile driving and ownership. Indeed, if any benefit system is to be compulsory, it should be no fault insurance which provides strong economic benefits directly to, or for the benefit of, the person who pays the premium, helps to build the self respect of the economically disadvantaged and reduces the costs of charity care.

Compulsory insurance increases insurance rates to responsible drivers, regardless of their income level. Insurers that provide insurance to the overwhelming majority of safe and responsible drivers are forced to include high risk drivers among their insureds. As these high risk drivers incur losses, the rating structure will be affected and the overall rates must rise. Advocates for people who cannot afford to buy insurance blame the insurance business for producing a product that costs too much. Compulsory liability insurance laws have proven to be a significant contributor to pressure to socialize the auto insurance mechanism (cf. the Shavers case in Michigan, and a 1977 Library of Congress report on this subject). If automobile insurance is increasingly regarded as a product which everyone must buy continued pressure to make "affordable" insurance available to everyone, regardless of any conflict with hazard-based pricing, is inevitable. This creates social pressures for premium leveling and subsidies.

Compulsory liability insurance laws mandate the purchase of an insurance product which many people would rather not purchase at all, and which others cannot realistically afford in view of their personal financial situation. Persons who violate these laws may face prosecution. Nevertheless, there is substantial evidence that law enforcement efforts typically fail to insure compliance in states where affordability of insurance is a major concern. Most major urban states with compulsory liability insurance laws also have large populations of uninsured motorists. As public and political frustration with unsuccessful efforts to enforce such laws grows, those who obey the law resent the fact that others do not, further increasing resentment against insurers.

The history of compulsory insurance demonstrates that the cost of administering such a program is enormous with disappointing increases in the number of insured drivers. I have been told that in South Carolina, a total cost of 1.3 million dollars (or one dollar per registered vehicle) is required to increase the number of insureds to the present level (between 90 and 93%) from the precompulsory level of approximately 85%. I know of no valid statistics on the present number of insured or uninsured drivers.

This report recommends that the compulsory liability insurance statute of South Carolina be abandoned.

Consistent with this philosophy, it is apparent that it would be wrong to abandon the compulsory liability statute without modifying the financial responsibility law. To say that a person does not have to buy liability insurance when he perceives that he does not have a need, and then to deprive him of the right to drive if he is not able to respond to an accident does not make sense.

Financial responsibility laws, while they may apply to some individuals who cannot afford liability insurance, do not create the same degree of political pressure as compulsory laws, which require all vehicle operators or owners to have insurance. Since financial responsibility laws have an impact only upon a small percentage of the population, and since application of these laws is directly tied to a past failure of the individual to provide security, or to some other "misconduct," it is easier to argue that individuals subject to these laws ought to be required to carry the extra burden of compliance even if personal financial distress or other penalties result.

Accordingly, this report recommends that the financial responsibility law be amended to follow the Virginia model which requires proof of financial responsibility following an accident or convictions for future accidents only.

National Association



of Independent Insurers

2600 RIVER ROAD, DES PLAINES, ILLINOIS 60018

312/297-7300

Arthur C. Mertz, President

NOTE:

Compulsory automobile liability insurance is a subject that concerns every automobile owner, every legislator, every taxpayer and every newspaper editor in the United States.

The insurance industry, contrary to general belief, strongly opposes compulsory automobile liability insurance. Compulsory heaps millions of dollars of unnecessary costs on the state government and the automobile owner; it does not protect the responsible citizen. Our thinking is outlined in this information kit. Our Public Relations Department would be pleased to answer questions or provide any additional information you might desire.

The NAI is the world's largest insurance trade association. We speak for more than 500 affiliated companies which write about half of the private passenger automobile insurance now in force in the United States.

Sincerely,

Arthur C. Mertz
President

Charles J. Lorenz
Vice President - Public Affairs

ACM/CJL/das

COMPULSORY AUTOMOBILE LIABILITY INSURANCE

BACKGROUND

The first Compulsory Automobile Liability Insurance Law in the United States was passed in the State of Massachusetts in 1927. The Massachusetts legislation required all owners of automobiles to have either a liability policy or a bond covering their motor vehicles as a prerequisite to registration. Presently, only nine states, California, Idaho, Louisiana, Maryland, North Carolina, Oklahoma, Oregon, South Carolina and Wyoming, have compulsory automobile liability insurance laws.* Despite the concept's lack of popularity and success, proponents of compulsory automobile liability insurance continue to push for its enactment.

NAII POSITION AND RATIONALE

NAII opposes compulsory automobile liability insurance and supports uninsured motorist coverage as a realistic alternative. The underlying reason for NAII's opposition is that compulsory insurance laws just do not

* 16 states have compulsory no-fault laws, but such legislation is far different from compulsory automobile liability insurance laws. Built-in cost saving devices, such as restrictions on tort rights, substantially reduce loss exposures and costs.

Compulsory Automobile Liability Insurance
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compel drivers to obtain insurance and such laws create expensive state bureaucracies and cause increased insurance rates. Moreover, NAII opposes compulsory liability automobile insurance because responsibility cannot be legislated. However, NAII also recognizes that the driving public needs protection from losses and harm caused by uninsured motorists. Such protection can be found in uninsured motorist coverage which is an effective, efficient, economic and equitable way to protect the driving public.

Even in states with the strictest compulsory automobile liability insurance laws, there will always be some drivers on the roads who do not have automobile liability insurance. For example: operators of stolen cars; uninsured out-of-state drivers; hit-and-run drivers; uninsured motorists whose licenses or registrations have been suspended; newly arrived uninsured residents whose cars are still registered in other states; uninsured motorists who hit the residents of a compulsory state when those residents are driving in another state; and insurance dodgers who cancel their insurance or intentionally let it lapse after obtaining registration for their cars.

The difficulty in assuring that all motorists on the highways have automobile liability insurance is particularly acute in big tourist states where the number of out-of-state cars can run into the millions. The total out-of-state cars in Florida is more than 12 million a year, and Florida repealed their compulsory law in 1978.

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The history of compulsory insurance has shown that the enforcement program creates a veritable paper blizzard increasing costs to the taxpayer without any significant increase in the number of insured drivers. New York, for example, had a compulsory automobile liability insurance law prior to the passage of a no-fault automobile insurance law in 1973. It spent over \$9 million a year in an attempt to keep track of all registrations, changes in address of owners, changes of automobiles, lapses in policies, acquisition of new insurance, and changes in insurance companies. Yet, even with all this expense and paperwork, it is estimated that between 226,000 to 400,000 uninsured motorists remained on New York highways!

Other states that have implemented compulsory, such as California, Maryland, South Carolina, North Carolina and Idaho, have all experienced the burgeoning and costly "paper" problem. For example, in California it took a total cost of \$2,324,000 to increase the percentage of insured drivers 5% (80% to 85%). In Maryland, compulsory insurance cost the taxpayers \$1,500,000 to increase the number of insured drivers from 90% to 95%. Taxpayers in South Carolina paid \$1,300,000 under their compulsory insurance program to obtain an 8% increase in the number of insured drivers (85% to 93%).

The major reason for these increased costs is that compulsory by its very nature requires an enforcement mechanism. Since the irresponsible driver will be irresponsible whether or not compulsory insurance

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statutes exist, he must be monitored and tracked down. As a consequence, costly and complex enforcement mechanisms have to be implemented in a compulsory insurance program.

One method of enforcement is to require insurers to certify to a state agency, usually the Department of Motor Vehicles, whether or not liability insurance is in effect. In North Carolina such a requirement has forced the Department of Motor Vehicles to process more than 85,000 notices of termination of auto liability insurance every month. This has necessitated the hiring of an additional 111 clerical personnel. In addition, some states use ID cards or stickers to assist in enforcement. This just adds additional costs and complexities to the enforcement mechanism. Moreover, the amount of police time spent on finding and removing the license plates or taking other action against a driver whose insurance is no longer in force could be much better spent in enforcing highway safety laws.

Another disturbing aspect of the enforcement of compulsory insurance laws is the potential harrassment of the responsible driver who is changing insurance companies because of price or other reasons. Such drivers in some compulsory states will have to go through a recertification process and if there is a bureaucratic mistake, these drivers may find themselves having to prove to a policeman or other state officer that he or she does have insurance in effect.

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Compulsory insurance also increases overall insurance costs by creating extra paperwork for the insurance company. Everytime a policyholder changes companies, moves, drops his insurance, etc., his insurer has to notify the state and this process adds to the operating costs of all companies.

Another system of compulsory automobile liability insurance enforcement is "self-certification". This system, used in over half the mandatory liability states, puts vehicle owners "on their honor" by requiring them to sign a notice confirming that they will carry liability insurance and will return their license plates to the state if insurance coverage is terminated. Enforcement is primarily against the drivers involved in accidents and those apprehended by spot road checks or traffic violations. As a result, under self-certification, the devious, uninsured driver who feels no compulsion to purchase automobile liability insurance can still manage to escape apprehension. A law that can be so easily disregarded fosters general disrespect for all laws and is better left off the books.

Uninsured Motorists' Coverage -- The Workable Alternative

The insurance industry has developed an alternative to compulsory insurance. This alternative is uninsured motorist coverage. Uninsured motorist coverage protects the insured motorist, his family and his guests

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from the loss caused by the irresponsible uninsured motorist. This is something compulsory insurance cannot do. It provides this protection without burdening the insured motorist with heavy administrative costs and the inconvenience of complying with burdensome enforcement statutes.

Under the uninsured motorist or family protection coverage, the insured's own company provides protection for bodily injuries and death in which an uninsured or hit-and-run motorist would be liable. It protects the car owner's entire family living in the same household if injured while in his car, another car (whether driver or passenger), while a pedestrian, or as a cyclist.

Claims are settled in direct negotiations between the policyholder and his insurance company. The procedure is very much the same as that followed in making a claim under first party coverages such as automobile, collision or fire insurance. The responsible, insured citizen and his family are protected for only pennies a day. Presently, all compulsory states require that uninsured motorist coverage be offered with every liability automobile insurance policy. This in and of itself shows the failure of the compulsory system.

National Association of Independent Insurers

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Consequently, the National Association of Independent Insurers supports the implementation of uninsured motorist coverage (family protection coverage) combined with a well-administered financial responsibility law and an effective traffic safety program in order to provide the citizens of any state with the most efficient, economical and strongest protection against the uninsured, irresponsible motorist.

RMB:lmb

PRIVATE PASSENGER AUTO INSURANCE

a
statistical
analysis



1979

1979
REPORT
PRIVATE PASSENGER AUTOMOBILE
INSURANCE

Division of Insurance
Department of
Commerce and Economic Development
STATE OF ALASKA

September 21, 1979

Jay S. Hammond, Governor
Charles R. Webber, Commissioner
Kenneth C. Moore, Director

State of Alaska
Department of Commerce
and Economic Development
Division of Insurance

1979 Annual Report on
Private Passenger Automobile Insurance

The 1978 edition of the division's annual report on the condition of the private passenger automobile insurance industry in Alaska began with the statement that, with some reservations, the total situation had improved from the previous year. This 1979 edition begins with the same note. In fact, the state of the business is such that, according to data found in the August, 1979 issue of "Best's Review, Property and Casualty Edition," the loss ratio in Alaska in 1978 for all lines of auto insurance was the lowest in the nation by a respectable margin and was 15.5 percentage points less than the national average. Alaska was the only state, according to Best's, to register a loss ratio of under 50%, recording a combined 48.4% (this ratio does not include loss adjustment expenses, but does include dividends to policyholders). Division of Insurance statistics show that the loss ratio for private passenger auto (based on page 14, annual) was an even lower 45.6%. Of course, loss ratios do not tell the whole story. In the remainder of this report I shall attempt to paint the broad landscape of the Alaskan market. This effort would not be possible without the information supplied by the carriers and organizations who responded to the division's requests for assistance. My thanks is extended to all of them.

As is customary, this study has two sections. The first deals with the total market environment for the private passenger auto insurance lines. The second portion contains a compilation of rating examples from the manuals of the largest writers in the State. This section should be of particular interest to the insurance-consuming public, so long as it is understood that rates are fluid entities and those published herein are current as of the date of this writing.

The first two exhibits rank the market shares of the leading writers in Alaska by the two lines of auto insurance, for the total private passenger market and offers comparison of this to the 1977 results in Alaska and the 1978 shares on a nationwide basis.

The first three tables demonstrate that there is not much congestion at the top in the Alaskan market. The physical damage line is headed by State Farm Mutual with 21.1% share of the business. The top five companies in 1978 captured 57.2% of the written premium, with the top 10 having 70.6%. The numbers for the liability line are almost identical; State Farm controlling 21.1% of the business, the top five tipping the scales at 56.1%, and the top ten recording a 70.6% share of the market. The total 1978 dollars for both lines of private passenger auto insurance are distributed in just about the same fashion again. In comparison to the 1977 market concentration there has been some minor spreading of the premium. State Farm has kept its preeminent position, although actually losing a fraction of a percentage of premium writings when both its companies are considered. Allstate Insurance Company's share of the market declined 3% and its actual premium volume fell 12.3%, but this

may be at least partially a result of Allstate's switch to a six-month policy during the year. In any event, in 1977 the top ten writers wrote 72.6% of the premium. This figure declined to 70.2% in 1978. Nothing to really shout about, but a move in the right direction. This slight spreading of volume holds true down the line. Perhaps this is a symptom of a loosening of the underwriting restrictions which were carried over from 1976 and 1977. Maybe it even means that competition is picking up. Exhibit II demonstrates that, despite this slight increase in market dispersion, Alaska is still a very restricted market compared to the rest of the country. The ten largest groups nationwide wrote only 49.1% of the volume in 1978. In Alaska thirty carriers wrote virtually all the private passenger auto insurance, whereas that same number of groups accounted for 71.3% on a national basis. Several of the largest national carriers do not even compete in Alaska, despite the recent and, I might say, atypical trend toward profitability in the auto lines here. However, there may be some cause to feel encouraged about the competitive situation here as we shall see later on in this report.

In the beginning of this document, I noted briefly the excellent experience enjoyed by auto insurers in Alaska in 1978. The third set of tables specifically details the individual and collective performance of Alaskan writers. The experience for both liability and physical damage coverages was excellent.

The liability line recorded a loss ratio of 50.0% with only five companies in the top 27 having a loss ratio in excess of 60%. The final figures for physical damage were even more impressive, an industry-wide ratio of only 39.5% with only two companies in the top 27 posting losses in excess of 50%. The two lines combined showed a loss ratio of 45.6% with only two insurers over the 60% mark. According to the Best's Review data discussed previously, the nationwide ratio for all auto was 63.9% (including dividends). Considering this information, which is admittedly not completely definitive, might we not infer that Alaska may be the best place to be writing auto these days?

To further illustrate this subject, I invite your attention to the expense exhibits which comprise Exhibit IV. In these I have calculated the loss ratios which should indicate an individual company's and the total market's break-even point. This exhibit does not allow for reserves and the traditional profit percentage, but once you examine the margins indicated by these figures, I think you will agree that there is ample space to accommodate these items. Only five of the top twenty-seven insurers writing liability exceeded their permissible loss ratio. For all companies the liability loss ratio was 50.0%, while the permissible loss ratio of the sample studied was 65.6%. This 15.6% margin, it would seem, should readily incorporate the inevitable IBNR and loss development numbers and still leave a substantial underwriting profit, something to take note of in these days. But, let us turn to the physical damage tables now, in which the numbers are even more striking. Only two

carriers exceeded their permissible ratios. The industry ratio of 39.5% is 28.8% below the permissible level of 68.3%. Profitable? Yes, indeed! The combined ratios for both lines are no less impressive, a 45.6% total loss ratio compared to a 66.7% permissible loss ratio. Again, a very ample margin for all contingencies. We, up here in Alaska, wish that a few more people in home offices in the continental United States would sit up and notice these statistics. Private Passenger auto has been profitable in Alaska. Wonder of wonders!

The next exhibit is not entirely unrelated to this subject. The insurers doing business in Alaska requested very few rate increases during the period from September 1, 1978 to September 1, 1979. Only three to be precise. One was a rating bureau increase, but only a small number of companies use ISO rates. Why so few requests for rate hikes? Well, only the individual companies know the answer to that, but it just may be because auto insurers made money in Alaska in 1978 and continue to make money in 1979. I should state that the Division of Insurance turned down no requests for rate increases during this time. The division did require that one proposed revision be reduced in order to insure approval and the reduction was made. There were even two rate reductions (although one, the reduction in Class 2 commission rates for the Automobile Insurance Plan, was accomplished by order of the Division of Insurance).

The sixth exhibit is the result of a new area of investigation by the division. For some time, it has been suspected that a large number of Alaskan motorists were driving without insurance. Based upon figures now available to the division, a decent approximation of the number of uninsured motorists in Alaska can be made. While comparing the number of autos to insured car years may not be ideal, it's not a bad indicator. The statistics suggest that quite a large number of Alaskans are driving without insurance, in 1977 perhaps as many as half. This information brings several questions to mind. For example, how much more effective and economical would the spread of risk be if a larger portion of Alaskan autos were insured? And how is such an expansion of the percentage of cars insured to be effected? The division maintains the position that a mandatory insurance law is not workable under the tort liability system. The experience in other states that have attempted that solution has not been favorable. Mandatory insurance may be workable, however, under a true no-fault system. This is an issue that needs some study.

Our final collection of statistics, Exhibit VII, has some bad news and some good news. Part A contains bad news; it shows just how large the population of the Automobile Insurance Plan was during the peak year of 1977. 7.8% of all Alaskan autos insured were insured in the AIP, compared to the national total of 6.5%. 7.8% is an excessive portion of the insuring public to be forced into the AIP. Of course, this occurred as a result of the lean years the auto industry suffered in 1975 and 1976.

The situation has improved during 1978 and 1979, however, as Sections B and C illustrate. The population of the AIP has declined from an all-time high of 9,447 at the end of 1977 to 7,021 at the end of 1978, a fall of 25.7%. This figure has continued to drop as we can infer from the steady and dramatic decrease in the amount of policies assigned by the Plan through August, 1979. This contrasts with the nationwide trend in which the population of AIP's grew 13% during 1978 (AIPSO insurance facts). Again, the Alaskan market seems to be in much better shape than the national private passenger auto market.

Exhibit VIII, D records the AIP liability premium levels for 1973-1977. The peak year in Alaska was, again, 1977; AIP liability dollars accounting for 9.3% of the total liability dollars. This compares unfavorably with the countrywide mark of 6.9%. The difference is most likely a combination of higher Plan population and higher rates in Alaska. As with population, however, the premium levels are falling. In 1977, AIP premium totaled 9.7% of all written premiums, but the figure decreased to 6.8% in 1978. Plan written premiums dropped 25.7% over the same period. It is certain that, given the population decrease in 1979, these premium levels also continue to decrease. It can probably be safely assumed that as long as voluntary market profits remain strong, that Plan population will continue to decline.

To quickly draw a big picture as I close, it might not seem totally out of line to say that, the industry has an excellent market in Alaska, one of the best in the country. The private passenger lines have been profitable, running counter to the recent national movement which has turned in an unprofitable direction. This situation has resulted in an apparent slight expansion of competition, but more solid evidence is needed before that statement can be made with any conviction. The drop in assigned risk pool population is another development which must be greeted with gratitude by industry and consumer alike.

Given these factors, the division would hope that insurers will realize the opportunities presented by the situation in which a small group of companies control the Alaskan automobile market and begin some serious competitive efforts. At the risk of sounding like my needle is stuck in the same groove, I would like to repeat that a profitable private passenger market is something to be coveted these days. The division fully intends to do everything reasonably within its power to continue the profitability of the market. It is up to insurers to take advantage of the situation.

Assuming the depopulation of the Automobile Insurance Plan continues, the serious problem faced in Alaska is the number of uninsured motorists on the loose. The estimate of 50% uninsured is a disturbing one. The solution to this dilemma is not going to be simple: it may have to be legislated, although that has often proven unsuccessful in other states. The Division of Insurance would support such a move, only if it were tied to a true no-fault insurance system. Perhaps increased competition would be a step in the right direction. Oops, my needle is slipping again!

Richard Rainery
Market Analyst

Exhibit I

1978 Market Concentration in Private Passenger Auto Physical Damage Insurance

Company	Written Premium	Market Share	Cumulative Market Share
State Farm Mutual Automobile Ins. Co.	\$ 4,455,866	21.1%	21.1%
Allstate Ins. Co.	3,883,608	18.4	39.5
Criterion Ins. Co.	1,996,429	9.5	49.0
USAA	1,116,009	5.3	54.3
Nationwide Mutual Fire Ins. Co.	602,006	2.9	57.2
National Indemnity Co.	580,211	2.8	60.0
Fireman's Fund Ins. Co.	564,034	2.7	62.7
AIU Ins. Co.	563,021	2.7	65.4
GEICO	543,432	2.6	68.0
Horace Mann Ins. Co.	540,321	2.6	70.6
Central National Ins. Co., of Omaha	449,448	2.1	72.7
Nationwide Mutual Ins. Co.	447,237	2.1	74.8
Leader National Ins. Co.	426,742	2.0	76.8
Bankers & Shippers Ins. Co., of N.Y.	411,144	1.9	78.7
Associated Indemnity Corp.	355,625	1.7	80.4
U.S. Fire Ins. Co.	337,070	1.6	82.0
Continental Ins. Co.	307,017	1.5	83.5
Motors Ins. Corp.	300,132	1.4	84.8
Alaska Ins. Co.	290,540	1.4	86.2
Lumberman's Mutual Casualty Co.	282,374	1.3	87.5
CIM Ins. Corp.	271,965	1.3	88.8
State Farm Fire & Casualty Co.	220,088	1.0	89.8
USAA Casualty Ins. Co.	215,631	1.0	90.8
Colonial Penn Ins., Co.	213,379	1.0	91.8
National Surety Corp.	164,139	0.8	92.6
Credit General Ins. Co.	159,894	0.8	93.4
International Service Ins. Co.	146,987	0.7	94.1
International Ins. Co.	140,965	0.7	94.8
North River Ins. Co.	122,712	0.6	95.3
Total	<u>\$20,108,026</u>	<u>95.3%</u>	<u>95.3%</u>
Total All Companies	\$21,096,150	100.0%	100.0%

1978 Market Concentration In Private Passenger Auto Liability Insurance

Company	Written Premium	Market Share	Cumulative Market Share
State Farm Mutual Automobile Ins. Co.	\$ 6,225,881	21.1%	21.1%
Allstate Ins. Co.	4,848,353	16.4	37.5
Criterion Ins. Co.	2,462,849	8.3	45.8
USAA	1,527,029	5.2	51.0
Leader National Ins. Co.	1,502,080	5.1	56.1
National Indemnity Co.	1,020,468	3.5	59.5
Fireman's Fund Ins. Co.	947,991	3.2	62.7
Horace Mann Ins. Co.	811,231	2.7	65.4
GEICO	764,474	2.6	68.0
AIU Ins. Co.	764,165	2.6	70.6
Nationwide Mutual Fire Ins. Co.	758,936	2.6	73.2
U.S. Fire Ins. Co.	653,020	2.2	75.4
Associated Indemnity Corp.	598,820	2.0	77.4
Lumberman's Mutual Casualty Co.	580,146	2.0	79.4
Nationwide Mutual Ins. Co.	565,858	1.9	81.3
Continental Ins. Co.	539,196	1.8	83.1
Alaska Ins. Co.	521,733	1.8	85.1
State Farm Fire & Casualty Co.	424,378	1.4	86.5
National Surety Corp.	353,425	1.2	87.7
USAA Casualty Ins. Co.	344,494	1.2	88.9
Colonial Penn Ins. Co.	322,685	1.1	90.0
International Ins. Co.	302,645	1.0	91.0
INA	234,822	0.8	91.3
International Service Ins. Co.	229,221	0.8	92.6
North River Ins. Co.	201,818	0.7	93.2
Great American Ins. Co.	149,085	0.5	93.7
New Hampshire Ins. Co.	133,053	0.5	94.2
Continental Reinsurance Corp.	127,850	0.4	94.6
Fidelity and Casualty Co., of N.Y.	104,104	0.4	94.9
Providence Washington Ins. Co., of Ak.	90,356	0.3	95.1
Total	<u>\$28,110,116</u>	<u>95.1%</u>	<u>95.1%</u>
Total All Companies	\$29,556,030	100.0%	100.0%

1978 Market Concentration in
Private Passenger Auto Insurance

Company	Written Premium	Market Share	Cumulative Market Share
State Farm Mutual Automobile Insurance Company	\$10,661,747	21.1%	21.1%
Allstate Insurance Company	8,731,961	17.2	38.3
Criterion Insurance Company	4,459,278	8.8	47.1
USAA	2,643,038	5.2	52.2
Leader National Insurance Company	1,928,322	3.8	56.0
National Indemnity Company	1,600,679	3.2	59.2
Fireman's Fund Insurance Company	1,512,025	3.0	62.2
Nationwide Mutual Fire Insurance Company	1,360,942	2.7	64.9
Horace Mann Insurance Company	1,351,552	2.7	67.6
AIU Insurance Company	1,327,186	2.6	70.2
GEICO	1,307,906	2.6	72.8
Nationwide Mutual Insurance Company	1,013,095	2.0	74.8
U.S. Fire Insurance Company	930,090	2.0	76.8
Associated Indemnity Corporation	554,445	1.9	78.7
Lumberman's Mutual Casualty Company	362,520	1.7	80.4
Continental Insurance Company	346,213	1.7	82.1
Alaska Insurance Company	312,277	1.6	83.7
State Farm Fire and Casualty Company	644,466	1.3	85.0
USAA Casualty Insurance Company	560,125	1.1	86.1
Colonial Penn Insurance Company	536,064	1.1	87.1
National Surety Corporation	517,564	1.0	88.1
Central National of Omaha	449,448	0.9	89.0
International Insurance Company	443,610	0.9	89.9
Bankers and Shippers of New York International Service Insurance Company	438,904	0.9	90.8
North River Insurance Company	376,208	0.7	91.5
Motors Insurance Corporation	324,530	0.6	92.1
CIM Insurance Company	300,132	0.6	92.7
INA	271,965	0.5	93.2
Great American Insurance Company	242,345	0.5	93.7
	240,802	0.5	94.2
Total	\$47,729,935	94.2%	94.2%
Total All Companies	\$50,652,120	100.0%	100.0%

1977 Market Concentration in
Private Passenger Auto Insurance

COMPANY	Written Premium	Market Share	Cumulative Market Share
State Farm Mutual Automobile Insurance Company	\$10,120,593	20.8%	20.8%
Allstate Insurance Company	9,957,599	20.5	41.3
Criterion Insurance Company	4,445,167	9.2	50.5
Cavalier Insurance Company	2,042,535	4.2	54.7
United Services Automobile Assoc.	2,031,824	4.2	58.9
National Indemnity Company	1,677,489	3.5	62.4
National Surety Corporation	1,356,656	2.8	65.2
Fireman's Fund Insurance Company	1,221,744	2.5	67.7
AIU Insurance Company	1,218,398	2.5	70.2
Horace Mann Insurance Company	1,174,794	2.4	72.6
Nationwide Mutual Fire Insurance Co.	1,155,393	2.4	75.0
U.S. Fire Insurance Company	1,144,654	2.4	77.4
Associated Indemnity Corporation	1,118,316	2.3	79.7
Lumberman's Mutual Casualty Company	908,199	1.9	81.6
State Farm Fire and Casualty Company	874,110	1.8	83.4
Pacific Insurance Company	847,068	1.7	85.1
Alaska Insurance Company	765,507	1.6	86.7
Nationwide Mutual Insurance Company	717,918	1.5	88.2
International Insurance Company	614,258	1.3	89.5
GEICO	582,152	1.2	90.7
USAA Casualty Company	446,963	0.9	91.6
Bankers & Shippers Insurance Company	443,984	0.9	92.5
Colonial Penn Insurance Company	425,780	0.9	93.4
International Service Insurance Co.	417,360	0.9	94.2
Motors Insurance Corporation	415,603	0.8	95.0
TOTAL	\$46,124,064	95.0%	95.0%
TOTAL ALL COMPANIES	\$48,547,829	100.0%	100.0%

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Exhibit II

1978 Countrywide Market Concentration in Private Passenger Auto Insurance

<u>Group</u>	<u>Written Premium</u>	<u>Market Share</u>	<u>Cumulative Market Share</u>
State Farm Mutual Auto Group	\$ 4,522,689,000	17.1%	17.1%
Allstate Ins. Group	2,512,911,000	9.5	26.6
Farmers Ins. Group	1,405,917,000	5.3	31.9
Nationwide Ins. Group	969,104,000	3.7	35.5
Aetna Life & Casualty Group	829,688,000	3.1	38.6
Travelers Indemnity Co. Group	629,418,000	2.4	41.0
GEICO Group	567,350,000	2.1	43.2
USAA Group	531,616,000	2.0	45.2
Kemper Ins. Co.'s Group	530,854,000	2.0	47.2
Liberty Mutual Ins. Co.'s Group	515,717,000	1.9	49.1
Continental Ins. Group	458,325,000	1.7	50.8
Hartford Fire Group	401,242,000	1.5	52.4
Auto Club of Southern California	393,739,000	1.5	53.8
Detroit Auto Group	365,003,000	1.4	55.2
IHA Group	353,859,000	1.3	56.6
Fireman's Fund Ins. Group	352,290,000	1.3	57.9
U.S. Fidelity Group	339,506,000	1.3	59.2
Sentry Ins. Group	327,901,000	1.2	60.4
Prudential of America Group	312,601,000	1.2	61.6
American Family of Wisconsin Group	309,093,000	1.2	62.8
Ohio Casualty Group	300,789,000	1.1	63.9
Safeco Ins. Co. Group	290,727,000	1.1	65.0
Cal. State Auto Association	283,133,000	1.1	66.1
Colonial Penn Group	213,361,000	0.8	66.9
General Accident Group	207,400,000	0.8	67.6
Commercial Union Group	198,697,000	0.7	68.4
Home Ins. Co. Group	196,011,000	0.7	69.1
Motors Ins. Corp. Group	193,210,000	0.7	69.9
Transamerica Ins. Group	188,506,000	0.7	70.6
Reliance Ins. Group	183,310,000	0.7	71.3
Total	\$18,884,007,000	71.3%	71.3%
Total All Groups	\$26,497,930,000	100.0%	100.0%

NAIC Report on Profitability 1978

ALASKA PRIVATE PASSENGER AUTOMOBILE
LIABILITY INSURANCE EXPERIENCE - 1978

<u>Company</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
State Farm Mutual Automobile Insurance Co.	\$ 6,243,510	\$ 2,698,712	43.2%
Allstate Insurance Company	5,636,881	3,106,948	55.1
Criterion Insurance Company	2,394,865	1,758,403	73.4
USAA	1,357,699	338,294	24.9
Leader National Insurance Company	1,140,420	460,754	40.4
National Indemnity Company	1,075,988	485,765	45.1
Fireman's Fund Insurance Company	940,300	268,178	28.5
Cavalier Insurance Corporation	895,586	528,537	59.0
Horace Mann Insurance Company	793,731	434,761	54.8
AIU Insurance Company	767,971	372,148	48.5
Nationwide Mutual Fire Insurance Company	724,562	290,210	40.1
U.S. Fire Insurance Company	646,009	228,027	35.3
Lumberman's Mutual Casualty Company	602,573	502,981	83.5
Associated Indemnity Corporation	597,051	197,095	33.0
GEICO	534,038	429,692	80.5
Nationwide Mutual Insurance Company	528,673	447,165	84.6
National Surety Corporation	489,626	156,466	32.0
State Farm Fire and Casualty Company	472,281	23,536	5.0
Alaska Insurance Company	471,258	360,874	76.6
Continental Insurance Company	327,988	163,665	49.9
USAA Casualty Company	318,533	86,875	27.3
Colonial Penn Insurance Company	307,820	110,125	35.8
International Insurance Company	305,582	82,209	26.9
Continental Reinsurance Corporation	303,873	106,769	35.1
INA	221,980	99,762	44.9
International Service Insurance Company	221,157	100,460	45.4
North River Insurance Company	203,147	27,031	13.3
TOTAL (95.7% OF ALL BUSINESS)	\$28,523,102	\$13,865,442	48.6%
TOTAL ALL COMPANIES	\$29,809,705	\$14,905,303	50.0%

ALASKA PRIVATE PASSENGER AUTOMOBILE
PHYSICAL DAMAGE INSURANCE EXPERIENCE - 1978

<u>Company</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
Allstate Insurance Company	\$ 4,526,593	\$1,607,129	35.5%
State Farm Mutual Automobile Insurance Co.	4,461,805	1,714,859	38.4
Criterion Insurance Company	2,024,401	995,174	49.2
USAA	1,608,014	389,874	38.7
National Indemnity Company	619,281	224,743	36.3
Fireman's Fund Insurance Company	599,646	239,350	39.9
Nationwide Mutual Fire Insurance Company	585,490	276,201	47.2
AIU Insurance Company	563,554	341,918	60.7
Horace Mann Insurance Company	533,669	234,015	43.9
Nationwide Mutual Insurance Company	414,890	170,834	41.2
Bankers & Shippers Insurance Co. of New York	414,535	125,280	30.2
GEICO	385,246	148,733	38.6
Associated Indemnity Corporation	368,105	79,727	21.7
Motors Insurance Corporation	348,715	110,940	31.8
U.S. Fire Insurance Company	336,801	141,622	42.0
Leader National Insurance Company	332,857	94,760	28.5
Central National Insurance Company of Omaha	299,958	99,532	33.2
Lumberman's Mutual Casualty Company	298,503	63,702	21.3
Alaska Insurance Company	290,540	243,062	83.7
National Surety Corporation	270,163	109,241	40.4
State Farm Fire and Casualty Company	245,484	81,290	33.1
CIM Insurance Corporation	221,936	85,625	38.6
Colonial Penn Insurance Company	202,947	101,368	49.9
USAA Casualty Company	190,990	77,508	40.6
Continental Insurance Company	189,134	81,291	43.0
Cavalier Insurance Corporation	188,477	72,824	38.6
Continental Reinsurance Corporation	172,024	71,062	41.3
International Insurance Company	159,341	61,847	38.8
International Service Insurance Company	149,731	52,624	35.0
TOTAL (95.4% OF ALL BUSINESS)	\$20,402,830	\$8,140,860	39.9%
TOTAL ALL COMPANIES	\$21,386,477	\$8,450,562	39.5%

ALASKA PRIVATE PASSENGER
AUTOMOBILE INSURANCE EXPERIENCE - 1978

<u>Company</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
State Farm Mutual Automobile Insurance Co.	\$10,770,103	\$ 4,305,841	40.0%
Allstate Insurance Company	10,098,686	4,821,807	47.7
Criterion Insurance Company	4,419,266	2,735,577	62.3
USAA	2,365,713	724,158	30.8
National Indemnity Company	1,695,269	710,508	41.9
Fireman's Fund Insurance Company	1,539,946	507,528	33.0
Leader National Insurance Company	1,473,277	555,514	37.7
AIU Insurance Company	1,331,525	714,066	53.6
Horace Mann Insurance Company	1,327,400	668,776	50.4
Nationwide Mutual Fire Insurance Company	1,310,052	567,411	43.3
Cavalier Insurance Corporation	1,084,063	601,361	55.5
U.S. Fire Insurance Company	982,810	369,649	37.6
Associated Indemnity Corporation	965,156	276,822	28.7
Nationwide Mutual Insurance Company	943,563	617,999	65.5
GEICO	919,284	578,425	62.9
Lumberman's Mutual Casualty Company	901,076	566,683	62.9
Alaska Insurance Company	761,738	603,936	79.3
National Surety Corporation	759,789	265,707	35.0
State Farm Fire and Casualty Company	717,765	104,834	14.6
Continental Insurance Company	517,122	244,956	47.4
Colonial Penn Insurance Company	510,767	211,493	41.4
USAA Casualty Company	509,523	164,383	32.3
Continental Reinsurance Corporation	475,897	177,831	37.4
International Insurance Company	464,923	144,056	31.0
Bankers & Shippers Insurance Co. of New York	441,810	128,084	29.0
International Service Insurance Company	370,888	152,884	41.2
Motors Insurance Corporation	348,715	110,940	31.8
North River Insurance Company	326,133	71,948	22.1
Central National Insurance Company of Omaha	299,958	99,532	33.2
INA	230,349	100,316	43.5
CIM Insurance Corporation	221,936	85,625	38.6
TOTAL (95.9% OF ALL BUSINESS)	\$49,084,562	\$21,988,660	44.8%
TOTAL ALL COMPANIES	\$51,196,185	\$23,355,865	45.6%

Alaska Private Passenger Automobile
Insurance Experience - 1977

<u>Company</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
State Farm Mutual Auto- mobile Ins. Co.	\$ 9,308,849	\$ 4,101,418	44.1%
Allstate Insurance Co.	8,875,119	5,001,163	56.3
Criterion Insurance Co.	3,088,511	1,878,859	60.8
Cavalier Insurance Corp.	2,688,311	1,483,313	55.2
United Services Automobile Association	1,800,730	960,966	53.4
National Indemnity Co.	1,728,234	788,760	45.6
Fireman's Fund Ins. Co.	1,360,656	1,086,986	79.9
National Surety Corp.	1,237,976	569,609	46.0
AIU Insurance Co.	1,171,780	603,972	51.5
U.S. Fire Ins. Co.	1,145,884	569,632	49.7
Nationwide Mutual Fire Ins. Co.	1,100,100	619,546	56.3
Horace Mann Ins. Co.	1,057,030	367,586	34.8
Associated Indemnity Corp.	1,056,526	540,002	51.1
State Farm Fire and Casualty Co.	921,136	31,824	3.5
Lumberman's Mutual Casualty Co.	900,034	514,939	57.2
GEICO	828,515	589,979	71.2
Pacific Ins. Co.	820,822	490,432	59.7
Alaska Ins. Co.	782,591	182,912	23.4
Nationwide Mutual Ins. Co.	657,986	344,889	52.4
International Ins. Co.	540,849	186,037	34.4
USAA Casualty Co.	415,876	162,501	39.1
Motors Insurance Corp.	381,683	232,177	60.1
Allstate Indemnity Co.	363,176	166,048	45.7
Colonial Penn Ins. Co.	338,328	279,069	82.5
Bankers and Shippers Ins. Co.	330,042	114,849	34.8
International Service Ins. Co.	322,071	204,662	63.5
North River Ins. Co.	305,943	297,993	97.4
Total (95.0% of all Business)	\$43,529,558	\$22,370,123	51.4%
Total All Companies	\$45,807,602	\$24,215,762	52.9%

Insurance
Report 1979

ALASKA PRIVATE PASSENGER AUTOMOBILE
PHYSICAL DAMAGE INSURANCE EXPERIENCE
AND EXPENSES - 1978

Company	Earned Premiums	Loss Adjust- ment Expense	Commis- sion & Brokerage	Other Acquisition Field Supervision Collection	General Expenses	Taxes License Fees	Total Expenses	Permis- sible Loss Ratio	Actual Loss Ratio
Allstate Insurance Company	\$ 4,526,593	6.9%	9.2%	6.4%	3.5%	3.9%	29.9%	70.1%	35.5%
State Farm Mutual Automobile Insurance Company	4,461,805	9.2	2.6	10.2	3.1	2.4	27.5	72.5	38.4
Criterion Insurance Company	2,024,401	12.4	3.7	6.0	5.7	2.6	30.4	69.6	49.2
USAA	1,008,014	11.0	0.2	7.8	1.4	3.0	23.4	76.6	38.7
National Indemnity Company	619,281	8.4	22.1	3.3	2.1	2.3	38.2	61.8	36.3
Fireman's Fund Insurance Company	599,646	7.8	17.7	4.1	8.7	3.3	41.6	58.4	39.9
Nationwide Mutual Fire Insurance Company	585,490	4.6	10.7	5.7	2.4	2.9	26.3	73.7	47.2
AIU Insurance Company	563,554	12.7	12.6	8.8	3.4	2.4	39.9	60.1	60.7
Horace Mann Insurance Company	533,699	7.2	10.9	3.7	3.8	3.1	28.6	71.4	43.9
Nationwide Mutual Insurance Company	414,890	4.6	10.7	5.7	2.4	2.9	26.3	73.7	41.2
Bankers & Shippers Insurance Company of New York	414,535	7.2	22.0	4.3	4.4	9.9	47.9	52.1	30.2
GEICO	385,246	11.6	1.7	6.1	7.3	2.4	29.1	70.9	38.6
Associated Indemnity Corporation	368,105	7.8	17.7	4.1	8.7	3.3	41.6	58.4	21.7
Motors Insurance Corporation	348,715	8.1	12.5	13.7	4.0	2.8	41.1	58.9	31.8
U.S. Fire Insurance Company	336,801	8.8	21.5	2.4	8.3	2.3	43.2	56.8	42.0
Leader National Insurance Company	332,857	7.3	22.5	5.9	1.1	2.0	38.8	61.2	28.5
Central National Insurance Company of Omaha	299,958	3.7	42.0	3.2	1.4	3.1	53.4	46.6	33.2
Lumberman's Mutual Casualty Company	298,503	6.6	15.4	5.7	4.2	3.0	34.9	65.1	21.3
Alaska Insurance Company	290,540	6.1	17.7	4.0	2.5	2.6	32.9	67.1	83.7
National Surety Corporation	270,163	7.8	17.7	4.1	8.7	3.3	41.6	58.4	40.4
State Farm Fire & Casualty Company	245,484	9.2	2.6	10.2	3.1	2.4	27.5	72.5	33.1
CIM Insurance Corporation	221,936	7.1	(33.7)	22.1	9.3	4.0	8.8	91.2	38.6
Colonial Penn Insurance Company	202,947	16.6	0.6	12.0	7.2	2.4	38.8	61.2	49.9
USAA Casualty Company	190,990	13.7	11.6	8.6	1.6	3.2	38.7	61.3	40.6
Continental Insurance Company	189,134	7.1	15.9	2.7	7.3	3.0	36.0	64.0	43.0
Cavalier Insurance Corporation	188,477	11.7	8.8	13.1	5.0	2.0	40.6	59.4	38.6
Continental Reinsurance Corporation	172,024	0.1	22.8	0.1	2.4	0.1	25.5	74.5	41.3
International Insurance Company	159,341	8.8	21.5	2.4	8.3	2.3	43.2	56.8	38.8
International Service Insurance Company	149,731	9.5	23.2	3.3	2.9	2.9	41.8	58.2	35.0
Total (95.4% of All Business)	\$20,402,830	8.6%	8.9%	7.1%	4.0%	3.1%	31.7%	68.3%	39.9%
Total All Companies	\$21,386,477								39.5%
Total Both Lines									
95.6% of All Business	\$48,925,932	10.8%	8.8%	6.8%	4.0%	2.9%	33.3%	66.7%	45.0%
Total All Companies	\$51,196,185								45.6%

Insurance Report 1979
1979 Expense Exhibits

Rate History for Private Passenger Auto
9/1/78 to 9/1/79

<u>Company</u>	<u>Percent Change</u>	<u>Date</u>
Leader National Ins. Co.	-7.5%	10/1/73
Criterion Insurance Co.	+10.2	12/4/73
Insurance Services Office	+14.0	2/28/79
Automobile Insurance Plan	Commission Rates for Class 2 Drivers Dropped from 10.0% to 7.5%	5/15/79
Fireman's Fund Ins. Group	+11.9	6/1/79

Division of Insurance Filing Log

Exhibit VI

Total Private Passenger Autos Versus
Insured Car Years

	<u>Total No. of Autos *</u>	<u>Insured Car Years +</u>	<u>Percentage Insured</u>
1973	156,762	99,430	63.4
1974	173,840	95,430	54.9
1975	196,301	117,355	59.8
1976	217,621	120,964	55.6
1977	238,779	121,635	50.9

* Based on data supplied by Alaska Department of Transportation and Public Facilities.

+ AIPSO Insurance Facts 1979.

Exhibit VII

Automobile Insurance Plan Volume

A.

Insured Car Years

	<u>Total Car Years Insured</u>	<u>Automobile Ins. Plan Car Years Insured</u>	<u>Percentage In Plan</u>
1973	99,430	577	0.6%
1974	95,430	409	0.4
1975	117,355	622	0.5
1976	120,964	4,760	3.9
1977	121,635	9,454	7.8
1977 Countrywide	97,512,506	6,379,280	6.5%

B.

Number of Autos Insured

<u>Year Ending Dec. 1977</u>	<u>March 1978</u>	<u>June 1978</u>	<u>Sept. 1978</u>	<u>Dec. 1978</u>	<u>Percentage Change</u>
9,447	8,061	7,410	7,359	7,021	-25.7%

C.

Policies Assigned

<u>Year Through</u>	<u>1976</u>	<u>1977</u>	<u>% Change</u>	<u>1978</u>	<u>% Change</u>	<u>1979</u>	<u>% Change</u>
Jan.	96	796	+729.2	449	-43.6	297	-33.9
Feb.	203	1,596	+686.2	820	-48.6	510	-37.8
Mar.	365	2,645	+624.7	1,266	-52.1	771	-39.1
April	528	3,633	+588.1	1,737	-52.2	1,061	-38.9
May	739	4,353	+589.0	2,308	-47.0	1,400	-39.3
June	1,197	5,051	+322.0	2,843	-43.7	1,707	-40.0
July	1,648	5,580	+238.6	3,320	-40.5	1,992	-40.0
Aug.	2,337	6,270	+168.3	3,831	-38.9	2,286	-40.3
Sept.	3,085	6,885	+123.2	4,296	-37.6		
Oct.	3,966	7,522	+89.7	4,802	-36.2		
Nov.	5,044	8,045	+59.5	5,192	-35.1		
Dec.	5,767	8,461	+46.7	5,489	-35.1		

D.

Liability Earned Premiums

	<u>Voluntary & AIP</u>	<u>AIP</u>	<u>% of Total</u>
1973	\$11,770,359	\$ 134,438	1.1%
1974	12,766,915	107,806	0.8
1975	14,655,852	119,346	0.8
1976	20,479,959	624,664	3.1
1977	26,436,780	2,462,344	9.3
1977 Countrywide	\$11,300,251,815	\$777,778,772	6.9%

E.

Written Premiums

	<u>Written Premiums</u>	<u>% of Total</u>
<u>1978</u>		
Voluntary Market	\$47,099,102	90.6%
Non-Admitted Market	1,314,988	2.5
Automobile Insurance Plan	3,553,078	6.8
Total	<u>\$51,967,168</u>	<u>100.0%</u>
<u>1977</u>		
Voluntary Market	\$43,763,647	88.9%
Non-Admitted Market	685,268	1.4
Automobile Insurance Plan	4,784,182	9.7
Total	<u>\$49,233,097</u>	<u>100.0%</u>

F.

Written Premiums

	<u>Liability</u>	<u>Physical Damage</u>	<u>Total</u>
1977	\$3,085,751	\$1,698,431	\$4,784,182
1978	\$2,347,096	\$1,205,982	\$3,553,078
Percentage Change	-23.9%	-29.0%	-25.7%

Insurance Report 1973-1979

Surplus Lines Brokers Affidavits 1977-1978

A.I.P.S.O. Insurance Facts 1979

RATING EXAMPLES

The rating examples on the following pages are all based on the same coverage levels and rating information, excepting the differences noted below. (*) The examples are ordered beginning with the least expensive coverage ranging up to the most expensive, as nearly as is practical. Readers are cautioned not to judge the product solely on the basis of cost, however. Service, in all its numerous aspects, is an important consideration also. Rates are current as of October, 1979.

Rating Data

The vehicle in each example is a 1979 Volkswagen Rabbit four door.

Example A Adult driver (married over 25 years of age), no accidents or citations, pleasure use of vehicle (less than 7,500 miles annually).

Example B 20 year old single male driver, no accidents or citations, pleasure use of vehicle (less than 7,500 miles annually).

Example C Adult driver (married over 25 years of age), one accident in the past year resulting in over \$200 property damage, drives ten miles to work daily (over 7,500 miles annually).

Coverage Options

Liability - \$25,000 per Person/\$50,000 per accident - Bodily Injury
Liability
\$10,000 per Accident - Property Damage Liability

Physical Damage - \$100 Deductible - Comprehensive
\$200 Deductible - Collision

All Coverages - \$25,000 per person/\$50,000 per accident - Bodily Injury
Liability
\$10,000 per accident - Property Damage Liability
\$5,000 per accident - Medical Payment
\$100 Deductible - Comprehensive
\$200 Deductible - Collision
\$25,000 per person/\$50,000 per accident - Uninsured Motorists
Alaska Suits (Rule 82 legal fees)

*National Indemnity Company - \$ 50 Deductible - Comprehensive
\$250 Deductible - Collision

INA - \$2,000 per Accident - Medical Payment

State Farm Companies - \$50 Deductible - Comprehensive

Colonial Penn Insurance Company - \$1,000 per Accident - Medical Payment
\$ 50 Deductible - Comprehensive with
\$25 Towing & Labor
\$ 250 Deductible - Collision

Automobile Insurance Plan - \$100 Deductible - Comprehensive & Collision

Anchorage

Example A

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$143	\$195	\$ 355
State Farm Mutual Auto	138	232	399
Horace Mann Insurance Company	NA	NA	422
Nationwide Mutual Fire Insurance Company	142	261	431
Nationwide Mutual Insurance Company	150	272	449
International Service Insurance Company	204	229	458
Colonial Penn Insurance Company	166	285	470
Associated Indemnity Corporation	168	283	473
GEICO	162	286	477
AIU Insurance Company	168	299	488
Fireman's Fund Insurance Company	186	313	526
Industrial Indemnity Company	204	286	531
Allstate Insurance Company	154	354	532
Insurance Services Office	187	398	610
Continental Insurance Company	187	399	611
Alaska Insurance Company	187	399	611
INA	NA	NA	612
Lumberman's Mutual Casualty Co.	190	402	620
Criterion Insurance Company	216	383	646
State Farm Fire & Casualty Company	242	365	657
Allstate Indemnity Company	246	566	842
Automobile Insurance Plan	278	678	983
National Indemnity Company	528	598	1,171
Leader National Insurance Company	476	636	1,196

Example B

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$408	\$ 555	\$ 997
State Farm Mutual Auto	590	988	1,645
Horace Mann Insurance Company	NA	NA	1,066
Nationwide Mutual Fire Insurance Company	278	502	808
Nationwide Mutual Insurance Company	289	524	841
International Service Insurance Company	520	584	1,149
Colonial Penn Insurance Company	498	885	1,392
Associated Indemnity Corporation	319	535	888
GEICO	401	708	1,155
AIU Insurance Company	368	654	1,057
Fireman's Fund Insurance Company	354	595	987
Industrial Indemnity Company	521	729	1,327
Allstate Insurance Company	540	1,472	2,052
Insurance Services Office	533	1,137	1,719
Continental Insurance Company	477	1,017	1,539
Alaska Insurance Company	477	1,017	1,556
INA	NA	NA	1,744
Lumberman's Mutual Casualty Co.	542	1,144	1,540
Criterion Insurance Company	613	1,009	1,674
State Farm Fire & Casualty Company	854	1,288	2,243
Allstate Indemnity Company	864	2,356	3,276
Automobile Insurance Plan	862	2,030	2,948
National Indemnity Company	839	1,228	2,107
Leader National Insurance Company	670	1,224	1,978

Example C

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$ 236	\$322	\$ 531
State Farm Mutual Auto	192	314	539
Horace Mann Insurance Company	NA	NA	744
Nationwide Mutual Fire Insurance Company	108	196	639
Nationwide Mutual Insurance Company	225	408	665
International Service Insurance Company	337	378	748
Colonial Penn Insurance Company	315	561	885
Associated Indemnity Corporation	260	447	727
GEICO	281	497	816
AIU Insurance Company	277	493	799
Fireman's Fund Insurance Company	289	485	807
Industrial Indemnity Company	337	471	864
Allstate Insurance Company	256	536	820
Insurance Services Office	309	658	1,000
Continental Insurance Company	309	658	1,000
Alaska Insurance Company	309	658	1,007
INA	NA	NA	856
Lumberman's Mutual Casualty Co.	312	664	1,014
Criterion Insurance Company	327	463	842
State Farm Fire & Casualty Company	336	498	893
Allstate Indemnity Company	406	856	1,298
Automobile Insurance Plan	444	746	1,225
National Indemnity Company	608	851	1,508
Leader National Insurance Company	476	636	1,196

Fairbanks

Example A

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$126	\$219	\$ 361
State Farm Mutual Auto Insurance	138	285	452
Horace Mann Insurance Company	NA	NA	387
Nationwide Mutual Fire Insurance Company	144	319	489
Nationwide Mutual Insurance Company	150	332	509
International Service Insurance Company	180	254	458
Colonial Penn Insurance Company	162	235	406
Associated Indemnity Corporation	193	326	543
GEICO	143	342	511
AIU Insurance Company	159	332	512
Fireman's Fund Insurance Company	214	362	602
Industrial Indemnity Company	180	317	538
Allstate Insurance Company	136	430	590
Insurance Services Office	176	433	644
Continental Insurance Company	176	433	644
Alaska Insurance Company	176	433	644
INA	NA	NA	664
Lumberman's Mutual Casualty Co.	178	444	650
Criterion Insurance Company	197	343	590
State Farm Fire & Casualty Company	242	434	726
Allstate Indemnity Company	218	688	936
Automobile Insurance Plan	245	754	1,026
National Indemnity Company	412	648	1,105
Leader National Insurance Company	430	738	1,252

Example B

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$359	\$ 624	\$1,014
State Farm Mutual Auto Insurance Company	590	1,217	1,873
Horace Mann Insurance Company	NA	NA	975
Nationwide Mutual Fire Insurance Company	555	1,227	1,838
Nationwide Mutual Insurance Company	578	1,278	1,912
International Service Insurance Company	459	648	1,150
Colonial Penn Insurance Company	486	705	1,200
Associated Indemnity Corporation	366	619	1,021
GEICO	352	843	1,241
AIU Insurance Company	348	725	1,108
Fireman's Fund Insurance Company	407	688	1,134
Industrial Indemnity Company	459	803	1,343
Allstate Insurance Company	474	1,600	2,212
Insurance Services Office	502	1,263	1,814
Continental Insurance Company	449	1,130	1,624
Alaska Insurance Company	449	1,130	1,640
INA	NA	NA	1,892
Lumberman's Mutual Casualty Co.	508	1,266	1,828
Criterion Insurance Company	558	895	1,508
State Farm Fire & Casualty Company	854	1,530	2,486
Allstate Indemnity Company	758	2,720	3,530
Automobile Insurance Plan	882	2,214	3,159
National Indemnity Company	733	1,291	2,069
Leader National Insurance Company	640	1,394	2,118

Example C

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$208	\$362	\$ 591
State Farm Mutual Auto Insurance Company	192	383	661
Horace Mann Insurance Company	NA	NA	681
Nationwide Mutual Fire Insurance Company	216	478	726
Nationwide Mutual Insurance Company	225	498	755
International Service Insurance Company	297	420	749
Colonial Penn Insurance Company	308	447	761
Associated Indemnity Corporation	298	505	835
GEICO	247	593	876
AIU Insurance Company	263	548	840
Fireman's Fund Insurance Company	332	561	923
Industrial Indemnity Company	297	523	876
Allstate Insurance Company	224	624	876
Insurance Services Office	290	731	1,054
Continental Insurance Company	290	731	1,054
Alaska Insurance Company	290	721	1,061
INA	NA	NA	930
Lumberman's Mutual Casualty Co.	294	732	1,064
Criterion Insurance Company	299	417	771
State Farm Fire & Casualty Company	336	588	982
Allstate Indemnity Company	358	998	1,392
Automobile Insurance Plan	390	829	1,254
National Indemnity Company	479	918	1,416
Leader National Insurance Company	430	738	1,252

Remainder of State

Example A

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$ 91	\$223	\$ 330
State Farm Mutual Auto Insurance Company	103	229	358
Horace Mann Insurance Company	NA	NA	344
Nationwide Mutual Fire Insurance Company	107	257	389
Nationwide Mutual Insurance Company	111	268	404
International Service Insurance Company	130	261	414
Colonial Penn Insurance Company	114	187	310
GEICO	105	297	428
AIU Insurance Company	119	264	404
Industrial Indemnity Company	142	255	438
Allstate Insurance Company	104	368	492
Insurance Services Office	133	352	510
Continental Insurance Company	133	352	510
Alaska Insurance Company	133	352	510
INA	NA	NA	574
Lumberman's Mutual Casualty Co.	136	354	518
Criterion Insurance Company	138	330	518
State Farm Fire & Casualty Company	180	356	583
Allstate Indemnity Company	164	588	778
Automobile Insurance Plan	177	770	971
National Indemnity Company	336	655	1,034
Leader National Insurance Company	374	546	1,104

Example B

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$259	\$ 636	\$ 926
State Farm Mutual Auto Insurance Company	437	975	1,470
Horace Mann Insurance Company	NA	NA	867
Nationwide Mutual Fire Insurance Company	412	990	1,451
Nationwide Mutual Insurance Company	429	1,032	1,511
International Service Insurance Company	332	665	1,037
Colonial Penn Insurance Company	342	561	912
GEICO	260	733	1,033
AIU Insurance Company	270	578	873
Industrial Indemnity Company	362	650	1,089
Allstate Insurance Company	474	1,700	2,212
Insurance Services Office	379	1,003	1,431
Continental Insurance Company	339	898	1,282
Alaska Insurance Company	339	898	1,298
INA	NA	NA	1,636
Lumberman's Mutual Casualty Co.	384	1,008	1,450
Criterion Insurance Company	391	867	1,313
State Farm Fire & Casualty Company	634	1,256	1,979
Allstate Indemnity Company	564	2,394	3,004
Automobile Insurance Plan	638	2,286	2,977
National Indemnity Company	608	1,298	1,951
Leader National Insurance Company	594	1,226	1,904

Example C

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	\$150	\$368	\$ 539
State Farm Mutual Auto Insurance Company	143	309	482
Horace Mann Insurance Company	NA	NA	606
Nationwide Mutual Fire Insurance Company	161	386	575
Nationwide Mutual Insurance Company	167	402	598
International Service Insurance Company	214	431	675
Colonial Penn Insurance Company	217	355	581
GEICO	183	515	731
AIU Insurance Company	196	435	660
Industrial Indemnity Company	234	421	711
Allstate Insurance Company	166	548	740
Insurance Services Office	219	581	833
Continental Insurance Company	219	581	833
Alaska Insurance Company	219	581	840
INA	NA	NA	804
Lumberman's Mutual Casualty Co.	224	584	846
Criterion Insurance Company	208	401	664
State Farm Fire & Casualty Company	250	485	788
Allstate Indemnity Company	264	876	1,174
Automobile Insurance Plan	282	847	1,160
National Indemnity Company	389	914	1,352
Leader National Insurance Company	374	646	1,104

Southeast Alaska

Example A

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Automobile Insurance Company	\$ 95	\$225	\$346
Nationwide Mutual Fire Insurance Company	99	254	376
Nationwide Mutual Insurance Company	103	264	391
Colonial Penn Insurance Company	117	194	320
Associated Indemnity Corporation	134	264	421
Fireman's Fund Insurance Company	149	293	468
Industrial Indemnity Company	142	255	438
State Farm Fire & Casualty Company	166	350	562

Example B

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	\$405	\$ 961	\$1,420
Nationwide Mutual Fire Insurance Company	382	975	1,403
Nationwide Mutual Insurance Company	397	1,016	1,461
Colonial Penn Insurance Company	351	582	942
Associated Indemnity Corporation	255	501	789
Fireman's Fund Insurance Company	284	557	877
Industrial Indemnity Company	362	650	1,089
State Farm Fire & Casualty Company	587	1,234	1,906

Example C

<u>Company</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	\$132	\$304	\$465
Nat'l wide Mutual Fire Insurance Company	149	380	556
Nationwide Mutual Insurance Company	155	396	579
Colonial Penn Insurance Company	222	369	600
Associated Indemnity Corporation	208	409	646
Fireman's Fund Insurance Company	232	454	718
Industrial Indemnity Company	231	476	759
State Farm Fire & Casualty Company	234	421	711

ALASKA

PRIVATE PASSENGER AUTO INSURANCE

a
statistical
analysis



1980

ALASKA
1980
REPORT
PRIVATE PASSENGER AUTOMOBILE
INSURANCE

Division of Insurance
Department of
Commerce and Economic Development

STATE OF ALASKA

October 23, 1980

Jay S. Hammond, Governor
Charles R. Webber, Commissioner
Kenneth C. Moore, Director

State of Alaska
Department of Commerce
and Economic Development
Division of Insurance

1980 Annual Report on Private Passenger Automobile Insurance

The 1979 edition of this annual statistical report on the condition of the private passenger auto insurance industry in Alaska began with a paragraph that, with very minor changes, could be used to begin the 1980 edition. The situation has improved for the third year in a row. Again, in 1979, Alaska had, according to the August 1980 issue of "Bests Review, Property and Casualty Edition," the lowest loss ratio in the nation for all lines of auto insurance, 44.5% (this ratio does not include loss adjustment expense, but does include dividends to policyholders). What makes this figure all the more encouraging is that it is 21.3% below the national average of 66.7%. As in 1978, Alaska was the only State to register a loss ratio less than 50%. The Division of Insurance statistics (based on page 14, annual statement) show a loss ratio for 1979 private passenger of 43.96%, 1.6% lower than 1978.

The remainder of this report will discuss the exhibits and the Alaska automobile insurance market in general. As in the past, our sincere thanks are extended to all the carriers and organizations who responded to our request for assistance in compiling data for this report.

This study has two sections. The first is a review of the private passenger automobile insurance marketplace in Alaska. The second is a compilation of rating examples from the larger writers of auto insurance in the State. This section has received much favorable comment from the insurance consumers of the State and we must again caution that rates are fluid entities and subject to change. The rates included here are current as of August 1980.

Exhibit I ranks the 1979 market shares of the leading writers in Alaska by line of automobile insurance and compares those shares to the 1978 figures.

The first table shows that State Farm Mutual Automobile Insurance Company has increased its share of the private passenger auto liability market by 2% to 23.1% compared to a 1978 share of 21.1%. Allstate Insurance Company has also increased its share 1.5% to 17.9%. Within the top five, which accounts for 58.8% of the market only one other company, Leader National, has increased its market share. Of the 30 writers listed, 15 increased their share, 11 decreased and 4 retained their 1978 share. The top ten account for 74% of the premium volume, up 3.4% from 70.6% in 1978. The 30 top writers account for 98.5% of the automobile liability market in 1979, compared to 1978 when the top 30 writers had 95.1% of the market. Liability premiums were down .7% overall from 1978.

The second table concerns itself with the private passenger automobile physical damage market shares. State Farm Mutual Auto again leads all others with a 19.5% share of the market, a decrease of 1.6% over their 1978 share. Allstate also lost some of its share, 1.7% down to 16.7% from 18.4% in 1978. Of the top ten writers only three increased their share of the market, Imperial Casualty and Indemnity (writes only vendors single interest, physical damage), garnered 4.5% in their first year on the list, GEICO, 2.9% an increase of .3% over 1978 and Central National Insurance Company of Omaha up .1% to 2.2% for 1979. The top five companies held 50.4% of the market in 1979, compared to a 57.2% share in 1978. The top ten accounted for 63.2% in 1979, down 7.4% from 1978's 70.6% share. In 1978, the top 30 writers of this line shared 95.3% of the market, while in 1979, the top 30 share was 88.4%, a drop of 6.9% over 1978. Physical damage premiums overall in 1979 were up 15.7% to \$24,423,568.00.

Table #3 illustrates the market shares for the top writers of private passenger automobile insurance, liability and physical damage combined. Again, State Farm Mutual Auto tops the list with a 21.4% share, up .3% from 1978. The top ten have 67.6% of the market, down 2.6% from 1978 and down 5% from 1977.

From the charts, it is evident that competition in the physical damage coverages seems to be improving as shown by the spreading of the market among more insurers. This, coupled with the fact that physical damage premiums accounted for 44.2% of total private passenger auto premiums in 1979 compared to 44.6% in 1978, allowed the market shares for all private passenger auto to spread among the writers. It is of some concern to this division that the private passenger auto liability market has become, apparently, more restrictive. However, when consideration is given to the spreading of the overall market, the continued depopulating of the assigned risk pool and the seemingly excellent underwriting results being enjoyed by most auto insurers in Alaska, there is hope that the liability market will become a more open and competitive market. As stated earlier, the total private passenger auto premium in 1979 continued the "trend" begun in 1978 away from the top ten domination of the market. We naturally hope, and it appears likely, that this trend will continue into 1980 and 1981, provided the private passenger automobile insurance market place in Alaska continues its (dare we say) usual good experience.

Thus far, there have been several references to the favorable experience experienced by most companies in the private passenger auto market in Alaska during 1979, now in Exhibit II, we shall review the figures that support this oft-repeated phrase.

The first table in Exhibit II shows that the loss ratio for physical damage coverages was 43.09%, an increase of 3.6% over 1978's 39.5%, but still below the 45.7% registered in 1977. Table #2 for liability shows a loss ratio for all companies of 44.7%, 5.3% below 1978's 50% and substantially less than the 58.2% loss ratio of 1977. Looking to Table #3, we find a loss ratio for the combined lines of 43.96%, slightly lower than the 1978 ratio of 45.6% and 9% below the 1977 ratio of 52.9%.

Now that the private passenger automobile insurance industry in Alaska has been blessed with three consecutive years of profitable underwriting, it is time for both the individual companies and the Division of Insurance to reassess the rates currently on file. There have been numerous downward revisions in rates during the past year, these are found in Exhibit IV, but there are several companies that have not chosen to reduce rates even though experiencing a very favorable underwriting climate for at least the past two years and, in some cases, three years. There are others that filed reductions but these could readily endure further reduction.

Exhibit III, further illustrates the above. Here we have the top 30 writers of liability and physical damage auto coverages and their expense exhibits. We have calculated the loss ratios, which should indicate a company's break-even point (permissible loss ratio, these ratios do not provide for reserves or the traditional profit percentages). In the liability arena, only two companies had actual loss ratios that exceeded their permissible loss ratio and 17 of 30 had loss ratios 15% or more under their permissible loss ratio. The average permissible loss ratio for the 30 companies was 62%, 19.1% above the actual loss ratios for the same companies. The expense exhibits for physical damage evidenced only one company of the top 30 whose loss ratio exceeded their permissible loss ratio. The average permissible loss ratio for the 30 companies is 63.6%, compared to an actual loss ratio of 42.5%, the 21.1% difference would certainly provide sufficient margin to cover the IBNR, and profit requirements. It becomes obvious that Alaska is a very good state in which to write private passenger auto coverages and we hope that readers of this report will take note of that fact.

The next exhibit (IV) shows what rate changes have been approved in the past year. As you can see, there have been numerous decreases filed for and approved. This is good news, but, of course, we feel, and facts appear to bear this contention out, more such filings should be forthcoming.

Exhibit V is an illustration of the total private passenger autos registered in the State versus the insured car years, a comparison which provides a means of approximating the percent of uninsured motorists in the State. The percentage insured in the State showed no increase and for the second year in a row, barely 50% of the drivers in Alaska are insured. This statistic is very disturbing. The reasons for this low percentage of insured motorists are elusive. We do not feel the culprit to be lack of available markets, though additional markets and continued loosening of the present market would certainly have a beneficial impact on the situation, nor can price of coverage be tagged as a cause, however, it is undoubtable, that economic concerns have certainly had some dilatory impact on the uninsured public's desire to acquire coverage.

The solution to the problem may be some sort of mandatory automobile insurance mechanism, but that method may create more problems than it solves, as seen in other states where similar legislative programs have been imposed. It is interesting to note that the number of registered private passenger automobiles dropped over 4% from 1978 to 1979.

Exhibit VI concerns the Automobile Insurance Plan (assigned risk). This exhibit, as most others in this booklet, provides good news. Part A shows that the percentage of insured autos insured by the Plan has dropped 2.1% to 5.7%, this is from a high in 1977 of 7.8%. This percentage will show a continued decline when figures for 1979 are compiled. Part B shows that the population of the Plan dropped 33% in 1979 from 7,021 in December, 1978 to 4,698 in December, 1979. From Part C we note that this depopulation is continuing into 1980, policies assigned through September, 1980 are 26.1% less than at the same time in 1979. The number of policies assigned has declined steadily for 33 consecutive months. While the decline appears to be slowing somewhat in 1980 there is reason to suspect that the decline will continue for the time being at least. Part D charts the percentage of total private passenger auto liability premium attributable to the Automobile Insurance Plan. The percentage in 1978 was 8.9%, down .4% from 1977, but still well above the national average of 8%. We feel the population decline of the Automobile Insurance Plan will continue as long as the voluntary market maintains its present position of profitability. The entrance into the state of more writers of substandard auto business will surely aid in this depopulation.

Our final exhibit is a copy of the Collision Loss Bulletin for September, 1980. This bulletin is put out by the Highway Loss Data Institute "a nonprofit organization that gathers, processes and

provides the public with insurance data concerned with human and economic losses resulting from crashes. The Collision Loss Bulletin reports findings on the collision coverage loss experience of new model year cars during their first months of availability." These facts are becoming much more important because many insurance companies and organizations are now using the loss experience of the car model as a factor in determining rates for the comprehensive and collision coverages. This means those models with the worst loss experience may pay higher physical damage rates than those with the best experience.

To close I would like to use the three paragraphs that my predecessor, Mr. Richard Rainery, used to close the 1979 edition of this study. I feel his words say it quite well.

"To quickly draw a big picture as I close, it might not seem totally out of line to say that, the industry has an excellent market in Alaska, one of the best in the country. The private passenger lines have been profitable, running counter to the recent national movement which has turned in an unprofitable direction. This situation has resulted in an apparent slight expansion of competition, but more solid evidence is needed before that statement can be made with any conviction. The drop in assigned risk pool population is another development which must be greeted with gratitude by industry and consumer alike.

Given these factors, the division would hope that insurers will realize the opportunities presented by the situation in which a small group of companies control the Alaskan automobile market and begin some serious competitive efforts. At the risk of sounding like my needle is stuck in the same groove, I would like to repeat that if profitable private passenger market is something to be coveted these days. The division fully intends to do everything reasonably within its power to continue the profitability of the market. It is up to insurers to take advantage of the situation.

Assuming the depopulation of the automobile insurance plan continues, the serious problem faced in Alaska is the number of uninsured motorists on the loose. The estimate of 50% uninsured is a disturbing one. The solution of this dilemma is not going to be simple. It may have to be legislated, although that has often proven unsuccessful in other states. The Division of Insurance would support such a move only if it were tied to a true no fault insurance system. Perhaps increased competition would be a step in the right direction. Whoops! My needle is slipping again."

Norm Cheney
Insurance Market Analyst

EXHIBIT I

CHART 1

PRIVATE PASSENGER AUTO LIABILITY

<u>Company Name</u>	<u>Written Premiums 1979</u>	<u>% Market Share 1979</u>	<u>% Market Share 1978</u>	<u>Cumulative % Market Share 1979</u>
1. State Farm Mutual	6,778,087	23.1	21.1	23.1
2. Allstate Ins. Co.	5,247,245	17.9	16.4	41.0
3. Criterion Ins. Co.	2,168,425	7.4	8.3	48.4
4. Leader National	1,728,729	5.9	5.1	54.3
5. United Serv. Auto Assn.	1,333,148	4.5	5.2	58.8
6. Fireman's Fund	948,264	3.2	3.2	62.0
7. Government Employee	932,481	3.2	2.6	65.2
8. Nationwide Mutual Fire	892,736	3.0	2.6	68.2
9. Horace Mann	874,017	3.0	2.7	71.2
10. Continental Ins. Co.	808,694	2.8	1.8	74.0
11. Nationwide Mutual	730,211	2.5	1.9	76.5
12. AIU	725,947	2.5	2.6	79.0
13. National Indem.	718,717	2.5	3.5	81.5
14. Assoc. Indem. Corp.	609,659	2.9	2.0	83.6
15. State Farm Fire & Casualty	566,949	1.9	1.4	85.5
16. Industrial Indem. of Ak.	559,258	1.9		87.4
17. Alaska Ins. Co.	541,757	1.8	1.8	89.2
18. Lumberman's Mutual	426,789	1.5	2.0	90.7
19. Colonial Penn	348,786	1.2	1.1	91.9
20. Industrial Indem. Co.	300,786	1.0		92.9
21. Industrial Indem. of the Northwest	287,247	1.0		93.9
22. USAA Casualty	259,405	.9	1.2	94.8
23. INA	226,687	.8	.8	95.6
24. National Surety	191,882	.7	1.2	96.3
25. Internat'l Service Ins. Co.	189,362	.7	.8	97.0
26. Fidelity & Casualty of New York	129,184	.4	.4	97.4
27. Great American Ins. Co.	112,033	.4	.5	97.8
28. New Hampshire Ins. Co.	77,727	.3	.5	98.1
29. Prov. Washington Ins. Co. of Alaska	69,039	.2	.3	98.3
30. Allstate Indem. Co.	55,130	.2		98.5
TOTAL TOP 30	28,838,381	98.5		
TOTAL ALL	29,374,392	100.0		

CHART 2

PRIVATE PASSENGER AUTO PHYSICAL DAMAGE

<u>Company Name</u>	<u>Written Premiums 1979</u>	<u>% Market Share 1979</u>	<u>% Market Share 1978</u>	<u>Cumulative % Market Share 1979</u>
1. State Farm Mutual	4,760,445	19.5	21.1	19.5
2. Allstate Ins. Co.	4,074,050	16.7	18.4	36.2
3. Criterion Ins. Co.	1,404,130	5.8	9.5	42.0
4. Imperial Cas. & Indem.	1,102,627	4.5		46.5
5. United Serv. Auto Assn.	962,272	3.9	5.3	50.4
6. Government Employees	705,467	2.9	2.6	53.3
7. Nationwide Mutual Fire	674,298	2.8	2.9	56.1
8. AIU Ins. Co.	628,242	2.6	2.7	58.7
9. Horace Mann	566,143	2.3	2.6	61.0
10. Central Nat'l Ins. Co. of Omaha	546,919	2.2	2.1	63.2
11. Continental Ins. Co.	545,491	2.2	1.5	65.4
12. Nationwide Mutual	528,768	2.2	2.1	67.6
13. Leader National	494,980	2.0	2.0	69.6
14. Fireman's Fund	485,535	2.0	2.7	71.6
15. Alaska Ins. Co.	423,053	1.7	1.4	73.3
16. National Indem.	411,199	1.7	2.8	75.0
17. Motors Ins. Corp.	399,691	1.6	1.4	76.6
18. Bankers & Shippers Ins. Co.	354,228	1.5	1.9	78.1
19. Associated Indemnity	330,267	1.4	1.7	79.5
20. State Farm Fire & Cas.	289,877	1.2	1.0	80.7
21. Industrial Indem. of Ak.	285,129	1.2		81.9
22. Lumberman's Mutual	261,772	1.1	1.3	83.0
23. Colonial Penn	216,967	.9	1.0	83.9
24. Puritan Ins. Co.	199,255	.8		84.7
25. CIM Ins. Corp.	170,791	.7	1.3	85.4
26. Industrial Indem. Co.	162,635	.7		86.1
27. USAA Casualty	144,492	.6	1.0	86.7
28. Premier Ins. Co.	136,061	.6		87.3
29. Industrial Indem. of the Northwest	134,905	.6		87.9
30. International Service Ins. Co.	124,468	.5		88.4
TOTAL TOP 30	21,253,191	88.4		
TOTAL ALL	24,423,568	100.0		

CHART 3

PRIVATE PASSENGER LIABILITY & PHYSICAL DAMAGE

<u>Company Name</u>	<u>Written Premiums 1979</u>	<u>% Market Share 1979</u>	<u>% Market Share 1978</u>	<u>Cumulative % Market Share 1979</u>
1. State Farm Mutual	11,538,532	21.4	21.1	21.4
2. Allstate Ins. Co.	9,321,295	17.3	17.2	38.7
3. Criterion Ins. Co.	3,572,555	6.6	8.8	45.3
4. United Serv. Auto Assn.	2,295,420	4.3	5.2	49.6
5. Leader National	2,223,709	4.1	3.8	53.7
6. GEICO	1,637,948	3.1	2.6	56.8
7. Nationwide Mutual Fire	1,567,034	2.9	2.7	59.7
8. Horace Mann	1,440,160	2.7	2.7	62.4
9. Fireman's Fund	1,433,799	2.7	3.0	65.1
10. AIU Ins. Co.	1,354,189	2.5	2.6	67.6
11. Continental Ins. Co.	1,354,185	2.5	1.7	70.1
12. Nationwide Mutual	1,258,979	2.3	2.0	72.4
13. National Indemnity	1,129,916	2.1	3.2	74.5
14. Imperial Cas. & Indem.	1,102,627	2.1		76.6
15. Alaska Ins. Co.	964,810	1.8	1.6	78.4
16. Associated Indemnity	939,926	1.8	1.9	80.2
17. State Farm Fire & Casualty	856,826	1.6	1.3	81.8
18. Industrial Indem. of Ak.	844,387	1.6		83.4
19. Lumberman's Mutual	688,561	1.3	1.7	84.7
20. Colonial Penn	565,753	1.1	1.1	85.8
21. Central National of Omaha	546,919	1.0	.9	86.8
22. Industrial Indemnity	463,421	.9		87.7
23. USAA Casualty	403,897	.8	1.1	88.5
24. Motors Ins. Corp.	399,916	.7	.6	89.2
25. Bankers & Shippers Ins. Co.	354,228	.7	.9	89.9
26. International Serv.	313,830	.6	.7	90.5
27. National Surety	293,569	.6	1.0	92.4
28. Industrial Indem. of the Northwest	287,247	.5		91.0
29. INA	226,687	.4	.5	91.4
30. Puritan Ins. Co.	199,255	.4		91.8
TOTAL TOP 30	49,579,355	92.4		
TOTAL ALL	53,797,960			

EXHIBIT II

CHART 1

PRIVATE PASSENGER AUTO LIABILITY

<u>Company Name</u>	<u>Earned Premium 1979</u>	<u>Incurred Losses 1979</u>	<u>Loss Ratio 1979</u>	<u>Loss Ratio 1978</u>	<u>Loss Ratio 1977</u>
1. State Farm Mutual	6,672,114	2,094,662	31.39	43.2	47.0
2. Allstate Ins. Co.	5,685,153	3,202,201	56.33	55.1	67.7
3. Criterion Ins. Co.	2,248,647	1,251,945	55.68	73.4	66.3
4. Leader National	1,729,591	796,634	46.06	40.4	--
5. United Service Auto Assn.	1,515,605	788,334	52.02	24.9	54.3
6. Fireman's Fund	924,781	295,009	31.90	28.5	109.5
7. Nationwide Mutual Fire	866,055	476,395	55.01	40.1	66.5
8. GEICO	863,897	272,069	31.49	80.5	82.3
9. Horace Mann	857,097	372,455	43.46	54.8	27.0
10. Continental Ins. Co.	769,121	234,857	30.54	49.9	--
11. National Indemnity	757,920	46,900	6.19	45.1	49.5
12. AIU Ins. Co.	737,872	413,393	56.03	48.5	47.1
13. Nationwide Mutual	703,527	497,811	70.76	84.6	60.9
14. Associated Indem. Corp.	598,591	265,763	44.40	33.0	65.4
15. State Farm Fire & Casualty	507,399	17,136	3.38	5.0	(20.5)
16. Alaska Ins. Co.	496,941	303,311	61.04	76.6	21.3
17. Lumberman's Mutual	476,402	182,971	38.41	83.5	61.0
18. Colonial Penn	347,471	71,020	20.44	35.8	71.7
19. United States Fire	324,923	112,241	34.54	35.3	50.1
20. USAA Casualty	302,015	113,206	37.48	27.3	37.0
21. Industrial Indem. of Ak.	270,095	119,976	44.42	0.0	5.7
22. National Surety	259,718	156,312	60.19	32.0	52.5
23. INA	236,714	112,087	47.35	44.9	43.5
24. International Service	209,634	71,954	34.32	45.4	67.3
25. International Ins. Co.	149,667	53,479	35.73	26.9	19.7
26. Industrial Indem. Co.	136,721	37,072	27.12	--	--
27. Industrial Indem. of the Northwest	135,938	74,205	54.59	--	--
28. Great American Ins. Co.	126,561	10,611	8.38	57.1	39.8
29. Fidelity & Casualty Co. of New York	123,461	12,182	9.87	18.2	53.6
30. North River Ins. Co.	104,072	53,302	51.22	13.3	124.1
TOTAL TOP 30	29,137,703	12,509,493	42.93		
TOTAL ALL	30,036,711	13,427,858	44.70	50.0	58.2

CHART 2

PRIVATE PASSENGER AUTO PHYSICAL DAMAGE

<u>Company Name</u>	<u>Earned Premium 1979</u>	<u>Incurred Losses 1979</u>	<u>Loss Ratio 1979</u>	<u>Loss Ratio 1978</u>	<u>Loss Ratio 1977</u>
1. State Farm Mutual	4,702,151	2,209,742	46.99	38.4	40.1
2. Allstate Ins. Co.	4,492,341	2,038,949	45.39	35.5	42.8
3. Criterion Ins. Co.	1,656,428	820,836	49.56	49.2	54.2
4. United Services Auto Assn.	1,095,844	427,606	39.02	38.7	52.2
5. Imperial Casualty & Indem.	1,059,020	258,000	24.36	--	--
6. Nationwide Mutual Fire	658,273	302,382	45.94	47.2	44.6
7. GEICO	629,574	259,182	41.17	38.6	56.1
8. AIU Ins. Co.	608,809	281,677	46.27	60.7	57.1
9. Central Nat'l of Omaha	572,984	191,520	33.43	33.2	--
10. Horace Mann	560,838	350,288	62.46	43.9	45.5
11. Nationwide Mutual	519,282	331,873	63.91	41.2	41.8
12. Fireman's Fund	500,720	141,927	28.35	39.9	37.4
13. Leader National	489,728	210,842	43.05	28.5	--
14. Continental Ins. Co.	488,770	107,591	22.01	43.0	--
15. National Indemnity	437,178	131,405	30.06	36.3	39.0
16. Bankers & Shippers Ins. Co.	379,166	126,044	33.24	30.2	36.8
17. Alaska Ins. Co.	358,037	149,918	41.87	83.7	26.5
18. Associated Indemnity	334,355	115,488	35.54	21.7	32.0
19. Motors Ins. Corp.	332,527	120,948	36.37	31.8	60.8
20. Lumberman's Mutual	262,441	94,361	35.96	21.3	51.2
21. State Farm Fire & Casualty	259,116	78,507	30.30	33.1	43.7
22. CIM Ins. Corp.	243,284	52,075	21.41	38.6	51.1
23. Colonial Penn	219,941	88,019	40.02	49.9	55.8
24. USAA Casualty	172,088	73,053	42.45	40.6	42.5
25. United States Fire	168,912	56,868	33.67	42.0	49.0
26. International Service	135,286	66,747	49.34	35.0	59.0
27. Industrial Indem. of Ak.	134,770	110,882	82.28	--	--
28. National Surety	130,559	47,271	36.21	40.4	36.4
29. Puritan Ins. Co.	128,575	0	0.0	0.0	--
30. Premier Ins. Co.	92,556	37,939	40.99	33.5	--
TOTAL TOP 30	21,823,553	9,281,940	42.53		
TOTAL ALL	25,641,203	11,048,601	43.09	39.5	45.7

CHART 3

PRIVATE PASSENGER AUTO LIABILITY & PHYSICAL DAMAGE

<u>Company Name</u>	<u>Earned Premium 1979</u>	<u>Incurred Losses 1979</u>	<u>Loss Ratio 1979</u>	<u>Loss Ratio 1978</u>	<u>Loss Ratio 1977</u>
1. State Farm Mutual	11,374,265	4,304,404	37.84	40.0	44.1
2. Allstate Ins. Co.	10,177,494	5,241,150	51.50	47.7	56.3
3. Criterion Ins. Co.	3,905,705	2,072,781	53.08	62.3	60.8
4. United Service Auto Assn.	2,611,449	1,215,940	46.56	30.8	53.4
5. Leader Nat'l	2,219,319	1,007,476	45.40	37.7	--
6. Nationwide Mutual Fire	1,524,328	778,777	51.09	43.3	56.3
7. GEICO	1,493,471	531,251	35.57	62.9	71.2
8. Fireman's Fund	1,425,501	436,936	30.65	33.0	79.9
9. Horace Mann	1,417,935	722,743	50.97	50.4	34.8
10. AIU	1,346,681	695,070	51.61	53.6	51.5
11. Continental Ins. Co.	1,257,891	342,448	27.22	47.4	--
12. Nationwide Mutual	1,222,809	829,684	67.85	65.5	52.4
13. National Indemnity	1,195,098	178,305	14.92	41.9	45.6
14. Imperial Casualty & Indem.	1,059,020	258,000	24.36	--	--
15. Associated Indem.	932,946	381,251	40.87	28.7	51.1
16. Alaska Ins. Co.	854,978	453,229	53.01	79.3	23.4
17. State Farm Fire & Casualty	766,515	95,643	12.48	14.6	3.5
18. Lumberman's Mutual	738,843	277,332	37.54	62.9	57.2
19. Central Nat'l of Omaha	572,984	191,520	33.43	33.2	--
20. Colonial Penn	567,412	159,039	28.03	41.4	82.5
21. United States Fire Ins. Co.	493,835	169,109	34.24	37.6	49.7
22. USAA Casualty	474,103	186,259	39.29	32.3	39.1
23. Industrial Indem. of Ak.	404,865	230,858	57.02	10.0	5.4
24. National Surety	390,277	203,583	52.16	35.0	46.0
25. Bankers & Shippers Ins. Co.	379,166	126,044	33.24	29.0	34.8
26. International Service Ins. Co.	344,920	138,701	40.21	41.2	63.5
27. Motors Ins. Corp.	332,527	120,948	36.37	31.8	60.1
28. CIM Ins. Corp.	243,284	52,075	21.41	38.6	51.3
29. Ins. Co. of North America	236,714	112,087	47.35	43.5	46.7
30. Industrial Indemnity	210,232	66,159	31.47		
TOTAL TOP 30	50,173,937	21,578,802	43.01		
TOTAL ALL	55,677,914	24,476,459	43.96	45.6	52.9

EXHIBIT III

PRIVATE PASSENGER AUTO LIABILITY

Company Name	Earned Premium	Loss Adjustment Expense	Commission & Brokerage	Other Acquisition and Field Supervision Collection	General Expenses	Taxes, License Fees	Total Expense	Permissible Loss Ratio	Actual Loss Ratio
1. State Farm Mutual	6,672,114	12.4	2.9	9.8	2.8	2.2	30.1	69.9	31.4
2. Allstate Insurance Co.	5,685,153	13.6	9.2	5.9	3.1	4.4	36.2	63.8	56.3
3. Criterion Insurance Co.	2,248,647	14.7	3.2	8.0	5.6	3.0	34.5	65.5	55.7
4. Leader National	1,729,591	7.1	23.9	6.9	1.4	2.3	41.6	58.4	46.1
5. USAA	1,515,605	12.8	1.9	8.1	1.4	3.0	27.2	72.3	52.0
6. Fireman's Fund	924,781	9.9	16.8	4.2	9.2	3.4	43.5	56.5	31.9
7. Nationwide Mutual Fire	866,055	8.0	11.1	6.7	3.4	3.3	32.5	67.5	55.0
8. GEICO	863,897	17.2	1.2	5.4	7.9	2.9	34.6	65.4	31.5
9. Horace Mann	857,097	9.3	13.9	1.7	5.8	3.2	33.9	66.1	43.5
10. Continental Insurance Co.	769,121	9.8	17.2	3.0	7.9	2.9	41.6	58.4	30.5
11. National Indemnity	757,920	7.3	22.0	3.3	5.3	2.4	40.3	59.7	6.1
12. AIU Insurance Company	737,827	13.0	7.3	10.9	2.6	3.4	37.2	62.8	56.0
13. Nationwide Mutual	703,527	8.0	11.1	6.7	3.4	3.3	32.5	67.5	70.8
14. Associated Indemnity Corporation	598,591	9.9	16.8	4.2	9.2	3.4	43.5	56.5	44.4
15. State Fire & Casualty	507,399	2.1	(315.5)	11.9	0	322.8	21.3	78.7	3.4
16. Alaska Insurance Company	496,941	11.8	15.0	5.0	4.2	2.4	38.5	61.5	61.0
17. Lumberman's Mutual	476,402	10.5	15.6	7.7	5.2	3.3	42.3	57.7	38.4
18. Colonial Penn	347,471	14.7	1.1	12.1	7.3	2.8	38.0	62.0	20.4
19. U.S. Fire	324,923	11.9	18.2	2.3	8.1	2.6	43.2	56.8	34.5
20. USAA Casualty	302,015	12.8	1.9	8.1	1.4	3.0	27.2	72.3	37.5
21. Industrial Indemnity of Alaska	270,095	11.9	18.2	2.3	8.1	2.6	43.2	56.8	44.4
22. National Surety	259,718	9.9	16.8	4.2	9.2	3.4	43.5	56.5	60.2
23. INA	236,714	8.9	14.5	2.2	9.8	3.2	38.6	61.4	47.4
24. International Service	209,634	16.1	21.2	4.6	1.6	2.3	45.8	54.2	34.3
25. International Ins. Co.	149,667	11.9	18.2	2.3	8.1	2.6	43.2	56.8	35.7
26. Industrial Indem. Co.	136,721	11.9	18.2	2.3	8.1	2.6	43.2	56.8	27.1
27. Industrial Indemnity of the Northwest	135,938	11.9	18.2	2.3	8.1	2.6	43.2	56.8	54.6
28. Greant American Ins. Co.	126,561	7.1	15.1	3.0	7.1	2.8	35.3	64.7	8.4
29. Fidelity & Casualty Co. of New York	123,461	9.8	17.2	3.0	7.9	2.9	41.6	58.4	9.9
30. North River Insurance Co.	104,072	11.9	18.2	2.3	8.1	2.6	43.2	56.8	51.2

PRIVATE PASSENGER AUTO PHYSICAL DAMAGE

Company Name	Earned Premium	Loss Adjustment Expense	Commission & Brokerage	Other Acquisition and Field Supervision Collection	General Expenses	Taxes, License Fees	Total Expense	Permissible Loss Ratio	Actual Loss Ratio
1. State Farm Mutual	4,702,151	9.3	2.4	10.3	2.7	2.2	26.9	73.1	47.0
2. Allstate	4,492,341	7.4	9.5	6.0	3.2	4.2	30.3	69.7	45.4
3. Criterion	1,656,420	12.9	3.3	7.8	5.5	3.0	32.5	67.5	49.6
4. USAA	1,095,844	11.0	1.1	8.6	1.4	3.2	25.3	74.7	39.0
5. Imperial Casualty & Indemnity	1,059,020	2.5	59.6	.3	.2	3.2	65.8	34.2	24.4
6. Nationwide Mutual Fire	658,273	5.2	11.1	5.6	2.2	3.1	27.2	72.8	45.9
7. GEICO	629,574	17.2	1.2	5.4	7.9	2.9	34.6	65.4	41.2
8. AIU Insurance Co.	608,809	11.6	11.2	5.3	2.9	1.6	32.6	67.4	46.3
9. Central Nat'l of Omaha	572,984	3.4	37.8	2.9	1.4	2.5	48.0	12.0	33.4
10. Horace Mann	560,838	7.0	12.9	1.7	5.7	3.2	30.4	69.6	62.5
11. Nationwide Mutual	519,282	5.2	11.1	5.6	2.2	3.1	27.2	72.8	63.9
12. Fireman's Fund	500,720	9.1	17.8	4.3	9.1	3.5	43.8	56.2	28.4
13. Leader National	489,728	10.3	23.8	6.9	1.4	2.3	44.7	55.3	43.1
14. Continental	488,770	9.3	17.5	2.9	7.6	2.8	40.1	59.9	22.0
15. National Indemnity	437,178	10.0	29.1	2.8	5.0	2.7	49.6	50.4	30.1
16. Bankers & Shippers	379,166	--	16.3	2.8	1.7	4.3	25.1	74.9	33.2
17. Alaska Insurance Company	358,037	6.0	16.8	7.7	4.2	2.4	37.0	63.0	41.9
18. Associated Indemnity	334,355	9.1	17.8	4.3	9.1	3.5	43.8	56.2	25.5
19. Motors Insurance Corp.	332,527	8.4	12.7	15.1	4.5	3.0	43.7	56.3	36.4
20. Lumberman's Mutual	262,441	7.0	15.7	7.3	4.5	3.1	37.6	62.4	36.0
21. State Farm Fire and Casualty	259,116	0	(2,112.6)	75.8	0	2,055.8	19.0	81.0	30.3
22. CIM Insurance Corporation	243,284	6.4	(32.4)	10.2	4.4	2.7	(8.7)	108.7	21.4
23. Colonial Penn	219,941	18.5	1.2	12.3	7.7	2.8	42.4	57.6	40.0
24. USAA Casualty	172,088	11.0	1.1	8.6	1.4	3.2	25.3	74.7	42.5
25. U.S. Fire	168,912	7.2	20.7	2.3	7.9	2.3	40.4	59.6	33.7
26. International Service	135,286	11.9	23.6	4.8	2.1	2.4	43.8	56.2	49.3
27. Industrial Indemnity of Alaska	134,770	7.2	20.7	2.3	7.9	2.3	40.4	59.6	82.3
28. National Surety	130,559	9.1	17.8	4.3	9.1	3.5	43.8	56.2	36.2
29. Puritan Insurance Company	128,575	10.0	26.1	5.2	13.6	3.0	57.9	42.1	0.0
30. Premier Insurance Company	92,556	6.6	21.8	7.1	.7	4.0	40.2	59.8	41.0

EXHIBIT IV

Rate History for Private Passenger Auto
9/1/79 to 9/1/80

<u>Company</u>	<u>% Change</u>	<u>Effective Date</u>
Criterion Insurance Company	- 4.4%	11-26-79
State Farm Mutual Automobile Insurance Company	-10.1%	1-15-80
State Farm Fire and Casualty Insurance Company	-14.7%	1-15-80
Colonial Penn Insurance Company	- 3.4%	2-15-80
Lumberman's Mutual Casualty Co.	- 3.1%	6-01-80
Nationwide Mutual Insurance Co. INA	- 8.9%	6-01-80
Pacific Employers Insurance Co.	-13.0%	4-01-80
Allstate Insurance Company	- .1%	3-31-80
Allstate Indemnity Company	+ .3%	3-31-80
Fireman's Fund Insurance Group	+ 2.3%	8-01-80
Industrial Indemnity Cos.	- 4.0%	9-01-80

EXHIBIT V

Total Private Passenger Autos
Versus Insured Car Years

	<u>Total Number of Autos*</u>	<u>Insured Car Years+</u>	<u>Percentage Insured</u>
1974	173,840	95,430	54.9
1975	196,301	117,355	59.8
1976	217,621	120,964	55.6
1977	238,779	121,635	50.9
1978	242,734	123,581	50.9
1979	232,790	N/A	

* Based on data supplied by Alaska Department of Transportation
and Public Facilities

+ AIPSO Insurance Facts 1980.

EXHIBIT VI

AUTOMOBILE INSURANCE PLAN VOLUME

A. INSURED CAR YEARS

	<u>TOTAL CAR YEARS INSURED</u>	<u>AUTOMOBILE INS. PLAN CAR YEARS INSURED</u>	<u>PERCENTAGE IN PLAN</u>
1974	95,430	409	.4
1975	117,355	622	.5
1976	120,964	4,760	3.9
1977	121,635	9,454	7.8
1978	123,619	7,021	5.7
1978 Country- wide	99,919,689	7,356,987	7.4%

B. NUMBER OF AUTOS INSURED

<u>YEAR ENDING DEC. 1978</u>	<u>MARCH 1979</u>	<u>JUNE 1979</u>	<u>SEPT. 1979</u>	<u>DEC. 1979</u>	<u>PERCENTAGE CHANGE</u>
7021	6174	5980	5267	4698	-33.0%

C. Policies Assigned

Year	1977	% Change From 1976	1978	% Change	1979	% Change	1980	% Change
Jan.	796	+792.2	449	-43.6	297	-33.9	180	-39.4
Feb.	1,596	+686.2	820	-48.6	510	-37.8	326	-36.1
Mar.	2,645	+624.7	1,266	-52.1	771	-39.1	535	-30.6
April	3,633	+558.1	1,737	-52.2	1,061	-38.9	771	-27.3
May	4,353	+589.0	2,308	-47.0	1,400	-39.3	991	-29.2
June	5,051	+332.0	2,843	-43.7	1,707	-40.0	1,239	-27.4
July	5,580	+238.6	3,320	-40.5	1,992	-40.0	1,445	-27.5
Aug.	6,270	+168.3	3,381	-38.9	2,286	-40.3	1,665	-27.2
Sept.	6,885	+123.2	4,296	-37.6	2,582	-39.9	1,909	-26.1
Oct.	7,522	+ 89.7	4,802	-36.2	2,894	-39.7		
Nov.	8,045	+ 59.5	5,192	-35.1	3,167	-39.0		
Dec.	8,461	+ 46.7	5,489	-35.1	3,363	-38.7		

D. LIABILITY EARNED PREMIUM

	<u>VOLUNTARY & AIP</u>	<u>AIP</u>	<u>% IN PLAN</u>
1974	12,857,000	107,806	.8
1975	14,616,466	119,346	.8
1976	20,445,569	623,422	3.1
1977	26,399,393	2,446,715	9.3
1978	29,945,782	2,667,621	8.9
1978 Country- wide	12,620,966,467	1,011,415,614	8.0%

Rating Examples

The rating examples on the following pages are all based on the same coverage levels and rating information, excepting the differences noted below.

The examples are ordered beginning with the least expensive coverage ranging up to the most expensive as nearly as is practical. Readers are cautioned not to judge the produce solely on the basis of cost, however. Service, in all its numerous aspects, is an important consideration also. Rates are current as of August 1980.

Rating Data

The vehicle in each example is a 1980 Volkswagen Rabbit four-door.

Example A: Adult driver (married, over 25 years of age, no accidents or citations, pleasure use of vehicle (less than 7,500 miles annually)).

Example B: 20-year old, single male driver, no accidents or citations, no drivers training, pleasure use of vehicle (less than 7,500 miles annually).

Example C: Adult male driver (married, over 25 years of age), one accident in the past year resulting in over \$200 property damage, drives 10 miles to work daily (over 7,500 miles annually).

Example D: 20-year old, single female driver, no accidents or citations, no drivers training, pleasure use of vehicle (less than 7,500 miles annually).

Example E: Adult male driver (divorced, over 30 years of age), one driving-while-intoxicated conviction, 28 months ago - proof of financial responsibility required, one accident 12 months ago resulting in over \$200 property damage - no citation issued, drives to work 10 miles daily (over 7,500 miles annually).

Coverage Options

Liability - \$25,000 per person/\$50,000 per accident - Bodily Injury
Liability
\$10,000 per accident - Property Damage Liability

Physical Damage - \$100 Deductible - Comprehensive
\$200 Deductible - Collision

All Coverages - \$25,000 per person/\$50,000 per accident - Bodily Injury
Liability
\$10,000 per accident - Property Damage Liability
\$ 5,000 per accident - Medical Payment
\$ 100 Deductible - Comprehensive
\$ 200 Deductible - Collision
\$25,000 per person/\$50,000 per accident - Uninsured
Motorists
Alaska Suits (Rule 82 legal fees).

Rating Data Exceptions

USAA

USAA Casualty - Rates for examples C and E apply only if damage in accident exceeds \$300.

Lumbermans Mutual Insurance Company - Rates for example C apply only if damage in accident exceeds \$300.

Firemans Fund Ins. Co.

Associated Indemnity Corp.

National Surety Corp. - Rates for examples C and E apply only if physical damage loss does not exceed \$300.

Coverage Exceptions

State Farm Mutual Automobile Insurance Company - \$50 deductible - Comprehensive.

Motors Insurance Corp. - Writes only Physical Damage coverages.

National Indemnity Co. - \$50 Deductible - Comprehensive
\$250 Deductible - Collision

INA - \$2,000 per accident Medical Payment Coverage

Automobile Insurance Plan - \$100 Deductible - Comprehensive and Collision.

ANCHORAGE

EXAMPLE A

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	144	196	358
State Farm Mutual Auto Insurance Company	119	221	366
Nationwide Mutual Fire Insurance Company	122	231	378
Horace Mann Insurance Company	108	243	386
Nationwide Mutual Insurance Company	127	240	393
Allstate Insurance Company	158	230	419
Associated Indemnity Corporation	146	241	424
USAA Casualty	174	236	434
Industrial Indemnity of Alaska	174	243	455
GEICO	151	284	463
AIU Insurance Company	171	299	488
Insurance Company of North America	176	314	491
International Service Insurance Company	204	278	507
Continental Insurance Company	159	339	517
Firemans Fund Insurance Company	210	270	520
Alaska Insurance Company	168	359	559
State Farm Fire and Casualty Insurance Company	196	337	571
Criterion Insurance Company	211	359	608
Insurance Services Office	187	399	611
Lumbermans Mutual Insurance Company	190	402	620
National Surety Corporation	270	350	664
Automobile Insurance Plans	278	678	983
National Indemnity Insurance Company	528	598	1171
Leader National	476	636	1196

EXAMPLE B

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	408	556	993
Industrial Indemnity of Alaska	369	663	1110
Associated Indemnity Corporation	416	694	1166
USAA Casualty	494	674	1212
Criterion Insurance Company	458	743	1239
Nationwide Mutual Fire Insurance Company	464	876	1392
International Service Insurance Company	581	792	1422
Firemans Fund Insurance Company	594	768	1432
Insurance Company of North America	502	934	1442
Nationwide Mutual Insurance Company	483	914	1450
Horace Mann Insurance Company	486	873	1480
Allstate Insurance Company	536	912	1499
State Farm Mutual Auto Insurance Company	505	954	1512
GEICO	515	970	1541
Alaska Insurance Company	479	1023	1548
AIU Insurance Company	554	980	1579
Continental Insurance Company	533	1137	1716
Insurance Services Office	533	1137	1719
Lumbermans Mutual Insurance Company	542	1144	1740
National Surety Corporation	1774	1002	1862
State Farm Fire and Casualty Insurance Company	690	1190	1955
Leader National Insurance Company	670	1224	1978
National Indemnity Insurance Company	839	1223	2107
Automobile Insurance Plan (AIP)	862	2030	2948
Motors Insurance Corporation		1420	1420

EXAMPLE C

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	165	304	495
Nationwide Mutual Fire Insurance Company	189	357	577
USAA	236	324	584
Nationwide Mutual Insurance Company	197	373	601
Allstate Insurance Company	252	344	631
Associated Indemnity Corporation	226	376	642
Alaska Insurance Company	210	449	686
USAA Casualty	286	390	706
Horace Mann Insurance Company	245	440	749
Criterion Insurance Company	305	427	774
State Farm Fire and Casualty Insurance Company	272	461	778
GEICO	274	468	780
Insurance Company of North America	272	508	786
Firemans Fund Insurance Company	322	418	788
International Service Insurance Company	337	459	829
Continental Insurance Company	262	559	847
Industrial Indemnity Company of Alaska	337	471	864
AIU Insurance Company	322	567	913
Insurance Services Office	309	658	1010
Lumbermans Mutual Insurance Company	312	664	1014
National Surety Corporation	420	544	1027
Leader National Insurance Company	476	636	1196
Automobile Insurance Plans	444	746	1225
National Indemnity Insurance Company	608	851	1508
Motors Insurance Corporation		455	455

EXAMPLE D

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	180	244	444
USAA Casualty	216	296	539
Associated Indemnity Corporation	160	400	598
Criterion Insurance Company	211	359	608
International Service Insurance Company	255	348	631
Horace Mann Insurance Company	220	396	675
Alaska Insurance Company	210	449	686
AIU Insurance Company	244	430	697
Insurance Company of North America	246	460	712
Firemans Fund Insurance Company	228	444	716
Continental Insurance Company	234	499	758
Insurance Services Office	234	499	761
Lumbermans Mutual Insurance Company	238	502	772
Nationwide Mutual Fire Insurance Company	256	484	776
GEICO	258	485	779
Nationwide Mutual Insurance Company	267	505	809
State Farm Mutual Auto Insurance Company	275	518	828
Allstate Insurance Company	306	482	833
Industrial Indemnity Company of Alaska	337	471	864
National Surety Corporation	294	576	922
State Farm Fire and Casualty Insurance Company	391	675	1120
National Indemnity Insurance Company	545	690	1280
Automobile Insurance Plans	487	847	1372
Leader National Insurance Company	514	930	1528
Motors Insurance Corporation		567	567

EXAMPLE E

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	165	304	495
State Farm Fire and Casualty Insurance Company	272	461	778
Allstate Insurance Company	496	460	991
Nationwide Mutual Fire Insurance Company	423	756	1195
USAA	510	674	1222
Nationwide Mutual Insurance Company	441	788	1245
Criterion Insurance Company	560	784	1407
GEICO	516	883	1452
USAA Casualty	614	816	1480
Leader National Insurance Company	594	918	1596
INA	564	1048	1618
International Service Insurance Company	704	959	1720
Insurance Services Office	645	1377	2078
Lumbermans Mutual Insurance Company	656	1388	2106
National Indemnity Insurance Company	945	1141	2139
Continental Insurance Company	681	1450	2189
National Surety Corporation	1926	1174	2196
Industrial Indemnity Company of Alaska	949	1329	2403
Automobile Insurance Plans	1109	1866	3071
Horace Mann Insurance Company	1224	2197	3710
AIU Insurance Company	1089	3609	4849
Motors Insurance Corporation		560	560

FAIRBANKS

EXAMPLE A

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	128	220	364
State Farm Mutual Auto Insurance Company	133	260	418
Horace Mann Insurance Company	137	246	422
Nationwide Mutual Fire Insurance Company	137	261	425
Nationwide Mutual Insurance Company	143	272	441
USAA Casualty	154	266	442
Allstate Insurance Company	150	264	445
Industrial Indemnity of Alaska	154	269	461
GEICO	133	337	497
AIU Insurance Company	162	332	512
Associated Indemnity Corporation	196	288	512
International Service Insurance Company	180	312	516
Continental Insurance Company	150	377	546
INA	184	374	564
Alaska Insurance Company	159	398	581
Criterion Insurance Company	203	358	603
Firemans Fund Insurance Company	280	322	636
State Farm Fire and Casualty Insurance Company	220	380	640
Insurance Services Office	176	443	644
Lumbermans Mutual Insurance Company	178	444	650
National Surety Corporation	364	418	820
Automobile Insurance Plans	245	754	1026
National Indemnity Insurance Company	412	648	1105
Leader National	430	738	1252
Motors Insurance Corporation		402	402

EXAMPLE B

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	360	624	1016
Criterion Insurance Company	441	729	1212
USAA Casualty	438	756	1236
Horace Mann Insurance Company	385	867	1354
Industrial Indemnity of Alaska	468	824	1370
Associated Indemnity Corporation	558	824	1430
International Service Insurance Company	513	889	1448
Nationwide Mutual Fire Insurance Company	522	993	1569
Allstate Insurance Company	506	1030	1585
INA	524	1066	1596
Nationwide Mutual Insurance Company	543	1043	1633
Alaska Insurance Company	453	1134	1633
GEICO	454	1149	1655
AIU Insurance Company	524	1089	1658
State Farm Mutual Auto Insurance Company	569	1108	1732
Firemans Fund Insurance Company	794	914	1768
Continental Insurance Company	502	1263	1811
Insurance Services Office	502	1262	1813
Lumbermans Mutual Insurance Company	508	1266	1828
National Indemnity Insurance Company	733	1291	2069
Leader National Insurance Company	640	1394	2118
State Farm Fire and Casualty Insurance Company	776	1341	2196
National Surety Corporation	1036	1190	2300
Automobile Insurance Plan (AIP)	882	2214	3159
Motors Insurance Corporation		1535	1535

EXAMPLE C

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	185	350	563
USAA	210	364	596
Nationwide Mutual Fire Insurance Company	213	405	649
Allstate Insurance Company	238	390	661
Nationwide Mutual Insurance Company	222	422	675
Horace Mann Insurance Company	194	436	685
USAA Casualty	252	438	720
Alaska Insurance Company	199	498	724
Criterion Insurance Company	293	425	765
Associated Indemnity Corporation	304	448	786
GEICO	241	555	831
International Service Insurance Company	297	515	844
State Farm Fire and Casualty Insurance Company	306	516	868
INA	286	580	872
Industrial Indemnity Company of Alaska	297	523	876
Continental Insurance Company	246	622	894
AIU Insurance Company	306	630	965
Firemans Fund Insurance Company	432	496	970
Insurance Services Office	290	731	1055
Lumbermans Mutual Insurance Company	294	732	1064
Leader National Insurance Company	430	738	1252
Automobile Insurance Plans	390	829	1254
National Surety Corporation	564	648	1260
National Indemnity Insurance Company	479	918	1446
Motors Insurance Corporation		502	502

EXAMPLE D

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	158	274	450
USAA Casualty	194	334	554
Associated Indemnity Corporation	199	328	564
Criterion Insurance Company	203	358	603
Horace Mann Insurance Company	175	392	618
International Service Insurance Company	225	390	642
Firemans Fund Insurance Company	282	364	690
Alaska Insurance Company	199	498	724
AIU Insurance Company	232	478	733
INA	258	524	788
Continental Insurance Company	220	554	799
Insurance Services Office	220	554	802
Lumbermans Mutual Insurance Company	224	556	812
GEICO	227	574	835
Allstate Insurance Company	288	540	871
Nationwide Mutual Insurance Company	289	549	874
Industrial Indemnity Company of Alaska	297	523	976
National Surety Corporation	366	474	892
Nationwide Mutual Fire Insurance Company	300	571	909
State Farm Mutual Auto Insurance Company	309	612	948
National Indemnity Insurance Company	431	744	1230
State Farm Fire and Casualty Insurance Company	440	761	1256
Automobile Insurance Plans	429	925	1392
Leader National Insurance Company	474	1064	1622
Motors Insurance Corporation			

EXAMPLE E

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	185	350	563
State Farm Fire and Casualty Insurance Company	306	16	868
Allstate Insurance Company	466	510	991
USAA	450	756	1242
Nationwide Mutual Fire Insurance Company	476	854	1346
Criterion Insurance Company	535	782	1389
Nationwide Mutual Insurance Company	495	890	1401
USAA Casualty	544	916	1508
GEICO	455	1046	1549
Leader National Insurance Company	533	1052	1674
International Service Insurance Company	621	1076	1750
INA	588	1196	1790
National Indemnity Insurance Company	737	1228	2018
Insurance Services Office	607	1528	2192
Lumbermans Mutual Insurance Company	614	1532	2208
Continental Insurance Company	642	1609	2309
Industrial Indemnity Company of Alaska	837	1474	2436
National Surety Corporation	1242	1714	3042
Automobile Insurance Plans	977	2075	3148
Horace Mann Insurance Company	969	2178	3412
AIU Insurance Company	925	4012	5088
Motors Insurance Corporation		702	702

REMAINDER OF STATE

EXAMPLE A

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	92	224	332
State Farm Mutual Auto Insurance Company	106	212	340
Horace Mann Insurance Company	86	227	344
Nationwide Mutual Fire Insurance Company	109	215	349
Nationwide Mutual Insurance Company	113	224	362
Allstate Insurance Company	118	226	373
Industrial Indemnity of Alaska	121	217	376
Associated Indemnity Corporation	102	258	392
AIU Insurance Company	122	264	404
USAA Casualty	112	274	408
GEICO	93	294	416
Continental Insurance Company	113	299	431
Alaska Insurance Company	120	316	460
INA	132	334	472
International Service Insurance Company	130	319	472
Firemans Fund Insurance Company	148	288	472
Insurance Services Office	133	352	510
Lumbermans Mutual Insurance Company	136	354	518
State Farm Fire and Casualty Insurance Company	174	314	527
Criterion Insurance Company	143	343	528
National Surety Corporation	194	374	608
Automobile Insurance Plans	177	770	971
National Indemnity Insurance Company	336	653	034
Leader National	374	646	1104
Motors Insurance Corporation		320	1320

EXAMPLE B

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	260	638	930
Criterion Insurance Company	299	705	1046
Associated Indemnity Corporation	294	736	1082
Industrial Indemnity of Alaska	369	663	1110
USAA Casualty	318	776	1132
Horace Mann Insurance Company	307	807	1204
Nationwide Mutual Fire Insurance Company	414	818	1279
Alaska Insurance Company	342	901	1289
Firemans Fund Insurance Company	420	818	1304
AIU Insurance Company	394	865	1304
International Service Insurance Company	371	910	1324
Nationwide Mutual Insurance Company	431	852	1332
INA	376	952	1334
Allstate Insurance Company	402	890	1335
GEICO	335	1001	1379
State Farm Mutual Auto Insurance Company	450	902	1403
Continental Insurance Company	379	1003	1428
Insurance Services Office	379	1003	1431
Lumbermans Mutual Insurance Company	388	1008	1450
National Surety Corporation	544	1062	1686
State Farm Fire and Casualty Insurance Company	615	1108	1769
Leader National Insurance Company	594	1226	1904
National Indemnity Insurance Company	608	1298	1951
Automobile Insurance Plans	638	2286	2977

EXAMPLE C

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	147	286	459
Nationwide Mutual Fire Insurance Company	169	334	531
USAA	150	364	542
Allstate Insurance Company	184	336	551
Nationwide Mutual Insurance Company	176	348	553
Alaska Insurance Company	150	396	573
Associated Indemnity Corporation	160	400	598
Horace Mann Insurance Company	155	406	610
Criterion Insurance Company	203	407	657
USAA Casualty	184	450	662
Continental Insurance Company	186	494	706
Industrial Indemnity Company of Alaska	234	421	711
State Farm Fire and Casualty Insurance Company	242	428	714
Firemans Fund Insurance Company	228	444	716
INA	204	518	728
AIU Insurance Company	229	501	759
International Service Insurance Company	214	526	770
GEICO	178	568	776
Insurance Services Office	206	546	784
Lumbermans Mutual Insurance Company	224	584	846
National Surety Corporation	294	576	922
Leader National Insurance Company	374	646	1104
Automobile Insurance Plans	282	847	1160
National Indemnity Insurance Company	389	914	1352
Motors Insurance Corporation		400	400

EXAMPLE D

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
USAA	116	280	414
USAA Casualty	140	342	506
Associated Indemnity Corporation	140	348	524
Criterion Insurance Company	143	343	528
Horace Mann Insurance Company	139	366	550
Alaska Insurance Company	150	396	573
AIU Insurance Company	175	379	577
International Service Insurance Company	163	399	588
Firemans Fund Insurance Company	200	388	630
Continental Insurance Company	167	441	633
Insurance Services Office	166	440	634
Lumbermans Mutual Insurance Company	170	444	646
INA	184	466	656
GEICO	168	501	698
Industrial Indemnity Company of Alaska	234	421	711
Allstate Insurance Company	230	468	737
Nationwide Mutual Insurance Company	238	471	743
State Farm Mutual Auto Insurance Company	245	490	769
National Surety Corporation	258	502	808
Nationwide Mutual Fire Insurance Company	229	452	874
State Farm Fire and Casualty Insurance Company	349	629	1029
National Indemnity Insurance Company	354	749	1148
Automobile Insurance Plans	310	954	1296
Leader National Insurance Company	420	938	1442
Motors Insurance Corporation		495	495

EXAMPLE E

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	147	286	459
State Farm Fire and Casualty Insurance Company	242	428	714
Allstate Insurance Company	366	444	841
Nationwide Mutual Fire Insurance Company	340	715	1071
USAA	324	772	1122
Nationwide Mutual Insurance Company	393	733	1142
Criterion Insurance Company	364	744	1180
GEICO	336	912	1288
USAA Casualty	394	938	1376
Leader National Insurance Company	466	924	1474
INA	422	1068	1496
International Service Insurance Company	448	1100	1598
Insurance Services Office	459	1214	1730
Lumbermans Mutual Insurance Company	568	1222	1752
Continental Insurance Company	481	1280	1819
National Indemnity Insurance Company	602	1212	1867
Industrial Indemnity Company of Alaska	660	1186	1971
National Surety Corporation	654	1248	1994
Automobile Insurance Plans	705	2118	2908
Horace Mann Insurance Company	773	2031	3017
AIU Insurance Company	1439	3189	4779
Motors Insurance Corporation		560	560

SOUTHEASTERN

EXAMPLE A

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	95	215	333
Nationwide Mutual Fire Insurance Company	98	219	341
Nationwide Mutual Insurance Company	102	228	355
Industrial Indemnity of Alaska	121	217	376
Associated Indemnity Corporation	140	214	380
Firemans Fund Insurance Company	202	238	470
State Farm Fire and Casualty	157	320	513
National Surety Corporation	260	308	600

EXAMPLE B

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
Associated Indemnity Corporation	400	608	1050
Industrial Indemnity Company of Alaska	369	663	1110
Nationwide Mutual Fire Insurance Company	373	834	1252
Firemans Fund Insurance Company	570	676	1300
Nationwide Mutual Insurance Company	389	867	1303
State Farm Mutual Auto Insurance Company	407	917	1371
National Surety Corporation	742	880	1686
State Farm Fire and Casualty Insurance Corporation	555	1127	1748

EXAMPLE C

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	32	290	448
Nationwide Mutual Fire Insurance Company	112	340	520
Nationwide Mutual Insurance Company	159	354	541
Associated Indemnity Corporation	216	330	576
State Farm Fire and Casualty Insurance Company	218	435	694
Industrial Indemnity of Alaska	234	421	711
Fireman's Fund Insurance Company	310	368	714
National Surety Corporation	404	478	924

EXAMPLE D

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
Associated Indemnity Corporation	190	288	506
Fireman's Fund Insurance Company	270	320	524
Nationwide Mutual Fire Insurance Company	206	461	699
Industrial Indemnity Company of Alaska	234	421	711
Nationwide Mutual Insurance Company	215	479	727
State Farm Mutual Auto Insurance Company	221	498	751
National Surety Corporation	352	418	808
State Farm Fire and Casualty Insurance Corporation	315	639	1003

EXAMPLE E

<u>Company Name</u>	<u>Liability</u>	<u>Physical Damage</u>	<u>All Coverages</u>
State Farm Mutual Auto Insurance Company	132	290	448
State Farm Fire and Casualty Insurance Corporation	218	435	694
Nationwide Mutual Fire Insurance Company	340	715	1071
Nationwide Mutual Insurance Company	355	744	1115
Industrial Indemnity Company of Alaska	660	1186	1971
National Surety Corporation	890	1030	1978

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 287
Title An act requiring that evidence of Motor Vehicles liability insurance be furnished -
Requested by Colletta Date 3/13/81

to the department of Public Safety when registration is made or renewed.

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Public Protection
BRU, Program, or Subprogram(s) Affected Division of Insurance
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE March 26, 1981 PREPARED BY *Kenneth C. Moore*
AGENCY Department of Commerce & Economic Development
PHONE 465-2515
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Pat,

would you please ask the following questions at the Mandatory auto insurance bill hearing today.

- 1) What is general concept behind the bill? eg. what does it mean?
- 2) Is it or does it contain any no fault provisions?
- 3) Please explain the language in Paragraph H page 4?
- 4) Does 28. 10. 011 supplement exclude bush communities from this bill?

Mitch Graves

S

B

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COMMITTEE REPORT
SENATE

3/13/81

FURTHER: Finance

Date: FEB 1, 1982

Mr. President:

The Committee on JUDICIARY has had SB 289
increasing the number of superior court judges:

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 289 same title
 new title
- and recommends HAS INDIVIDUAL RECOMMENDATIONS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Mr. Kay No Rec

Bob #1 in Rec

CHAIRMAN

20 155

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

POUCH V
JUNEAU, ALASKA 99811



Senate

VICE CHAIRMAN
ADMINISTRATIVE REGULATION REVIEW
SENATE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

MEMBER
SENATE RULES COMMITTEE
SENATE COMMERCE AND LABOR COMMITTEE
STEERING COUNCIL FOR ALASKA LANDS
U.S. BORAX TASK FORCE

WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE
EXECUTIVE COMMITTEE,
WESTERN CONFERENCE COUNCIL
OF STATE GOVERNMENTS
COUNCIL OF STATE GOVERNMENTS
COMMITTEE ON SUGGESTED STATE LEGISLATION

January 18, 1982

The Honorable Patrick M. Rodey,
Alaska State Senator
Chairman, Senate Judiciary Committee
Room 125 Capitol Building
Juneau, Alaska

Re: Proposed Committee Substitute for SB 289,
"An Act increasing the number of superior court
judges."

Good Senator:

This may be a lengthy letter, but I'll do my best to confine my remarks to the factual situation as I believe it to be.

Senators Ferguson and Kerttula introduced SB 289 with the idea in mind of creating Superior Court judgeships in Pt. Barrow and in Palmer. This bill is in your committee.

Before getting more involved, I'd like to express my thanks to you for having indicated your willingness to consider increasing the number of Superior Court Judges from two to three to accommodate Wrangell and Petersburg, which communities are also extremely interested in obtaining a Superior Court Judge for their areas.

Attached to this letter is a proposed committee substitute which I'm told will do the trick if you and a majority of your Judiciary Committee are favorably inclined.

In Pt. Barrow, there are currently two magistrates; there are no District or Superior Court Judges; Senator Ferguson says if he can get a Superior Court Judge, one of the two magistrates can go. Senator Kerttula - and this staggers one's imagination, has only one magistrate currently - no judges of any other type to serve a population estimated to be between 25,000 and 30,000. In Wrangell, Petersburg and Kake there is a District Court Judge, Robin Taylor, with Superior Court services being furnished on occasion by Ketchikan, Sitka or Anchorage Superior Court judges. Judge Taylor, even though he is up for retention or non-retention on this fall's ballot, has advised me he's not reluctant to advocate the elimination of his Court and to substitute a Superior Court in lieu thereof. Were this procedure to be followed, existing District Court personnel could be redesignated and reclassified as Superior Court employees. Accordingly, the only additional expense

Senator Patrick M. Rodey
January 18, 1982
Page Two

involved would be the difference between the two judicial salaries. Judge Taylor will probably run for the new Superior Court position, but he realizes he'll have to get by both the Judicial Council and the Governor. He is prepared to take that chance, acknowledging that if he doesn't make it, the world won't come to an end.

In fairness to Art Snowden, to whom a copy of this letter has been sent, and in candor to you, he feels the Palmer request is fully justified; he does not intend to argue about the Pt. Barrow or Wrangell-Petersburg positions, but he would contend if pressed or asked, the case load of the latter two communities is perhaps insufficient to warrant the new court. If he's not asked, he says, there'll be no objection from the Court System. I have attached a copy of a well-written letter from Mr. Mark Walker which tends to lend justification to the Wrangell-Petersburg request.

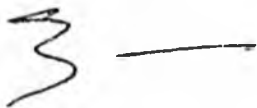
I'm available to testify on the bill if you feel it is necessary and if you schedule it for a hearing. A letter of intent can be drafted by your staff (or mine, if you wish) to spell out with particularity exactly what the bill would accomplish.

A fiscal note should be prepared; that shouldn't prove onerous and we'll do that upon request.

Incidentally, Senators Kerttula and Ferguson have approved of the contents of this letter.

Finally, on information and belief, Chief Justice Burke will interpose no objection to the above and foregoing.

Very truly yours,



Robert H. Ziegler, Sr.

RHZ:lk

Enclosures

cc: Art Snowden, Administrator,
Alaska Court System w/enc.

P.O. Box 1615
Wrangell, Alaska 99929
January 11, 1982

Honorable Edmond W. Burke
Chief Justice
Alaska Supreme Court
303 F. Street
Anchorage, Alaska 99501

Dear Mr. Chief Justice:

The Wrangell Inter-Agency Group consists of representatives from various service agencies within the city of Wrangell who are concerned with the delivery of services to the community. A listing of the membership is attached. We meet monthly to discuss problems of mutual concern and to assist one another as best we can.

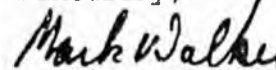
For some time we have lobbied our local representatives to have the court in Wrangell/Petersburg upgraded to a Superior/District Court location. Last spring Representative Ernie Haugen sponsored legislation to make this change but hydroelectric projects and other political matters at the close of the session left House Bill 590 locked in Finance Committee. In March of last year Lieutenant Governor Terry Miller came to Wrangell to meet with us and the upgrading of the court was a prime subject of discussion.

Wrangell and Petersburg are not receiving the quality of service that is taken for granted in the other urban areas of this state. We are not being critical of either Judge Schulz or Judge Taylor, both of whom have made extraordinary efforts to make the system work. The jurisdictional barrier between District and Superior Court means that Judge Taylor can't do certain things and we must wait until a Superior Court judge can travel to Wrangell or some special authority is acquired so that Judge Taylor can act. When no emergency exists, things get delayed until a more convenient time.

Last year's statistics show there were approximately 30 felonies, 40 juvenile petitions, 58 divorces/dissolutions and 11 mental health commitments which arose in Wrangell and Petersburg. These figures are an understatement of actual need as many matters simply aren't filed because it takes too long to get something done; the best example being juvenile matters. If we were a Superior/District court location, all of the above cases would be handled locally. The savings in travel costs and especially time for the agencies will more than offset the minimal cost of upgrading the local court. Probably more important than cost is the fact that adequate judicial services will finally be provided to the people of Wrangell and Petersburg.

In your opening statements upon assuming office, you indicated that you wanted to hear from the people in the trenches and wanted to make more efficient the delivery of judicial services. The creation of a Superior/District court judgeship in Wrangell/Petersburg is a small step which will go a long way toward achieving your goals.

Sincerely,



Mark Walker
Chairman

cc: Representatives Haugen, Freeman & Gardiner
Senators Eliason & Ziegler
Lieutenant Governor Miller



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MINUTES OF THE SENATE JUDICIARY COMMITTEE

OF

FEBRUARY 1, 1982

Butrovich Committee Room, State Capitol Juneau, Alaska

Legislation Before Committee:

SB 289 - "An Act increasing the number of superior court judges."

SJR 6 - Proposing an amendment to the Constitution of the State of Alaska relating to sessions of the legislature.

The meeting of the Senate Judiciary Committee was called to order by Chairman Rodey at 1:35 P.M. Committee members present were: Senators Rodey, Parr, and Ray. Senators Bennett and Hohman were absent.

The first item on the agenda was SB 289. Senator Kerttula, prime sponsor of SB 289, testified stating his support for this legislation.

Senator Ferguson, a sponsor of SB 289, was brought before the committee to give his testimony. He expressed his support and asked that the committee's intent to place the court in Barrow be clarified. Chairman Rodey indicated that it was the committee's intent that the additional superior court position be for Barrow and that the Finance Committee could direct the location.

Chairman Rodey next called Senator Zeigler to testify before the committee. He proposed that the committee adopt a substitute for SB 289 to include a superior court position for the Wrangell/Petersburg area in the first judicial district.

Rick Berrier, of the Alaska Court System, testified, stating that the Court System does not have a strong stance either for or against the addition of the Wrangell/Petersburg position. In answering committee questions he did state that the Superior Court could take over all duties of the district court in the Wrangell/Petersburg area.

After brief discussion, Senator Ray moved that the committee adopt the committee substitute for SB 289. There was no objection. Senator Ray next moved that CSSB 289 be passed with committee with individual recommendations. There was no objection. Senator Rodey signed do pass. Senators Ray and Parr signed no recommendation.

Chairman Rodey next brought before the committee SB 594 relating to the Administrative Procedures Act. The Chairman discussed the problems with the Act and problems associated with its revision.

Senator Ray expressed the need for revision and requested a letter be drafted to President Kerttula stating the problems with the Act and requesting assistance to both the Judiciary and Transportation committees.

After committee discussion, no further action was taken.

SJR 6 was not brought before the committee today as scheduled.

Chairman Rodey adjourned the meeting at 2:25 P.M.



THE HEART OF THE MATANUSKA VALLEY

CITY OF PALMER

COUNCIL-MANAGER GOVERNMENT
P.O. BOX 1368 • PHONE (907) 745-3271
PALMER, ALASKA 99645

November 27, 1981

The Honorable Jalmar Kerttula
Box Z
Palmer, Alaska 99645

Dear Senator Kerttula,

At the City of Palmer regular City Council meeting held on November 24, 1981, the enclosed resolution was passed unanimously.

We believe it is imperative that a Superior Court be established here in the City of Palmer. The mode of operation that includes going to Anchorage creates a tremendous amount of non-productive man days per year, not only for our police force but the Alaska State Police as well. We must all strive for better efficiency.

I commend you and your fellow legislators for your perception in the growing needs to Alaskans.

Should you have any questions, please feel free to contact me.

Yours truly,

David L. Soulak
City Manager
City of Palmer

DLS/cac

Enclosure

A RESOLUTION FOR ESTABLISHMENT OF A SUPERIOR COURT IN PALMER.

WHEREAS, the Palmer District Court, Third Judicial District serves an estimated population of 25,000 people in the Matanuska-Susitna Borough, and

WHEREAS, the Palmer District Court has had over sixty felony filings for Superior Court action in 1981 to date, and

WHEREAS, this court has handled over ninety divorce filings, and

WHEREAS, there has been over ninety other civil Superior Court filings, and

WHEREAS, there has been over twenty Superior Court Children Proceeding filings, and

WHEREAS, normal Superior Court matters are held in Anchorage which places an undue hardship upon police personnel and those involved in the matters before the Court, and

WHEREAS, since September 1, 1981 the Palmer District Court has been designated as a Probate Court and to date there has been eleven filings, and

WHEREAS, there has been over 815 other criminal filings in the Palmer District Court to date, and

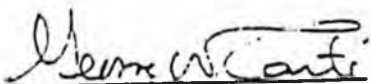
WHEREAS, in addition, there has been over 850 civil filings in district court, and

WHEREAS, the Palmer District Court has handled over 3400 traffic tickets to date,

NOW, THEREFORE, BE IT RESOLVED, the City of Palmer urges the State Legislature during the 1982 session to establish a full-time Superior Court in the Matanuska-Susitna Borough.

BE IT FURTHER RESOLVED, the establishment of a full-time permanent Superior Court in the City of Palmer with support staff will provide a needed service to all Borough residents as well as to many who reside outside of the Borough.

Passed and approved by the City of Palmer, City Council this 24th day of November, 1981.



GEORGE W. CARTE, MAYOR

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 289
 Title An Act Increasing the Number of Superior Court Judges
 Requested by Senate Judiciary Committee Date 1/21/82

II. FISCAL DETAIL

Agency Affected Alaska Court System
 Program Category Affected Administration of Justice
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		451.4	483.0	516.8	553.0	591.7
200 TRAVEL		15.0	5.0	6.0	7.0	8.0
300 CONTRACTUAL						
400 COMMODITIES		4.0	4.5	5.0	5.5	6.0
500 EQUIPMENT		18.0	-	-	2.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		488.4	492.5	527.8	567.5	607.7

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		488.4	492.5	527.8	567.5	607.7
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

SB 289 establishes Superior Court Judge positions in Barrow and Palmer. The cost of establishing these positions and necessary support positions is provided on the attached budget sheet.

IV. DATE 1/22/82 PREPARED BY Richard P. Barrier
 AGENCY Alaska Court System
 Original: Legislative Finance PHONE 264-0545
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

FY 83 COST OF IMPLEMENTING SB 289

	<u>BARROW</u>	<u>PALMER</u>
JUDGE		
SALARY	\$ 78,600 (5)	\$ 69,240
BENEFITS:		
JRS, ACCIDENT, W.C., T.L. (106.48)	83,693	73,727
HI	2,196	2,196
SBS	2,188	2,188
TOTAL	<u>166,677</u>	<u>147,351</u>
LAW CLERK		
SALARY (13A)	30,576	23,136
BENEFITS:		
VARIABLE (.1504)	4,782	3,618
SBS	1,874	1,418
HI	2,196	2,196
TOTAL	<u>39,428</u>	<u>30,368</u>
SECRETARY		
SALARY (12B)	29,460	22,440
BENEFITS:		
VARIABLE	4,608	3,510
SBS	1,806	1,376
HI	2,196	2,196
TOTAL	<u>38,070</u>	<u>29,522</u>
TOTAL PERSONAL SVC.	244,175	207,241
TRAVEL (Including Moving Expense)	10,000	5,000
COMMODITIES	2,000	2,000
EQUIPMENT	9,000	9,000
TOTAL FY 83 BUDGET	<u>\$265,175</u>	<u>\$223,241</u>

WRANGELL JUDICIAL UPGRADE TO SUPERIOR COURT JUDGE

JUDICIAL SALARY DIFFERENTIAL:

Superior Court Judge	\$69,240
District Court Judge	<u>59,844</u>
Difference	9,396
Variable Benefits (JRS & variable--1.0648)	<u>10,004</u>
COST TO UPGRADE JUDGE	<u>19,400</u>

CLERK UPGRADE:

Full Time, Range 10	17,196
Part Time, Range 10 (9 months)	<u>12,897</u>
Salary Difference	4,299
Variable Benefits (PERS, SBS, etc.)	<u>936</u>
COST TO UPGRADE CLERK	<u>5,235</u>

TOTAL COST

\$24,635

CASE FILINGS - DISTRICT COURTS - NON-TRAFFIC CASES

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>FY 80/81</u>
Kenai	1406	1648	1875	1915
Kodiak	1692	1528	1474	1376
Palmer	1024	1102	1222	2176

DISTRICT COURT - FELONY FILINGS & DISPOSITIONS FY 80/81

	Felony Filings	Dispositions	Held to Answer/Indict
Kenai	58	36	12
Kodiak	134	74	23
Palmer	68	46	13

DISTRICT COURT & SUPERIOR COURT CIVIL FILINGS 80/81

	Dist. Court Level	Superior Court Level	Total
Kenai	538	467	1005
Kodiak	290	321	611
Palmer	1027	214	1241