

ALASKA LEGISLATURE COMMITTEE FILES 1983-1988 00/2

3425 HJUD SB 377/HB 532 (FILE 4: LETTERS AND ARTICLES FOR)

301



RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

7/25/89
Date

SB

377/532 File #4

TORT REFORM
(LETTERS &
ARTICLES FOR)

April 15, 1986

Representative Don Clocksin
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 532

Dear Representative Clocksin:

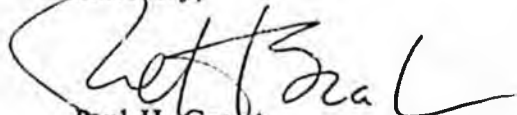
During my testimony on behalf of the ACLU, you raised a question concerning the allocation of the costs of arbitration under AS 9.43. I was concerned lest my testimony on that point mislead the committee, and so I looked into the matter further after I got back to the office.

You are correct that AS 9.43.100 provides that the arbitrator's costs and fees shall be allocated as provided in the award. Nonetheless, the arbitrator's power to allocate costs and fees does not change the conclusion that the arbitration requirement hampers the access of economically disadvantaged persons to dispute resolution mechanisms. Every litigant will still have to consider the potential for such an award in deciding whether to pursue litigable rights, and the deterrent effect of such a potential award will be greater for the economically disadvantaged than it will for the prosperous.

It is also safe to predict that as a practical matter most awards will allocate costs and fees evenly between the parties. This is standard practice, and nothing in the statute gives the arbitrator any impetus to do otherwise.

Please pass these thoughts on to the other committee members, with my apologies for any confusion my testimony may have caused.

Sincerely,



Paul H. Grant
For the Litigation Committee

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: Representative Mike Miller, Chairman
Members of the House Judiciary Committee

From: Scott A. Burgess, Executive Director *SAB*

Date: March 26, 1986

Subject: CSHB 532 - Tort Reform

On behalf of the Alaska Municipal League, thank you and all the members of the 14th Legislature for recognizing that an insurance crisis exists, and for taking on, what has already proven itself to be, a difficult issue. The League, on behalf of the 116 municipalities it represents, directly, and all local governments in Alaska, offers its assistance in finding short-term and long-term solutions.

Attached is a copy of an AML resolution on the insurance and tort reform issue from the 1986 Policy Statement which was sent to you at the beginning of the year. Also, the following policy appears on page 8 of the Statement:

F. TORT REFORM

The League urges the Legislature to review tort reform and to work for a viable municipal insurance system.

These policies came out of the discussions and actions at the annual conference in Fairbanks. The Board of Directors chose finding solutions to the availability and affordability of insurance for municipalities as one of its top four legislative priorities for this year. While the League has been working for several years to assist municipalities with their insurance needs, it has been unable to address and fully understand the current crisis.

The League is in support of legislation allowing municipalities to create a self-insured risk pool. The current statutes allowing for municipalities to form reciprocals is unnecessarily burdensome and expensive. It requires municipalities to essentially create an insurance company rather than contracting with existing insurance and financial agencies; requires a heavy surplus deposit over and above the current high premiums; and, is subject to unnecessary regulation by the Division of Insurance.

The League is already helping municipalities with their insurance needs. The League has pursued setting up a self-insurance pool program for several years but have been thwarted by interpretations of existing law, and our attempts to change it. The League has a group insurance program which is providing insurance coverage to over 80 municipalities for workers compensation, general liability, business auto, and errors and

omissions coverage for law enforcement, public officials, and school board members. However, because of the market and our inability to pool, we are unable to improve the program and offer the coverage desired.

The League has not been able to research the current tort reform issue well enough to commit to supporting all the recommended changes to the Statutes, or to make the direct connection between tort reform and the current insurance problem. Like you, local elected officials are equally concerned for both today's plaintiff and tomorrow's taxpayer. The Board of Directors is unsure whether the fault for the current insurance problems rest with a reckless society, the insurance industry, the justice system or State laws, or a combination of all. Therefore, the League is asking the Legislature for help to analyze the problem and develop reasonable solutions. Tort reform should be evaluated on whether it is good policy, and on the long term effects, not just as a possible solution to the current problem.

There is a problem. Municipalities, and others who will appear before you, are unable to obtain or afford insurance to protect themselves, their investments, and the public. The problem faced by municipalities is unique. Municipalities are regarded as high risk clients by insurance companies because they have a greater potential for being sued; therefore, they have, historically, been victims of paying higher premiums. This, itself, is not unique because the same applies to doctors. However, the fact that municipalities are in the business of providing high risk public services, such as fire and police, that they cannot stop providing just because of the cost or risk, is unique to municipalities. Secondly, municipalities are the victims of the "deep pocket" theory. Municipalities are named in suits, directly or indirectly, regardless of the degree of fault because there is a perceived unlimited ability to pay. A claim is not limited by the amount of insurance coverage but by assets, and juries perceive that municipalities need only raise taxes to pay the claim.

The League is currently collecting information through a survey of its 116 members on their recent insurance experiences. The survey is not complete; however, attached is the information from the communities that have responded to date. Also included is information from other municipalities in the AML Insurance Program, provided by our broker Frank B. Hall & Co. of Alaska.

Several bills are before the Legislature attempting to address the insurance problem in Alaska. We support the concept of allowing municipalities to form self-insured risk pools. An AML Legislative Subcommittee has reviewed the bills introduced this session and before your committee, and has no problem with the tort reform measures most completely covered in HB 532. However, the Subcommittee and the staff will follow the hearings and your deliberations closely to better understand all concerned before recommending any specific bill. The League, of course, is available to help you in any way we can to find short and long term solutions to the insurance problems faced by municipalities and others.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 86-13

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE
URGING THE STATE LEGISLATURE TO INVESTIGATE
TORT REFORM AND THE REASONS BEHIND THE
UNAVAILABILITY OF CERTAIN LINES OF INSURANCE.

WHEREAS, insurance rates have increased astronomically and this has caused businesses to close and has created a financial burden on taxpayers in Alaska, and


WHEREAS, municipal insurance rates have increased as much as 500% in some areas, and

WHEREAS, day care operators, air carriers, truckers, contractors, CHAPP-affiliated businesses, doctors, and architects are in many cases unable to obtain any insurance, and

WHEREAS, the Alaska Municipal League feels strongly that an investigation into causes should be made and a solution to this problem must be found this year;


NOW, THEREFORE, BE IT RESOLVED by the Alaska Municipal League that the Office of the Governor and the Alaska State Legislature are urged to immediately pursue all avenues available to solve this problem and find a way to provide insurance in Alaska.

Adopted this 16th day of November, 1985.



LEO B. RASMUSSEN, President

ATTEST:



SCOTT A. BURGESS, Executive Director

<u>MUNICIPALITY</u>	<u>LAST YEAR PREMIUM/COVERAGE</u>	<u>THIS YEAR PREMIUM/COVERAGE</u>	<u>% of budget</u>	<u>JOIN/ SUPPORT POOLING</u>
ALAKANUK	UNINSURED	UNINSURED	4%	YES
ALEKNAGIK	\$ 4,500	\$15,000	13%	MAYBE
BARROW	\$ 4,100/\$ 1 million	\$10,000/\$500,000		
BETHEL	\$350,000	\$600,000	10%	YES
CORDOVA	\$ 21,000/\$ 1 million	\$ 31,850/\$500,000		
EAGLE	\$ 3,365/\$500,000	\$ 8,739/\$500,000	6%	YES
FAIRBANKS	\$212,876/\$20 million	\$514,167/\$5 million	2.5%	NO
GALENA	REPEATED CANCELLATIONS/PREMIUMS UP 200%		5%	MAYBE
GAMBELL	\$ 19,300/\$1 million	\$ 15,617/\$500,000		
HAINES BOROUGH	\$ 25,000	\$ 34,797	3.5%	NO
HOONAH	\$ 6,484/\$1 million	\$ 11,640/\$500,000		
HOUSTON	\$ 23,906	37,444	16%	MAYBE
JUNEAU	\$518,000	\$1,253,900	2%	YES
KAKE	\$ 10,617/\$1 million	\$ 7,080/\$500,000		
KENAI	\$ 85,000/\$10 million	\$320,000/\$10 million		NO
KODIAK	\$ 90,083/\$500,000	\$155,725/\$500,000	5%	YES
KOTZEBUE	\$140,000	\$280,000	5%	YES
LOWER KALSKAG	\$ 2,500/\$1 million	\$ 5,000/\$500,000		
McGRATH	\$ 13,596	\$ 41,063	7.5%	YES
NULATO	\$ 4,500/\$500,000	\$ 12,000/\$500,000	5%	YES
PALMER	\$138,000/\$10 million	\$219,000/\$1.5 million		YES
PELICAN	\$ 7,457/\$500,000	\$ 15,900/\$300,000	11.5%	YES
RUSSIAN MISSION	\$ 2,580/\$1 million	\$ 5,000/\$500,000		
St. MARY'S	\$ 4,200/\$1 million	\$ 5,000/\$500,000	10%	YES
SAND POINT	\$ 45,000	\$ 80,000	9%	YES
SITKA	\$ 53,753/\$10 million	\$131,628/\$5 million	3%	YES
SKAGWAY	\$ 31,883/\$1 million	\$ 55,806/\$ 1 million	6%	MAYBE
SOLDOTNA	\$110,000/\$10 million	\$270,000/\$10 million	6%	YES
TENAKEE SPRINGS	\$ 13,670	\$ 42,000	16%	YES
UNALASKA	\$131,124/\$14 million	\$ 99,468/\$4 million	10%	YES
WALES	\$ 11,663	UNINSURED		YES
WASILLA	\$ 11,000/\$6 million	\$19,000/\$1.5 million	2%	MAYBE

** ALL INFORMATION COMPILED BY THE ALASKA MUNICIPAL LEAGUE BY SURVEY. BACK-UP IS AVAILABLE THROUGH THE AML 105 Municipal Way, Suite 301, Juneau, Alaska 99801



TELEPHONE
(907) 586-1125

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: Representative Mike Miller
Members of the House Judiciary Committee

From: Scott A. Burgess, Executive Director 

Date: April 16, 1986

Subject: Joint and Several Liability

During the House Judiciary Committee meeting of April 10, Representative Sund requested the Alaska Municipal League to provide information regarding the effect of joint and several liability on insurance premiums and coverage for municipalities. We contacted our AML Insurance Program broker, Frank B. Hail & Co., who of course supports tort reform, with your questions. We were told that they were questions a broker could not answer, because premium rates are set by the insurance companies themselves. The following views have been developed from public hearings and data collected on both the State and national level. I believe there are two separate responses to your questions, one for municipalities participating in self-insurance pools, and one for municipalities totally insured through the commercial insurance market.

Last week, the House Judiciary Committee passed out HB 506 - Insurance Pooling, which would enable Alaska municipalities to pool their self-insurance reserves to insure the pool's aggregate losses, and to purchase catastrophic insurance for pool members. Under such a pool, a joint and several liability law becomes of utmost importance. Municipalities join a pool to cut the premium costs of insurance. In some pools currently operating, premiums have been reduced right off the top 25% - 33%. What is eliminated is the margin of profit afforded the broker, above and beyond operating expenses. The other major savings from insurance pools come from risk management and reduction of losses.

Under current law in the State of Alaska, there exists little incentive for a municipality to control losses and manage risk. Why should a municipality, especially a small one, expend money, time, and personnel to reduce risk, when it can be reassigned by the courts? There is no savings offered a municipality that successfully reduces its liability for any given accident from 99% to 1%. It is not difficult for a jury to find a 1% degree of fault by a municipality because, for instance, a tree branch was partially obstructing a stop sign, or whatever the basis for the claim may be. What that jury may not realize is that they have assigned to that municipality the potential for a full 100% liability for the jury award.

In a pool, a municipality receives a year-end dividend based upon the pool members' ability to manage their losses. The portion of their annual premium, not absorbed by losses, is returned to the pool members, minus the cost of administration. The annual dividend provides tremendous incentives for each municipality to continually improve their risk management capabilities. Without a strict joint and several liability law, that incentive to reduce loss is eliminated because no consistent, dependable link exists between effective risk management and reduced cost of insurance. The incentive connection between the two is eliminated by the court's ability to assign full damage liability to a single party, regardless of their degree of fault.

Under the second scenario (insurance through the commercial market), joint and several liability does not guarantee any short-term reduction in insurance premiums or increase the availability of insurance. Several legislators, and people offering testimony on tort reform legislation, have pointed out that not one insurance company has come forward and promised to reduce rates should tort reform pass. That may be true, and this should not be viewed as absolving insurance companies of fault for the current crisis, or for the need for insurance reform; however, it is a short-sighted view of the fundamentals of private enterprise. Many people seem to view the issue as some kind of proposed hostage exchange between elected officials and insurance companies, trading lower insurance premiums for changes in tort laws that are favorable to insurance companies. Testimony presented both on a national level, and before the House Labor and Commerce Committee, supporting the passage of effective tort reform laws maintains that tort reform would, indeed, result in increased availability of insurance, and lower premiums, but not before working through some basic business principles.

The passage of tort reform, especially joint and several liability, would make Alaska a more attractive market for insurance companies that handle public entities. Statistics available through the Division of Insurance demonstrate an incredibly low ratio of insurance companies per capita in Alaska, compared to any other state in the union (owed in part to the confessed efforts by the State Division of Insurance to make sure that companies operating within Alaska make a lot of money). Passage of tort reform would lure additional insurance companies into the State, increasing competition for our insurance dollar. And the easiest way to secure a portion of the market for a new company is to offer the same service for less money...not a difficult concept, but one seemed lost on many people who have testified before this and other committees.

While the Alaska Municipal League has not taken a position on specific tort reform legislation, we have asked the Legislature to help municipalities deal with the insurance crisis. We appreciate very much your action on insurance pooling legislation, and now ask you to address tort reform, as well. The U.S. Department of Justice, the National Council of State Legislatures, and countless others have called for reforms in state tort laws. It is hard to believe that their only motivation is to make insurance companies rich at the expense of plaintiffs and their attorneys. I believe the motivation behind the movement is fairness.

Thank you for your interest in this important issue. I am sure you can see the necessity of this legislation, for municipalities and other political subdivisions, in returning affordability and predictability to the public insurance market.

If you should have additional questions regarding this, or other insurance issues, please do not hesitate to call me. I have provided your committee testimony packets, and I will forward to you any additional information the League receives from our brokers, when available.

Jerry's
Automotive
(907) 683-2281

Mile 248.5 Parks Highway
Box 34
Healy, Alaska 99743

 McKinley
Kampground
(907) 683-2379

May 6, 1986


Representative M. Mike Miller
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Sir,

Please move House Bill 532 to the House Finance Committee in its original form. There is not much time.

I realize many of the House Judiciary are attorneys but I feel you can still see the need for reform. We can't continue to pay twice as much money for half as much coverage. Nothing is going to stop that until some of this madness in claims is curtailed.

Sincerely,


Corrine Colrud, Mrs.

DERRY & ASSOCIATES

Real Estate Appraisers & Counselors

Box 951 • Homer, Alaska 99603 • (907) 235-8431

April 27, 1986

Chairman Mike Miller
Box V(MS3100)
Juneau, Alaska 99811

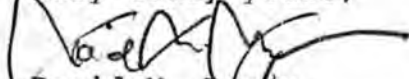
Dear Representative,

I am writing regarding House Bill 532 which I understand is now in your committee. I have long been troubled by the compensation awarded for various liability settlements through the court system. I respectfully request your affirmative vote on HB 532 to pass this legislation out of the House Judiciary committee so that other committees can review the legislation and hopefully adopt it.

The proliferation of lawsuits for all types of liability action has been an ongoing problem in Alaska. The impact of those suits has recently come home to rest in my profession, as a real estate appraiser. After a lengthy time and at a substantial cost, I have finally secured Errors and Omissions insurance for our firm. The insurance premium quotations reflected increases of 400-600% per year. I am now finding that we are very fortunate to have been able to secure Errors and Omissions insurance at all. The American Institute of Real Estate Appraisers and Society of Real Estate Appraisers are both citing difficulty nationally in obtaining any Errors and Omissions insurance for appraisers. I note from my efforts to secure Errors and Omissions insurance that Alaska has a poor reputation with insurance companies. At some point I feel we have to stop, take a look at our system, and adopt a more reasonable basis of compensation. I strongly support prompt changes in the court system to protect all parties to liability claims.

I understand from newscoverage that a debate has commenced between insurance companies and lawyers over who is to blame for the current situation. Any debate or dispute should be set aside and the issue itself resolved. The attorneys and insurance companies can continue their battle on their own time. Again, I ask for your prompt, affirmative consideration of HB532.

Very truly yours,



David M. Derry

PROFESSIONAL TRUST ADMINISTRATORS, INC
POB 220713
ANCHORAGE, ALASKA 99502-0713
907-249-4815

April 27, 1986

HOUSE LEADERSHIP
M. MIKE MILLER, MAJORITY WHIP
ALASKA STATE LEGISLATURE
FOUCH V
JUNEAU, ALASKA 99811

Re: House Bill 532

Professional Trust Administrators, Inc. has been created to fill a niche - a niche caused by the erosion of the civil justice system which has contributed to the instability of the liability insurance mechanism. We will act as trust administrators for self insured accounts, issuing a certificate of financial responsibility warranting that the self insured has put funds in trust to satisfy their public liability obligations. Our clients will include not only private enterprise, but also some of Alaska's governmental entities.

Even though the erosion of the civil justice system and insurance mechanism has created a market niche which will be lucrative, we live in the real world. As citizens and business persons in this State and Country, we are subject to the operations of the civil justice system should we ever sue or be sued.

The civil justice system is in need of your attention - now! The civil justice system needs tort reform - now!

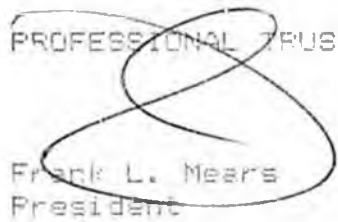
I urge you to pass legislation based upon the principles of sponsor substitute for HB 532 and the comprehensive solution proposed by the Citizen's Coalition for Tort Reform.


Tort reform as proposed by HB 532 will put predictability back into liability awards. This will allow the insurance mechanism, a risk spreading mechanism which must be able to predict both frequency of potential loss and severity of potential loss, to operate in a satisfactory manner.

Tort reform as proposed by HB 532 will reduce the cost of administering justice in our civil justice system; it will promote fairness in our system of civil justice for both parties: plaintiff and defendant.

This is an important issue, for all Alaskans, for all Americans. Please, weigh your decisions carefully, but promptly.

PROFESSIONAL TRUST ADMINISTRATORS, INC.


Frank L. Mears
President


Mary Rebecca Thomas
Vice President

THANK YOU!

PROFESSIONAL TRUST ADMINISTRATORS, INC
POB 220713
ANCHORAGE, ALASKA 99502-0713
907-248-4815

April 17, 1986

HOUSE JUDICIARY
M. MIKE MILLER, Chairman
ALASKA STATE LEGISLATURE
FOUCH V
JUNEAU, ALASKA 99811

Re: House Bill 532

Professional Trust Administrators, Inc. has been created to fill a niche - a niche caused by the erosion of the civil justice system which has contributed to the instability of the liability insurance mechanism. We will act as trust administrators for self insured accounts, issuing a certificate of financial responsibility warranting that the self insured has put funds in trust to satisfy their public liability obligations. Our clients will include not only private enterprise, but also some of Alaska's governmental entities.

Even though the erosion of the civil justice system and insurance mechanism has created a market niche which will be lucrative, we live in the real world. As citizens and business persons in this State and Country, we are subject to the operations of the civil justice system should we ever sue or be sued.

The civil justice system is in need of your attention - now! The civil justice system needs tort reform - now!


I urge you to pass legislation based upon the principles of sponsor substitute for HB 532 and the comprehensive solution proposed by the Citizen's Coalition for Tort Reform.


Tort reform as proposed by HB 532 will put predictability back into liability awards. This will allow the insurance mechanism, a risk spreading mechanism which must be able to predict both frequency of potential loss and severity of potential loss, to operate in a satisfactory manner.

Tort reform as proposed by HB 532 will reduce the cost of administering justice in our civil justice system; it will promote fairness in our system of civil justice for both parties: plaintiff and defendant.

This is an important issue, for all Alaskans, for all Americans. Please, weigh your decisions carefully, but promptly.

PROFESSIONAL TRUST ADMINISTRATORS, INC.


Frank L. Meas
President


Mary Rebecca Thomas
Vice President

THANK YOU!

Kenneth R. Pervier, M.D.
Suite 202
4003 Lake Otis Parkway
Anchorage, Alaska
April 30, 1986

Dear Mr. *Miller*

I am at present writing this letter in favor of strongly supporting aggressive Tort Reform in this state. Many of the other states in the Lower-48 will be watching us and the degree of EFFECTIVE legislature you pass. If small special interest groups and lawyer lobbyists end up gutting the bill as it is, thus making it totally impotent, then the insurance crisis for the state will continue. From my career stand point, I know personally of several physicians, unfortunately some of the more competent ones, who plan to LEAVE the state if significant reform is not forthcoming. I might find myself in that category if things don't significantly change. As with all other physicians in the country, I am noting an increase in "Lawyer Time" in my practice. This is taking away from my time and ability to render adequate care to my patients and the backlog of patients waiting for my services. Please take care that what is listed in HB-532 and SB-377 is passed intact. I strongly support this!

Thank you.

Sincerely,


Kenneth R. Pervier, M.D.

5/2/86

Dear Mr. *Miller*

I am at present writing this letter in favor of strongly supporting aggressive Tort Reform in this state. Many of the other states in the Lower-48 will be watching us and the degree of EFFECTIVE legislature you pass. If small special interest groups and lawyer lobbies end up gutting the bill as it is, thus making it totally impotent, then the insurance crisis for the state will continue. From my career stand point, I know personally of several physicians, unfortunately some of the more competent ones, who plan to LEAVE the state if significant reform is not forthcoming. As with all other practices in the country, I am noting an increase in "Lawyer Time" in our practice. This is taking away from our time and ability to render adequate care to our patients and the backlog of patients waiting for our services. Please take care that what is listed in HB-532 and SB-377 is passed intact. I strongly support this!

Thank you.

Linda Hoodley

Sincerely,

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

PO BOX 63
NAKNEK ALASKA 99813
(907) 246-4491

White in Juneau
BOX V
JUNEAU ALASKA 99811
(907) 465-4942 465-4943



CO CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGELAK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST GEORGE
ST PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

April 25, 1986

Lynn Shawback, President
Bristol Bay Contractor, Inc.
Box 234
King Salmon, AK 99613

Dear Lynn:

Thank you for your letter regarding House Bill 532, concerning insurance reform. As a point of clarification, I do not serve on the House Labor and Commerce Committee but want you to know that the bill did, in fact, pass from that committee. HB 532 is currently in the House Judiciary Committee.

For your information, I have enclosed a copy of a sectional analysis of HB 532 as it was reported out of the House Labor and Commerce Committee. Right now the House Judiciary Committee is working on the bill and there may well be substantial additional changes recommended by that Committee.

I would suggest that you might want to direct your comments on this issue to members of that committee which is chaired by Representative Mike Miller. I have taken the liberty of forwarding a copy of your letter to the Judiciary Committee.

Again, thank you for your expression of support for this bill.

Sincerely,

Adelheid Herrman:
Representative
District 26

AH:em:lb
enclosure

cc: Representative Mike Miller, Chairman
House Judiciary Committee



- TRUCKING
- BUSSING
- CAR RENTAL
- GENERAL CONTRACTING

Bristol Bay Contractors, Inc.

BOX 234 • KING SALMON, ALASKA 99613 • 246-3360

MARCH 20, 1986

Representative Adelheid Herrmann
House Labor & Commerce Committee
Pouch V(MS 3100)
Juneau, Alaska 99811

MAR 20 1986

Honorable Adelheid Herrmann:

House Bill 532 now in your committee attempts to help solve the insurance crisis by amending th Alaska court rules for liability and settlement awards. I urge you to vote yes on this Bill and attempt to have this bill out of your Committee immediately so that other committee's can begin their review.

This legislation is needed so that Alaskan businesses can obtain liability insurance in an amount needed for their operations and at a reasonable rate. Adequate insurance coverage is vital to Alaskan bussinesses and obtaining that coverage at a rate that businesses can afford is crucial to the continued economic health of small and large businesses.

My insurance rate has increased over 100 percent this year and the coverage that I need has decreased. In short, I am now paying more for less coverage. There is a danger that I may have to curtail my operations because I cannot operate without adequate insurance protection. If I do have to cut back my operations I will be forced to consider lay-offs of employees, reduce on maintaince of my vehicles, terminal, and facilities. Addionally, I will not be purchasing service and products as I do under normal operations. In a already sluggish economy any reduction of operations will contribute to the already high unemployment rate in Alaska.

HB532 will allow for victims to be compensated for their losses, however, it will reduce the amount of legal fees allowed under the present system. Reducing the total amount paid out during liability settlements and awards will encourage insurance underwriters to take part in the liability insurance coverage that Alaskan businesses need and at the same time provide protection to the injured party.

I encourage you to vote yes on HB532.

Sincerely,

Lynn Shawback, President
Bristol Bay Contractors, Inc.



Robert E. Giering, M.D.

A PROFESSIONAL CORPORATION
404B LAUREL ST. SUITE 103
ANCHORAGE, ALASKA 99508

TELEPHONE (907) 563-3232

April 22, 1986

Representative M. Mike Miller
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Miller:

Many citizens here in Anchorage had an opportunity on Saturday, April 19, 1986, to hear Robert Brumley, Deputy General Counsel, U.S. Department of Commerce, speak on "Tort reform and the Insurance Crises". By way of introduction, this man is a representative of a commission appointed by the President which worked through U.S. Attorney General Meese to research this problem. He reported three observations:

- 1) Having read House Bill 532, he said the concepts embodied in this piece of legislation are quite in line with similar remedies recommended by the commission.
- 2) He felt that the tort issue is a state problem and although federal recommendations may be forthcoming, the states must take action.
- 3) The issue is divided whether tort abuses or insurance excesses are the culprit. "Accomplishing tort reform would place the solution into the hands of insurance carriers and allow market factors to bring the insurance problems into line."

Do you find it interesting that a Federally appointed commission has reached, through an independent investigation, exactly the same conclusions as our own Citizens Coalition about the comprehensive solution to this civil justice problem?

APRIL 22, 1986
PAGE 2

I talked with Mr. Brumley after his report and asked him if he supported House Bill 532. He stated that although he could not do so, being a Federal representative, he did say that none of the concepts were out of line with the findings of his commission and that, if passed, it would be the most far reaching solution yet to remedy this problem.

I would like to hear your reasons for not taking positive action on House Bill 532.

Sincerely yours,



ROBERT E. GLERINGER, M.D.

REG/nas

KENAI AIR ALASKA, INC.

155 Granite Point Court
Kenai 99611

April 11, 1986

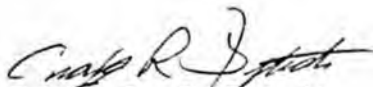
Alaska State Legislature
Box V
Juneau, Alaska 99801

Subject: Liability Insurance
Public Opinion Message

Aircraft Liability insurance is available through only two carriers, at the limits we require of 10 million per aircraft.

Liability premium, up 42½% over last year with no indication of rates for 1987. We've been forced to ground 2/3 of helicopter fleet through winter months to stay in business. Also have been forced to increase rates and will have to continue to do so.

We are fully behind the Citizens' Coalition for Tort Reform and will continue to support.


Craig R. Lofstedt
President
KENAI AIR ALASKA, INC.
155 Granite Point Court
Kenai, Alaska 99611

pc: Mike Navarre
Mike M. Miller
John Sund
Don Clocksin
Max. F. Gruenberg, Jr.
Robin L. Taylor
Fritz Pettyjohn
Randy Phillips

DAVID T. MAYSCHAK, M.D.

P.O. BOX 1209
PALMER, ALASKA 99645
Telephone (907) 745-8100

April 9, 1986

Mr. Mike Miller
Chairman of House Judiciary Committee
Room 124, Capitol Building
Alaska State Legislature
Pouch 5 (MS3100)
Juneau, AK 99811

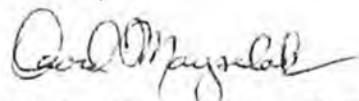
Dear Mr. Miller:

As a practicing physician and surgeon in the Palmer and Wasilla area, I want to express my concern regarding problems with liability insurance. Traditionally, the majority of physicians have been dedicated to taking care of people and the surgeon especially delights in freeing people from pain and disease. Unfortunately, this practice of health care delivery is now being severely compromised by attitudes of fear, suspicions and anxiety engendered by the liability crisis. In this day and age, it is impossible to provide good health care without adequate liability insurance. However, without adequate reform of the tort system, I fear that the problem will continue to snowball and, as has happened elsewhere in the United States, professionals will escape from the vicious circle of liability problems by simply abandoning their profession. That probably is a better alternative than either compromising their principles of health care or, on the other hand, driving up the cost of health care simply to protect themselves from untoward suits.

Alas, even when a physician contemplates another profession that may be associated with lower risk, even those professions today are not immune from unrestricted and even indiscriminate liability suits.

The United States Attorney General Tort Policy Working Group Analysis (February 1986) recommends meaningful legislation that would make possible affordable and available liability insurance. It's recommendations are included in HB 532 and SB 377 in their original form. Accordingly, I strongly urge you to support those bills in their original form and in that way to help enact meaningful tort reform.

Sincerely,



David T. Mayschak, M.D.

DTM:ljb

Southern Region
EMERGENCY
Medical Services Council, Inc.

April 11, 1985

Rep. Mike D. Miller, Chairman
Judiciary Committee
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Miller:

This letter is to request that the Judiciary Committee consider incorporating HB 418, "An Act relating to liability for providing emergency medical care," into another piece of legislation now in the Judiciary Committee such as HB 532. This bill slightly broadens the immunity from liability currently conferred upon certified emergency medical technicians and licensed mobile intensive care paramedics. This legislation is essentially a housekeeping bill which more clearly reflects the intent of the original language.

The language contained AS 08.64.365 was passed by the Legislature in 1974 when the paramedic licensing law was passed. I drafted the language contained in AS 18.08.086 in 1978 when the Legislature established the emergency medical technician certification requirements. The intent of these sections is to try to remove the fear of litigation from the shoulders of these providers at the times when they need to be most aggressive in the manner in which they do their jobs. This is the period when they are dealing with the very seriously injured or ill person. I'm sure Representative Koponen, EMF-I, would be able to verify this.

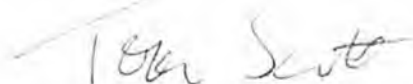
The reason why these changes are needed is that several attorneys have reviewed the present language and interpreted it to be very restrictive. If the plaintiff could show that they were not in immediate danger of the loss of their life (the fact that they lived might be prima facie evidence of that fact), then defendant emergency medical technician, most of whom in this state are volunteers, would not be able to use this as a defense. The intent of the legislature was that the EMTs should be covered in any serious case, not just imminently life threatening cases.

I recognize that it is getting late in the session. I am also aware of other factors that influence a bill's progress through the system. What I would propose is that the bill be passed out of HESS to Judiciary and then combined with HB 532. This bill seems to be germane and apparently has a good chance of being passed this session.

In these times of the malpractice crisis our volunteer EMTs and the cities and nonprofit organizations which operate them are becoming more and more fearful. This legislation will help ease that concern somewhat. At the same time the State's EMT certification and paramedic licensing programs do a good job of assuring that the consumer will receive quality emergency care when they are in need. These are the reasons the Representative Navarre and the House Labor and Commerce passed this bill out.

Thank you again for sponsoring the seat belt bill. We in EMS have been doing all that we can to get it passed. When you need more help, just let us know.

Warm regards,



Thomas D. Scott II
President/Executive Director

cc: Rep. Koponen
Rep. Gruenberg

Twelve Sixty Inn
Mile 1260 Alaskan Highway
Via Tok, Alaska 99780
(907) 778-XXXX 2205

Date: April 8, 1986

To: Insurance Task Force Members
Alaska State Legislators

Re: Insurance problems

From: 1260 Inn, Jim and Ann Shook

Jim + Ann

What is being done in regard to the insurance problems presently occurring in the State of Alaska?

My husband and I own and manage a small bush lodge near Northway, Alaska, 38 miles from the U.S.-Canadian border. We are the first all-service lodge open year-round when entering Alaska and the only one in 113 miles of highway. Thus we are a business that services throughout the year, Alaskans who are moving in and out, commercial trucking, highway construction crews, and seasonal tourists as well as the local community. We are open 365 days/year, from 7 a.m. to midnight or later and employ only 2-5 people depending upon the season. We have a steady but small business instead of a seasonal operation run by a corporation that specializes in tourists, making 'big bucks' in summer and forgetting travelers the rest of the year because it's not profitable. As a result, we are being penalized insurance-wise.

As a small 'mom & pop' operation, we are part of the backbone of the Alaskan Highway service system for travelers-- and we are being forced out of business. Is the State willing to provide those services to travelers if we go out of business?

Below are listed a few of the problems we've had this year with insurance:

(1 Liability - has a minimum regardless of income & size and that minimum is charged to each separate business in the same building. Our business is a 4000 sq.ft. 2-story log building with 5 rooms upstairs, a small cafe and bar downstairs with a liquor store attached. The minimum premium for liability is \$4,500; charged to each area, liquor store, bar, and the remainder, totalling \$13,500 for the one building. In 1985, the liquor store and bar grossed \$64,437. With the cost of resale items at \$48,679, we made \$15,758 to cover wages, monthly bank payments of \$1,800 for the license, other overhead as well as liquor liability of \$9,000 and fire insurance which is going up from \$6,000 (partial coverage only). And overhead in the bush is more expensive than anywhere else as we have to provide everything including electricity.

It is obviously a choice of charging you \$22.50/can of beer (equivalent to the increase in premiums), closing the business or taking a chance on being sued or burned out after 6 years of hard work.

(2 Due to our isolated location, our two wreckers (one large & one small), are not used on a regular basis but are essential to road traffic. If one of you goes in the ditch at 40 below on a dark night, wouldn't you like a wrecker service available? At present, liability for the two wreckers is approximately \$4,000. Last year, both wreckers made \$10,866 which barely pays for the maintenance & repairs, insurance fees and operator costs. The large wrecker had 2 semi-truck tows totalling \$3,000; one paid 6 months late, the other is suing for \$6,000 because the front axle was pulled off due to their truck being overloaded 40,000 lbs. & their tow hooks being broken. This was our first claim since being in business 6 years---it was denied because "it was not a collision". We ask you, "Why is it called 'towing insurance' if it only covers collision damages?" The same company, Superior Underwriters, now refuses to renew our policy. We are now in a position where we must sue the insurance company and defend ourselves against our customer's suit. We pay high insurance premiums to avoid this problem and yet, in the end, regardless of premium costs, it is the insurance company who interprets the policy to their benefit.

(3 We have just received a letter from the State Division of Motor Vehicles stating that the above mentioned liability insurance is not enough (\$500,000 liability for each accident & same for uninsured motorists). We were informed by our agent that we cannot get more unless we enter a 'high-risk' group since the insurance industry feels that is enough insurance for the average customer.

(over)

We are not a high risk! Because of the limited use of our wreckers, I inquired about trip insurance (by the individual service), but it's not available. We can't even legally use our own wreckers to upgrade our property without this insurance and that is taking away our constitutional rights as U.S. citizens.

The Division of Motor Vehicles wrote "I can understand the turmoil that this new law has wreaked upon not only yourself but many other businesses in Alaska. The effect has been widespread and many long time Alaskan businesses are closing down because they can not afford to purchase the new limits of insurance and choose not to disobey a law by operating with insufficient monies. . . . You will have to choose for yourself, your compliance with this law." How would you choose? ? ? ?

Our ideas for necessary changes are below:

- (1) Put a cap on certain types of suits-especially non-economic losses. Award suits according to plaintiffs actual proven expenses that have not been paid by other agents.
- (2) Liquor liability should be a civil, not a criminal matter (we are not criminals, just trying to do our job). More stringent laws should be made & enforced for drunk drivers not bartenders/owners. At this rate we will be sued when someone gets cancer because we sell cigarettes.
- (3) Suits should not even be allowed in the case of an 'accident', but only in the case of 'gross negligence'.
- (4) The court system should preview every case with a panel & dismiss those not concerning 'gross negligence' before going to trial & costing everyone involved.
- (5) Individuals who make unwarranted suits should be fined to pay court costs and required to pay all costs incurred by the defendant.
- (6) Insurance companies should stop paying unwarranted suits to save the hassle. This only encourages suits from other greedy or vindictive people.
- (7) Insurance companies should set premiums according to the size & income of business and set up trip insurance for intermittent use of equipment. Small businesses who are not in intra- or inter-state trade on a regular basis, use their vehicles primarily on their own property, or intermittently for customers, should not be required to comply with the "Commercial Financial Responsibility Law".
- (8) Premiums should not have to be paid in full yearly, at the beginning of the policy; but quarterly if desired. What right have they to use our \$25,000 or \$30,000 before we even receive the service? And if we can't pay the total amount, it is borrowed from the bank at a higher interest than a regular loan. We are paying interest & premium from day 1 when the service isn't completed until day 365.
- (9) Place limits on attorney fees and set up a system that an intelligent person can deal with and one that takes into account the problems of the 'bush': delayed mail service & supply delivery, distance from urban centers with expertise, forms, govt. offices etc.

We have been treated by attorneys & the court system as so much "fodder for the grist mill", and therefore, are handling the above legal matter on our own. Our required response to the Court summons was refused because it was not in black print (I only had a brown typewriter cartridge), was not on legal-size paper of a certain weight (I had none and am 253 miles from town), it was not double-spaced, the margins weren't exactly 1 1/2" from the top and so-on for several pages. I called the Trial Courts today in Fairbanks to request information on obtaining a "Change of Venue" in this case. I was told:

"It is not our job to give you this information. You should call an attorney."

They refused to send me any information, saying I had to do my own research. And this is a state office working for the public! ! Sounds to me like they're working for the attorneys at public expense.

- (10) Include small business owners or those who work with business on your 'insurance task force', as well as a representatives from the AVA and CHARR. What do commissioners know of the affects of insurance unless they have run a business?

We lodge owners are not willing to become CPA, attorney & insurance agent, all in one, working for what is fast becoming a non-profit business..

Our lodge is on the market and we will get out as soon as possible because the small, diverse business is coming to an end in Alaska.

There are no pros and cons. We can't wait for another session. Either change the laws and the legal & insurance systems or you will miss that warm, Alaskan hospitality on your next trip on the Highway.

cc: Governor Bill Sheffield

Barbara Dale, Coordinator of Boards & Commissions:

RECEIVED APR 17 1986



Robert E. Gieringer, M.D.

A PROFESSIONAL CORPORATION
4045 LAUREL ST SUITE 103
ANCHORAGE ALASKA 99508

TELEPHONE (907) 563 3232

April 10, 1986

Representative M. Mike Miller
P.O. Box V
Juneau, AK 99811

Dear Mr. Miller:

House Bill 532 is presently before you and needs your careful consideration. Every week another story comes out in the news media about a business or service which has had to discontinue because of its inability to meet the cost of liability. Some of these businesses are large established organizations. Sometimes even Municipal Governments are affected and must reduce their services on account of the problem. President Reagan has supported National tort reform in a recent statement.

I know you recognize this as a social problem of immense proportions and I am sure that you will take some action on this issue during this session of the legislature. The attorneys in Alaska will be pressing you in their best interest. I feel that if you pass a "watered-down" form of this Bill that you are not serving the needs of the people of Alaska. The laws of this State are meant to serve the people of the State of Alaska, not to serve those who are adept at working the laws for their own needs. Please work hard to give us a Bill which will allow us some peace of mind on this issue.

I support the concepts proposed by Citizens Coalition for Tort Reform. The concept of proportional liability should also be given your attention.

Sincerely yours,

ROBERT E. GIERINGER, M.D.

REG/nas

POLITICS AND POLICY

Proposals to Curb Damage Awards in Lawsuits Lead to Flood of Lobbying Efforts on Both Sides

By Brooks Jackson

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Tort reform may sound like an issue that would interest only a law professor, but it's stirring up nearly every business, professional and consumer group here and in dozens of state legislatures. And it's making some people see red.

After a recent news conference on the subject, for example, a staff aide allied with consumer advocate Ralph Nader lunged at business lobbyist James Coyne, knocked him down and burst a blood vessel in his right eyeball. Mr. Coyne had suggested that Mr. Nader is secretly financed by personal injury lawyers. The Nader man, Jay Angoff, concedes, "I lost my temper."

Mr. Coyne has recovered, but the incident shows that feelings are running high in what is becoming a titanic legislative struggle.

On one side are those who favor limiting damage awards in personal-injury suits: practically the nation's entire business establishment, the insurance industry, the medical profession and assorted groups of educators and public officials. On the other side, backing the "consumer's right to sue," is an alliance of personal-injury lawyers, labor unions, consumer and environmental groups, and Mr. Nader.

The insurers, as well as manufacturers and some defense lawyers, say that the high cost of personal-injury lawsuits, a growing number of big damage awards and court decisions that have broadened manufacturers' liability are the major reasons for the current soaring cost and dwindling availability of liability insurance.

But Mr. Angoff, counsel for the National Insurance Consumer Organization, says restricting damages and liability would "penalize people who are already injured." He contends that there are "absolutely no data . . . to indicate that the legal system is even part of the reason for the astronomical increases in insurance rates."

Both sides have political-action committees that give millions of dollars in election-campaign contributions. Both also spend heavily on public relations, advertising and lobbying and can mobilize thousands of members to bring pressure on their congressmen or state legislators.

Already, for example, the insurance industry is spending \$6.5 million to try to convince the public that it has a "lawsuit crisis" rather than an "insurance crisis" on its hands.

One of its print advertisements shows a forlorn youth in a high school football jersey and says, "A lot of schools are thinking about closing down their sports programs. Why? It's part of the price of the lawsuit crisis." Other ads say that even clergymen are being sued for "religious malpractice" and that many obstetricians have stopped delivering babies out of fear of being sued.

Limits on Damage Judgments

For

- Alliance of American Insurers
- American Consulting Engineers Council
- American Medical Association
- National Association of Home Builders
- National Association of Manufacturers
- National Association of Realtors
- National Association of Town and Townships
- National Federation of Independent Business
- National School Boards Association
- U.S. Chamber of Commerce

Against

- Association of Trial Lawyers of America
- Brown Lung Association
- Consumer Federation of America
- Consumers Union
- Environmental Action
- National Council of Senior Citizens
- Public Citizen (Ralph Nader)
- United Auto Workers Union
- United Steelworkers Union
- Women's Legal Defense Fund

Television ads carry the same themes.

The ads are financed by the Insurance Information Institute, the publicity arm of the industry. They are aimed at influencing bills pending before Congress and in several state legislatures, as well as a ballot initiative in California. The industry's ads are concentrated in a dozen key states and the District of Columbia and are being timed to coincide with state legislative sessions.

Personal-injury lawyers say there isn't any way they can match such a publicity campaign. "We're David and they're Goliath," says Alan Parker, public-affairs director for the Association of Trial Lawyers of America.

But the trial lawyers aren't exactly fighting with slings and stones. Their organization has a Washington staff of about 100 people and a rapidly growing political-action committee with \$1.2 million in the bank at last report. It retains two of Washington's premier lobbyists, Democrat Thomas Boggs and Republican William Timmons.

The real strength of the lawyers' lobby, however, lies in its 60,000 members, who see a potential threat to their livelihoods. Various proposals now being considered would make it more difficult for people to collect damages for injury or illness, would limit the amount of damages clients could collect, and would even cap the amount lawyers could collect in fees.

California trial lawyers have attracted

pledges of more than \$1 million to fight a June 3 ballot initiative that would curb plaintiffs' ability to collect judgments from defendants in some cases. The president of the state trial lawyers' association, Peter Hinton, wrote in a March 17 letter to members: "Over a dozen firms and individuals in California have already committed more than \$100,000 to the fight. Some have contributed as much as \$300,600. We need every penny we can raise."

But wherever possible, the trial lawyers are keeping a low profile and leaving the talking to Mr. Nader and to allied consumer and union groups. Mr. Nader accuses the insurance industry of a "conspiracy" to raise premiums and strip victims of their rights. He and Joan Claybrook, an old ally who was the federal auto-safety chief in the Carter administration, have formed the Coalition for Consumer Justice, which includes consumer groups, some big labor unions and "victim" groups including sufferers from white-lung and brown-lung disease.

On the other side, a spokesman for the 270,000-member American Medical Association says the cost of malpractice judgments is the AMA's "issue No. 1." And a spokesman for the U.S. Chamber of Commerce says that group decided last week to start its own advertising campaign against escalating product-liability judgments.

The chamber hasn't decided how much it will spend, but it is likely to be a considerable sum. Barry Bauman, an attorney for the chamber, says the group also sees this as its top legislative issue for the coming year, and he says, "We don't want to shortchange it in any way."

In addition, Mr. Coyne, executive vice president of the American Consulting Engineers Council, has put together a coalition

of business groups supporting limits on damage judgments, called the American Tort Reform Association. The more than 200 member groups range, alphabetically, from the Academy of General Dentistry to the Wood Machinery Manufacturers of America.

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Crisis in Liability Insurance Is Creating Mounting Pressure for New Legislation

4-9-86

By STEPHEN WERMIEL

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The crisis over the soaring cost and scarcity of liability insurance is creating mounting pressure on Congress to act.

"The insurance problem is just all over the place," says Sen. John Danforth (R., Mo.), chairman of the Senate Commerce Committee.

The lightning rod for action is legisla-

tion to change the law of product liability — the part of the tort system in which those injured in accidents while using products from cars to telephone booths file lawsuits for damages against companies they blame for their injuries. Such changes have been hotly debated in congressional committees for several years, but now there is "greater urgency," says Sen. Danforth, whose staff is drafting legislation.

Added pressure will come from the Reagan administration, which is circulating its own proposed product-liability legislation. While the president's proposal will meet some opposition, it may also serve as a catalyst. "This will provide the 500-pound gorilla that's been missing," says Phillip Harter, a Washington lawyer who is pushing for changes in the law.

Time May Run Out

Consumer group opposition, and differences in legislative approaches, may thwart the pressure created by the crisis. "Legislation will make it out of committee and maybe even through the Senate, but I don't think there's time for the House to act this year," says Victor Schwartz, a lawyer and former law professor who represents the Product Liability Alliance, a business coalition pushing for changes in the law.

Past efforts, led by Sen. Robert Kasten (R., Wis.), focused on setting national standards for state and federal courts, specifying when manufacturers or distributors may be liable. Critics viewed the proposal as relieving the liability of manufacturers at the expense of accident victims. The bill became tied up in committee.

Now, Sen. Danforth is trying a different approach, one that is more a change in procedures than standards. His plan, still being drafted, wouldn't change liability, but would provide financial incentives to both sides to encourage settlements and discourage going to trial.

A Different Approach

The proposals the administration is drafting take a different approach, sources say, proposing to limit punitive and pain and suffering awards to \$100,000, capping fees charged by plaintiffs' lawyers on a sliding scale of 25% of the first \$100,000 in damages down to 10% after \$300,000. The administration would stop the practice of making defendants jointly liable, which has led to well-off defendants who were only partly responsible paying in full. These changes would be both in product liability cases and in lawsuits against the federal government and federal contractors.

However, the administration would also partially return to Sen. Kasten's controversial approach, setting liability standards for products, such as requiring proof of a negligent design or a defect. Similar proposals are in a bill introduced by Sen. Mitch McConnell (R., Ky.). Administration officials are seeking support from Sens. Danforth, Kasten and Slade Gorton (R., Wash.), hoping for some accommodation.

The crucial question is whether there is a compromise and on what terms. Sen. Danforth says, "I'm flexible, but some things in the administration's bill will be very difficult to sell."

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PIERS lists U.S. consignees/exporters by name and location; country of origin or destination; product data including quantities, weights, plus much more.

Check Susan Madrid for details. PIERS, The Journal of Commerce, 351 California St., Suite 850, San Francisco, CA 94104 (415) 982-7642; or contact us at 110 Wall Street, New York, NY 10005 (212) 208-0295

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In Canada, Different Legal And Popular Views Prevail

By PEGGY BERKOWITZ

Staff Reporter of THE WALL STREET JOURNAL

When it comes to medical malpractice, Canada's common-law system has almost all the features the American Medical Association is urging in the U.S. as a way to ease doctors' legal and insurance woes.

Pain-and-suffering awards are limited by Canadian Supreme Court rulings to about \$128,000. Contingency fees are banned in Ontario and restricted in several other provinces. Punitive damages are seldom awarded in personal-injury cases, and judges rarely permit jury trials of civil suits. And marginal and frivolous actions are discouraged by the possibility that the loser may have to pay up to two-thirds of the winner's court costs.

Largely because of such curbs, malpractice awards and out-of-court settlements are sharply lower in Canada, totaling only \$10 million in 1984—less than some jury awards to individual plaintiffs in the U.S. Malpractice insurance, in turn, costs significantly less. Even high-risk specialists like obstetricians and neurosurgeons will generally pay only \$3,500 for protection this year; many of their U.S. counterparts will pay \$90,000 or more.

But Canadians also have a set of attitudes toward both medicine and law, and a form of malpractice protection for doctors, that would be difficult to transplant to another country. They are only about one-fifth as likely as Americans to sue their doctors. There is no significant patient-rights movement, no vigorous lobby to change the legal system and little public complaint even from plaintiffs' lawyers.

Oversize Awards

Many Canadian lawyers, for instance, believe that settlements in the U.S. have grown unnecessarily large. "Awards for every type of personal injury are too high in the U.S. and aren't realistic," says Jacques Nols, a Montreal defense lawyer.

Moreover, while some feel that lawsuits can be a beneficial corrective in cases of negligence, many Canadian lawyers and doctors agree that limiting the size of settlements has no effect on the quality of medical care.

The "primary factor" controlling the medical practice, says Justice Allen M. Linden, who heads Canada's Law Reform Commission, "is the human desire to do a good job. Tort law is one factor, but I can't see whether the award is \$100,000 or \$200,000 or \$300,000 that it makes a heck of a lot of difference."

Adds Mr. Nols: "I simply don't believe a doctor will be sloppier because he knows there's a cap on awards." A number of Canadian lawyers, though, like their U.S. colleagues, believe the cap is unfair to the patient. "It hurts the plaintiff, there's no question about it," says Gordon Kugler, a Montreal lawyer.

For their part, Canadian patients "are perhaps more trusting," says Marc Goldberg, a Florida ophthalmologist who has practiced in both countries. They also pay little or nothing for medical care because of government health insurance. Frances Miller, a Boston University law professor, says this makes them less vengeful when a treatment goes wrong. "One factor, when you decide whether to sue," she explains, "is how much you're out of pocket."

When malpractice suits do arise, many doctors benefit from the Canadian Medical Protective Association. About 85% of physicians belong to the group, which provides

AWARDS for every type of personal injury are too high in the U.S. and aren't realistic,' says a Montreal defense lawyer.

legal defense and pays malpractice claims and settlements, but technically isn't an insurance company.

The 85-year-old association widely publicizes its intention to defend any suit in which it believes a doctor wasn't negligent. "They'll spend \$15,000 to fight a \$15,000 action," says Alan Lenczner, an attorney with McCarthy & McCarthy, a Toronto law firm whose clients include CMPA.

Lower Rates

Members will pay annual fees this year of \$288 to \$3,500, depending on their specialties. A large U.S. malpractice insurer, St. Paul Fire & Marine Insurance Co., says its typical premiums range from \$1,365 for an Arkansas general practitioner to \$106,508 for a Miami neurosurgeon.

Stuart Lee, CMPA's associate secretary treasurer, says it would be hard now for American doctors to contribute enough capital to form a similar group.

While conditions are still comparably favorable, some doctors and lawyers fear that Canadians are beginning to emulate their more litigious American neighbors. In 1984, the number of malpractice suits and the amount paid to claimants were both about twice as great as they were five years earlier. And CMPA's fees for some doctors have risen 1,000% in three years.

Ellen Picard, a professor of law and medicine at the University of Alberta, attributes this partly to the growing number of Canadian lawyers specializing in liability cases and partly to media reports of large awards in the U.S. She adds that, as a result, Canadian doctors have begun to react like American doctors, practicing more defensively.

However, she says, "I think Canada need not be headed the way of the U.S. (because of) the Canadian nature and the different practices of law and medicine."

Sear Alaska petitions for Chapter 11 reorganization

Anchorage News 4-10-86
Daily News

Regional airline served 40 bush communities

Sear Alaska Airlines, once a major regional carrier in the state, filed Wednesday to reorganize its finances under the protection of U.S. bankruptcy laws.

A Chapter 11 bankruptcy petition listed assets of \$48.5 million and liabilities of \$44.3 million.

The petition listed Alfred E. Gay, a major company shareholder, as the carrier's major unsecured creditor — owed \$12 million.

Gay could not be reached for comment Wednesday.

Sear, which owns 22 planes and six helicopters, had served 40 Bush communities, primarily out of Bethel, St. Marys, King Salmon, Dillingham and Aniak hubs.

But in late January, after 42 years of service, the airline suspended service and laid off 150 workers.

Jack McCormick, a Sear vice president for finance, said in a January interview the company couldn't afford the skyrocketing cost of federally required liability insurance.

But he said the company hoped to resume operation once it found affordable insurance.

McCormick also couldn't be reached Wednesday.

Other major creditors in the bankruptcy petition included American Avionics of Seattle, Bayly Martin & Fay of Alaska Inc., Chevron U.S.A., and Consolidated Aircraft of Sperryville, N.Y.

A Chapter 11 petition allows a company to keep creditors at bay while completing financial reorganization. The plan must meet creditor scrutiny and obtain court approval.

good news, bad news



"Malpractice bought us our house in Connecticut, whiplash got us this condo, false advertising the Bentley, while malfunctioning seat belts are putting the kids through college."

Tanana Valley Clinic

Family Medical Care

Since 1951

April 9, 1986

Mr. Mike M. Miller
Alaska State Legislature
Box V
Juneau, AK 99801

Dear Mr. Miller:

I am writing to you about House Bill 532 and Senate Bill 377, the bills supported by the Citizens' Coalition for Tort Reform.

I write to you at present as a family physician who is active in obstetrics, but I will also be the President of the Alaska State Medical Association as of June 1986.

A family physician practicing obstetrics in Alaska, regardless of the volume of deliveries he does, if he wishes to obtain long-term liability insurance, will find a fifth year claims made premium (the premium that is roughly equivalent to an occurrence premium) of approximately \$50,000 per year facing him or her as of this year. This type of liability cost will literally change the face of the practice of medicine, and not for the better, in terms of eliminating bad practitioners but simply it will cause citizens to be unable to find a family physician who is willing to deliver their baby in many communities. Physicians and many other citizens in responsible positions who are vulnerable to lawsuits, view this as in large part a result of a society with a bad system for compensating perceived wrongs. The Citizens' Coalition for Tort Reform has introduced legislation which addresses the key problems with our society's manner of redressing grievances, and it is clear to us, although it may not be to all of you, that the only loud voices raised in opposition are those of that subgroup of attorneys which profits from the present system of handling torts.

Some recent unfortunate news I received was that the House Bill has recently had the key provision on statute of limitations deleted. This is a critical portion of any legislation on this matter because long-term unpredictability of losses is a major reason for the unavailability of reinsurance on large claims for many policyholders.

Page Two
April 9, 1986

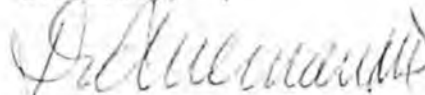
I have been told by the Fairbanks area leader of the Citizens' Coalition that many legislators appear to view tort reform as an issue with equal numbers of loud voices on both sides and are inclined not to act on tort reform during this session. I think that is a serious misperception of public feeling. Except for a limited number of people who perceive benefits to themselves from playing the role of plaintiff, I believe that attorneys involved in trial work and predominantly those who emphasize plaintiff work, are the only sizeable group that believes these changes are not needed. Other groups have been deliberately misled as to the effects of tort reform on redress of grievances.

Even plaintiffs have good reasons to look for changes in this system. A system which does not offer reinsurance for large claims will place them in an untenable position if they truly need to collect from a defendant who has only a few hundred thousand dollars of coverage and insufficient assets to make up the remainder of a large claim. To stall tort reform is to deny legitimate large claims their just resolution in a significant number of cases.

This is not a passing issue. I sincerely hope that the Citizens' Coalition Bill will pass substantially in its form as introduced, including a strict limitation on the statute of limitations. If it fails to pass this year, the funds and the people who support it will not allow the issue to die.

Not just in medicine, I think you need to consider the possibility of a society where people decline to take or keep positions of responsibility because of the unrealistic expectations and the punitive system of claims resolution which destroy the idealism that led them to those responsible positions in the first place. Please act positively in this legislation.

Sincerely,



Donald E. Thieman, M.D.

DET:njs



**HOWARD
COOPER
CORPORATION**

2756 COMMERCIAL DRIVE
P O BOX 739
ANCHORAGE, ALASKA 99501
(907) 279-5411

March 28, 1986

Mike Miller
Alaska State Legislature
Box V
Juneau, Alaska 99801

Dear Mr. Miller:

Howard-Cooper Corporation wholeheartedly supports both house bill 532 and senate bill 377.

The enactment of these bills will take great strides toward correcting an out of control situation.

We as suppliers of construction equipment and related services, have felt the bite of increased insurance premiums, both as an added company operating expense and a deterrent to contractor growth in the Alaska market.

Small contractors are being forced out of business by insurance rates, that have risen in multiples of 3, 4, and 5. I am referring not to the SNOWBIRD contractors, that are here when times are good, but Alaskan Contractors, that stick with it through good and bad times.

It is up to us, as Alaskans, to protect our own. Contractors are the life blood of a growing economy. Not to take action to protect these individuals is an affront to the Alaskan ideal.

We, as a group, must take control of this situation. We must establish limits. We must remove some of the incentive to litigate by utilizing the sliding scale as set forth in the aforementioned bills. It is extremely important that the FIREMAN, in this case the lawyers, not be inclined to light or feed the fires.

HOME OFFICE
PORTLAND, OR.

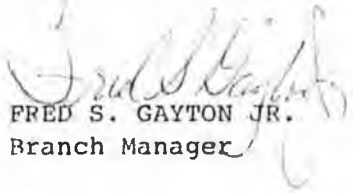
BRANCH OFFICES
ANCHORAGE, AK.
EUGENE, OR
MEDFORD, OR
PENDLETON, OR
RENTON, WA

The settlement processes would be greatly expedited with the enactment of, a clear cut statute of limitations, an award ceiling, and a reasonable balance of award dispersal between the plaintiff and the attorney.

We support the Citizens Coalition for Tort Reform and its' comprehensive solution.

Your concentrated efforts on behalf of all Alaskans is appreciated.

Sincerely,



FRED S. GAYTON JR.
Branch Manager

FSG: jlp

ALASKA DEVELOPMENT CONSULTANTS, INC.

Engineers Surveyors Planners
5313 Arctic Blvd., Suite 201 P.O. Box 4-3187
Anchorage Ak. 99502 Anchorage, Ak. 99509

Office: (907) 561-1044

March 25, 1986

Representative M. Mike Miller,
Chairman House Judiciary Committee
Alaska State Legislature
Box V
Juneau, Alaska 99801

Re: HB 532 and SB 377 - Tort Reform

Dear Legislator:

I am writing to you as a 28-year Alaskan resident who is entering my 18th year of professional practice as a civil engineer and the 9th year of business practice.

I urge your support and passage of legislation on tort reform, in particular House Bill 532 and Senate Bill 377. I support these bills as well as the Citizens Coalition for Tort Reform. I believe passage of these bills are vital to our business climate.

My company's professional liability insurance premium for \$1 million coverage limit rose from \$12,000 annual premium to \$16,000, to \$24,000 in three policy years. THEN, the 1985 "indicated" premium quote (an actual quote was never received; previous insurance company "left" Alaska) was \$130,000 +. This was a fivefold increase on the same volume of claims-free business.

A single quote for \$500,000 policy coverage limit was received for a \$55,000 annual premium - still an effective increase of more than four times.

In view of apparent volatility of the insurance market, skyrocketing premiums, and declining economy, all coupled with the fact that none of our existing or previous contracts have required professional liability insurance, we elected not to re-insure for "errors and omissions". Our favorable claims experience aided in this decision.

Also, nowhere in our wildest expectations did we budget for a fivefold increase in E & O premiums. Predictability! Affordability!

Alaska State Legislature
March 25, 1986
Page -2-

A recent survey of Alaskan architect-engineer firms, which an A/E ad hoc committee on professional liability insurance commissioned through the accounting firm of Peat, Marwick, Mitchell & Co., indicates an average 2 times increase in 1985 premiums for A/E firms with more than \$5 million in annual revenues. This rate of increase rose to more than 4 times the 1984 premium for small A/E firms in the range of \$100 to \$200 thousand annual revenues! Bear in mind that these are averages. A copy of this survey, in which 43 Alaskan firms responded, is attached for your information.

I know of several design firms who did not or could not renew their professional liability insurance policies for the same reasons. Several of these firms also have a favorable claims experience. We are one of those firms.

We are now faced with the situation where clients who did not previously require professional liability insurance are now requiring such coverage. One notable example is the Municipality of Anchorage who are themselves un-insured due to unavailability or unaffordability of liability insurance!

The Municipality has been without liability insurance since the first of the year, and now have a firm requirement for professional liability insurance for all professional design services where they have not previously required such in the past.

Meetings with Jack Coyne, Assistant Municipal Attorney, and Dave Berry, Director of Property and Facility Management, June 1985 and March 1986, respectively, indicate the Municipality of Anchorage has not experienced any claims or otherwise had a loss history on its civil projects (i.e., streets and roads, drainage, water and sanitary sewer line improvements).

A January 23, 1986 memorandum from the Municipality's Risk Management Division to all Municipal departments requires \$500,000 E & O coverage for professional services for ALL projects with construction values up to \$1 million, and \$1 million E & O coverage for projects exceeding this construction value.

A recent Municipal request for proposal for civil design services lists several projects in the range of \$50,000 to \$65,000 construction value. Based on our single quote received last spring, our professional liability insurance premium will equal or exceed the construction value of these projects which might have a design fee of 6% to 10% of the construction value!

Alaska State Legislature

March 25, 1986

Page -3-

This recent request for proposals, which were due to Municipality yesterday, covered a list of twelve water and sewer projects, of which only two had estimated construction values in excess of \$1 million. None of these projects are "Eklutna Water" or "Bradley or Susitna Hydroelectric" projects, either. I wonder if there are twelve "local Alaskan" engineering firms in Anchorage who still have professional liability insurance in force.

I have several real concerns regarding this problem. The first, obviously enough, concerns my own ability to be able to continue working. The second concern is that more and more of this design work will be awarded to "outside" engineering firms who have "branch" offices in Alaska. I feel strongly that profits, as well as payroll, made on Alaska projects should stay in Alaska and continue to be spent in Alaska! I wonder how many of these "outside" firms, like the insurance companies, are also going to "pull-out of Alaska" when the economic climate is no longer beneficial to them.

Another concern, though perhaps less direct, is the State subsidy of the student loan and other programs. Why bother!

Alaska's student loan program helped me through my undergraduate and graduate studies at the University of Alaska in Fairbanks (money spent in Alaska!). The purpose of the student loan program is purportedly to train and educate Alaskans to live and work in Alaska. Why bother when the Alaskan work cannot be awarded to Alaskan firms who cannot obtain/afford liability insurance, and the work "goes outside" anyway.

On the short-term, the architect-engineer community is attempting to work with the Municipality of Anchorage to resolve some of these insurance requirements, but in the long-term I believe tort reform is required to provide some predictability in the courts for the insurance companies and predictability and affordability for us Alaskans attempting to do business in Alaska.

I'm not trying to paint the insurance industry as being lily white, I doubt that any of us are that, but I do believe that they, and we, need help in modifying the climate of extremely liberal awards that presently seems to be prevalent in our courts.

Alaska State Legislature
March 25, 1986
Page -4-

I attended a professional liability seminar in Texas in early 1984, and was told by the speaker, an attorney for a major underwriter of professional liability insurance - one of two companies still writing in Alaska, that the courts in Alaska are so consumer-oriented that "you guys don't have a chance up there".

Where there were more than twelve insurance companies writing professional liability insurance in Alaska two years ago, we are told there are now two, possibly three underwriters now.

I sat as a juror on a personal injury/product liability case in 1983. I have seen the attitude that not only do we need to make someone well, we have to "make it up to them", and "somebody" has to pay. Unfortunately, no amount of money is ever going to replace a limb or a loved one.

I support every one of the elements in these two bills and the Citizen's Coalition for Tort Reform. I am not trying to limit victims rights and no one that I know is. Just as victims should be compensated in an appropriate and JUST manner, neither should they profit by their unfortunate experience.

I understand that the 13-point HB 532 is one of the more comprehensive tort reform bills in the nation. Many of these reforms have already been passed by other states "in South America" and many of these have been upheld as constitutional in the respective state supreme courts.

Again, I urge you to pass HB 532 and SB 377, and support other companion legislation.


I would suggest to you that if these bills are not passed, at the rate insurance companies are leaving Alaska, victims may lose rights due to the unavailability of insurance. After all, if there is no insurance in force, there may be no "deep pocket" to compensate victims with valid claims.

This started out to be a 50-word Public Opinion Message, but since I've exceeded the limit slightly, I guess a letter will have to do. While these are my opinions, discussions with others, both within and without the design community, indicate that many share these opinions.

Alaska State Legislature
March 25, 1986
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If I can be of any assistance to you or provide any information,
please do not hesitate to contact me.

Very truly yours,


Stephen D. Shrader
House District 11
Senate District G

Encl: E & O Survey, dtd 2/27/86

SDS/cs



McCOOL-McDONALD
OF ALASKA INC. ARCHITECTS

March 25, 1986

The Honorable Mike Miller
Pouch V
Juneau, Alaska 99811

Re: Liability Insurance
Tort Reform

Dear Representative Miller:

Please look carefully into tort reform legislation which could equitably reduce the unpredictable costs of litigation. I believe this, in part, has caused dramatically increased cost of professional liability insurance for Architects and Engineers.

As you are probably aware, State contracts with Architects and Engineers require professional liability insurance. This makes availability and affordability of insurance critical to the State design process.

I have been practicing architecture in Alaska for over twenty years. The past nine months I have been a member of the Alaska American Institute of Architects-Consulting Engineers Council Committee on Professional Liability Insurance. My insurance has risen 290 percent from 1981 to 1985. Some Architects and Engineers have been unable to renew their insurance at any price.

As I see it, improvement is needed on several fronts to make insurance affordable:

1. Architects need to more diligently pursue quality control over their services.
2. Insurance companies need to more carefully manage their investments.
3. Courts need fair, but not unreasonable, high settlements for cost of pain and suffering (tort reform).

I assure you, the Architects of Alaska are improving the quality of their services. Please see that fair tort reform laws are enacted to combat the attitude that, "Oh well, you're insured ..." doesn't inflate court settlements and ultimately raise insurance premiums.

Sincerely,

McCool-McDonald of Alaska, Inc.

John E. McCool, Architect
Alaska Registration No. A-3534

JEM/lgh
A

SIGMA R. ALPHA, M.D.

NEUROLOGICAL MEDICINE

2841 DEBARR ROAD, SUITE #36

ANCHORAGE, ALASKA 99508

TELEPHONE 907-264-1818

March 26, 1986

Mike Miller
Chairman, Judiciary Committee
Alaska State Legislature
Box 5
Juneau, AK 99801

Dear Mr. Miller:

You have before your Committee HB 532 and SB 377. As a supporter of Citizens Coalition for Tort Reform, I urge you to act on these bills and send them on to the legislature. I am concerned that if we do not have passage of such tort reform legislation, major positive features of our society will no longer be continued. As an example, I would like to relate to you some of my personal experience in trying to practice medicine in Alaska.

I realize you have heard many stories about economic hardship imposed by ever-increasing insurance rates and decreasing availability of insurance. I don't have to go over these issues again here, both because you know them in detail and because money-complaints are always suspect and very situationally specific. I would like to express the non-monetary side of the story. That is, how the present legal atmosphere changes the way doctors are practicing medicine.

To illustrate this, I have to convey personal experience. I have worked for five years in Anchorage as a subspecialist in neurology. I have enjoyed the respect and support of the Anchorage medical community. I have been very busy in a rewarding and interesting practice. I have learned from and enjoyed serving 99% of the 6000-7000 patients I have seen since 1981. Nevertheless, I am currently carrying out arrangements made in 1984 and am leaving Anchorage. Why?

I have just been served my third suit. The first was settled out of court, after four years of harassment and a minimum of \$20,000 of effort on the part of my insurance company, for a grand sum of \$3000. The second suit has been dropped altogether after three and a half years of harassment and again, at least \$20,000 of effort on the part of my insurance company. The third suit, a pending one, has reached a new low in legal constructs. I am being sued for a patient I have never spoken to, have never seen, and have never in any way engaged as a patient!

Mike Miller
March 26, 1986
Page two

I won't bother you with the details. I would simply like to express to you the obvious. These suits have left me with a total loss of respect for Alaska legal system. They have created, and in my colleagues as well, a tendency to practice medicine "defensively" and thus spend far more money than is necessary on tests and investigations. The use of every available test seems to be the only legal criteria for what is considered good medicine. This inability to use experience and judgment to expedite care (because of the consequences of being wrong in the legal lottery system are so great) makes me less available for listening to and talking with patients who are truly ill. I have a waiting list of at least six weeks. It is outrageous to spend so much time in nonproductive pursuits.

I realize everybody has their own story. Rationalizations about a person's reaction to his circumstances abound. I am aware that this letter could generate skepticism. There is no way to convince you of the truth of what I am saying except to tell you the consequences are simple. I am quitting practice in Alaska. I will be leaving town at the end of this month. I will join the staff at the University of Arizona, no longer to see patients as a primary care physician. This will cut down the number of full-time neurologists in Anchorage to two (three neurologists for a population base of approximately 250,000 was danerously low in the first place).

It is a shame that I have to leave a practice which is so emotionally regarding and productive 99% of the time. Most of my patients are honest, straightforward, and care about their health. 1% of the spoilers, however, are more than one can endure when their effect is measured in literally hundreds of thousand of dollars and many man hours of time. The conduct of our legal system is not a cute game. It has consequences and one of them is the fact that I am stopping practice in this needed specialty.

I urge you to listen to the Citizens Coalition for Tort Reform. They are a groundswell movement, spontaneously developing out of the reaction to real imbalances in our society. As an elected representative, I urge you to listen to them, listen to the future.

Sincerely,

Sig R. Alpha, M.D.
SRA:gld
cc: Max F. Gruenberg Jr.
Randy Phillips

BLACK BULL

369 MULDOON ROAD
ANCHORAGE, ALASKA 99504

338-9922

3/25/86

Dear Mr. Miller,

Enclosed is a letter showing the difficulty the business community is having in obtaining adequate insurance coverage at a price we can absorb. My insurance premium was appx 1800⁰⁰ per year for the same coverage and include liquor liability three years ago.

I support HB 532 and SB 377 with the sliding scale on contingency fees and the Statue of Limitations clauses.

I also support fully the Citizen's Coalition for Tort Reform and its comprehensive solution.

With our declining oil revenues I really think it is more important than ever to try to help our independent businesses survive as they are an important part of our economy.

I also wish it to be known that I do not support HB 549, H.B. 345 H.B. 609 and S.B. 138.

Sincerely yours
Annue Stillman
President L&L Productions Inc.



**Keith
Thomas
Associates**

INSURANCE BROKERS

2805 DAWSON, SUITE 202
ANCHORAGE, ALASKA 99503
PHONE (907) 561-5124

February 25, 1986

L&L Productions, Inc.
DBA Black Bull
369 Muldoon Road
Anchorage, AK. 99504

Dear Annie,

Per my conversation with Mel this afternoon, this is confirming that we have obtained a quote for general liability on the bar. Unfortunately, we are unable to obtain a quote for the liquor liability at this time. For limits of \$300,000 CSL, the annual premium for general liability only will be \$8032.96.

If renewal is desired, and full payment is not possible, we would be able to finance the policy through AFCO for \$2083.24 down, followed by nine payments of \$712.52.

Please notify our office as soon as possible if renewal is desired, because your previous policy expired 2-15-86.

If you should have any questions, please don't hesitate to contact our office.

Thank you,

Andrea Olson
Keith Thomas Associates

March 10, 1985

Mike M. Miller
Alaska State Legislature
Box V
Juneau, Alaska 99801

Dear Mr. Miller,

Please devote your time toward support and passage of HB 532 and SB 377, bills backed by the Coalition of Tort Reform.

As an independent real estate broker, I am experiencing difficulty obtaining Errors and Omissions coverage. Only two firms will now issue insurance in Alaska. More importantly, as an office building owner, I have experienced threefold cost increase in liability insurance in 1985 as compared to 1984. On one building, costs jumped from \$18,000 - \$49,000. On another building, cost jumped from \$30,000 - \$125,000 for the same coverage.

The problem stems from high and unpredictable awards made by juries. In such a judicial climate, insurance companies are unable to make meaningful forecasts of claims. The answer is enactment of meaningful tort reform legislation.

I support the total approach of Coalition for Tort Reform and urge you to do the same.

Sincerely,

Marigale Compton

Marigale Compton CCIM



PMS ✓
SD ✓
MC ✓

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
Alaska Mutual Bank Building
601 West Fifth Avenue, Suite 700
Anchorage, Alaska 99501
907-276-7401

January 23, 1986

Dear Participant:

Attached are the results of the November, 1985 Errors and Omissions Insurance Survey conducted by the American Institute of Architects, Alaska Chapter, and the Alaskan Society of Professional Engineers. Fifty-five companies responded to the survey; however, only 43 companies provided information that could be utilized to compare changes from 1984 to 1985.

Exhibit I lists the individual responses of the 43 companies used in the survey. In addition, companies were categorized into six groups, based upon their 1984 revenue, and averages have been provided for each group. No significant changes in classification would have occurred if the companies had been categorized based upon their 1985 revenues.

Exhibit II provides a summary of comments made by respondents.

Several companies did not indicate whether their 1985 data was actual or quoted amounts; as such, the data for 1985 may not be the actual coverage, deductible and premium selected by a company.

If you have any questions please feel free to call me.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

A handwritten signature in cursive script that reads "Larry L. Laughman".

Larry L. Laughman
Senior Manager

LLL:BM
Enclosure



AMERICAN INSTITUTE OF ARCHITECTS, ALASKA CHAPTER
and the
ALASKA SOCIETY OF PROFESSIONAL ENGINEERS

Errors and Omissions Insurance Survey

November 1985

AMERICAN INSTITUTE OF ARCHITECTS, ALASKA CHAPTER
and the
ALASKA SOCIETY OF PROFESSIONAL ENGINEERS

Errors and Omissions Insurance Survey

November 1985

1984 Revenues	Company	Coverage		Deductible		Premium		Multiplier	
		1984	1985**	1984	1985**	1984	1985**		
Less than \$200,000	1	\$ 1,000,000	1,000,000	5,000	5,000	3,000	13,104	4.37	
	2	100,000	100,000	5,000	5,000	2,500	7,172	2.87	
	3	100,000	250,000*	5,000	5,000	1,500	8,500	5.67	
	4	500,000	500,000	5,000	5,000	4,800	13,700	2.85	
	5	1,000,000	1,000,000	2,500	10,000*	3,000	36,000	12.17	
	6	250,000	150,000*	5,000	5,000	4,000	21,000	5.25	
	7	500,000	500,000	5,000	5,000	3,973	17,272	4.35	
	8	500,000	500,000	5,000	5,000	6,868	10,387	1.51	
Average		\$ 493,750	500,000	4,687	5,625	3,705	15,954	4.31	
\$200,001 to \$499,999	9	\$ 1,000,000	1,000,000	5,000	5,000	7,696	21,898	2.85	
	10	1,000,000	1,000,000	5,000	10,000	7,902	33,154	4.20	
	11	---	---	5,000	5,000	6,500	31,000	4.77	
	12	1,000,000	500,000*	10,000	15,000*	8,425	30,000	3.56	
	13	1,000,000	1,000,000	10,000	10,000	26,000	130,000	5.00	
	14	500,000	500,000	5,000	5,000	5,000	17,000	3.40	
	15	---	---	5,000	5,000	7,785	19,995	2.57	
	16	1,000,000	1,000,000	5,000	10,000*	11,058	37,844	3.42	
	17	500,000	500,000*	40,000	40,000	17,952	11,560	.64	
	18	100,000	100,000	10,000	10,000	8,714	66,750	7.66	
Average		\$ 762,500	700,000	10,000	11,500	10,703	39,920	3.73	
\$500,000 to \$999,999	19	\$ 1,000,000	1,000,000	25,000	25,000	18,000	54,000	3.00	
	20	1,000,000	1,000,000	10,000	10,000	19,000	29,000	1.53	
	21	500,000	1,000,000*	10,000	10,000	23,602	40,000	1.69	
	22	1,000,000	1,000,000	7,500	10,000*	6,500	96,000	14.77	
	23	1,000,000	1,000,000	15,000	15,000	26,180	28,756	1.10	
	24	1,000,000	1,000,000	15,000	15,000	7,800	22,500	2.88	
	25	100,000	100,000	10,000	10,000	12,000	16,000	1.33	
	26	1,000,000	250,000*	15,000	15,000	39,062	63,147	1.62	
	27	1,000,000	1,000,000	20,000	20,000	21,446	74,491	3.47	
	Average		\$ 844,444	816,666	14,167	14,444	19,289	47,009	2.44
\$1,000,000 to \$1,999,999	28	\$ 500,000	500,000	10,000	20,000*	15,500	44,500	2.87	
	29	1,000,000	1,000,000	25,000	25,000	24,000	130,000	5.42	
	30	---	---	10,000	20,000*	17,000	44,000	2.59	
	31	500,000	500,000	5,000	10,000*	11,892	46,972	3.95	
	32	---	---	10,000	20,000*	34,931	79,374	2.28	
Average		\$ 666,666	666,666	12,000	19,000	20,665	68,969	3.34	
\$2,000,000 to \$5,000,000	33	\$ 1,000,000	1,000,000	40,000	50,000*	30,000	130,000	4.33	
	34	1,000,000	1,000,000	50,000	50,000	44,937	127,000	2.83	
	35	1,000,000	1,000,000	25,000	50,000*	27,934	110,012	3.94	
	36	2,000,000	2,000,000	50,000	50,000	70,000	114,000	1.63	
	37	2,000,000	2,000,000	100,000	100,000	45,392	66,952	1.47	
	38	1,000,000	1,000,000	10,000	25,000*	65,809	147,475	2.24	
	39	2,000,000	2,000,000	50,000	75,000*	133,528	119,544	.90	
	Average		\$ 1,428,571	1,428,571	46,429	57,143	59,657	116,426	1.95
	Over \$5,000,000	40	\$ 1,500,000	1,500,000	100,000	100,000	55,000	220,000	4.00
41		2,000,000	2,000,000	50,000	75,000*	190,000	365,000	1.92	
42		---	---	25,000	25,000	30,000	35,000	1.17	
43		---	---	50,000	250,000*	50,000	150,000	3.00	
Average		\$ 1,750,000	1,750,000	56,250	112,500	81,250	192,500	2.37	

* Quote at 1984 level not provided.

** Actual or quotes.

AMERICAN INSTITUTE OF ARCHITECTS, ALASKA CHAPTER
and the
ALASKA SOCIETY OF PROFESSIONAL ENGINEERS

Errors and Omissions Insurance Survey

November 1985

The following is a summary of comments by respondents:

- The triple cost of premiums made it unfeasible for a small firm, such as ours, to continue to carry this coverage.
- New policy with new carrier - they would not cover prior acts, so the retroactive date became the date of the new policy. I am still trying to find insurance for my prior acts.
- Coverage was not renewed for 1985 due to an increase in premiums of over 400%.
- We are doing without errors and omissions insurance. In ten years of practice, we have never litigated a claim. In view of our reduced practice and low-risk projects, the premium increase is unconscionable. The insurance industry has a problem, not us, but they want us to pay for it.
- Applications were submitted to five firms. So far, two have declined, one pulled out of Alaska, one said its gross income was too small and still no response from the fifth. Did offer suggestions of a higher deductible and instead of the \$500,000 limit, suggested even \$250,000, but so far no response.
- The firm is now, in essence, uninsurable as the project insurance contract was canceled. The current practice of the insurance industry is an apparent deliberate method of putting the small businesses in this country either out of business entirely or at an uncompetitive disadvantage for lack of ability to obtain required insurance coverage.
- My old insurance broker sold the company to another broker who in turn sold to an Eastern company this year. At the same time, our insurance was due for renewal and the old insurance underwriter would not renew A&E liability insurance in Alaska. We had to find a new broker who filed applications with three companies but was having trouble getting quotations. In the meantime, the State DOT&PF terminated a contract we were working on for some time due to the fact that we did not have insurance coverage for a short period of time.

AMERICAN INSTITUTE OF ARCHITECTS, ALASKA CHAPTER
and the
ALASKA SOCIETY OF PROFESSIONAL ENGINEERS

Errors and Omissions Insurance Survey

- Errors and omissions insurance may not be affordable for us next year.
- Did not renew because of the cost. One of my clients is requiring \$500,000 in errors and omissions insurance. I am trying to get a new quote without prior acts coverage.
- Half the coverage for almost four times the premium -- that is an 800% increase. The carrier already told us we can expect a 20% to 30% increase for next year. This may tap us to the limit, that is, fold our doors. It is about time the federal government and the Alaska State legislature did something positive to keep small business firms in business. It is getting extremely difficult to compete with the big boys, especially with these dramatic insurance increases!
- In 1985, dropped coverage from \$1,000,000 with \$7,500 deductible to \$500,000 with \$10,000 deductible and the premium paid was \$34,000. Don't remember the May 24, 1985 questionnaire. Since my coverage runs from August 31 to August 31, it was easier to give you the actual amounts as they appear on my application for errors and omissions insurance. Basically, when considering we are paying five times the premiums for half the coverage, that represents a 1000% increase!

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER
FROM: PATRICIA BIEBER
PROVIDENCE HOSP, BOX 196604 99519
ANCHORAGE
261-3101

BILL NO: AB 532

SUBJECT: LIMITATIONS ON CIVIL LIABILITY

MESSAGE:

PROVIDENCE HOSPITAL IS ALARMED ABOUT THE IMPACT THAT THE EXTRA-ORDINARY INCREASES IN MALPRACTICE PREMIUMS WILL HAVE ON MEDICAL CARE DELIVERY AND THE SUBSEQUENT HEALTH OF ALASKANS. A SPECIAL CONCERN IS CARE FOR PREGNANT WOMEN. WE STRONGLY URGE THE PASSAGE OF MEANINGFUL TORT REFORM TO HELP RESOLVE THIS CRISIS.

DATE: 04/17/86 TIME: 15:52:49 SENT BY: ANCHORAGE LIO

COPIES TO: HOUSE JUDICIARY
SENATE JUDICIARY



Telegram

C9024

PDM ANCHORAGE ALASKA 15 05-03 1113A ADT

PMS

REP MIKE MILLER

JUNEAU

PLEASE PASS TDRT REFORM LEGISLATION BASED ON THE COMPRE-
HENSIVE SOLUTION PROPOSED BY THE CITIZENS COALITION.

GARY AND BARBARA BAUCH

2431 WEST 100 4 AVE

ANCHORAGE AK 99515

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER
FROM: SANDRA ALTO
5733 JENNIFER CIRCLE
ANCHORAGE 99504
337-8837

BILL NO: HB 522
SUBJECT: UNFAIR INSURANCE CLAIMS SETTLEMENT PRACTICES
MESSAGE:
PLEASE GIVE YOUR FULL SUPPORT TO HB 522.

DATE: 04/23/86 TIME: 11:16:49 SENT BY: ANCHORAGE LIO

COPIES TO: HOUSE MEMBERS

ED RATLIFF
6448 BARCLAY COURT
ANCHORAGE, AK

99504



Mailgram®



1-013415U093 04/03/86 ICS NY79621
00052 MLTN VA 04/03/86 JN22131

AHGA

HON. M. MIKE MILLER, CHAIRMAN
HOUSE JUDICIARY COMMITTEE
FOUCH V
JUNEAU, AK

99801

RE: HOUSE BILL 532 - CITIZENS COALITION FOR TORT REFORM
THIS BILL HAS, OR WILL SHORTLY COME BEFORE YOUR COMMITTEE FOR
CONSIDERATION. YOU ARE URGED TO STRONGLY PASS THIS BILL THROUGH
COMMITTEE AND ON TO THE FLOOR.
TORT REFORM AS PROPOSED BY HOUSE BILL 532 WILL ACHIEVE A FAIRNESS IN
OUR CIVIL JUSTICE SYSTEM THAT IS GREATLY NEEDED AT THIS TIME. THIS
FAIRNESS, UNDER THIS BILL, WOULD APPLY TO BOTH PLAINTIFF AND
DEFENDANT.
HELP RETURN STABILITY TO OUR SOCIAL JUSTICE SYSTEM AND CREATE A
STABLE
ENVIRONMENT IN WHICH OUR BUSINESSES IN THIS STATE MAY CONDUCT THEIR
BUSINESS IN SOME ATMOSPHERE OF CERTAINTY.
THIS IS AN IMPORTANT ISSUE FOR ALL ALASKANS. YOUR SUPPORT AND
PASSAGE
IS STRONGLY URGED.
KINDEST REGARDS,
ED RATLIFF
6448 BARCLAY COURT
ANCHORAGE, ALASKA 99504

1718 EST

MGMCOMP MGM

Form L-01342 1801557

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER

FROM: BARBARA CLUTTER
663 DEAUW
FAIRBANKS, ALASKA
452-1611

99709

BILL NO: HB 532

SUBJECT: LIMITATIONS ON CIVIL LIABILITY

MESSAGE:

I AM A MEMBER OF NINETEEN PHYSICIAN CORPORATION IN FAIRBANKS. FOR THIS GROUP, OUR MALPRACTICE INSURANCE PREMIUMS INCREASED FROM \$206,000 TO \$354,000 LAST YEAR. TO COVER THIS INCREASE, WE HAD TO RAISE OUR FEES 7 PERCENT. I URGE YOUR SUPPORT FOR THE COALITION FOR TORT REFORM BILLS HB532 AND SB377.

DATE: 03/27/86 TIME: 13:52:10 SENT BY: FAIRBANKS LIO

COPIES TO: REPRESENTATIVE: DON CLOCKSIN
REPRESENTATIVE: JIM DUNCAN
REPRESENTATIVE: MIKE NAVARRE
REPRESENTATIVE: PAT POURCHOT
REPRESENTATIVE: BEN GRUSSENDORF
REPRESENTATIVE: ALBERT P. ADAMS
HOUSE JUDICIARY

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER
FROM: HANK RUST, RUST FLYING SERVICE
BOX 190325
ANCHORAGE 99519
243-1595

BILL NO:

SUBJECT: INSURANCE

MESSAGE:

INSURANCE COSTS UP NEARLY 100 PERCENT OVER LAST YEAR. SMALL BUSINESS
CANNOT OPERATE WHERE INSURANCE COSTS 25 PERCENT OF GROSS TORT
REFORM THE ONLY SHORT TERM RELEASE. IMPERATIVE YOU LEGISLATE SOME
FORM OF TORT REFORM THIS TERM OR TRANSPORTATION INDUSTRY IS DOWN THE
TUBES.

DATE: 04/01/86 TIME: 16:23:17 SENT BY: ANCHORAGE LIO

COPIES TO: HOUSE MEMBERS
SENATE MEMBERS

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER
FROM: DON WITSOE
P. O. BOX 871042
WASILLA AK 99687
376-2207
BILL NO: HB 481
SUBJECT: VERDICTS/DAMAGES/LIABILITY IN CIVIL ACTIONS
MESSAGE:
PLEASE VOTE IN FAVOR OF HB481.

DATE: 03/25/86 TIME: 14:28:23 SENT BY: MATSU LIO

COPIES TO: HOUSE MEMBERS
SENATE MEMBERS

PUBLIC OPINION MESSAGE

TO: REPRESENTATIVE M. MIKE MILLER

FROM: ROBERT SMITH
P.O. BOX 870095
WASILLA AK
376-2517

99687

BILL NO: HB 481

SUBJECT: VERDICTS/DAMAGES/LIABILITY IN CIVIL ACTIONS

MESSAGE:

IN FAVOR OF TORTE REFORM, HB 481. IT IS DRIVING OUR BUSINESS PEOPLE
BROKE.

DATE: 03/24/86 TIME: 14:02:50 SENT BY: MATSU LIO

COPIES TO: HOUSE
SENATE

LEGISLATIVE AFFAIRS AGENCY

HJUD - MM Miller
John Sund
Grunberg
Taylor
Clocksin
Pearson Phillips

MEMORANDUM

Peggy -
Here are the petitions I spoke
to you about on phone 5/7. To
be distributed to:

All members of House Judiciary
Senators Lehtola, Kelly, Halpern
Reps. Larson, Catten, Murphy

Thanks
Mary
Matt - Su 410

We, the undersigned residents of Eagle River, Chugiak,
 Birchwood and the Matanuska Valley, urge you to support the
 strongest possible legislation to reform tort laws in Alaska,
 especially the Sponsor Substitute for HB 532 and the strongest
 possible version of SB 377.

Name (Print and Write)

Address

Caryl Livingston Caryl Livingston SRB Box 6531 Wasilla
Debra Klein Debra Klein Box 2524 Palmer
~~W. Latta Stehlik~~ W. Latta Stehlik 1122 984 Palmer
SHARON KERN Sharon Kern Box 416 Palmer AK 99644
Patricia A Haugen Patricia A. Haugen 307 N Church Palmer AK 99645
Katherine L. Horvath Katherine L. Horvath Box 934 Palmer AK 99645
Dorothy L. Fecht Dorothy L. Fecht P.O. Box 2852 Palmer, AK 99644
Jodie J. Stiglic Jodie J. Stiglic P.O. Box 954 Palmer AK 99645
Theresa M. Hicks Theresa M. Hicks SRB Box 76918 Palmer AK 99645
Denise Willis Denise d. Willis PO Box 2473 Palmer AK 99644
Ann Judith Sjodin Judith Sjodin SRB Box 6634 Palmer AK 99645
Deborah Steward Deborah Steward Box 3382 Palmer AK 99645
Lace Coxton SRB Box 9394 Palmer, AK 99645
GLORIA BUSH Gloria Bush STRB Box 6750 Palmer, AK 99645
CLARA AGRANT Clara LaBont CAROL ANN DR. P.O. BOX 150 PALMER, AK 99645
Sharon A. Smith Sharon A. Smith P.O. Box 538 Palmer, AK 99645
Audrey M. Lindquist Audrey M. Lindquist 424 E. Dogwood - E1 PALMER
Ernice K. FLINT Ernice K. Flint SRB Box 9801 Palmer AK 99645
Janes M. Haugen Janes M. Haugen - 307 N Church Palmer, AK. 99645
Paula A. Brill Paula A. Brill 248 S. Alaska St Palmer AK 99645

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 strongest possible legislation to reform tort laws in Alaska,
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 possible version of SB 377.

Name (Print and Write)	Address
Leon J. Kurn	Leon J. Kurn Box 642 Palmer AK 99645
Carolyn A. Kuhn	Carolyn A. Kuhn
Key Omar	Key Omar 512 Gold Key Lane Palmer AK 9964
Cheryl L. Clark-Hoath	Cheryl L. Clark-Hoath PO Box 876735 Wasilla AK 99687
Janice Werner	Janice Werner P.O. Box 7271 Palmer, AK 99645
Charlene Deemer	Charlene Deemer Box 876716 Wasilla AK 99687
Khinda Rousey D. Priest	Khinda Rousey D. Priest Box 988 Palmer, AK 99645
Harriet Nielsen	Harriet Nielsen Box 2035 Palmer, AK 99645
Phyllis J. Witzel	Phyllis J. Witzel Box 3497 Palmer AK 99645
Aedene L. Arthur	Aedene L. Arthur 5 Plumley Road SRB 7300 Palmer AK 9964
Cheri Johnston	Cheri Johnston SRB Box 7548A Palmer AK 9964
Charles N. Fer	Charles N. Fer Box 1513 Palmer, AK 996
Norma Stachick	Norma Stachick SRD Box 9771 Palmer, AK 99645
Patricia Mulligan	Patricia Mulligan S.R.B. Box 7634 Palmer, AK 9964
Lana Henley	Lana K. Henley P.O. Box 87-1240 Wasilla AK 99645
Wanda Wilson	Wanda Wilson SRB Box 7271 Palmer AK 99645
Patricia Wilson	
Patricia Wilson	Patricia Wilson PO Box 9571 Palmer 9964
Ken Klunder	Ken Klunder PO Box 241 Palmer 99645
Kim Nunert	Kim Nunert General Del. Palmer 99645

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)

Address

<u>Diane Lee Summers</u> Diane Lee Summers	<u>22 East Anchorage #4</u>	<u>Palmer, Alaska</u>
<u>DIONA M. ROBERTS</u> DIONA M. ROBERTS	<u>Box 2875</u>	<u>PALMER AK 99645</u>
<u>Anita Leonard</u>	<u>Box 870692</u>	<u>Wasilla AK 99687</u>
<u>Elizabeth Hiller</u>	<u>1007 S. Service St Apt 3</u>	<u>Wasilla AK 99687</u>
<u>James & Lisa Hacker</u>	<u>P.O. Box 873431</u>	<u>Wasilla AK 99687</u>
<u>Donald Smith</u>	<u>P.O. Box 870011</u>	<u>Wasilla AK 99687</u>
<u>Harold M. Salak</u>	<u>P.O. Box 874706</u>	<u>Wasilla AK 99687</u>
<u>Rich D. Giller</u>	<u>Box 2844</u>	<u>Palmer 99645</u>
<u>Christine S. Giller</u>	<u>Box 1481</u>	<u>Palmer AK 99645</u>
<u>Diane K. Hocking</u>	<u>Box 1431</u>	<u>Palmer AK 99645</u>
<u>James S. Hocking</u>	<u>1047 S. Alaska St #1</u>	<u>Palmer AK 99645</u>
<u>Linda Braun</u>	<u>S.R. Box 7686-17</u>	<u>Palmer, Alaska 99645</u>
<u>James L. Giller</u>	<u>581 S. Denali</u>	<u>Palmer AK</u>
<u>James L. Giller</u>	<u>JAMES GILLER BOX 2052</u>	<u>PALMER AK 99645</u>
<u>James L. Giller</u>	<u>S.R. Box 568A</u>	<u>Wasilla AK 99687</u>
<u>M.H. Giller</u>	<u>S.R. Box 2991</u>	<u>Wasilla, AK 99687</u>
<u>Clara Giller</u>	<u>S.R. Box 2991</u>	<u>Wasilla, AK 99687</u>
<u>Lori L. Hacker</u>	<u>Box 873431</u>	<u>Wasilla AK 99687</u>

Christine S. Giller

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)	Address
Alice J. Halinger	PO 3149 Palmer, AK 99645-3149
(and her husband) Carl W. Halinger	PO Box 876984 Wasilla AK 99687
William F. Berto	PO Box 1000 Palmer AK 99645
Alan E. Mowbray	PO Box 77628 Wasilla AK 99687
James H. Miller	PO Box 7012 Palmer AK 99645
Boyer King	P.O. 771786 Eagle River AK 99577
Mike Burkhardt	PO 2745 Palmer AK 99645
Joan Taylor	PO 87643 Wasilla AK 99687
Arthur Miller	407 S. Colony Way Palmer AK 99645
J. David Althausen	PO Box 2202 Palmer AK 99645
David Mayochak	POB 720 PALMER, AK 99645
Susan J. Lemay	PO Box 423, E. Dahlin Suite J Palmer AK 99645
Leah Nelson	Box 2556 Palmer AK 99645
Cathy D. Leland-Jones	PO Box 876389 Wasilla AK 99687
Lois Hugel	PO Box 874663 Wasilla AK 99687
Robert Munsell	P.O. Box 872665 Wasilla AK 99687
Hilma Munk	PO Box 112000 Palmer AK 99645
John H. Jones	PO Box 30 Palmer AK 99645
Genevieve Young	SR C 8106 Palmer AK 99645
Maxie R. Chandler	Rt A. Box 6670, Wasilla AK 99687

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Name (Print and Write)	Address
Laura A. Carney LAURA A. CARNEY	P.O. Box 217 SUTTON AK. 99674
LARRY ROBINSON	2000 E. 36th ANCHORAGE AK. 99508
Cheryl Wilson	1013 E. Diamond #268 Anch AK. 99515
Frank ...	1-320P-N ... AK 99657
STACY Sims	2495 KANITNA Dr. Eagle River 99577
William W Resinger WILLIAM W RESINGER	HUNTLEY RD P.O. Box 859 PALMER, ALASKA 99645
STACY Sutton	P.O. Box 75177 Wasilla AK 99683
JOHAN VAN HOESEN John Van Hoesen	6715 Blackburn St., Anchorage, Ak 99502
John ...	P.O. Box 3595 Palmer AK 99645
Julia Jones	P.O. Box 3595 Palmer AK 99645
Mary FEARIN Mary ...	P.O. Box 8740.31 Wasilla 99687.
Shirley L. Morgan Shirley L. Morgan	S.R.D. Box 934 Palmer Ak. 99645
Shirley Dyer	PO Box 1991 Palmer, Ak. 99645
Kelly S. Blakeman (Kelly S. Blakeman)	P.O. Box 3743 Palmer Ak 99645
Kathy Warren Kathy Warren	P.O. Box 2035 Palmer, AK 99645
Sarah Jackson Sarah Jackson	PO Box 3155 Palmer AK 99645
Joyce Miles JOYCE Miles	P.O. Box 13-195 Trapper Creek 99683
Sherry Snyder Sherry Snyder	Box 2625 Palmer AK 99645
Sherry Snyder	P.O. Box 185 Sutton, AK. 99674

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)

Address

Terry Klein Jerry Klein POB. 3565 Palmer 99645

Lucille Magee Lucille Magee P.O. 1975 Palmer 99645

Mario Arlo 216 P.O. Box 2724 Palmer 99645

Al. Laurin P.O. Box 973843 Wasilla 99687

R.A. Strigler P.O. Box 2136 Palmer AK

Winnau Maltin POBox 174388 Eagle River AK 99577

Walter P.O. SRBBox 9524 Palmer AK

Mary Peterson P.O. Box 876836 Wasilla AK. 99687

Maureen Ruckman P.O. Box 373 Sutton, AK 99687

Wicki LaLonde SRB 7347-A3 Palmer, AK 99645

Pat Russell General Delivery Palmer, AK. 99645

~~BOBBY VANOVER~~ Bobbi Vanover POBox 3504 Palmer, AK 99645

Fan Landauer POBox 873822 Wasilla AK 99687

William D. Murray SRD 9152 Palmer Alaska 99645

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

~~Kim Matthews~~
Name (Print and Write)

Address

Kim Matthews SRA Pavle 4167 - Palmer, AK 99645

W.D. Cunningham Birchwood Palmer, AK

Ronald L. Hoak SRA Box 6025D Palmer AK 99645

^{Boone J. K. K.}
B. J. K. K. 54 194 Palmer AK 99645

^{Berry Munstetter}
Berry Munstetter P.O. Box 874492 Wasilla AK 99687

Patricia A. Merrill Box 2766 Palmer, AK 99645

^{Victoria A. Faust}
Victoria A. Faust Box 870372 Wasilla, AK 99687

Luke Belle Fikard Finger Lake Height Sub. AK 4 Lot 7.
John Belle Fikard Gen. P.O. Palmer, AK 99645.

Madeline Stinson P.O. Box - 773972 Eagle River, AK 99645

John B. L. E. T. V. 10 Box 2935 Palmer AK 99645.

Mark Stewart 561 S. Denali Suite E, Palmer

Mark C. Stewart Alaska 99645

Mary Rardon 1236 W 10th Anch. AK 99501

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)

Address

Mary Ann Boyd
Mary Ann Boyd 1065 Randa Way, Palmer, AK 99645

Ruth A. Cape Ruth A. Cape Box 1983 Palmer, AK 99645

Barbara J. Ferraro BARBARA J. FERRARO Box 340, Palmer AK 99645

Marvyn Burleson MARVYN BURLESON Box 195, PALMER 99645

Simund H. Restad SIMUND H. RESTAD SHD Box 9571 PALMER, AK 99645

Chienku Ping Chienku PING P.O. Box 2885, Palmer, AK 99645

Laura M. Kale Laura M. Kale 1465 Scotwood Wasilla, AK 99665

Karen M. Kebler KAREN M. KEBLER SDB Box 7008 Palmer AK 99645

Wm W. Mitchell (Wm W. Mitchell) Box 137, Palmer, AK 99645

Donald Erickson Donald Erickson Box 1081 Palmer - AK 99645

Clyde W. Hornal Clyde W. Hornal P.O. Box 870361 Wasilla, AK 99667

X.C. Christensen X.C. Christensen Box 1073 Palmer, AK 99645

Ronald E. Carling Ronald E. Carling Box 2294 Palmer 99645

Charles Christensen Charles Christensen Box 1073 Palmer, AK 99645

Dorothy Helm Dorothy Helm P.O. Box 3136 Palmer, AK 99645

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)	Address
<i>and Mrs. ...</i> LUST MERRAD	Box 874969 WASILLA 99687
<i>W. Vleeshouer</i> DENS W. VLEESHOUER	P.O. Box 871473 WASILLA 99687
<i>W. Vleeshouer</i> Ali Ali Vleeshouer	1152 M. Kee Lane Wasilla 99687
<i>Sandra C. ...</i> Sandra C. ...	Box 872666 Wasilla 99687
<i>Kathleen O. ...</i> KATHLEEN O. ...	P.O. Box 874855 Wasilla 99687
<i>Diane N. Robinson</i> DIANE N. ROBINSON	2801 ... Way Wasilla 99687
<i>Mrs. Irene Bush</i> Mrs. Irene Bush	P.O. Box 870354 Wasilla AK 99687
<i>Ulrich Siekmeyer</i> ULRICH SIEKMEYER	2750 ... Way Wasilla AK 99687
<i>Jeanne M. Tordan</i> JEANNE M. TORDAN	SRD Box Palmer, AK 99645
<i>Edith M. Pinquish</i> EDITH M. PINQUISH	P.O. Box 870315 Wasilla 99687
<i>... ..</i> Wasilla AK 99687
<i>Beverly Barrera</i> BEVERLY BARRERA	P.O. Box 872911 Wasilla AK 99687
<i>Sixta A. Barrera</i> SIXTA A. BARRERA	P.O. Box 872911 Wasilla AK 99687

We, the undersigned residents of Eagle River, Chugiak, Birchwood and the Matanuska Valley, urge you to support the strongest possible legislation to reform tort laws in Alaska, especially the Sponsor Substitute for HB 532 and the strongest possible version of SB 377.

Name (Print and Write)

Address

Deborah Ann Bok - SR Box 91779 Palmer, AK 99644

Petersen, Esther - P.O. Box 2744 Palmer, AK

Petersen, ... P.O. Box 2744 Palmer, AK

Michelle Miller - P.O. Box 6747 Palmer, AK

Shelley Windmiller - Shelley Windmiller 344 S. Cobble # B-3 Palmer, AK

Deborah Gillespie 200 Anna St Palmer AK 99645

Jack ... 1802 W 57th Anch, AK 99503

Theresa ... P.O. Box 87-1037 Wasilla AK 99687

Paula O'Connell - SR Box 5346A Wasilla, AK Paula O'Connell

Valerie Pickle - Box 91 Sutton AK 99674

Dondalee Southern - SR Box 6525V Wasilla, AK

Kentucky, Lori - ^{hru} Kentucky - P.O. Box 871306 Wasilla, AK

Cheranne, Mabel - SR Box 7642 - Palmer, AK 99645

Linda J. ... - Box 2556 Palmer, AK 99645

Joe Sitton
Chris Birch
Introduced: 12/5/85
Postponed: 12/9/85

RESOLUTION NO. 85-086

A RESOLUTION SUPPORTING THE
CITIZENS' COALITION FOR TORT REFORM REGARDING
INSURANCE PREMIUMS

WHEREAS, the Fairbanks North Star Borough has had its budget reserve seriously diminished by the unanticipated increase of \$600,000 in its annual insurance premium last year, and has been adjusted to an additional \$500,000 increase this year; and

Handwritten initials/signature

WHEREAS, other Alaska communities, businesses, school districts, and private citizens are similarly suffering because of the need for legislative redress of the problems peculiar to the Alaska insurance industry; and

WHEREAS, Alaska has a limited availability of liability insurance programs and has experienced a dramatic rise in liability premiums; and

WHEREAS, legislative remedies are needed to restore predictability and affordability to liability insurance programs; and

WHEREAS, the Citizens' Coalition For Tort Reform has identified those areas needing legislative remedy, and has proposed solutions;

NOW, THEREFORE, BE IT RESOLVED by the Fairbanks North Star Borough Assembly that it supports the efforts of the Citizens' Coalition for Tort Reform to achieve legislative remedies, and urges the Alaska Legislature to make these reforms a priority of this legislative session.

PASSED AND APPROVED THIS 24TH DAY OF APRIL, 1986.

Presiding Officer

ATTEST:

Clerk of the Assembly

RESOLUTION SUPPORTING
THE CITIZENS COALITION FOR TORT REFORM
REGARDING INSURANCE PREMIUMS

WHEREAS: The Greater Ketchikan Chamber of Commerce has had its member reserves seriously diminished by the unanticipated increase in their annual insurance premiums, and;

WHEREAS: other Alaska communities, businesses, school districts and private citizens are similarly suffering because of the need for legislative redress of the problems peculiar to the Alaska insurance industry, and;

WHEREAS: Alaska has a limited availability of liability insurance programs and has experienced a dramatic rise in liability premiums, and;

WHEREAS: legislative remedies are needed to restore predictability and affordability to liability insurance programs, and;

WHEREAS: the Citizens Coalition for Tort Reform has identified those areas needing legislative remedy and has proposed solutions;

NOW, THEREFORE, BE IT RESOLVED: The Greater Ketchikan Chamber of Commerce supports the efforts of the Citizens Coalition for Tort Reform to achieve legislative remedies and urges the Alaska State Legislature to make these reforms a priority of the coming and future legislative sessions.

DATED at KETCHIKAN, ALASKA this 21st day of April, 1986.

Joy C. Clark

JOY CLARK, PRESIDENT
GREATER KETCHIKAN CHAMBER OF COMMERCE
P.O. Box 5957
KETCHIKAN, AK 99901

Don Harrison

Don Harrison
Second Vice-President

Larry Herrman

Larry Herrman
Secretary

Paul Wingren

Paul Wingren
Immediate Past President

Scott C. Milner, CPA

Scott Milner
Treasurer

Jack Davies

Jack Davies, Director

Jim Elkins

Jim Elkins, Director

Neil Gray

Neil Gray, Director

Terilyn Lynn

Terilyn Lynn, Director

Bob Norton

Bob Norton, Director

Roger Stone

Roger Stone, Director

Mike Cusack

Mike Cusack, Director

Carolyn Ehlers

Carolyn Ehlers, Director

Jan French

Jan French, Director

Gary Larson

Gary Larson, Director

Angelo P. Martin

Angelo Martin, Director

Dwight Stampflee

Dwight Stampflee, Director



**Groups, Organizations and Businesses
supporting the tort reform positions of
The Citizens Coalition for Tort Reform
(5/7/86)**

Alaska Air Carriers	Cordova Chamber of Commerce
Alaska Airmen's Association	Cordova City Council
Alaska Broadcasters Assn.	Dillingham Chamber of Commerce
Alaska Chapter American Institute of Architects	Fairbanks Chamber of Commerce
Alaska Chapter, American Optometric Assn.	Fairbanks North Star Borough Assembly
Alaska Dental Society	Houston City Council
Alaska Hotel & Motel Assn.	Humana Hospital - Alaska
Alaska Movers Assn., Inc.	Independent Electrical Contractors Assn.
Alaska Oil Marketers Assn.	Insurance Brokers & Agents Assn.
Alaska Physical Therapy Assn.	International Assn. of Drilling Contractors
Alaska Rental Assn.	International Childbirth Education Association
Alaska Section, Am. Soc. of Civil Engineers	Ketchikan Chamber of Commerce
Alaska Society of Professional Engineers	Matanuska-Susitna Borough Assembly
Alaska State Chamber of Commerce	Midnight Sun Travel, Inc.
Alaska State Health Assn. (Hospitals)	Palmer Chamber of Commerce
Alaska State Medical Assn.	Pension Consultants
Alaska Truckers Assn.	Professional Engineers in Private Practice Alaska
Alaska Visitors Assn.	Professional Physical Therapists Assn.
American College of Nurse Midwives, Ak Chapter	Risk Management Assn.
Anchorage Board of Realtors	Sitka Chamber of Commerce
Anchorage Chamber of Commerce	Soldotna City Council
Anchorage Daycare Operators	Southern Alaska Life Underwriters
Anchorage Restaurant & Beverage Assn. (ARBA)	Utility Contractors of Alaska
Associated General Contractors	Wasilla City Council
Cabaret Hotel & Restaurant Retailers (CHARR)	

	Initials	Date
Prepared By		
Approved By		

Sen. Don Bennett
 Sen. Jack Coghill
 Sen. Bettye Jakrenkamp
 Rep. Mike Davis
 Rep. Steve Frank
 Rep. John Ringsted
 Rep. Niilo Koponen
 Rep. Richard Schultzy
 Rep. Mike Miller

Re Tort Reform.

I support the State Chamber position on Tort Reform.

It seems juried feel that insurance companies have deep pockets, especially if the insured is a governmental unit or a large corporation. We need to assume more responsibility for our actions instead of looking for someone to sue.

RAY KOHLER
 P.O. BOX 607
 FAIRBANKS, AK 99701



Sincerely
 Ray Kohler

ALASKA STATE CHAMBER OF COMMERCE POSITION ON TORT REFORM:

Reasonable restrictions should be placed on portions of judicial awards which are not directly related to a victim's financial loss and which require liability to follow fault.

This will increase predictability of insuring specific casualties. Legislation which will take the following actions is supported by ASCC:

- 1) Place a cap on non-economic judicial awards (pain & suffering, inconvenience, etc.)
- 2) Require structured settlements in the form of periodic payments of judgments.
- 3) Permit collateral insurance coverage to be presented to juries.
- 4) Establish a sliding scale for contingent fee agreements between attorneys & plaintiffs
- 5) Amend the rules of liability so a person at fault is responsible only for the degree of injury which was caused by his or her negligence.


CITIZENS COALITION FOR TORT REFORM, inc.

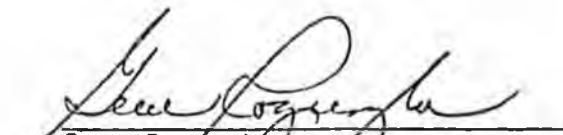
"voices raised in unison..."


March 28, 1986

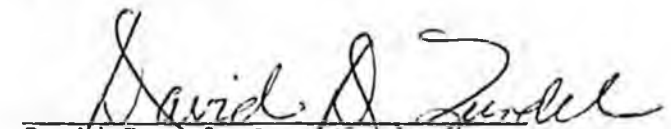
TO: ALL LEGISLATORS

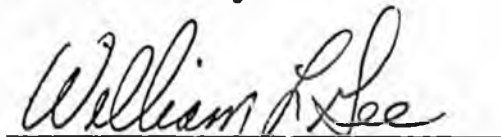
Please note that the Citizens Coalition for Tort Reform continues to support the principles set forth in our original comprehensive solution. Those principles are contained in SSHB 532 and most of them are in SB 377. We appreciate the hard work and support which has been put forth in the effort to reform some of the tort practices which have developed in the past few years.



Al Tamagni, Sr.
Chairman of the Board

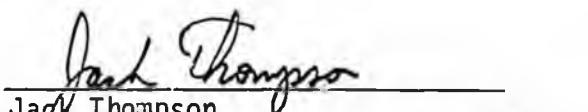

Gene Roguszka
Vice Chairman

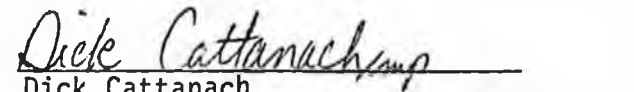

David MacGuire, M.D.
Vice President;
President, Alaska State
Medical Society

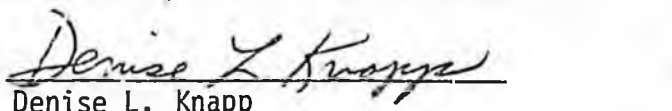

David Zundel, Secretary;
Executive Director,
Alaska Air Carriers

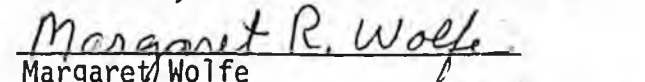

Bill Gee, Treasurer

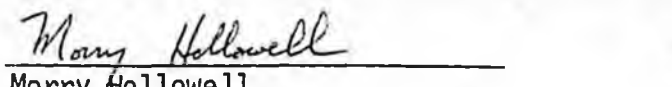

Frank Mears, President
Professional Trust Administrators, Inc.

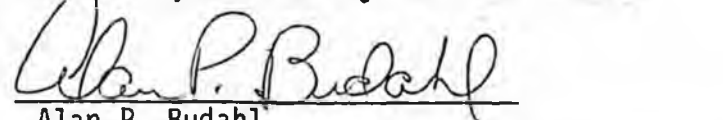

Jack Thompson
President, Alaska Movers Association

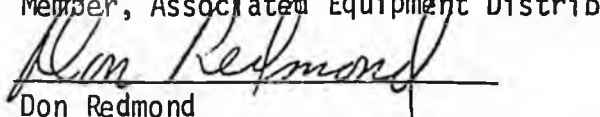

Dick Cattanach
Chairman, Insurance Tax and Bonding
Committee, Alaska General Contractors

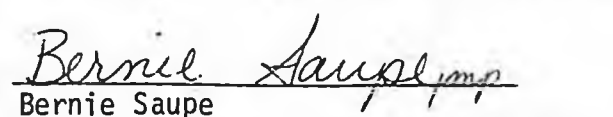

Denise L. Knapp
Board Member
Southern Association of Life Underwriters


Margaret Wolfe
President, Midtown Daycare Center Inc.


Morry Hollowell
President, Yukon Equipment
Member, Associated Equipment Distributors


Alan P. Budahl
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Association, Inc.

Marilyn Pierce-Bulger
Marilyn Pierce-Bulger
Chairman, Alaska Chapter
American College of Nurse-Midwives

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Martha A. Dearborn
Executive Director
Alaska Dental Society

T.J. Thrasher
T.J. Thrasher
Executive Director
Alaska Trucking Association

James E. Suttle
James E. Suttle
Chairman, Alaska Chapter
International Association of
Drilling Contractors

Marigale Compton
Marigale Compton
Liason, Anchorage Board of Realtors

Anita Farley
Anita Farley
Childbirth Educator

Lynn J. Coon, O.D.
Lynn J. Coon, O.D.
Legislative Chairman, Alaska Chapter
American Optometric Association

Dr. Vince Haneman P.E.
Dr. Vincent S. Haneman, Jr., P.E.
Immediate past President, Alaska
Society of Professional Engineers
and Dean of Engineering - University
of Alaska, Fairbanks

Nelson M. Franklin
Nelson M. Franklin
Chairman, Professional Engineers
in Private Practice

Charles H. Selman
Charles H. Selman
President, Caberet Hotel and
Restaurant Retailers (CHARR)

Mary Pierce
Mary Pierce
Risk Management Consultant

Michael W. Gordon
Michael W. Gordon
Board Member, (ARBA)
Anchorage Restaurant & Beverage Assoc.

Roy Robinson
Roy Robinson
Vice-President, Alaska Broadcasters
Association

Diane E. Ramey
Diane E. Ramey
Liason, Alaska Physical Therapy
Association

Dennis DeWitt
Dennis DeWitt
Executive Director, Health Association
of Alaska



ALASKA VISITORS ASSOCIATION

P.O. BOX 10-2220
ANCHORAGE, AK 99510
(907) 276-6663

Telex: 25 147
Within Alaska: 090-25-147
Lower U.S.: 0305-25-147
Canada: 0305-25-147
International: J14 25-147

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President
DENNIS BRANDON
Sheffield Enterprises
Anchorage, Alaska

Vice President - Administration
DEAN WEIDNER
The Weidner Co.
Mercer Island, Washington

Vice President - Government Relations
CHRIS VON IMHOF
Alaska Resort
Girdwood, Alaska

Vice President - Marketing
GARY ODLE
Alaska Airlines
Seattle, Washington

Secretary
HAL T. WEST
Alaska West Associates
Anchorage, Alaska

Treasurer
A. K. KIRK LANTERMAN
Holland America Westlours
Seattle, Washington

Executive Director
DALE FOX

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GEORGE SUNDBORG
1950

ROBERT E. ELLIS
1951-1952

EDWARD D. COFFEY
1952-1955

MARSHALL CRUTCHER
1956-1958

BEN CRAWFORD
1959-1959

EVERETT PATTON
1957-1959

ROBERT A. BAKER
1959-1960

ROBERT E. ELLIS
1960-1962

ROBERT GIERSUORF
1962-1963

E. E. SWOFFORD
1963-1964

H. JACK MUSIEL
1964-1966

JAMES JOHNSON
1966-1967

FRANK DOWNEY
1967-1968

BILL STEFFIELD
1968-1969

JOHN MONROE
1969-1970

RONALD LAY MORE
1970-1971

JOHN STEVENS
1971-1972

LEN LAURANCE
1972-1973

E. AL PARRISH
1973-1974

A. E. "BUD" HAGBERG
1974-1975

CHUCK WEST
1975-1977

CHARLES CONWAY
1977-1978

JIM BINKLEY
1978-1979

MARTHA EDWARDS
1979-1980

ROLF KLUG
1980-1981

DAVE PALMER
1981-1982

CHRIS VON IMHOF
1982-1983

ROBERT H. BRENNAN
1983-1984

A RESOLUTION IN SUPPORT OF TORT REFORM

WHEREAS, liability insurance is a necessary cost of doing business within the tourism industry in Alaska; and,

WHEREAS, liability insurance costs have continued to rise to prohibitive levels for many businesses; and,

WHEREAS, these higher costs result in a higher end product cost to the consumer; and,

WHEREAS, these higher costs of insurance are forcing many important visitor attractions out of business and prohibiting the entry of others,

THEREFORE BE IT RESOLVED that the Alaska Visitors Association make Tort Reform a Legislative priority and further direct the board and staff to work with the Citizen's Advocate Committee for Tort Reform and the Governor's Task Force on Insurance.

SUBMITTED BY: Jan Wrentmore, Suzanna Mullen, Bob Jacobsen, Lee Crane and Rob Englebrecht

PASSED October 12, 1985 by a vote of the membership at the Annual AVA Convention.

On the following five pages you will find a summary of the desired actions of the Citizen Advocate Committee for Tort Reform

Rev. M. Miller

Requested by: Paul Barry
Assemblyperson

MATANUSKA-SUSITNA BOROUGH

RESOLUTION SERIAL NO. 86-61

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH
SUPPORTING LEGISLATION REGARDING LIABILITY AND OTHER INSURANCE.

WHEREAS, area businesses and local governments have been unable to afford liability and other necessary insurance; and

WHEREAS, Alaska has a limited availability of liability insurance programs and has experienced a dramatic rise in liability premiums; and

WHEREAS, legislative remedies are needed to restore predictability and affordability to liability insurance programs; and

WHEREAS, the Citizens Coalition for Tort Reform and the United States Attorney General's Report from the Tort Policy Working Group of 1986 have identified those areas of public policy needing legislative remedy and have proposed solutions;

NOW THEREFORE, BE IT RESOLVED that the Matanuska-Susitna Borough supports the efforts of the Citizens Coalition for Tort Reform and the United States Attorney General's Report from the Tort Policy Working Group of 1986; and urges the Alaska Legislature to make the passage of this legislation of the highest priority for this Second Session of the Fourteenth Legislature.

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to Governor Bill Sheffield, Senators Kerttula and DeVries and Representatives Larson and Hurley.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 1st day of May, 1986.

Dorothy A. Jones
Dorothy A. Jones, Mayor

ATTEST:

Chris Seagraves
Chris Seagraves, Borough Clerk

(SEAL)

A RESOLUTION SUPPORTING
THE CITIZENS COALITION FOR TORT REFORM
REGARDING INSURANCE PREMIUMS

WHEREAS: The Greater Ketchikan Chamber of Commerce has had its member reserves seriously diminished by the unanticipated increase in their annual insurance premiums, and;

WHEREAS: other Alaska communities, businesses, school districts and private citizens are similarly suffering because of the need for legislative redress of the problems peculiar to the Alaska insurance industry, and;

WHEREAS: Alaska has a limited availability of liability insurance programs and has experienced a dramatic rise in liability premiums, and;

WHEREAS: legislative remedies are needed to restore predictability and affordability to liability insurance programs, and;

WHEREAS: the Citizens Coalition for Tort Reform has identified those areas needing legislative remedy and has proposed solutions;

NOW, THEREFORE, BE IT RESOLVED: The Greater Ketchikan Chamber of Commerce supports the efforts of the Citizens Coalition for Tort Reform to achieve legislative remedies and urges the Alaska State Legislature to make these reforms a priority of the coming and future legislative sessions.

DATED at KETCHIKAN, ALASKA this 21st day of April, 1986.

Joy E. Clark
JOY CLARK, PRESIDENT
GREATER KETCHIKAN CHAMBER OF COMMERCE
P.O. Box 5957
KETCHIKAN, AK 99901

Scott E. Milner, CPA
Scott Milner
Treasurer

Mike Cusack
Mike Cusack, Director

Carolyn Ehlers
Carolyn Ehlers, Director

Jim French
Jim French, Director

Gary Larson
Gary Larson, Director

Angelo P. Martin
Angelo Martin, Director

Dwight Stampfle
Dwight Stampfle, Director

Don Harrison
Don Harrison
Second Vice-President

Larry Herrman
Larry Herrman
Secretary

Paul Wingren
Paul Wingren
Immediate Past President

Jack Davies
Jack Davies, Director

Jim Elkins
Jim Elkins, Director

Neil Gray
Neil Gray, Director

Terilyn Lynn
Terilyn Lynn, Director

Bob Norton
Bob Norton, Director

Roger A. Stone
Roger Stone, Director



Alaska Public Health Association



P.O. Box 4-1825 • Anchorage, Alaska 99509

RESOLUTION REGARDING TORT REFORM

The Alaska Public Health Association,

Knowing that tort law appears to be a major cause of the insurance availability/affordability crisis; and

Acknowledging that there are a number of beneficial reforms of tort law that the Alaska Legislature may enact;

Therefore, calls upon the Alaska Legislature to pass tort reform legislation that contains at a minimum the following provisions:

- 1) Limitation on civil liability, to include limitation on non-economic damages.
- 2) Evidence of collateral benefits; to allow jurors to know about insurance or other benefits paid to victims, so amounts may be adjusted to prevent a windfall double recovery.
- 3) Limitation on apportionment of damages; to direct damage payments proportionate to a defendant's degree of fault.
- 4) Limitation on attorneys' contingency fees; to set contingency fees to reasonable amounts on a "sliding scale".
- 5) Periodic payments (instead of lump sum) for awards.

CITIZENS COALITION FOR TORT REFORM, inc.

"voices raised in unison..."

May 1, 1986

Hon. William A. Sheffield
Governor of Alaska
P.O. Box A
Juneau, AK 99811

Dear Governor Sheffield:

We have read your letter to Senators Faiks and Sackett, and Representative Miller, and agree with the statement that "we take clear and measured steps toward tort reform."

The issue of tort reform and insurance costs has been debated in this state as far back, at least, as 1971, and perhaps longer. The subject was studied in 1975, and an additional study was made in 1979 on the issue of compensation for bodily injury. In addition, your own task force, appointed in 1985, had an opportunity to look into the problem. And similar studies have been undertaken by the U. S. government, California and other states, many of them documented in publications of the Rand Institute for Civil Justice.

In short the volume of studies is significant. And the experience of those areas where tort and insurance reforms have been enacted is also significant. Let us point out just two such experiences.

First, the California example. In 1975, the California legislature adopted some reforms for the area of medical insurance. These included a cap on awards of non-economic damages, at \$250,000 (not tied to awards of economic damages.) Second, a sliding scale for lawyers contingency fees was established. Third, periodic payments were instituted for awards of \$50,000 and over. Fourth, information on collateral sources of funds was made available to the jury. *AND INSURANCE IS AVAILABLE*. California's medical malpractice insurance rates are up 150 percent over 1975; but the rest of the nation is up 300 percent!

In Alaska, by contrast, the result of the 1975 medical malpractice insurance crisis was that the Legislature enabled the formation of a non-profit medical insurance company, Medical Indemnity Corporation of Alaska (MICA). You appoint state officials to the MICA board of directors. MICA is non-profit, and does not have stockholders or issue dividends. It has committed none of the so-called abuses of the insurance industry. And it pegs its insurance rates to needs only, not to profits. MICA has had to raise its rates as much as 100 percent from last year to this year, even without purchasing re-insurance. When the cost of purchasing re-insurance was added, the increase, in some categories was 140 percent from 1985 to 1986.

Contrasting the California experience with Alaska should make it clear to you that continued failure to face the tort reform issue squarely will never help end the crisis.

The rise in rates for Alaska doctors is mirrored in almost every other aspect of Alaskan life. Air taxi operators have added \$40 per hour to their charges, just to cover insurance. Small construction contractors are hard-pressed to bid for Municipality of Anchorage contracts because the local government is now asking bidders to come up with greater coverage since the Municipality no longer purchases insurance. The Valley Hospital can afford insurance in the amount of only \$500,000, for which the cost is \$670 per day. Architects have seen liability insurance costs increase between 150 percent to 700 percent. Your own Department of Transportation and Public Facilities is cognizant of the difficulties encountered by architects, engineers and construction firms in getting affordable insurance. The liquor license holders have paid out only \$724,000 in premiums this year, according to an industry source; testimony to the fact that many are going "bare." And Sheffield Enterprises has seen its liability insurance costs triple. Day care centers have added to the hourly charge because of insurance costs.

To put the suggestion for more studies in fuller perspective, consider the experience of the Alaska Court System during the past few years. From FY 1983 to FY 1985, civil damage suit filings in Superior Court more than doubled. This came at a time when the overall court suit filings increased by only 18 percent. Civil damage suits rose from 1,038 to 2,096 in that period. This is out of all proportion to any population increase. Delaying for more studies is unnecessary. The crisis is now!

As for your concern about joint and several liability, there is something basically unfair about a situation in which one of several defendants may be stuck with the whole bill. Under your formula, a defendant who is 50 percent guilty may end up paying the entire award. And you do not mention the liability of plaintiffs who may be under the influence of drugs or alcohol. The primary payee in many single-car accident cases has been the State and local governments, where the driver had been abusing substances. The government has been the defendant because it happened to build the road. Your own Department of Law should be able to supply information on such cases, since it has been defending the State constantly.

Right now, Governor, two-thirds of the cost of arriving at settlements or awards is paid to attorneys. That figure is from the federal Report of the Tort Policy Working Group, issued this February. We feel it is unreasonable to let this situation continue. The cost of bringing relief to victims must be lowered. Lowering that cost should not diminish the amount which goes into enriching lawyers, and keeping our insurance premiums high.

As for your objection to tying the cap on non-economic damages to economic damages: You are correct in noting that a person who is hurt should be compensated for the hurt, not the provable economic loss. Unfortunately, the current system already discriminates against people on the basis of wealth; and we would not widen that gulf. We do not advocate linking the cap to economic damages.